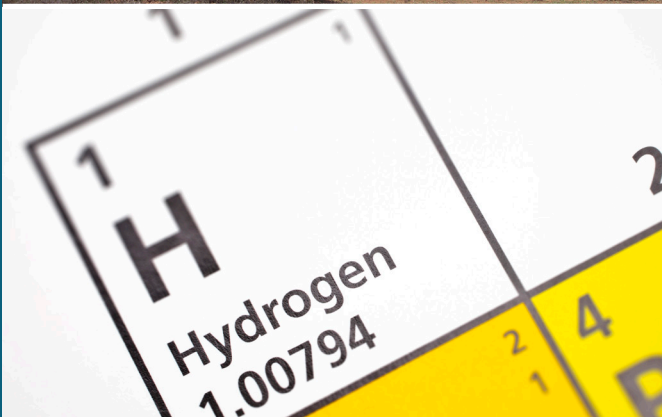




Australian Government  
Department of Industry, Science,  
Energy and Resources

# ANNUAL REPORT 2019–20



Department of  
Industry, Science,  
Energy and Resources  
**ANNUAL REPORT 2019-20**

Cover:

Clockwise from top left: Three vibrosies trucks conducting a seismic survey – Geoscience Australia; Australian Space Agency's proposed Space Discovery Centre – Australian Space Agency; Women in STEM – Getty Images; Advanced manufacturing – Getty Images; Indigenous Employees Network – Department of Industry, Science, Energy and Resources; Hydrogen fuel – Getty Images.

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# About this report

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This report provides information on the activities of the Department of Industry, Science, Energy and Resources, Geoscience Australia and IP Australia during the 2019-20 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.

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## Accessing this report

This report, incorporating the reports for Geoscience Australia and IP Australia, is available for download through the Department of Industry, Science, Energy and Resources website at [www.industry.gov.au/AnnualReport](http://www.industry.gov.au/AnnualReport).





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PART A:  
DEPARTMENT OF  
INDUSTRY, SCIENCE,  
ENERGY AND RESOURCES



**Australian Government**  
**Department of Industry, Science,**  
**Energy and Resources**

OFFICE OF THE SECRETARY  
DAVID FREDERICKS PSM

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

The Hon. Keith Pitt MP  
Minister for Resources, Water and  
Northern Australia  
Parliament House  
Canberra ACT 2600

The Hon. Michelle Landry MP  
Assistant Minister for Northern Australia  
Parliament House  
Canberra ACT 2600

The Hon. Angus Taylor MP  
Minister for Energy and Emissions Reduction  
Parliament House  
Canberra ACT 2600

Senator the Hon. Michaelia Cash  
Minister for Employment, Skills, Small and  
Family Business  
Parliament House  
Canberra ACT 2600

Dear Ministers

I am pleased to present the Annual Report of the Department of Industry, Science, Energy and Resources for the year ended 30 June 2020.

The report has been prepared in accordance with all applicable obligations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), including section 46, which requires that you table the report in Parliament. The report reflects the matters dealt with by the department, and legislation administered by the department (Appendix A1) as at 30 June 2020.

The Annual Performance Statements in Chapter 2 of this report are prepared in accordance with paragraph 39(1)(a) of the PGPA Act. They accurately present the department's performance for the 2019–20 financial year in accordance with subsection 39(2) of the PGPA Act.

The report includes the department's audited financial statements, prepared in accordance with the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (Financial Reporting Rule).

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, appearing to read 'DFR'.

David Fredericks PSM  
2 October 2020



## CHAPTER ONE:

# PORTFOLIO AND DEPARTMENTAL OVERVIEW

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## Secretary's review

I am pleased to release the Department of Industry, Science, Energy and Resources 2019–2020 Annual Report.

The department was created on 1 February 2020, creating new opportunities for coordinated policy responses through bringing together energy, emissions reduction and small and family business functions into the industry, science and resources portfolio. As Secretary to the new department, I am proud to lead this organisation to drive economic growth and job creation for all Australians. This includes helping business and industry navigate the new global and domestic economic challenges that have come from the COVID-19 pandemic.

As the past year has proven, we are adaptable, dependable and responsive. We have strengthened our culture, built open and productive partnerships with stakeholders, invested in our people and delivered authoritative economic analysis. As we direct effort to emerging priorities, and address the challenges of the past year, we act with the future in mind. We will continue to work with our stakeholders to provide advice to Government and to effectively deliver the policies and programs that the government has set as its objectives and priorities.

## We are at the forefront of the COVID-19 response

The pandemic's impact on business and the community thrust our department to the centre of the Government's response. We acted swiftly on issues as diverse as supporting access to lifesaving Personal Protective Equipment (PPE) and medical equipment; helping to ensure ongoing access to secure energy supplies; and addressing impediments in critical supply chains. Our efforts remain focussed on protecting Australians' health, jobs and livelihoods by helping business and industry adjust and adapt to new circumstances.

In close collaboration with industry and the Department of Health, we helped secure the ongoing **supply of PPE** to the National Medical Stockpile (NMS), helping to ensure frontline workers had the equipment they needed. The Government supported local manufacturers by providing grants (such as \$4 million to Shepparton-based company Med-Con to increase its production of face masks), reducing regulatory barriers, facilitating supply chain connections, and purchasing equipment for the NMS (such as the contract with a consortium of over 30 companies led by Grey Innovation to supply ventilators).

The **business.gov.au Contact Centre** was rapidly expanded to provide a hotline for businesses impacted by the COVID-19 pandemic. This service provided crucial information on Government support for Australian businesses, as well as information about how to access mental health support and to keep employees safe.

We helped grant recipients during trying times, providing priority payments for **Cooperative Research Centres** experiencing financial and operational disruption and providing greater flexibility in reporting timeframes. Through the **Entrepreneurs' Programme**, we quickly responded to emerging business needs, transitioning to digital and remote service delivery. Refocused advice services provided concrete assistance to businesses to bridge the crisis, and better position themselves to continue growing, innovating and commercialising when the economy begins to recover.

Through our whole of government **emergency management response taskforces**, we worked closely with states and territories, energy market bodies and the energy industry to ensure a stable energy supply for Australian customers. Similarly, we worked with industry and governments on border restrictions to ensure Fly In/Fly Out workers were able to travel to remote mine sites and offshore oil and gas facilities, as well as ensuring supply chains for critical equipment remained operational. These efforts were focused on the continued safe operation of Australia's resources sector.

As the crisis unfolded we worked with business, peak bodies and governments to share real-time information on the impact of COVID-19. This included its effect on transport and logistics, food security, and supply challenges in remote and regional Australia. In collaboration with the Advanced Manufacturing Growth Centre (AMGC) we supported Australian manufacturers and suppliers of critical medical and protective products to identify collaboration and market opportunities through AMGC's **COVID-19 Manufacturer Response Register**.

We also responded to the **surge requests** from across the Australian Public Service. Questacon's casual workforce were swiftly redeployed to assist Services Australia in staffing the public hotlines and centres managing the Jobseeker Program. Our staff also contributed on the National COVID-19 Coordination Commission and its various taskforces, bringing industry, manufacturing and energy policy expertise to the discussions on supporting Australian businesses and consumers.

### **Building on our industrial and resources strengths**

Australian manufacturers play an enabling role across the economy by adding value to primary producers and lifting economy wide productivity. Domestic manufacturing is crucial to building resilience to economic and social shocks and supporting supply chains. The department delivered the \$50 million **Manufacturing Modernisation Fund** to support Australian **manufacturers** to modernise, adopt new technologies, become more productive and create more jobs by co-funding capital investments and associated reskilling.

Our **resources and energy** focus has delivered ongoing support for businesses and consumers in Australia. Working with key industry stakeholders and state and territory governments we have supported ongoing resource exploration in northern Australia, including through \$8.4 million for the development of the Beetaloo sub-basin in the Northern Territory. We have also worked to ensure Australian customers are able to access affordable domestic gas supplies through improving gas market transparency and the regulatory framework for gas pipelines, to help our manufacturing industry to remain in Australia.

The **Exploring for the Future program** (EFTF), delivered through Geoscience Australia, uses a series of cutting-edge geoscientific techniques to map Australia's geological structures at unprecedented scale and detail. In June 2020, a further \$125 million was announced to extend the EFTF for a further four years and expand its reach to cover the whole of Australia. The freely available information generated by EFTF creates a better understanding of our mineral, energy and groundwater systems and allows us to realise Australia's economic potential.

We continued our work to develop **Australia's space industry** and increase the benefits that space technologies bring to Australians. A key part of this has been delivered through the Australian Space Agency, which entered into a number of statements of strategic intent with organisations focussed on lifting investment in Australia's space industry. The Agency also established the Bushfire Earth Observation Taskforce in partnership with the CSIRO, Geoscience Australia and the Bureau of Meteorology to support planning, response and recovery efforts related to bushfires using space-based Earth observation capabilities.

### Securing our affordable and reliable energy future

We've made significant progress on initiatives to underpin the supply of **reliable, secure and affordable energy** to Australia's energy market. We launched the first rounds of the **Regional and Remote Communities Reliability Fund**, backing feasibility studies in 17 **microgrid** projects to support energy affordability and reliability in regional and remote Australia. The Fund will deliver \$40 million in grants to help community groups and businesses lower their energy bills and reduce emissions at the same time.

**Fuel security** has been another priority issue during 2019–20, including extensive consultation through a Liquid Fuel Security Review. In April 2020, the Hon Angus Taylor MP, Minister for Energy and Emissions Reduction, announced an historic agreement to secure the nation's fuel supplies, establishing Australia's first Government-owned oil reserves for domestic fuel security. The department led the development of a lease with the US to store Australian-owned oil in the US Strategic Petroleum Reserve.

Through working closely with Australian states and territories, we have progressed collaboration on a range of **bilateral energy agreements**. These agreements centre on delivering new transmission projects to enhance energy system security and ensure the diversification of energy generation and storage sources for our future energy security. We have also continued to advance bilateral and multilateral partnerships to shape global energy markets, including through Statements of Cooperation with Japan and Singapore.

In November 2019, we released the **National Hydrogen Strategy**, the culmination of work in collaboration with our state and territory counterparts, to remove barriers to industry development.



We have supported Australian Government activities to advance Australia's hydrogen industry and become a world leader in hydrogen production. The world-first Hydrogen Energy Supply Chain Pilot Project started construction at the Port of Hastings liquefaction facility in Victoria in 2019. A joint investment of the Australian and Victorian Governments, this project will test the feasibility of turning brown coal from the Latrobe Valley into hydrogen, which would then be liquefied and exported to Japan. It is the first step in creating a commercial-scale hydrogen supply chain, and a potential \$2 billion export industry for Australia.

## Strengthening and supporting our businesses and regions

**Small businesses and family businesses** play a significant role in the Australian economy, accounting for almost half of employment and over a third of production. Helping small businesses grow and generate local jobs is an important part of the department's work, particularly in the context of COVID-19 and the impacts of the devastating summer bushfires.

Another important piece of work has been to ensure Australian small and family businesses get **paid on time**. The recent passage of the Payment Times Reporting Bill will see our department administering the Payment Times Reporting Scheme to improve payment outcomes for Australian small businesses. A key element of this work is to help small and family businesses to identify large businesses that pay on time.

In January 2020, the **Critical Minerals Facilitation Office** was established within the department as the Government's central coordination point to support investment, promote continued **international collaboration** and unlock the potential of **Australia's critical minerals sector**. The Critical Minerals Facilitation Office supported the development of the new memorandum of understanding on critical minerals between Australia and India, announced in June 2020.

We continued the implementation of the Government's **northern Australia agenda**, to support economic recovery and development, in partnership with Australia's northern jurisdictions. In collaboration with stakeholders, we collaborated on the delivery of the **Northern Australia Indigenous Accord**, an intergovernmental agreement that will be critical to realising the full potential of the north. The department continued to provide practical support to northern Australia in a number of ways.

In 2019-20, the \$5 billion **Northern Australia Infrastructure Facility** (NAIF), which supports economic and population growth in northern Australia, approved over 11 projects and \$1.4 billion in loans across northern Australia. These projects are supporting 3,530 local jobs with an estimated \$4 billion in public benefit.

Through the **Major Projects Facilitation Agency**, we provided a single point of access to help projects of national significance contribute to the wellbeing of northern Australia. Northern Australia has substantial reserves and is home to the world's largest lithium supplier. Our work on critical minerals and rare earth elements is of great importance to northern Australia, and the Australian economy as a whole.

## Science and technology driving growth

The **Research and Development Tax Incentive** (RDTI) is a centrepiece of the Australian Government's efforts to encourage businesses across the economy to invest in innovative activities that offer long-term economic benefits. To support this, we have worked to improve the user experience for companies accessing the RDTI, through the Integrity Framework released in November 2019.

The department has further supported business growth and investment by improving access to finance and supporting greater commercialisation, through programs such as the Early Stage Venture Capital Limited Partnerships and Venture Capital Limited Partnerships programs.

2019–20 saw a continued focus on increased representation of **women and girls in science, technology, engineering and mathematics (STEM)**. The department worked across Government to deliver concrete actions from the Advancing Women in STEM strategy, including the Advancing Women in STEM 2020 Action Plan and the STEM Equity Monitor, which the Minister for Industry, Science and Technology launched on International Women's Day. These initiatives will help track female STEM participation from primary school through to the workforce. Building on this momentum, Women in STEM Ambassador Professor Lisa Harvey-Smith engaged with stakeholders across Australia to promote cultural and social change for gender equity in STEM.

In 2019–20, 26 **Cooperative Research Centres (CRC)** and 113 **Cooperative Research Centres Projects (CRC-Ps)** operated across Australia in a wide variety of sectors including manufacturing, mining, health care, energy, agriculture and the environment. In administering these CRC-Ps, we worked to increased industry-researcher collaboration, including through the CRC-P Round 8 with \$20 million for projects that reduce plastic waste and boost plastics recycling. This directly supports Australian businesses and researchers to develop new markets and design products for recycled plastics.

### Meeting our emissions reduction goals through innovation

The department continues to support the Government's commitment to meet and beat our emissions reduction targets and other commitments under the Paris Agreement as its contribution to the global action needed on climate change. Australia is estimated to have beaten its 2020 emissions reduction target by up to 430 million tonnes and remains on track to meet the 2030 Paris Agreement target to reduce emissions by 26 to 28 per cent below 2005 levels by 2030.

We have delivered the expert panel report on examining additional sources of low cost abatement (**King Review**), which outlines directions for how the \$2 billion **Climate Solutions Fund** can be deployed to leverage greater co-investment from the private sector and position our economy for ongoing emissions reductions.

The **Technology Investment Roadmap** discussion paper was delivered in May 2019 and provides a framework for setting economic stretch goals for priority technologies to accelerate their commercial competitiveness. The outcomes of the roadmap are informing the development of Australia's first **Low Emissions Technology Statement**, which will guide the Government's technology investment portfolio to reduce emissions.

The department has also continued to administer the Government's climate change policies, including the **Climate Active program** (formerly the Carbon Neutral program), and the **Renewable Energy Target** and provide policy advice on the **Emissions Reduction Fund (ERF)**.

The department is also responsible for the continued delivery of Australia's annual emissions projections and the internationally recognised National Inventory accounts.

## A trade system built on trust

Opening up **global markets** opportunities for our small and medium businesses enhances economic prosperity throughout the country. **Standards** and the work of conformance bodies are a crucial element in this, as they underpin the trust, assurance and integrity of goods manufactured in Australia.

The **National Measurement Institute** (NMI) worked on Australia's first accredited hand sanitiser testing service and improved reliability and accuracy of coronavirus testing, in addition to delivering measurement products and client services to a wide cross-section of stakeholders across Australia.

Through continued support of the **Anti-Dumping Commission**, the department contributed to a strong and robust trade remedy system. The Commission initiated 134 cases in 2019–20 as part of efforts to ensure that all businesses have equal access to the Australian market. The Commission also enhanced its Trade Remedy Index enabling users to access information on the trade flows of certain products subject to anti-dumping or countervailing measures.

We have continued to support **export hubs** in industries where Australia has large growth potential—from food and agribusiness to energy, advanced manufacturing and mining services—to tap into new markets around the world. We successfully delivered **Round 2 of the SME Export Hubs Initiative**, awarding a further \$4.6 million in grants to nine projects across regional Australia. These hubs have helped local businesses to export and tap into global supply chains.

## Fostering staff to succeed

We have continued to focus on ensuring the highest degree of professionalism and a culture of continuous improvement. The merged functions of the department have united under our values of being collaborative, innovative, respectful and striving for excellence. We are collectively working to support economic growth and job creation for all Australians.

We work collaboratively with our stakeholders to provide well balanced and influential policy advice and high quality program management and regulatory approaches.

The new department demonstrated its commitment to Reconciliation, with one of the first acts of the new portfolio being the signing of our **Statement of Reconciliation**. This was signed not only on behalf of the department, but also by the heads of our portfolio agencies including CSIRO, the Clean Energy Finance Corporation, the Australian Institute of Maritime Science and Geoscience Australia.

The new department also launched its first Accessibility Action Plan and continues to enhance and celebrate diversity through our strengthened employee networks. We recognise the importance of creating a work environment that is inclusive and safe for everybody.

As Secretary of the department, I am committed to ensuring the department is the best possible place to work.

### **Case study: Securing critical supplies of personal protective equipment and ventilators**

The department worked closely with industry, the Department of Health and other government departments to help ensure our frontline health and aged care workers had access to personal protective equipment (PPE), including masks and gowns for our national medical stockpile. In addition, we worked with State and Territory Governments, industry peak bodies, businesses and other government departments to support the scaling up of local manufacturing of PPE—including face masks and hand sanitiser—and other vital medical equipment such as ventilators.

Shepparton-based company, Med-Con received a \$4 million grant from the Australian Government to help increase the company's surgical face mask production. The grant enabled Med-Con to purchase seven new machines, and employ a total of 98 staff at their Shepparton facility.

Advisers from the department's Entrepreneurs' Programme supported Med-Con every step of the way, including by helping to find a local manufacturer—Echuca-based Foodmach—to build the new machines. A collaborative effort with the department and the Department of Foreign Affairs and Trade, Australian Defence Force, Australian Customs Service, local and international freight firms, and overseas manufacturers worked together to secure critical machinery components and raw materials.

Med-Con was able to increase its annual mask production from 2 million to a projected 89 million this year, including an order of 59 million masks for the National Medical Stockpile.

A key part of the Australian Government's response to the COVID-19 crisis was securing supply and increasing the domestic manufacture of ventilators. This helped to ensure the National Medical Stockpile had a sufficient supply of invasive ventilators. With help from the Advanced Manufacturing Growth Centre, the department identified a consortium led by Victorian company Grey Innovation as a potential supplier. This led to the creation or retention of 350 jobs across the supply chain.

These companies are a great example of the strength of Australian manufacturing and also demonstrate effective collaboration between manufacturing and different levels of government.

Further efforts have supported the manufacture of PPE more broadly. The department has partnered with Standards Australia and states and territories so that identified Australian manufacturers can receive free access to specific PPE and ventilator standards until the end of this year. The National Measurement Institute (NMI) is providing additional support as it rolls out a face mask testing capability to meet established standards. The NMI is also working with an Australian test kit manufacturer to calibrate a positive control material for use in their test kits.

Each of these collaborations has helped position the government to re-open the economy following the acute response to COVID-19.

## Portfolio overview

### Ministers

At 30 June 2020, the ministers responsible for industry, science, energy and resources were:

- the Hon. Karen Andrews MP, Minister for Industry, Science and Technology
- the Hon. Angus Taylor MP, Minister for Energy and Emissions Reduction
- the Hon. Keith Pitt MP, Minister for Resources, Water and Northern Australia
- Senator the Hon. Michaelia Cash, Minister for Employment, Skills, Small and Family Business
- the Hon. Michelle Landry MP, Assistant Minister for Northern Australia.

### Portfolio entities

At 30 June 2020, the Industry, Science, Energy and Resources portfolio comprised the following entities:

- Department of Industry, Science, Energy and Resources
- Clean Energy Regulator
- Climate Change Authority
- Geoscience Australia
- IP Australia
- Australian Institute of Marine Science (AIMS)
- Australian Nuclear Science and Technology Organisation (ANSTO)
- Clean Energy Finance Corporation
- Commonwealth Scientific and Industrial Research Organisation (CSIRO)
- National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA)
- Northern Australia Infrastructure Facility (NAIF)
- Australian Small Business and Family Enterprise Ombudsman
- Office of Innovation and Science Australia
- Snowy Hydro Limited
- National Wind Farm Commissioner
- Australian Renewable Energy Agency
- COAG Australian Building Codes Board (ABCB)
- Australian Space Agency (ASA)

This annual report covers the Department of Industry, Science, Energy and Resources, Geoscience Australia, IP Australia and the Australian Small Business and Family Enterprise Ombudsman.

## Departmental overview

### Role and functions

On 5 December 2019, the Prime Minister, the Hon. Scott Morrison MP, announced changes to the structure of the Australian Public Service (APS) that took effect on 1 February 2020. These Machinery of Government changes transferred the energy and climate change functions (excluding climate science and adaptation) from the former Department of the Environment and Energy, and the small business function of the former Department of Employment, Skills, Small and Family Business to the renamed Department of Industry, Science, Energy and Resources (the department).

The department plays a key role in the Australian Government's agenda to create jobs and build a stronger, more resilient and more competitive economy.



The department's role focuses on policy and program development that supports Australian industry, science, energy, resources, and small and family business. We leverage the combined strengths of these portfolio responsibilities to seek to unlock Australia's productivity potential and help build a strong economy. To do this we take the lead and work with key stakeholders on national initiatives that aim to grow the economy, create jobs and strengthen Australian industries. We support our Ministers by providing advice, implementing the government's decisions, and administering programs and regulation.

## Purposes

The department delivered major government initiatives across six purposes:

- Purpose 1: Supporting science and commercialisation
- Purpose 2: Growing business investment and improving business capability
- Purpose 3: Simplifying doing business
- Purpose 4: Climate change
- Purpose 5: Energy
- Purpose 6: Small business support.

## Organisational structure

Figure 1 shows the department's organisational structure at 30 June 2020.

The accountable authority of the department is Mr David Fredericks, PSM, Secretary, who has occupied the position from 1 February 2020 until 30 June 2020. The accountable authority from 1 July 2019 until 31 January 2020 was Dr Heather Smith, PSM.

*Figure 1: Departmental structure*

Deputy Secretary <i>Elizabeth Kelly, PSM</i>	Deputy Secretary <i>David Williamson</i>	Deputy Secretary <i>Mike Lawson, PSM</i>	Deputy Secretary <i>Sean Sullivan</i>	Deputy Secretary <i>Jo Evans</i>
AusIndustry— Industry Capability and Research	Industry Growth	Strategic Policy	Resources	International
AusIndustry— Support for Business	Science and Commercialisation Policy	Analysis and Insights	Energy	Climate Change and Energy Innovation
Digital Economy and Technology	COVID Response Taskforce	National Measurement Institute	Energy Security and Efficiency	Climate Change
Questacon—The National Science and Technology Centre	Industry Capability Taskforce	Anti-Dumping Commission		Corporate and Digital
Small and Family Business		Northern Australia and Major Projects		Corporate COVID Response

Portfolio entities				
<b>Australian Small Business and Family Enterprise Ombudsman</b> Kate Carnell	<b>CSIRO</b> Chief Executive Dr Larry Marshall	<b>COAG Australian Building Codes Board</b> Chief Executive Neil Savery	<b>AIMS</b> Chief Executive Officer Dr Paul Hardisty	<b>ANSTO</b> Chief Executive Officer Dr Adi Paterson
<b>Australian Renewable Energy Agency</b> Chief Executive Darren Miller	<b>Office of Innovation and Science Australia</b> Chief Executive Officer Dr Kate Cameron (acting)	<b>Australian Space Agency</b> Chief Executive Dr Megan Clark, AC	<b>Northern Australia Infrastructure Facility</b> Chief Executive Chris Wade	<b>National Offshore Petroleum Safety and Environmental Management Authority</b> Chief Executive Stuart Smith
<b>Snowy Hydro Limited</b> Chief Executive Paul Broad	<b>Climate Change Authority</b> Chief Executive Brad Archer	<b>Clean Energy Regulator</b> Chair and Chief Executive David Parker	<b>Clean Energy Finance Corporation</b> Chief Executive Ian Learmonth	<b>National Wind Farm Commissioner</b> Andrew Dyer
<b>Geoscience Australia</b> Chief Executive Dr James Johnson	<b>IP Australia</b> Director-General Michael Schwager			

### Case study: Successful collaboration across government

The Australian Public Service's response to the unprecedented COVID-19 pandemic illustrates successful cross-agency collaboration, consultation and communication.

The department pivoted its operations in the early stages of the pandemic to answer the call for the redeployment of staff members into critical COVID-19 taskforce roles, both internally and externally. Partnering with the Australian Public Service Commission (APSC), the department quickly initiated the redeployment of more than 500 people into departmental COVID-19 taskforces and externally to taskforces in Treasury, Home Affairs and the National COVID Coordination Commission.

We worked closely with the APSC and Services Australia to meet an urgent request for additional assistance by seconding three graduates and 38 staff members using the APS Mobility Register to place staff with the most suitable skills and experience. The secondees to Services Australia included 32 casual employees from Questacon who provided substantial support throughout a critical period in the COVID-19 response.

To achieve this, the department's executive showed leadership and drove a response in the spirit of the APS-wide call to action. The dedication of all our staff ensured that inter-agency communications were succinct and timely and staff were supported throughout their secondment. A multi-disciplinary departmental team was stood up to manage redeployments, while dedicated resources from Human Resources, Finance and Communications branches supported staff and liaised with the APSC to successfully place individuals and contribute to the important and unprecedented COVID-19 work of the APS.

## Outcome and program structure

The department had four outcomes for the reporting period, including an additional three (outcomes 2, 3 and 4) that the Minister for Finance approved following the Machinery of Government changes in February 2020. Figure 2 describes the outcomes, programs and sub-programs as set out in the 2019–20 Portfolio Budget Statements.

Figure 2: Outcome and program structure, 2019–20

Outcome	Program and sub-program	
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 1.1: Supporting Science and Commercialisation	Sub-program 1.1.1: Science awareness, infrastructure and international engagement
		Sub-program 1.1.2: Business research development and commercialisation
	Program 1.2: Growing Business Investment and Improving Business Capability	Sub-program 1.2.1: Competitive marketplace
		Sub-program 1.2.2: Business and market development
		Sub-program 1.2.3: Economic transition
		Sub-program 1.2.4: Resources
		Sub-program 1.2.5: Northern Australia development
	Program 1.3 was abolished. Departmental expenses and related performance criteria under the program were reallocated to programs 1.1 and 1.2, as indicated in <i>Portfolio Additional Estimate Statements 2019–20</i> .	
Outcome 2: Reduce Australia's greenhouse gas emissions, contribute to effective global action on climate change, and support technological innovation in clean and renewable energy, through developing and implementing a national response to climate change	Program 2.1: Reducing Australia's Greenhouse Gas Emissions	
	Program 2.2: Adapting to Climate Change <sup>(1)</sup>	
	Program 2.3: Renewable Energy Technology Development	
Outcome 3: Support the affordable, reliable, secure and competitive operation of energy markets for the long term benefit of the Australian community through improving Australia's energy supply, efficiency, quality, performance and productivity	Program 3.1: Energy	
Outcome 4: Facilitating the growth of small and family business	Program 4.1: Small Business Support	

1. As a result of the Administrative Arrangements Order (AAO) that took effect on 1 February 2020, responsibility for 'Program 2.2: Adapting to Climate Change' has been transferred to the Department of Agriculture, Water and the Environment (DAWE). DAWE will report on the intended results for this program.

### Testimonial: Businesses and Government partnering to support Australia

*"This project will go down as a case study in how industry and government can collaborate to ensure delivery of a challenging project in what would normally be an impossible timeframe.*

*The government response and support has been simply phenomenal."*

– Jefferson Harcourt, Executive Chairman Grey Innovation

The closure of domestic and international borders during the global COVID-19 pandemic constrained essential supply lines and the movement of people and freight. Businesses had to navigate complex and time consuming regulatory processes within severely compressed timeframes to deliver essential services and critical products.

The department played a pivotal role in helping Australian industry overcome these challenges.

In response to the global undersupply of personal protective equipment (PPE) and essential equipment for hospital Intensive Care Units such as ventilators, the Australian Government turned to the Australian manufacturing sector for a solution. Many companies offered to assist with the manufacturing of essential products by adapting their capabilities and skillsets to novel uses, and pivot from their traditional business focuses.

The Grey Innovation-led consortium comprising more than 30 Australian engineering and manufacturing companies and leading clinicians, worked on the production of certified medical ventilators under a major contract to supply the National Medical Stockpile. The consortium is a shining example of the spirit of collaboration and resilience shown through the pandemic crisis.

Grey Innovation had the intellectual property and licensing arrangements for a globally recognised ventilator, a version of which was already approved by the Therapeutic Goods Administration. The consortium had the capacity to manufacture Notus ventilators locally, commencing immediately. Grey Innovation was able to employ an additional 26 engineers and has created or retained another 350 jobs across the supply chain.

The department and other government agencies proved to be essential partners in enabling this outcome. The department supported the consortium by working across government and industry to help streamline processes, make connections, coordinate stakeholders, facilitate access and manage impacts. This included engaging with the Department of Foreign Affairs and Trade and Austrade when there were significant concerns about the timely delivery of critical components from the United Kingdom. The department further supported the consortium by working with the Therapeutic Goods Administration, to ensure the certification requirements for the Notus ventilator were met within tight timeframes.

Grey Innovation Executive Chairman Jefferson Harcourt said, 'I thank the Department of Industry, Science, Energy and Resources for its strong support, leadership, professionalism and agility over the last three months. We have been managing 30 suppliers, logistics, and the regulator. It's a huge task that could not be achieved without the department's support to engage with, and help streamline, the various service providers we need to meet our commitment'.

This example highlights how effectively businesses and the department have been working together to ensure the delivery of essential services and equipment for Australians during the pandemic. Working collaboratively the public and private sectors achieved an outstanding result that neither would have been able to achieve alone.



CHAPTER TWO:

# DEPARTMENTAL REPORT ON PERFORMANCE

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## Annual Performance Statements

### Introductory statement

I, David Fredericks, as the accountable authority of the Department of Industry, Science, Energy and Resources, present the Annual Performance Statements 2019–20 of the Department of Industry, Science, Energy and Resources 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 reflect the department’s performance in the reporting period and comply with subsection 39(2) of the PGPA Act.

Mr David Fredericks, PSM  
Secretary  
2 October 2020



## Our role

In 2019–20, the department delivered government major initiatives across six purposes:

- Purpose 1: Supporting Science and Commercialisation
- Purpose 2: Growing Business Investment and Improving Business Capability
- Purpose 3: Simplifying Doing Business
- Purpose 4: Climate Change
- Purpose 5: Energy
- Purpose 6: Small Business Support

To fulfil our purposes, we partnered with a wide range of stakeholders, including other Australian Government agencies, state and territory governments, local governments, regulators, businesses, industries, researchers, scientific agencies, international forums and the wider Australian community.

The department's progress was influenced by many external factors, including the impact of the global economy, the progress of science and technology, and Australian economic and fiscal conditions. The summer bushfires and the COVID-19 pandemic presented unparalleled challenges, with significant impacts on our economy and society more broadly. We devoted considerable resources to working with other Commonwealth agencies to minimise the negative impacts of these events on Australia's economy, industries and businesses.

Within this context, we sought to maximise the positive effects we could deliver on behalf of the Australian Government and Australians. By implementing initiatives to build a high-performance organisation and improve strategic alignment with the Australian Government's priorities and risk management, we enhanced our capacity to provide advice and services to support key sectors of our economy during these challenging times and lay a platform for renewal and growth.

## Performance reporting structure

The department's Annual Performance Statements 2019–20 report on progress towards the six purposes set out in the corporate plans 2019–20 of the former Department of Industry, Innovation and Science, the former Department of the Environment and Energy and the former Department of Employment, Skills, Small and Family Business. Figure 3 presents the six purposes and their associated activities (or intended results) to be reported in the statements, and the alignment between the department's outcomes and purposes for the 2019–20 reporting period. Due to the notable variations of the reporting structures inherited from the three former departments, it is difficult to present a more cohesive approach to reporting while maintaining a clear line of sight between the corporate plans and the statements. We will address this issue by establishing a more cohesive performance reporting structure for the 2020–21 reporting period.

Figure 3: Alignment between outcomes and purposes in the department's Annual Performance Statements 2019–20

Outcome (the department's Portfolio Additional Estimates Statements 2019–20)	Purpose (corporate plans 2019–20)	Program and sub-program (if any) (the department's Portfolio Additional Estimates Statements 2019–20)	Activity/intended result (corporate plans 2019–20)
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	<b>Purpose 1: Supporting science and commercialisation</b> —Facilitate the development and uptake of new ideas and technology, and translate them into commercial activity	Program 1.1: Supporting science and commercialisation	Activity 1.1: Investing in science and technology awareness and international engagement
		Sub-program 1.1.2: Business research, development and commercialisation	Activity 1.2: Increasing business R&D and commercialisation
	<b>Purpose 2: Growing business investment and improving business capability</b> —Build a diversified, flexible, resilient and dynamic economic base that can identify and adapt to new markets and emerging opportunities	Program 1.2: Growing business investment and improving business capability	Activity 2.1: Creating more competitive marketplaces
		Sub-program 1.2.2: Business and market development	Activity 2.2: Supporting business and market development
		Sub-program 1.2.3: Economic transition	Activity 2.3: Supporting industry transformation by encouraging innovation and investment
		Sub-program 1.2.4: Resources	Activity 2.4: Supporting the sustainable development of the resource sector
	<b>Purpose 3: Simplifying doing business</b> —Facilitate competition and innovation by making it easier for businesses to interact with government and reducing the cost of doing business in Australia	Sub-program 1.2.5: Northern Australia development	Activity 2.5: Growing a stronger Northern Australian economy
		Program 1.3 was abolished. Departmental expenses and related performance criteria under the program were reallocated to Programs 1.1 and 1.2 as indicated in the <i>Portfolio Additional Estimate Statements 2019–20</i>	Activity 3.1: Reducing the burden on industry of inefficient regulation Activity 3.2: Providing better services and information for business

Outcome (the department's Portfolio Additional Estimates Statements 2019–20)	Purpose (corporate plans 2019–20)	Program and sub-program (if any) (the department's Portfolio Additional Estimates Statements 2019–20)	Activity/intended result (corporate plans 2019–20)
Outcome 2: Reduce Australia's greenhouse gas emissions, contribute to effective global action on climate change, and support technological innovation in clean and renewable energy, through developing and implementing a national response to climate change	<b>Purpose 4: Climate change—</b> Develop and implement a national response to climate change	Program 2.1: Reducing Australia's greenhouse gas emissions	Intended result 4.1: Shape the global response to climate change
		Program 2.2: Adapting to climate change <sup>1</sup>	
		Program 2.3: Renewable energy technology development	Intended result 4.2: Achieve Australia's greenhouse gas emissions reduction targets
Outcome 3: Support the affordable, reliable, secure and competitive operation of energy markets for the long-term benefit of the Australian community through improving Australia's energy supply, efficiency, quality, performance and productivity	Purpose 5: Energy—Support the reliable, affordable, sustainable and secure operation of energy markets	Program 3.1: Energy	Intended result 5.1: Lower energy bills for consumers Intended result 5.2: Australia's energy supplies are reliable
Outcome 4: Facilitating the growth of small and family business	Purpose 6: Small business support—Facilitate the growth of small and family business	Program 4.1: Small business support	Activity 6.1: Supporting small business to transition to the digital economy Activity 6.2: Promoting good mental health for small business operators

**Note:** The department's Annual Performance Statements 2019–20 report on performance in line with the purpose and activity structure, as highlighted in grey.

<sup>1</sup> As a result of the Administrative Arrangements Order that took effect on 1 February 2020, responsibility for 'Program 2.2: Adapting to climate change' has been transferred to the Department of Agriculture, Water and the Environment. Consequently, that department will report on Program 2.2. For additional information, please refer to page 54 of the Department of Agriculture, Water and the Environment's *Portfolio Additional Estimates Statements 2019–20*.

The Annual Performance Statements 2019–20 assess and report on the department’s performance in 2019–20 against the performance criteria set out in the corporate plans 2019–20 of several former departments. These included performance criteria relating to the former Department of Industry, Innovation and Science (Purpose 1, Purpose 2 and Purpose 3); performance criteria associated with climate change and energy, pertaining to the former Department of the Environment and Energy (Purpose 4 and Purpose 5); and those relating to small business support from the former Department of Employment, Skills, Small and Family Business (Purpose 6).

The performance criteria set out in the Portfolio Budget Statements 2019–20 were overridden and/or superseded in the corporate plans 2019–20 of the former Department of Industry, Innovation and Science, the former Department of the Environment and Energy and the former Department of Employment, Skills, Small and Family Business. As such, they are not reconciled in the Annual Performance Statements 2019–20 to avoid undue complexity in reporting, following the advice of the Department of Finance.

The department’s approach to performance measurement and reporting is evidence-based, underpinned by properly maintained records.

Our vision

Supporting economic growth and job creation for all Australians.

Performance criteria and results

Several aspects of Australia’s economy are relevant to the department’s vision—economic growth, productivity and job creation. Table 1 shows how these aspects of the economy are performing against performance criteria set out in the former Department of Industry, Innovation and Science’s *Corporate Plan 2019–20*, page 4. It provides an overview of the economic conditions in which we operated in 2019–20.

Table 1: Vision: Supporting economic growth and job creation for all Australians

Aspect of Australian economy relevant to the department’s vision	Performance criterion	Trend and analysis
Economic growth	Growth in gross domestic product (GDP)	The Australian economy contracted by an unprecedented 7.0% in the June quarter 2020, the largest fall in GDP since quarterly measurement began in 1959. Between June 2019 and June 2020, GDP declined by 6.3%. <sup>1</sup> The outcome confirmed Australia’s first technical recession (two consecutive quarters of negative growth) since 1991, reflecting the economic impact of the COVID-19 outbreak and policy responses to manage the impacts of the virus.
	Growth in gross value added by industry	In the June quarter 2020, most industry groups recorded falls in gross value added, reflecting virus containment measures impacting on economic activity. The largest falls during the quarter were in services: Accommodation and food services (down 39.0%), Arts and recreation services (down 22.6%) and Transport, postal and warehousing (down 21.5%). Only four industries recorded small growth during the quarter. These were Mining (up 0.2%), Financial and insurance services (up 0.7%), Public administration and safety (up 0.9%) and Education and training (up 0.4%). <sup>2</sup>

Aspect of Australian economy relevant to the department's vision	Performance criterion	Trend and analysis
Productivity	Growth in labour productivity	Labour productivity decreased by 0.2% in 2018–19, in line with a broader declining trend. Productivity growth is best viewed over longer periods of productivity growth cycles. Annual labour productivity growth during the last productivity growth cycle — between 2011–12 and 2018–19 — was 1.4%, which was lower compared with previous growth cycles during the 1990s and early 2000s. <sup>3,4</sup>
	Growth in multifactor productivity	Multifactor productivity (MFP) declined by 0.4% in 2018–19, and was 0.5% in the last productivity growth cycle between 2011–12 and 2018–19. MFP growth has been slowing down in Australia and other advanced economies since the early 2000s. <sup>3,4</sup>
Job creation	Growth in employment	The Australian labour market faced a significant shock from the COVID-19 pandemic and the measures imposed to contain the impacts of the virus. In June 2020, employment increased by 228 400 people, which was due to an increase of part-time workers (252 000 people) and a fall in full-time employment (23 600). Total employment was below pre-COVID-19 levels in June 2020, with 504 700 fewer people employed compared with June 2019. <sup>5</sup>
	Growth in total hours worked	The COVID-19 pandemic saw hours worked fall by 9.5% between March and April 2020 — the largest fall in recorded history. Between May and June, hours worked began to recover, increasing by 4.2% in June. Since the low point in May, total hours worked increased by 66 million hours. However, hours worked in June were still 6.7% lower than March and did not capture the escalation of cases in Victoria and the associated Stage 4 lock down measures. <sup>6</sup>

1. Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product, June 2020*, cat. no. 5206.0, table 2, seasonally adjusted.

2. Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product, June 2020*, cat. no. 5206.0, table 6, seasonally adjusted.

3. Australian Bureau of Statistics, *Estimates of Industry Multifactor Productivity, 2018–19*, cat. no. 5260.0.55.002, tables 1 and 5.

4. According to the Australian Bureau of Statistics, 2011–12 to 2018–19 is an incomplete productivity cycle.

5. Australian Bureau of Statistics, *Labour Force, Australia, June 2020*, cat. no. 6202.0, table 1, seasonally adjusted.

6. Australian Bureau of Statistics, *Labour Force, Australia, June 2020*, cat. no. 6202.0, table 19, seasonally adjusted.

## Purpose 1: Supporting science and commercialisation

This purpose aims to facilitate the development and uptake of new ideas and technologies, and translate them into commercial activity. Achieving Purpose 1 will help increase productivity, improve international competitiveness, create jobs and drive economic growth. It will do this by delivering better scientific and economic outcomes for Australia, including by encouraging collaboration between businesses and researchers.

In 2019–20, we worked to achieve Purpose 1 through two activities:

- Activity 1.1: Investing in science and technology awareness and international engagement
- Activity 1.2: Increasing business R&D and commercialisation.

## Performance criteria and results

Table 2 presents the results measured against the performance criteria for Purpose 1 and its associated Program 1.1 (refer to Figure 3), as set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 16.

*Table 2: Purpose 1: Supporting science and commercialisation*

Intended outcome	Performance criterion	2019–20 target	2019–20 result
Enhance international engagement in science and technology	Proportion of Australian science, technology, engineering and mathematics (STEM) publications with international co-authorship (%)	Year-on-year increase	Increase of 2.2 percentage points.  Data is for the calendar year: the international co-authorship rate of 62.8% in 2018 increased to 65.0% in 2019.
	Proportion of Australian patent applications with international co-inventors (%)	Year-on-year increase	In 2019, 2.3% of standard patent applications filed in Australia by Australian applicants had international co-applicants.  Data is for the calendar year. This number is stable, with a variation between 1.5% and 2.3% (with low absolute numbers: 37–62 patent filings per year) over the 10-year period to 2019.
Increase collaboration between researchers and businesses	Proportion of innovation-active businesses collaborating on innovation with publicly funded research institutions (%)	Year-on-year increase	Australian Bureau of Statistics (ABS) data (cat. no. 8167.0) released in June 2020 shows 9.8% of innovation-active businesses collaborated on innovation with Australian universities or other higher education institutions, and 4.2% with other Australian public research institutions in 2018–19.  The most recent data points to an increase in research–industry collaboration in 2018–19. The previous ABS data release showed 4.8% of innovation-active businesses collaborated on innovation with universities or other higher education institutions and 1.7% with other public research institutions in 2016–17.
	Proportion of higher education R&D financed by industry (%)	Year-on-year increase	ABS data (cat. no. 8111.0) released in May 2020 shows that 4.3% of higher education R&D was financed by business in 2018.  The most recent data indicates that the proportion of higher education financed by the business sector remained broadly unchanged in 2018. Nonetheless, the value of businesses' investment in higher education R&D increased from -\$476 million in 2016 to -\$522 million in 2018. The previous ABS data release showed 4.4% of higher education R&D was financed by business in 2016.

## Activity 1.1: Investing in science and technology awareness and international engagement

### Key achievements

This activity is composed of policy development initiatives, interventions (that is, 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 as an input to the economic process.

Hosted by the Hon. Karen Andrews MP, Minister for Industry, Science and Technology, the department supported two bushfire science roundtables, in January and March 2020. They brought together leading Australian scientists, other field-related experts and government representatives to discuss topics such as improving communication of science and research outcomes, encouraging citizen science, fostering greater collaboration across science and research efforts, accessing and improving earth observation resources, and stronger industry engagement.

The Boosting Female Founders Initiative was announced as part of the Women's Economic Security Statement. A total of \$18 million in grant funding is available to female startup founders to help them grow and scale their business. The initiative was launched following extensive consultations with stakeholders, and more than 2200 expression of interest applications for round one were received in April 2020.

We improved awareness of the Prime Minister's Prizes for Science and increased the diversity of nominations, resulting in a significant increase in the number of nominees who are women. At the 2019 awards dinner, five of the seven prizes were awarded to women, the highest number in the history of the event.

In June 2020, in conjunction with its Indian Government counterparts, the department launched Round 13 of the Australia-India Strategic Research Fund (AISRF), Australia's largest bilateral science program. Round 13 is a special fast-tracked round designed to support collaborative research projects between the two countries, specifically in response to the COVID-19 pandemic. Following the virtual summit on 4 June 2020 between India's Prime Minister, Narendra Modi, and Australia's Prime Minister, Scott Morrison, the Australian Government committed a further \$15 million to extend the AISRF until 2023-24.

In 2019-20, the Australian Science Policy Fellowship Pilot Program continued to produce good results, with three quarters of fellows electing to stay in the Australian Public Service (APS). An initiative of the Office of the Chief Scientist, the program seeks to grow the diversity of expertise in the APS workforce by providing a pathway for early- and mid-career scientists to become skilled policy practitioners. Fellows are employed by host departments across the APS for one year.

On 15 November 2019, Minister Andrews brought together more than 100 artificial intelligence (AI) experts from across Australia for the AI summit, Techtonic. The event built upon Australia's AI Ethics Principles and helped inform the AI Technology Roadmap (produced with Data61) and the AI Standards Roadmap *'An Artificial Intelligence Standards Roadmap: Making Australia's Voice Heard'* (produced with Standards Australia). Australia also became a founding member of the Global Partnership on AI.

Questacon – The National Science and Technology Centre brought the Engineering is Elementary program to primary educators in the ACT, NSW, the Northern Territory, Tasmania and Queensland. Supported by the Australian Defence Force, the program equips teachers with the confidence and skills to integrate engineering into classroom practice, building the next generation of STEM learners.



Responding to the impacts of bushfires, a hailstorm and COVID-19, Questacon mobilised its workforce to develop new ways of working. This included redeploying into whole-of-government services and developing new digital products. Questacon's staff rapidly reimagined the 30-year-long business model, allowing a prudent and phased reopening in the context of the global pandemic.

The National Measurement Institute (NMI) rapidly mobilised cross-disciplinary teams to support Australia's COVID-19 response. Key outcomes included:

- Australia's first accredited hand sanitiser testing service
- one of the first mask testing services to meet Australian standards
- new genetic reference standards to improve the reliability and accuracy of coronavirus testing
- the sustained delivery of essential measurement services.

NMI hosted the annual Asia Pacific Metrology Programme meetings in Sydney in December 2019, which attracted more than 300 delegates from 30 regional economies. Meetings and workshops covered measurement aspects of departmental priorities, such as the hydrogen economy and renewable energy. They also supported global recognition of Australian and regional measurement capabilities and their ongoing development through collaboration.

### Performance criteria and results

Table 3 presents the results measured against the performance criteria for Activity 1.1 and its associated Program 1.1 (refer to Figure 3), as set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, pages 16–17.

*Table 3: Activity 1.1: Investing in science and technology awareness and international engagement*

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Deepen international science and innovation engagement	Effective delivery of Global Innovation Strategy initiatives, the Australia–China Science and Research Fund (ACSRF) and the Australia–India Strategic Research Fund (AISRF)		<p>Significant achievements in 2019–20 included:</p> <ul style="list-style-type: none"> <li>• announcing outcomes of AISRF Round 11 in July 2019 and Global Connections Fund Bridging Grants Round 4 in November 2019</li> <li>• launching AISRF Round 12 in August 2019 and Round 13 (COVID19 special round) in June 2020</li> <li>• 48 completed projects, reporting strengthened international relationships.</li> </ul>

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Improve Australian science engagement and skills development, particularly for Women in STEM	Maintaining the number of institutions participating in the Science in Australia Gender Equity (SAGE) initiative	Maintain SAGE participation for 44 or more institutions	42 Two participating organisations have withdrawn from the SAGE initiative.
		Maintaining SAGE accreditation for 15 or more institutions	39 institutions have Bronze SAGE accreditation.
	Effective delivery of initiatives to encourage more women and girls to pursue science education and careers		Significant achievements in 2019–20 included: <ul style="list-style-type: none"> <li>• awarding a grant to the University of New South Wales for the development and delivery of a national awareness raising initiative for girls and women in STEM, led by the Women in STEM Ambassador</li> <li>• awarding a grant to SAGE to continue improving gender equity in the higher education and research sector</li> <li>• launching the Australian Government's Advancing Women in STEM 2020 Action Plan and inaugural STEM Equity Monitor</li> <li>• supporting the completion of 31 Women in STEM and Entrepreneurship grant projects.</li> </ul>
	Total visitation to the Questacon Centre	500 000	364 057 The 2019–20 result is below target as Questacon was closed due to bushfire smoke in January 2020 and due to COVID-19 from 21 March 2020 for the remainder of the financial year.
	Number of participants to Questacon programs in-school or in their communities	93 000	48 090 The 2019–20 result is below target due to the impact of COVID-19 on Questacon touring programs. This impact was offset by delivering a digital program.

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Provide a trusted national system of measurement	Percentage of National Measurement Institute reports, certificates and services delivered on time	≥85%	84% High demand and the COVID-19 response caused delays in some areas.
	Percentage of (trade measurement) trader audit target met	≥90%	112% The number of inspections of businesses, trade measurement instruments and pre-packaged goods significantly exceeded targets.
	Australia's national system of measurement is trusted nationally and internationally		National Measurement Institute (NMI) maintained recognition of Australian measurement capabilities, including through key comparisons under the international Metre Convention and accreditation of NMI capabilities, in Australia and internationally. In 2019–20, NMI: <ul style="list-style-type: none"> <li>• undertook more than 82 600 chemical and biological sample analyses for industry and government clients</li> <li>• provided more than 1300 instrument test and calibration reports, promoting accuracy across Australian industry.</li> </ul> Trade measurement compliance activities ensured fairness for consumers and businesses when they bought or sold goods by measurement. These included visiting more than 8000 businesses, testing 12 900 measuring instruments, and inspecting more than 74 000 lines of packaged goods.

## Analysis

In 2019–20, the department enhanced science and technology awareness and international engagement by:

- supporting community science engagement and gender equity initiatives. The 2019 Prime Minister's Prizes for Science saw a significant increase in the number of women nominated for, and receiving, a prize. We released the Advancing Women in STEM 2020 Action Plan and the inaugural STEM Equity Monitor
- assisting the Chief Scientist's Office, including through the National Science and Technology Council, which held four meetings. Issues discussed included STEM education, AI and COVID-19
- supporting commercialisation, such as through the Boosting Female Founders Initiative. After extensive consultations and direct feedback, we received 323 submissions that informed the development of the initiative, which was launched in March 2020
- providing support and funding for Australia's involvement in astronomy. We assisted a number of Australian institutions and firms involved in designing Square Kilometre Array telescopes, and preparing for the System Critical Design Review
- assisting international collaboration in science, research and innovation. Our support included

launching funding initiatives for key Global Innovation Strategy activities to strengthen relationships that are important to Australia (for example, matched funding for precision health research between CSIRO and Singapore's Agency for Science, Technology and Research). The department also funded the delivery of the Australian Strategic Launch event of the ASEAN Women In Innovation Leadership Dialogue in November 2019. This event attracted over 100 participants including women leaders in STEM, business and government.

For Questacon, 2019–20 has been a year of two distinct halves. The period July to December 2019 was characterised by strong visitation and engagement with national outreach activities. Visitors to Questacon's Born or Built? exhibition provided useful attitudinal data, and the Moon Exhibition marked the 50th anniversary of the Apollo lunar landing and recognised Australian achievements.

The period January to June 2020 needed a strong institutional response to bushfire smoke, hailstorm damage and the COVID-19 pandemic. Closing Questacon to the public led to a significant reorganisation to provide a digital program of activities on the Questacon at Home webpage. Questacon's casual staff members were redeployed to support national needs associated with Australia's COVID-19 response.

NMI continued to deliver key measurement services during the bushfire season and COVID19. Its staff maintained the full range of capabilities and services at pre-pandemic levels to support Australia's response to these critical events and assist with economic recovery. The global economic downturn in the third and fourth quarters did not decrease demand for most of NMI's services. New working arrangements strengthened safety at NMI sites, enabled remote working, and supported other areas of government through workforce mobility.

## **Activity 1.2: Increasing business R&D and commercialisation**

### **Key achievements**

This activity comprises policy development initiatives, interventions (programs) and projects that are intended to provide incentives for business R&D and commercialisation. This encourages collaboration between businesses and researchers to drive innovation that improves productivity.

In November 2019, the department released the R&D Tax Incentive Integrity Framework, which outlines how we ensure the integrity of the program. The framework guides how we work with companies, and consequently has improved their experiences of interacting with the program.

The department reviewed potential national security risks relating to the Cooperative Research Centres (CRCs) and CRC Projects (CRC-Ps). We updated our guidance for CRCs and CRC-Ps, and now require applications and CRC grant agreements to consider security planning and national security matters. This new approach helps to protect the integrity of the CRC Program and its 92 international partners across 22 countries.

Participation continued to grow in the tax concession program for registered Early Stage Venture Capital Limited Partnerships (ESVCLP) and Venture Capital Limited Partnerships (VCLP), with committed capital reaching \$14.3 billion. Of this, \$7.7 billion was invested in around 1400 Australian startups. Tax concession program participation and committed capital grew by 10 per cent from 2017–18 to 2018–19.

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.

## Performance criteria and results

Table 4 presents the results measured against the performance criteria for Activity 1.2 and its associated Program 1.1 (refer to Figure 3), as set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 17.

**Table 4: Activity 1.2: Increasing business R&D and commercialisation**

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Encourage business research and development (R&D) investment by offsetting some of the cost of conducting eligible R&D activities	R&D expenditure registered by entities with the department in order to claim the R&D Tax Incentive through their annual tax returns (\$'000)	The R&D Tax Incentive is a demand-driven program, therefore the department does not have forward estimates. <i>Note: The R&amp;D is reported against the financial year in which it is registered. This is the year following the year in which the companies undertake the R&amp;D activity.</i>	\$10 788 935  This result includes R&D expenditure that was registered for the income period 2018–19 (at 30 June 2020). Registrations for the income period will continue until 30 September 2020.  Note: Extensions have automatically been granted to standard income year balances to assist businesses in managing the impact of COVID-19. Registrations normally close on 30 April.
Support industry-led collaborations between industry, researchers and the community	Number of Cooperative Research Centres (CRC) grants/ Cooperative Research Centres Projects (CRC-P) grants supported	129	139
	Number of commercialisation agreements reported by CRC/CRC-P recipients	3643	This result is commercialisation agreements reported for the 2018–19 period. A large part of the reported number reflects software licensing agreements by the Autism CRC in relation to a computer game product. 2019–20 data will be available after 31 October 2020, when final CRC and CRC-P reports are received.
	Number of applications for patents filed by CRC and CRC Projects.	72	This result is patents filed for the 2018–19 period based on the increase in patents reported held by CRCs and the number reported filed by CRC-Ps. The value is significantly more than the target due to much higher than expected reported patents filed by CRC-Ps.  2019–20 data will be available after 31 October 2020, when final CRC and CRC-P reports are received.

## Analysis

At 30 June 2020, more than 11 900 companies had registered for the R&D Tax Incentive program for the income period 2018–19. Those businesses conducted R&D activities worth more than \$10 billion during the same income year. More than 1900 of those companies had registered for the program for the first time. These outcomes may be affected by an extension of the registration deadline to 30 September 2020, due to the impact of COVID-19. More than 98 per cent of registration applications were processed within 20 business days.

Legislation to improve the integrity and effectiveness of the R&D Tax Incentive, including by better targeting the program at encouraging businesses to spend more on R&D than they otherwise would, was introduced to Parliament on 5 December 2019. The legislation, Treasury Laws Amendments (Research and Development Tax Incentive) Bill 2019, passed the House of Representatives on 10 February 2020, and was referred to the Senate Economics Legislation Committee for inquiry. The Inquiry is scheduled to report on 12 October 2020.

The Australian Government committed \$187 million for five new CRCs and \$86 million for 40 CRC-Ps, with a further \$884 million in cash and in-kind contributions from partners. In 2019–20, 26 CRCs and 113 CRC-Ps operated across a variety of sectors, including manufacturing, mining, health care, energy, agriculture and the environment.

At June 2020, investors' lifetime commitment to supporting innovative early stage businesses under the ESVCLP program exceeded \$2.5 billion. Since the inception of the program in 2007, \$1.26 billion has been invested in around 1000 businesses. The VCLP program, which attracts more than 50 per cent foreign investment, has exceeded \$14.25 billion in lifetime commitments since its inception in 2002. Of this, more than \$8.29 billion has been invested in around 500 companies. The VCLP program hit a milestone this financial year, with some of the earliest registered partnerships coming to the end of their 15 years.

On 12 August 2019, the department created a new Digital Economy and Technology division to strengthen our policy focus. In its first year the division brought together multiple stakeholders, held the inaugural National Meeting of Digital Economy and Technology Ministers, and established a senior officials group to lead delivery of key projects. We led Australia's participation in the G20 Digital Economy Task Force, released the AI Ethics Principles, including engaging industry in piloting the principles, and released a National Blockchain Roadmap to drive adoption. We ran a regional small and medium enterprises (SME) cyber security discovery project that informed the development of a new program we will deliver through the government's 2020 Cyber Security Strategy.

## Purpose 2: Growing business investment and improving business capability

This purpose aims to facilitate competitiveness and innovation by building a diversified, flexible, resilient and dynamic economy that can identify and adapt to new markets and emerging opportunities. Achieving Purpose 2 will help drive Australia's future prosperity and continued jobs growth. It will do so 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 2019–20, the department worked to achieve Purpose 2 through five activities:

- Activity 2.1: Creating more competitive marketplaces
- Activity 2.2: Supporting business and market development
- Activity 2.3: Supporting industry transformation by encouraging innovation and investment
- Activity 2.4: Supporting the sustainable development of the resources sector
- Activity 2.5: Growing a stronger Northern Australian economy.

## Performance criteria and results

Table 5 presents the results measured against the performance criteria for Purpose 2 and its associated Program 1.2 (refer to Figure 3), as set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 18.

*Table 5: Purpose 2: Growing business investment and improving business capability*

Intended outcome	Performance criterion	2019–20 target	2019–20 result
Support the growth of entrepreneurship activity in Australian businesses	Australia's ranking in the Global Entrepreneurship Monitor indicator of total early-stage entrepreneurship activity (TEA)	Maintain or improve Australia's top 10 TEA ranking	At 10.52%, Australia ranked 12th out of 25 OECD countries. Our ranking has dropped from 10th in 2017–18 (12.21%).  The latest data indicates a slight decline in the proportion of new businesses founded by a member of the adult Australian population (aged 18–64). On this indicator, we are behind the US (18.16%), Canada (17.42%) and South Korea (14.94%). But, we are performing better than Switzerland (9.77%), the UK (9.34%) and Sweden (8.25%).
Support the growth of innovative activities in Australian businesses	Australia's ranking in the Global Innovation Index	Maintain or improve Australia's 22nd ranking in the Global Innovation Index	Australia ranked 23rd in 2020.

## Activity 2.1: Creating more competitive marketplaces

### Key achievements

This activity is made up of policy development initiatives, interventions (programs) and projects that are intended to create a more competitive marketplace to achieve profitable and sustainable industries for the future.

The Anti-Dumping Commission has managed a heavy workload effectively, initiating 134 cases in 2019–20 (a 17.5 per cent increase on 2018–19). The number of investigations initiated from applications for dumping or countervailing notices from Australian industry increased by 155 per cent compared to 2018–19.

The Commission assisted Australia's defence at the World Trade Organization (WTO) in a dispute with Indonesia regarding anti-dumping measures on imports of A4 copy paper from Indonesia. The WTO ruling maintains important flexibilities for Australia's anti-dumping system.

The Commission enhanced its Trade Remedy Index to make it an interactive web-based product for users of the trade remedies system. Users can select products, countries and timeframes to examine relevant trade flows, enabling them to make more informed and timely decisions in interacting with the system.

The department has implemented an interim process for administering steel tariff rate quotas with Indonesia, which were negotiated under the Indonesia-Australia Comprehensive Economic Partnership Agreement. Coming into force on 5 July 2020, these outcomes will improve market access and reduce barriers to trade for exports of certain steel products to Indonesia.

## Performance criteria and results

Table 6 presents the results measured against the performance criteria for Activity 2.1 and its associated Program 1.2 (refer to Figure 3), as set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 18.

*Table 6: Activity 2.1: Creating more competitive marketplaces*

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Create a competitive marketplace to ensure Australian businesses and manufacturers compete in a fair market	Proportion of anti-dumping 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	100%	100%
	Proportion of anti-dumping inquiries to the business. gov.au hotline and the client support area responded to within client service standards	≥95%	99.3%
	Influential participation in Free Trade Agreement negotiations support Australian interests to increase and deliver better outcomes for market access and trade		The department actively engaged in free trade agreement (FTA) negotiations with the European Union and the multi-party Regional Comprehensive Economic Partnership to secure facilitated trade and fair outcomes for Australian manufacturers and resource companies. The department also provided support to Australian leads for the ongoing Pacific Alliance Free Trade Agreement negotiations. Similarly, the department negotiated industrial outcomes under the Indonesia-Australia Comprehensive Economic Partnership Agreement, which entered into force in July 2020.
Provide support for Industry Service Organisations	Australian memberships of key international standardisation and accreditation bodies are maintained		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.



## Analysis

The Anti-Dumping Commission provides a competent, effective and efficient trade remedy service for Australian manufacturers and other interested parties. It continues to help Australian businesses deal with unfair trade, and supports jobs and growth.

The Commission's core investigative tool is on-site verification of the financial data of overseas exporters, importers and Australian industry. With the advent of COVID-19, the Commission had to adopt a short-term modified approach to verification. While this approach is considered to be less efficient and effective than on-site verification, the Commission will use it for all investigations during the COVID-19 pandemic. It intends to revert to standard on-site verification practices when it is considered safe to do so.

## Activity 2.2: Supporting business and market development

### Key achievements

This activity includes policy development initiatives, interventions (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.

The department increased our support for Australian businesses during the COVID-19 pandemic. This included prioritising payments to recipients experiencing financial and operational disruption; making reporting timeframes more flexible, where possible; and enhancing communications to our customers. We also worked with several Industry Growth Centres to implement aspects of the COVID-19 medical response.

Minister Andrews established a non-government organisation (NGO) under the Empowering Business to Go Digital program, which was a headline recommendation of the Small Business Digital Taskforce. This NGO will provide digital resources from across government and the private sector to SMEs, providing a focal point to businesses and their trusted advisers to understand and adopt digital technologies.

### Performance criteria and results

Table 7 presents the results measured against the performance criteria for Activity 2.2 and its associated Program 1.2 (refer to Figure 3), as set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 19.

Table 7: Activity 2.2: Supporting business and market development

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Grow the number of exporters	Number of Small to Medium Enterprises (SMEs) participating in the SME Export Hub reporting increased revenue/export sales	50	105  While the target number of participating SMEs has been exceeded, there has not been a confirmed increase in revenue/export sales. The hubs have been impeded by severe drought conditions, bushfires and the impacts of COVID-19.
	Exports Hubs deliver against their objectives through helping collaborative networks of SMEs to identify their competitive strengths and innovation potential and develop export plans, including activities to: <ul style="list-style-type: none"> <li>• increase business engagement with supply chains and international markets</li> <li>• identify and improve management and workforce skills</li> </ul>		Nearly 500 SMEs attended the 174 activities conducted by the hubs. Hubs have been impeded by severe drought, bushfires and the impacts of COVID-19. They are moving to digital delivery of services and support, where possible. Hubs are reviewing their services to ensure they provide targeted support to help participating SMEs access markets when they reopen.
Help entrepreneurs to innovate, compete and grow their business by providing expert support, funding and incentives	Number of services provided by the Entrepreneurs' Programme that strengthen business management and networks, develop start-up capabilities, enhance research collaborations, and facilitate commercialisation of novel products, processes and services	6832	10 770  The Entrepreneurs' Programme provided additional advisory services to customers to support them in responding to the impacts of COVID-19.

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Build industry sector capability and collaborative networks to drive innovation, productivity and competitiveness	Number of Growth Centre activities against key objectives	170	662  This number refers to activities the Industry Growth Centres organised or hosted. The actual number exceeds the target due to them delivering various collaborative activities with a network of industry partners.
	Number of participants in Growth Centre activities	2500	32 798  Industry Growth Centres have established a solid network of industry partners, supporting Government's work to engage effectively within their sectors.  This number refers to individual participants in Industry Growth Centres activities. The actual number exceeds the target due to them delivering various collaborative activities with a network of industry partners.
	Established Growth Centres deliver against the objectives of Sector Competitiveness Plans including activities to: <ul style="list-style-type: none"> <li>• identify and pursue opportunities for regulatory reform including improving industry standards</li> <li>• increase collaboration between business and researchers</li> <li>• increase business engagement with supply chains and international markets</li> <li>• identify sector skills needs and improve management and workforce skills.</li> </ul>		<p>The Industry Growth Centres have engaged broadly across industry bodies and associations, research organisations and universities, and Commonwealth and state and territory governments to progress priorities against the four objectives.</p> <p>They have worked to:</p> <ul style="list-style-type: none"> <li>• increase the technical leadership of different sectors to improve value differentiation, and lift scale and management quality to improve cost competitiveness</li> <li>• enhance industry skills and capability</li> <li>• actively progress industry research collaboration and commercialisation opportunities and projects</li> <li>• where applicable, identify opportunities to address regulatory barriers in their sectors.</li> </ul> <p>The Industry Growth Centres have also supported the response to recent major challenges Australia has faced (drought, bushfires and COVID-19), including through emergency funding programs, networking and information support. They have provided advice to government on industry conditions and contributed to cross-sectoral responses to COVID-19 through government taskforces.</p>

## Analysis

The department played a key part in the Australian Government's COVID-19 response, sourcing industry intelligence and facilitating the manufacturing of personal protective equipment, critical medical supplies and ventilators. We supported the Advanced Manufacturing Growth Centre in establishing its COVID-19 Manufacturer Response Register. The register helps businesses to source goods and services, and facilitates connections. More than 2500 businesses have created profiles on the register since March 2020.

We engaged directly with stakeholders to gather real-time information on the impact of COVID-19. This included its effect on transport and logistics, food security, and supply challenges in remote and regional Australia. We worked closely with the Industry Growth Centres and the Industry Capability Network to source crucial business intelligence to feed into the pandemic response.

The department worked with industry and government to better align, target and invest funding across programs and policies, support growth and maximise Australian industry participation in major projects. The Industry Growth Centres assisted our stakeholder engagement and policy development activities during the Black Summer bushfires and COVID-19 pandemic, providing key insights as situations developed.

## Activity 2.3: Supporting industry transformation by encouraging innovation and investments

### Key achievements

This activity consists of policy development initiatives, interventions (programs) and projects that are intended to encourage innovation and investment to underpin industry transformation.

Through the Manufacturing Modernisation Fund, the department committed \$48.3 million to co-fund around 200 capital investment projects that help businesses scale up, invest in new technologies and develop new high-value products. The projects are expected to create more than 2600 new jobs and associated reskilling, and increase the competitiveness of Australian manufacturing. Successful SMEs will invest around \$167 million of their own funds to transform their manufacturing operations.

The Australian Space Agency launched measures to support the growth and transformation of our space industry, including contracting \$24 million in grants through the Space Infrastructure Fund (SIF) and International Space Investment (ISI) initiative, and implementing the \$150 million for Australia's Moon to Mars initiative. It also began work under the *Space (Launches and Returns) Act 2018*, updating the regulatory environment to support the continued safe operation of responsible space activities in Australia while balancing entrepreneurship.

### Performance criteria and results

Table 8 presents the results measured against the performance criteria for Activity 2.3 and its associated Program 1.2 (refer to Figure 3), set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 20.

*Table 8: Activity 2.3: Supporting industry transformation by encouraging innovation and investments*

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Support manufacturing to embrace new technologies and develop high value-added products and services for the global marketplace	Induced private sector investment in new or expanded business activity from, for example, Advanced Manufacturing Growth Fund, Next Generation Manufacturing Investment Programme, and Manufacturing Modernisation Fund (\$'000)	\$56 294	\$27 797  COVID-19 has contributed to the reduced level of induced investment in 2019–20, with around \$16.2 million of Advanced Manufacturing Growth Fund-induced investment being deferred to next financial year. In addition, \$34 million of planned Manufacturing Modernisation Fund-induced investment will occur in 2020–21, due to projects commencing late in the financial year.
Transform and grow a globally respected Australian space industry that lifts the broader economy, and inspires and improves the lives of Australians underpinned by strong international and national engagement	Implement the Australian Civil Space Strategy: <ul style="list-style-type: none"> <li>Establish the Australian Space Agency headquarters at Lot Fourteen in Adelaide</li> <li>Deliver the Space Infrastructure Fund and International Space Investment initiative</li> <li>Develop and implement regulatory reform to support the <i>Space (Launches and Returns) Act 2018</i> and administer the Act to ensure safe space activities</li> <li>Achieve year-on-year growth exceeding 8.5 per cent per annum of the Australian space sector</li> <li>Achieve year-on-year growth of direct and indirect jobs to meet a target of 20,000 additional jobs and growth to \$12 billion per annum of the Australian space sector by 2030.</li> </ul>		<p>Significant achievements in 2019–20 included:</p> <ul style="list-style-type: none"> <li>establishing the Australian Space Agency headquarters at Lot Fourteen in Adelaide in February 2020</li> <li>Space Infrastructure Fund (SIF) projects announced and on schedule in 2020, including: <ul style="list-style-type: none"> <li>the University of Tasmania space tracking upgrade</li> <li>the Mission Control Centre in South Australia</li> <li>space data analysis facilities in Western Australia</li> <li>the Robotics, Automation and AI Command and Control Centre in Western Australia</li> </ul> </li> <li>delivering an International Space Investment initiative on 17 June 2020, with 10 projects awarded funding under the Expand Capability program</li> <li>introducing regulatory reform to support the <i>Space (Launches and Returns) Act 2018</i> and administer the Act to ensure safe space activities developed and implemented. Notably: <ul style="list-style-type: none"> <li>the Space (Launches and Returns) Act 2018 commenced on 31 August 2019</li> <li>the Space (Launches and Returns) (General) Rules and the Space (Launches and Returns) (Insurance) Rules commenced on 31 August 2019</li> <li>the Space (Launches and Returns) (High Power Rocket) Rules commenced on 30 June 2020.</li> </ul> </li> </ul> <p>IBISWorld's independent report estimated Australian civil space economy revenue grew by an average annual rate of 8.0% over the five years from 2015–16 to 2019–20.</p>

## Analysis

The Australian Space Agency is pursuing new opportunities and continuing its work to deliver against *Advancing Space: Australian Civil Space Strategy (2019–2028)* and the Australian Government's objectives. Its overarching goal is to triple the sector's contribution to GDP to \$12 billion and create an additional 20 000 jobs by 2030.

The agency is growing its national capabilities, ensuring safety and opening doors internationally. It has established its new headquarters in Adelaide, leveraging the Adelaide City Deal. In the past financial year it launched four SIF projects worth \$13.2 million and 10 ISI projects worth \$11 million. Under the Moon to Mars initiative (\$150 million), the agency has designed three programs supporting Australian organisations to partner with NASA as it pursues flights to the Moon and on to Mars. It also commenced administration of the *Space (Launches and Returns) Act 2018*.

## Activity 2.4: Supporting the sustainable development of the resources sector

### Key achievements

This activity is composed of policy development initiatives, interventions (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.

On 30 August 2019, Australia and Timor-Leste exchanged diplomatic notes to confirm the Timor Sea Maritime Boundaries Treaty had entered into force. This included finalising transitional arrangements with the affected petroleum companies, and bringing into effect significant changes to several pieces of domestic legislation.

The Critical Minerals Facilitation Office (CMFO), established on 2 January 2020, leads a national effort to grow the critical minerals sector. The CMFO developed the COAG Critical Minerals Development Roadmap; strengthened international collaboration; partnered with Geoscience Australia to develop an online Critical Minerals Portal; and established the Advancing R&D for Critical Minerals program.

On 24 January 2020, the department reported on a review of the Australian Domestic Gas Security Mechanism (ADGSM). The ADGSM was implemented in 2017 to ensure sufficient domestic gas supply. The review found that the ADGSM has been effective in helping ensure sufficient domestic gas supply in the East Coast gas market.

On 14 February 2020, the Government established the Northern Endeavour Temporary Operations Program to ensure the continued safety and security of the Northern Endeavour floating production storage and offtake (FPSO) vessel following liquidation of the Northern Oil and Gas Australia (NOGA) group of companies. The supported activities of the program include maintaining the facility in 'lighthouse mode' (no production, with minimum crew required for safe operations), securing the facility and associated wells for the Laminaria-Corallina field, and undertaking the required operational activities.

The department implemented changes to the offshore petroleum regulatory regime to improve consultation practices and increase the transparency of environmental planning for offshore petroleum activities. The changes will also improve oil pollution emergency response arrangements in the unlikely event of a spill that extends into a state or territory jurisdiction.

The former COAG Energy Council commissioned the department and the Chief Scientist to deliver a National Hydrogen Strategy by the end of 2019. The strategy was released on 22 November 2019 and provides a framework for all jurisdictions to align their priorities, streamline regulatory and approval processes, and inform safety and training requirements.

A site at Napandee, near Kimba in South Australia, was identified in early 2020 for the National Radioactive Waste Management Facility (NRWMF). The House of Representatives passed amendments to the *National Radioactive Waste Management Act 2012* in June 2020 to acquire the site. The Bill has been the subject of an Inquiry by the Senate Economics Legislation Committee which recommended the Bill be passed unamended. Passage of the Bill would also provide the Kimba community certainty about the establishment of a \$20 million community fund.

A community benefit program will provide grants for projects around Hawker and Kimba, the two communities shortlisted for the NRWMF, to help develop community infrastructure and improve economic outcomes. Applications for the grants opened in May 2020. Previous funding rounds supported projects for mental health programs, upgrades to sporting facilities and the development of independent living accommodation.

The Australian Government has a direct regulatory role in the Ranger uranium mine in the Northern Territory. The mine operator, Energy Resources of Australia (ERA), will cease mining operations at Ranger in January 2021. ERA must then rehabilitate the site in accordance with stringent environmental requirements. Throughout the year, the department worked with ERA to review and subsequently increase the value of security withheld for the mine's rehabilitation. The Australian and Northern Territory governments also approved ERA's updated Ranger Mine Closure Plan. Both achievements reflect stakeholders' shared commitment to the site's effective rehabilitation.

### Performance criteria and results

Table 9 presents the results measured against the performance criteria for Activity 2.4 and its associated Program 1.2 (refer to Figure 3), set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 20.

*Table 9: Activity 2.4: Supporting the sustainable development of the resources sector*

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Promote the development of Australia's resources sector through expanded exploration and investment in new projects	Implement the National Resources Strategy with state and territory counterparts through the COAG Energy Council	National Resources Strategy delivered by mid-2020	The department is on track to implement the National Resources Strategy with state and territory counterparts. In 2019–20, we supported regulatory reviews, launched the National Hydrogen Strategy, established the CMFO and undertook the largest acreage release for offshore exploration since 2000.
	Grow the resources sector to create new jobs in regional Australia	Year-on-year maintenance or increase in relevant new jobs created	<p>The number of employed persons in the Mining Industry in Australia in May 2020 was 238 052, down 8976 (3.7%) since May 2019 (original fourth-quarter average).</p> <p>The number of employed persons in the mining industry (non-metro) in May 2020 was 126 597, down 4657 (3.5%) since May 2019 (original fourth-quarter average).</p> <p>In May 2020, non-metro mining employment made up 52.4% of all mining employment, down 2 percentage points since May 2019, when non-metro mining employment was 54.4%.</p> <p>The department has supported growth in the resources sector through support for exploration, R&amp;D, international partnerships and pursuing new opportunities such as critical minerals and hydrogen through the release of respective strategies.</p> <p>Source: ABS, Labour Force, Australia, Detailed, Quarterly, May 2020, cat. no. 6291.0.55.003.</p>

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Position Australia to capture new opportunities in global resources markets, especially in critical minerals	Deliver a national resources brand (with Austrade) and a Global Resources Strategy	Strategy and brand delivered by mid-2020	Delayed 6–12 months. COVID-19 interrupted the consultation required to complete these products. It was also important to delay the release of the products until after the pandemic.
	Finalise the National Hydrogen Strategy	National Hydrogen Strategy finalised	Completed. The National Hydrogen Strategy was released by COAG Energy Council Ministers on 22 November 2019.
	Identify and remove regulatory and administrative barriers that impose unnecessary costs and delays to resource projects		On track. In August 2019, the former Minister for Resources and Northern Australia referred the terms of reference for a Productivity Commission study into regulation of the sector. This study will run into 2020–21 and will identify regulatory best practice from Australian and international examples. The National Critical Minerals Development Roadmap was agreed by Commonwealth, state and territory resources ministers on 16 April 2020. The Roadmap aims to boost critical mineral exploration, open up new basins, and promote downstream value-adding activity.
Safely manage Australia's radioactive waste	Determining a suitable site to host a radioactive waste management facility, and progress site-specific design	Site Selection: A decision is made in relation to a site, including resolving any acquisition and compensation issues	A preferred site at Napandee, near Kimba in South Australia, has been identified following assessment of technical and community sentiment information. The National Radioactive Waste Management Amendment (Site Specification, Community Fund and Other Measures) Bill 2020 passed the House of Representatives on 11 June 2020, allowing the site to be acquired. The Senate will consider the Bill following a report from the Senate Economics Legislation Committee.

## Analysis

Signing of the Timor Sea Maritime Boundaries Treaty between Australia and Timor-Leste was a key highlight for 2019–20. Prime Minister Morrison exchanged diplomatic notes with Timor-Leste Prime Minister Taur Matan Rauk on 30 August 2019, verifying domestic requirements had been met to bring the treaty into force. Parliament passed the treaty and it was implemented after 18 months of high-level negotiations on legislative and transitional arrangements.

Domestically, the department continued to promote the importance of the resources sector to the Australia economy. We have driven exploration for new resources potential by identifying policy goals in the National Resources Statement and supporting the sector to unlock development of new basins and unexplored areas. This includes expanding the Exploring for the Future program. The CMFO, established on 2 January 2020, continues to lead the government's efforts to grow the critical minerals sector.

In the fourth quarter of 2019–20, the department's focus shifted considerably following the outbreak of the COVID-19 pandemic. We worked closely with government and industry stakeholders to respond to key issues across the sector, including maintaining workforce security, identifying supply chain vulnerabilities and ensuring disaster preparedness. The resources sector continues to lead the economy during recovery from the pandemic.



## Activity 2.5: Growing a stronger Northern Australian economy

### Key achievements

This activity comprises policy development initiatives, interventions (programs) and projects that are intended to drive economic growth and investment in Northern Australia.

The statutory review of the *Northern Australia Infrastructure Facility Act 2016*, which began in 2019–20, is examining whether reforms could improve the effectiveness of NAIF's support for economic infrastructure in Northern Australia. A total of 122 face-to-face consultations have been undertaken in nine locations in Northern Australia (Darwin, Cairns, Rockhampton, Broome, Alice Springs, Mackay, Townsville and Mount Isa), with additional meetings in Perth, Brisbane, Sydney and Canberra.

The department is establishing the strategic direction for the Northern Australia agenda as we move into the next five-year phase of developing the 20-year framework set out in *Our North, Our Future: White Paper on Developing Northern Australia*. Through the collaborative multi-jurisdictional Ministerial Forum, agreement was reached to focus on financing critical infrastructure projects through NAIF, and investing in minerals and energy, water resources, roads, workforce development and Indigenous economic participation.

We developed the Supporting Indigenous Business Project. The project is a cohesive approach to building Indigenous business capability and outcomes by improving access to programs through policy development, encouraging procurement of Indigenous businesses and supporting departmental officers to meaningfully engage with Indigenous businesses.

### Performance criteria and results

Table 10 presents the results measured against the performance criteria for Activity 2.5 and its associated Program 1.2 (refer to Figure 3), as set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 21.

*Table 10: Activity 2.5: Growing a stronger Northern Australian economy*

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Grow the number of jobs in Northern Australia	Number of new jobs created through federally financed infrastructure projects	Year-on-year maintenance or increase in relevant new jobs created	An estimated 1900 jobs have been supported through NAIF projects that accessed federal finance. These include Voyages Indigenous Tourism Australia, Humpty Doo Barramundi, NT Airports, Townsville Airport, Onslow Marine Support Base, and Kalium Lakes.
	Number of businesses contracted to assist with construction of federally funded infrastructure projects, and contract dollar value	Year-on-year maintenance or increase	<p>These two northern programs (Northern Australia Roads Programme and Beef Roads Programme) have approved 38 projects, with 25 of these projects completed, 11 underway and the remaining two to commence throughout 2020 and not scheduled to be completed until 2022. Current estimates indicate that over 2,000 direct local jobs will be created.</p> <p>In 2019/2020, 14 roads were completed at the total CAPEX value of \$232.68 million, with an Australian Government investment of \$184.15 million (DITRDC data). State and Territory governments are responsible for facilitating contracts with local businesses to undertake construction. Some 14 businesses were contracted to deliver on these works with additional sub-contracts engaged by jurisdictions as necessary. Noting that in some instances, the same business may have been contracted for multiple projects.</p>

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Grow the Indigenous economy in Northern Australia	Number of new Indigenous jobs created through federally financed infrastructure projects	Year-on-year maintenance or increase in relevant new jobs created	Each NAIF financed project is required to prepare an Indigenous Engagement Strategy (IES), setting out objectives for Indigenous participation, procurement and employment that reflects the Indigenous population in the region of the proposed project.  Once construction activity and IES reporting obligations commence, proponents will report to NAIF on the number of Indigenous full-time equivalent employees (across construction and operations) as well as the number of contracts and the value of contracts with Indigenous businesses, as a percentage of all contracts. NAIF will be able to provide this data in future reports as it becomes available.
	Number of Indigenous businesses contracted to assist with construction of federally funded projects, and contract dollar value	Year-on-year maintenance or increase	The inclusion of Indigenous employment and business use targets is providing Indigenous Australians with greater opportunities to access employment or to start or expand businesses as road upgrade projects begin across the north.
	Indigenous businesses accessing departmental programs	Year-on-year increase	At 17 June 2020, 23 out of 2127 (1.1%) successful grant applications to the department belonged to businesses that identified as either Indigenous owned or Indigenous controlled.  From 2019–20, the department's grant application forms were modified to include two questions that allow businesses to identify as 50% or more Indigenous owned, or 50% or more Indigenous controlled.  We won't be able to see a year-on-year increase until 2020–21, as this is the first year that data has been available.

## Analysis

Economic development is a core objective of the department. A key driver for achieving this objective is support for major projects around Australia, particularly those with the potential to provide lasting benefit for the communities involved. To this end, the department performed well in 2019–20, making progress in focus areas such as Northern Australia, and on vital projects like the NRWMF. We achieved significant milestones in all focus areas, despite disruptions associated with the COVID-19 pandemic.

Internally, we made a strong contribution to government efforts, deploying departmental staff to internal and external taskforces, including (at one point) most of our Senior Executive Service (SES) staff. The pandemic has also brought about a significant refocusing of our work. The five-year plan to refresh the Northern Australia agenda has shifted to focusing on economic recovery from the impact of COVID-19, as has the statutory review of the *Northern Australia Infrastructure Facility Act*. Some areas, such as the Major Projects Facilitation Agency, experienced a temporary lull in their functions (with staff redeployed) as a result of the economic disruption, while others, including the NRWMF Taskforce were able to continue their work.

## Purpose 3: Simplifying doing business

This purpose aims to facilitate competition and innovation by making it easier for businesses to interact with government and reduce the cost of doing business. Achieving Purpose 3 will boost productivity and enhance Australia's international competitiveness by reducing the burden on industry of inefficient regulation and improving the delivery of government programs and services.

In 2019–20, the department worked to achieve Purpose 3 through two activities:

- Activity 3.1: Reducing the burden on industry of inefficient regulation
- Activity 3.2: Providing better services and information for business.

### Performance criteria and results

Table 11 presents the results measured against the performance criteria for Purpose 3 and its associated Program 1.1 and Program 1.2 (refer to Figure 3), set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 22.

*Table 11: Purpose 3: Simplifying doing business*

Intended outcome	Performance criterion	2019–20 target	2019–20 result
Reduce regulatory congestion to improve ease of doing business in Australia	Australia's ranking on the World Bank's 'ease of doing business' scorecard	Maintain or improve Australia's top 20 ranking	Australia improved four places to reach 14th position in the world for ease of doing business in 2020.
	Australia's ranking on the World Economic Forum's 'business dynamism'	Maintain or improve Australia's top 20 ranking	Australia achieved a global ranking of 16 out of 127 countries for 2019. This was down one position from the previous report, where Australia was ranked 15th.

### Activity 3.1: Reducing the burden on industry of inefficient regulation

#### Key achievements

This activity consists of initiatives and projects that are intended to reduce the burden on industry of ineffective regulation. It does this by implementing regulatory reform across all levels of government, and ensuring the regulatory environment strikes the right balance between efficient markets and community expectations.

The department led work enhancing standards and regulations, advocating for nationally consistent responses. We facilitated Commonwealth, state and territory agreement to a revised Australian Building Codes Board Intergovernmental Agreement, providing an additional \$4 million over 2019–21 (\$2 million from the Commonwealth matched by the states and territories) and represented the Commonwealth in ongoing programs to update the National Construction Code, including developing provisions for fire safety in early childhood centres and commercial energy efficiency. We have also commenced the review of the Disability (Access to Premises – Buildings) Standards 2010.

Regulations enacted in December 2019 restored access to 'Australian Made' claims for complementary medicines manufactured in Australia, and legislation introduced into Parliament in June 2020 will provide further certainty to the sector. These reforms deliver on the government's pledge to support an industry with exports in excess of \$1 billion.

The department also led the delivery of amendments to the Franchising Code of Conduct to strengthen protection for automotive dealerships, which took effect from 1 June 2020. These seek to establish clear and fair commercial dealings in the new car retailing sector.

### Performance criteria and results

Table 12 presents the results measured against the performance criteria for Activity 3.1 and its associated Program 1.1 and Program 1.2 (refer to Figure 3), as set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 22.

*Table 12: Activity 3.1: Reducing the burden on industry of inefficient regulation*

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Reduced burden on industry of inefficient regulation	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		<p>The department continues to engage with state and territory governments and the Deregulation Taskforce to simplify the process of doing business in Australia. Initiatives implemented by the department over the past 12 months to reduce burden include:</p> <ul style="list-style-type: none"> <li>• Legislation was passed by Parliament to allow effective title administration and regulation of greenhouse gas storage that is located across the boundary between state or territory coastal waters and Commonwealth waters. This will reduce the complexity and legislative barriers for new projects.</li> <li>• Legislation was passed in February 2020 to phase out the innovation patent system, which was not promoting small business innovation.</li> <li>• The business.gov.au website was upgraded on 14 November to improve user experience, such as through better navigation simplified content and a cleaner page design. A further upgrade to the website was released on 26 June 2020 to allow more personalisation of content. This enables the website to present specific content to users based on their browsing behaviour, which makes business interaction with the website more efficient and productive.</li> </ul> <p>The department will deliver two solutions of the first tranche from Taskforce activities (making it easier for sole traders and microbusinesses to employ their first person and reducing export burden for food manufacturers).</p>
Reduce the regulatory burden to resource projects	Number of regulatory and administrative improvements identified and implemented		<p>On track.</p> <p>On 24 March, the Productivity Commission released its draft report into regulation affecting the resources sector and highlighted best practice. The department will support the Australian Government's response to the final report.</p> <p>The House of Representatives has passed legislation, which has been introduced to the Senate, that will allow effective title administration and regulation of greenhouse gas storage that is located across boundaries between state or territory coastal and Commonwealth waters.</p>

## Analysis

The department has undertaken a portfolio-wide assessment of opportunities to address inefficient regulation. This process involved legislative review, program evaluations and stakeholder engagement. The process resulted in a significant deregulation program, which focuses on: making it easier for businesses to engage with department programs; improving regulation to support investment; and reducing regulatory cost and improving regulator performance. This is in line with the Government's deregulation agenda.

Reforms implemented over the past year included phasing out the innovation patent system and updating business.gov.au to make business interactions more efficient and productive. Additionally, legislation was passed to allow for effective title administration and regulation of greenhouse gas storage located across boundaries between state or territory coastal and Commonwealth waters.

The department has also been working closely with the Deregulation Taskforce. AusIndustry will be the delivery service for two solutions of the first tranche of Taskforce activities (making it easier for sole traders and microbusinesses to employ their first person and reducing export burden for food manufacturers).

## Activity 3.2: Providing better services and information for business

### Key achievements

This activity consists of initiatives and projects to improve the delivery of services and programs by streamlining and simplifying business services and programs. It includes providing information to assist businesses to grow and improve the ways in which it is delivered.

In 2019–20, the department provided better services and information for business by rapidly responding to the COVID-19 pandemic and recovery phases. This included:

- expanding business.gov.au and the 13 28 46 Contact Centre. We provided whole-of-government support for businesses by extending service hours and specific information related to COVID-19 on business.gov.au, including the COVID-19 Resource Hub
- supporting the expansion of business.gov.au and the 13 28 46 Contact Centre services and undertaking over 180 customer contacts in response to Ministerial requests through the Contact Centre and the National Outreach Network of 29 regional managers and business development officers
- using the COVID-19 Resource Hub to provide information on financial assistance, eligibility and timing for government support, and other relevant information. The hub recorded 4 374 588 sessions between 23 March and 30 June 2020. The COVID-19 content was curated in consultation with lead government agencies and updated daily. The COVID-19 hotline responded to 57 769 contacts from businesses needing assistance
- designing and rolling out a COVID-19 Rapid Response service through the Entrepreneurs' Programme in late March 2020 to help businesses through the immediate effects of COVID-19. Expert advisers had helped more than 2500 businesses by the end of May 2020. By comparison, approximately 3500 businesses accessed the program's advisory services annually in previous years
- proactively using the department's national networks to regularly collect business intelligence and circulating this across government to inform COVID-19 policy and response measures. This included providing regular updates that covered the effect of COVID-19 on supply chains and industry across Australia.

The department also launched a rapid response to the severe impact on businesses of the Black Summer bushfires by:

- using our national service delivery networks, including AusIndustry's National Outreach Network, the Entrepreneurs' Programme, business.gov.au, the 13 28 46 Contact Centre and the Business Grants Hub, to provide ongoing support, advice and information to businesses and other customers
- developing and implementing the Entrepreneurs' Programme's new Strengthening Business offering, which is providing 21 business experts for bushfire-affected businesses in NSW, South Australia and Victoria. These experts help businesses to recover, rebuild and become more resilient. They listened to what business owners needed and collaborated with expert facilitators, the program's delivery partners and government bushfire recovery organisations.

### Performance criteria and results

Table 13 presents the results measured against the performance criteria for Activity 3.2 and its associated Program 1.1 and Program 1.2 (refer to Figure 3), as set out in the former Department of Industry, Innovation and Science's *Corporate Plan 2019–20*, page 23.

*Table 13: Activity 3.2: Providing better services and information for business*

Strategic objective	Performance criterion	2019–20 target	2019–20 result
Deliver better services for business to allow them to get on with business	Phone calls and webchats received by the Contact Centre continue to be answered within 10 seconds	≥90%	82%  Due to COVID-19, the Contact Centre experienced a fourfold increase in demand between 20 March and 30 April 2020, which resulted in longer wait times. The Contact Centre redirected and recruited agents quickly to meet demand and reduce wait times.  Overall service levels would be at 94% if we took out the peak COVID-19 period of 20 March to 30 April 2020.
	Reduce the number of businesses that waste time submitting ineligible applications for business services programs	≤4% year on year	13%  While overall eligibility for the majority of programs was low, the presence of three large grants with high rates of ineligibility pushed the total percentage that were ineligible much higher. Excluding data for these three outliers from the calculation reduced the percentage of ineligible applications to 7%.  We are considering enhancing our new grants management system to help businesses identify early on in their application process whether or not they are eligible for a grant, and stopping them from progressing where they are not.
	Increase the number of applicants experiencing a digital end-to-end business services application process	55%	55%  The Business Grants Management (BGM) system is an end-to-end platform used to onboard all grant opportunities into the Business Grants Hub. Around 55% of grant applicants applied through the BGM platform in 2019–20.  In 2020–21, it is expected that 95% of applicants will apply for grants through the BGM platform.

Strategic objective	Performance criterion	2019–20 target	2019–20 result
	Applications for registration of R&D activities are processed within: <ul style="list-style-type: none"> <li>• 40 business days for firsttime registrants</li> <li>• 20 business days for registrants that have applied within 6 months after the end of the income period</li> <li>• 80 business days for registrations submitted from 6 to 10 months after the end of the income period.</li> </ul>	95% of applications for registration of R&D activities are processed within timeframes	99% of applications for registration of R&D activities were processed within the timeframes.
Simplify grants administration, in line with the Streamlining Government Grants Administration Program	Total number of program opportunities onboarded through the Business Grants Hub	80	108 A total of 112 were launched in the financial year, although four were expressions of interest and were not included in the figure. Any programs migrated from the previous Strategic Grants Management System (SGMS) are also excluded from this figure.
	Make it easier for businesses to access government services by improving the efficiency and business experience of program delivery		From late 2019, the department has been migrating programs from the SGMS. This activity is due to be completed by early 2021. It will mean that the department is operating via a single IT system that allows all applicants to manage their grants through one digital end-to-end portal.  The Business Grants Hub has also formalised its benefits management framework, which will provide key metrics relating to efficiency and business experience from next financial year.

## Analysis

The department was well positioned in early 2019–20 to support the design and delivery of internal programs for business, external programs for other government portfolios through the Business Grants Hub, and support/information services via the outreach and business advisor network, Contact Centre and business.gov.au website. We also undertook projects to streamline these services to Australian businesses. Additionally, we began developing a key deregulation agenda component: the Employing Your First Person checklist.

The department quickly pivoted to respond to the severe impact on businesses of the Black Summer bushfires in early December 2019, delivering a range of services to inform and support their immediate needs. The bushfire support services were rapidly repurposed and expanded to address the COVID-19 pandemic that immediately followed. These circumstances changed our ability to deliver our pre-COVID-19 agenda. Based on our deep working relationships with and understanding of business, we acted quickly and flexibly to assist businesses and prepare them to grow beyond the crisis. We shared our industry intelligence across government to support and advise businesses. We collaborated with industry to:

- address critical supply issues
- support local production and manufacturing of personal protective equipment and other medical supplies.

We showcased innovative business responses to the COVID-19 crisis, including through social media and videos.

The changes we made while pivoting to manage the recent crises are now shaping the department's approach to program development and delivery.

## Purpose 4: Climate change

This purpose aims to develop and implement a national response to climate change. Achieving Purpose 4 will result in Australia meeting its international obligations to reduce emissions, consistent with the objective of keeping the global temperature increase well below 2 degrees celcius.

In 2019–20, we worked to achieve Purpose 4 by delivering on two intended results:

- Intended result 4.1: Shaping the global response to climate change
- Intended result 4.2: Achieving Australia's greenhouse gas emissions reduction targets.

### Intended result 4.1: Shaping the global response to climate change

#### Key achievements

We delivered on Australia's priorities at the United Nations Framework Convention on Climate Change's (UNFCCC's) 25th Conference of the Parties (COP25). The conference took place in Madrid in December 2019. Minister Taylor led Australia's delegation, which included officers from the department. The department supported the Minister as he delivered Australia's National Statement and the Energy Day statement, and presented at seven events and 14 bilateral meetings. Australia's sustained advocacy ensured Australia's national interests were well represented in the final texts agreed at COP25, and increased understanding of Australia's practical contribution to addressing climate change.

On 31 December 2019, the department finalised and submitted Australia's Fourth Biennial Report to the UNFCCC. As a signatory to the UNFCCC, Australia is required to submit a National Communication every four years and a Biennial Report. These reports help build an understanding of how the world is working together to address climate change. They also contribute to multilateral assessments of countries' progress towards achieving their emissions reduction targets.

The Fourth Biennial Report detailed Australia's emissions and projections, progress towards meeting the 2020 emissions reduction target, and support for developing countries to address climate change under the UNFCCC. After its submission, a team of UNFCCC technical experts reviewed the Fourth Biennial Report for transparency and completeness. In June 2020, Australia's report was assessed as mostly transparent and mostly complete, with nine recommendations for improvements in the next round of reporting.



## Performance criteria and results

Table 14 presents the results measured against the performance criteria for Intended result 4.1 and its associated Program 2.1 and Program 2.3 (refer to Figure 3), as set out in the former Department of the Environment and Energy's *Corporate Plan 2019–20*, page 22.

**Table 14: Intended result 4.1: Shaping the global response to climate change**

Performance criterion	Target	Yearly measures against the target	2019–20 result
Australia contributes to an effective global response to climate change	Australia's national interests are well represented in the Paris Rulebook and frameworks for international markets	Australia's domestic policy priorities are reflected in agreed elements of the Paris Rulebook	Australia was a lead country in supporting robust frameworks for increased transparency and reporting under the Paris Agreement.

## Analysis

The department continued to leverage our technical, policy and coordination expertise to support and influence global action on climate change. With the Department of Foreign Affairs and Trade, we supported ongoing international negotiations on the implementation of the Paris Agreement. Australia's domestic policy priorities are reflected in those elements of the Paris Rulebook that were successfully agreed at COP25 in Madrid in December 2019. We have continued to advance Australia's interests in those elements of the Paris Rulebook that are still under discussion, including international carbon markets.

The department also represents Australia's climate change interests in fora beyond the UNFCCC, including through engagement with G20, Mission Innovation – a global intergovernmental initiative working to accelerate clean energy innovation, the Leadership Group for Industry Transition and in bilateral relationships.

In practical terms, the department directly supported countries in our region to credibly report on greenhouse gas emissions in the land sector. We also encouraged the development and adoption of world-class tools for measuring and reporting on emissions. Taken together, these efforts have strengthened countries' capacity to report emissions and track progress towards their climate targets.

## Intended result 4.2: Achieving Australia's greenhouse gas emissions reduction targets

### Key achievements

The department supported the King Review and the Government's response, which were released in May 2020. The response to the King Review provides a robust platform to expand the way Australia is lowering emissions while supporting the economy, businesses and households. The King Review outlines directions for deploying the Government's \$2 billion Climate Solutions Fund to unlock abatement in harder-to-reach sectors, including industry, transport and agriculture, and increasing energy efficiency to leverage greater co-investment from the private sector and other levels of government. The recommendations and the Government's response will help Australia exceed its 2030 Paris target and position our economy for ongoing emissions reductions to meet future commitments under the Paris Agreement.

The department supported the Australian Government to launch its Technology Investment Roadmap with the release of the *Technology Investment Roadmap Discussion Paper: A framework to accelerate low emissions technologies* on 21 May 2020. The roadmap is a transparent, enduring framework for establishing the Government's low emissions technology

investment priorities over the short (to 2022), medium (to 2030) and long term (beyond 2030).

Extensive public outreach by the department led to more than 150 organisations participating in targeted industry workshops. Additionally, we received around 500 public submissions and over 400 people attended a public webinar. A Ministerial Reference Panel chaired by Dr Alan Finkel, Australia's Chief Scientist, has been formed to advise the Minister on annual Low Emissions Technology Statements. The Panel includes Drew Clarke, chair of the Australian Energy Market Operator, Grant King, former president of the Business Council of Australia, Shemara Wikramanayake, managing director of Macquarie Bank, Alison Watkins, chief executive officer of Coca Cola Amatil, Ben Wilson, chief executive officer of the Australian Gas Infrastructure Group, and Jo Evans, Deputy Secretary of the Department (ex officio).

We launched the Climate Active program in November 2019, following the rebrand of the former National Carbon Offset Standard. In the past 12 months, the number of businesses that have received carbon neutral certification (under the old standard and the new program) has increased by more than 50 per cent. Since Climate Active's launch, interest in the program has grown with around 80 new businesses applying for certification. At the end of the 2019–20 financial year, there were more than 140 active certifications.

Over the past 12 months, the number of consumer-focused certifications has increased. In 2019, the department certified Belong, Australia's first carbon neutral telecommunications company. In 2020, we certified carbon neutral homes (buyers opt in to offset emissions associated with building their home), and Lion became Australia's first carbon neutral brewer.

### **Performance criteria and results**

Table 15 presents the results measured against the performance criteria for Intended result 4.2 and its associated Program 2.1 and Program 2.3 (refer to Figure 3), as set out in the former Department of the Environment and Energy's *Corporate Plan 2019–20*, page 23.

Table 15: *Intended result 4.2: Achieving Australia's greenhouse gas emissions reduction targets*

Performance criterion	Target	Yearly measures against the target	2019–20 result
Australia is on track to meet its 2020 Kyoto Protocol target and Paris Agreement targets, and the economy is well positioned to deliver on climate commitments for 2030 and beyond	The department tracks Australia's emissions profile and implements policies and programs that contribute to reducing Australia's greenhouse gas emissions	Trends in Australia's emissions and projected emissions are on track to meet commitments	<p>The most recent published data shows total emissions for the year to December 2019 are estimated to be 532.5 Mt CO<sub>2</sub>-e, down 0.9% or 5.0 Mt CO<sub>2</sub>-e on the year to December 2018.</p> <p>Australia's emissions for the year to December 2019 have declined 16.1% since peaking in the year to June 2007, and were 2.4% below emissions for the same period in 2000.</p> <p>30 June 2020 marked the end of Australia's Kyoto-era targets and the start of our Paris Agreement target. While figures are yet to be finalised, Australia is estimated to have beaten its Kyoto-era target by up to 430 million tonnes of carbon dioxide equivalent (Mt CO<sub>2</sub>-e).</p> <p>Australia is also on track to overachieve on its 2030 emissions reduction target.</p>
		Tracking against legislated large-scale renewable energy target of 33,000 gigawatt hours (GWh) of eligible electricity generation in 2020	<p>On track.</p> <p>The Clean Energy Regulator reported to Parliament in July 2019 that enough utility-scale renewables capacity will be built to meet the Large-scale Renewable Energy Target in 2020.</p>
		Tracking of Australian Government expenditure on clean energy research and development against 2015 levels (target: \$216 million by 2020)	<p>Australia is making progress towards achieving its Mission Innovation pledge to double clean energy R&amp;D spending to \$216 million by 2020.</p> <p>In 2017–18 (the latest year for which data is available), Australian public investment in clean energy R&amp;D totalled \$136.9 million, a 27% increase on our 2015–16 Mission Innovation baseline.</p> <p>Progress towards our 2020 R&amp;D commitment is not expected to be linear. Growth in clean energy R&amp;D expenditure to 2020 is expected to be primarily driven by increased investments through the Australian Renewables Energy Agency (ARENA).</p>

## Analysis

The *Quarterly Update of Australia's Greenhouse Gas Inventory: December 2019* estimates total emissions for the year to December 2019 at 532.5 Mt CO<sub>2</sub>-e, down 0.9 per cent or 5.0 Mt CO<sub>2</sub>-e on the year to December 2018. Australia's emissions for the year to December 2019 have declined 16.1 per cent since peaking in the year to June 2007, and were 2.4 per cent below emissions for the same period in 2000.

*Australia's Emissions Projections 2019* report was published on 7 December 2019. It tracks Australia's progress to its 2020 and 2030 emissions reduction targets. The 2019 emissions projections show that Australia will overachieve on its 2030 emissions reduction target by 16 Mt CO<sub>2</sub>-e.

## Purpose 5: Energy

This purpose aims to support the reliable, affordable, sustainable and secure operations of energy markets. Achieving Purpose 5 will provide long-term benefit to the Australian community through improved energy supply, efficiency, quality, performance and productivity.

In 2019–20, we worked to achieve Purpose 5 by delivering on two intended results:

- Intended result 5.1: Lower energy bills for consumers
- Intended result 5.2: Australia's energy supplies are reliable.

### Intended result 5.1: Lower energy bills for consumers

#### Key achievements

The department continued to deliver on our National Energy Productivity Plan commitments, which focus on lowering energy bills for Australians. The Energy Efficient Communities Program, launched in April 2020, has financially assisted businesses to improve their equipment and save on bills. The Business Energy Advice Program, launched in August 2019, has consulted with more than 4223 businesses to help them get better energy deals.

The Commonwealth-led Liddell Taskforce was established in August 2019 to investigate the potential impacts of closing the Liddell power station and options to ensure ongoing affordable and reliable energy for NSW consumers. The Taskforce report was delivered to the Minister in mid 2020.

The Australian Government's Default Market Offer (DMO), capping the most expensive electricity standing offers in NSW, South Australia and Southeast Queensland, was implemented on 1 July 2019. This resulted in lower energy bills for consumers on high standing offers.

We coordinated development of nationally consistent principles for essential service providers to support customers facing hardship because of COVID-19. Information on the energy sector response to COVID-19, and advice for households and businesses, was published on [energy.gov.au](https://energy.gov.au). The site received over 64 000 views, including more than 40 000 views of the household advice page.

#### Performance criteria and results

Table 16 presents the results measured against the performance criteria for Intended result 5.1 and its associated Program 3.1 (refer to Figure 3), as set out in the former Department of the Environment and Energy's *Corporate Plan 2019–20*, pages 25–26.

Table 16: *Intended result 5.1: Lower energy bills for consumers*

Performance criterion	2019–20 target	2019–20 result
Wholesale electricity price in the National Energy Market	Progress towards wholesale price <\$70 per MWh	<p>The National Electricity Market (NEM)-wide average spot price for the 2019–20 financial year was \$63 per MWh, which is 34% lower compared to the same period in 2018–19.</p> <p>Falling wholesale costs are a result of lower demand, falling prices for fuel inputs for gas and coal generators, and increased amounts of low-priced solar generation. Government initiatives, such as the <i>Treasury Laws Amendment (Prohibiting Energy Market Misconduct) Act 2019</i> also play a role.</p>
Domestic market gas prices	Domestic gas market prices lower than liquefied natural gas (LNG) netback price	<p>As reported in the Australian Energy Regulator's wholesale markets quarterly report (released on 18 May 2020), domestic gas spot prices and LNG netback prices were more closely aligned from the end of 2019.</p> <p>At the end of the 2018–19 financial year, the simple average of East Coast domestic spot prices was 52% higher than the Asian netback price. Over the current reporting period, the difference has been trending down, with East Coast domestic spot prices only 8% higher at the end of the first quarter of 2020.</p> <p>Note: The LNG netback price is a measure of an export parity price that a gas supplier can expect to receive for exporting its gas. It is calculated by taking the price that could be received for LNG and subtracting or 'netting back' the costs incurred by the supplier to convert the gas to LNG and ship it to the destination port. The Australian Competition Consumer Commission publishes an LNG netback data series every two weeks.</p>
Retailers' standing offer prices do not exceed default market offer	Retailers' compliance	<p>The government's DMO, implemented on 1 July 2019, placed a cap on the most expensive electricity standing offers in New South Wales, South Australia and Southeast Queensland.</p> <p>The highest priced standing offers have been removed from the market, with average residential customers on standing offers in 2019–20 saving 25% or \$590 in South Australia; up to 38% or \$664 in New South Wales; and 42% or \$663 in Southeast Queensland.</p>
National energy intensity	Improvement in national energy intensity relative to 2015–16	<p>Between 2017–18 and 2018–19, Australia's energy intensity improved by 2%.</p> <p>Energy intensity for 2019–20 will be reported in the Australian Energy Statistics later this year.</p>

## Analysis

During the 2019–20 period, the department continued to make progress towards the objective of reducing the cost of energy for consumers. The following outcomes have been achieved through the enactment of legislation, collaboration with state governments and market bodies, and increasing consumer awareness and support.

- The DMO placed a cap on the highest priced electricity standing offers. As a result, an average household in New South Wales, South Australia or Southeast Queensland, which were on the highest standing offer prior to the DMO, could have saved between \$481 and \$664 in 2019–20, depending on their location.
- The Underwriting New Generation Investment program worked towards supporting the introduction of new low-cost dispatchable generation, to put downwards pressure on electricity prices.
- *The Treasury Laws Amendment (Prohibiting Energy Market Misconduct) Act 2019* (the Big Stick legislation) came into effect on 10 June 2020. Throughout 2020–21 the Australian Competition and Consumer Commission will have the power to penalise retailers that do not put consumers first by passing on substantial and sustained falls in wholesale energy costs to consumers.

The department delivered a number of key Australian Government commitments in 2019–20 to help lower energy costs for consumers. We did so under the National Energy Productivity Plan, and major outcomes included:

- launching the Business Energy Advice Program in August 2019, and completing more than 4223 consultations to help small businesses get better energy deals
- launching the Energy Efficient Communities Program (under the Climate Solutions Package) in April 2020 to work with businesses and community organisations to help them save energy and lower energy bills
- accelerating the expansion of the National Australian Built Environment Rating System to help industry compare the energy performance of schools, retail stores and industrial buildings
- continuing to implement the 2019 Trajectory for Low Energy Buildings.

## Intended result 5.2: Australia's energy supplies are reliable

### Key achievements

Despite challenges posed by the COVID-19 pandemic, we have worked hard with Australian businesses to maintain delivery of reliable and stable energy markets.

In January 2020, the Commonwealth and NSW government signed an agreement (valued at more than \$2 billion) to improve energy security and affordability across the NEM, while reducing emissions. We have begun negotiating with other states on similar agreements.

We announced successful projects under Phase One of the Regional and Remote Communities Reliability Fund in June 2020. These projects will examine options to deliver more reliable and affordable energy for consumers in regional and remote communities.

The department has also implemented a number of measures to assist International Energy Agency (IEA) compliance, including establishing Australia's first national fuel reserve. At the end of May 2020, Australia held 59 IEA days of cover, or 81 days of stocks stored on water and overseas.

### Performance criteria and results

Table 17 presents the results measured against the performance criteria for Intended result 5.2 and its associated Program 3.1 (refer to Figure 3), set out in the former Department of the Environment and Energy's *Corporate Plan 2019–20*, pages 26–27.

Table 17: *Intended result 5.2: Australia's energy supplies are reliable*

Performance criterion	2019–20 target	2019–20 result
National Electricity Market Reliability Standard	The reliability standard is met	All regions of the NEM met the reliability standard for 2019–20.
Domestic gas market is in supply–demand balance	Australian Domestic Gas Security Mechanism (ADGSM) is not triggered	The ADGSM was not triggered. The Minister for Resources, Water and Northern Australia did not issue a notification of a shortfall year for 2020.
Liquid fuel market is in supply–demand balance	<i>Liquid Fuel Emergency Act 1984</i> is not triggered	The <i>Liquid Fuel Emergency Act 1984</i> was not triggered.
Timely delivery of Integrated System Plan (ISP) transmission projects	Projects delivered in line with ISP timetable	A number of ISP priority grid projects identified by the Australian Energy Market Operator in its ISP have been committed to and are likely to be delivered within recommended ISP timeframes. These include the South Australian power system strength remediation project, system augmentations in Northern and Western Victoria, and a minor upgrade of the Queensland–NSW Interconnector. Other priority projects are undergoing regulatory assessment.
Australia's International Energy Agency (IEA) stockholding obligation	IEA members accept Australia's strategy for returning to compliance	Australia presented a return to compliance update to the IEA Governing Board on 18 June 2020. The Board acknowledged Australia's compliance efforts. A further update is required in 2021.

## Analysis

To ensure continuing energy reliability during the COVID-19 pandemic, the department established a taskforce and cross jurisdiction coordination mechanism to manage issues specific to the energy sector and to coordinate advice to the National Cabinet. Key matters identified and managed through the taskforce were:

- daily engagement with energy market bodies and companies to identify emerging risks to the sector
- regular engagement with the energy industry, and states and territories through the energy coordination mechanism to monitor impacts of the pandemic on energy supply and also preparedness for summer, including maintenance works to be undertaken in line with COVID-19 restrictions
- implementing measures to assist energy markets to balance, for example jet fuel oversupply due to the significant drop in demand when air travel ceased. Temporary changes to diesel standard were made by Minister Taylor to enable Australian refineries to utilise excess jet fuel supplies
- coordinating cross-border transit issues for critical personnel working in the energy sector, for example retail fuel distribution and electricity transmission maintenance
- connecting energy businesses to other areas of expertise (such as for the provision of personal protective equipment and COVID-19 testing) or advice, including for manufacturing initiatives.

Snowy Hydro Limited is progressing with the Snowy 2.0 project, which will contribute to reliable and secure energy supplies in the NEM. On 30 June 2020, following NSW approval, the government announced environmental approval for the project. Snowy Hydro Limited is expected to issue its Notice to Proceed on the Snowy 2.0 project in the 2020–21 financial year, following final shareholder approval. Snowy 2.0 will provide an additional generation capacity of 2000 MW and energy storage of 350 000 MWh. The department also works closely with our joint shareholding department, the Department of Finance, to ensure Snowy Hydro Limited has the capability to meet the requirements of the Government Business Enterprise framework.

The Commonwealth worked with state governments to support the timely delivery of electricity transmission infrastructure. The Australian Energy Market Operator has identified this infrastructure in its Integrated System Plan (ISP) to ensure the reliability of the electricity supply in the NEM.

On 28 November 2019, the Australian Government announced that the Commonwealth and NSW would jointly underwrite up to \$102 million of early works to accelerate the minor upgrade of the Queensland–NSW Interconnector. Early works began before the Australian Energy Regulator approved the project on 28 April 2020.

On 5 June 2020, the Minister awarded \$19.6 million to 17 projects under the first round of the Regional and Remote Communities Reliability Fund. The program supports feasibility studies to examine whether establishing a microgrid, or upgrading existing off-grid technologies, would better meet the electricity supply needs of regional and remote communities. Microgrids and standalone power systems provide innovative solutions to grid integration and stability issues, extreme weather risk management and energy inequality. The benefits they offer include reliability, security, affordability and low emissions.

The department assisted the Minister to secure agreement from state and territory governments to pursue interim measures to ensure reliable electricity. This was achieved by establishing an out-of-market capacity reserve and amending triggering arrangements for the Retailer Reliability Obligation.

We continued to advance the Australian Government's commitment to return to compliance with the IEA's stockholding obligation, and advised on policies to improve domestic fuel security. Key achievements to improve liquid fuel security included:

- signing a long-term lease to store oil in the United States Strategic Petroleum Reserve (SPR)
- purchasing a large parcel of crude oil stock, to be stored in the SPR
- finalising a tender for up to 400 kilotonnes of oil stock tickets in 2020–21
- issuing a request for information to seek industry and community input to boost Australia's domestic fuel storage capacity.

## Purpose 6: Small business support

Purpose 6 supports the growth of small and family businesses. Achieving it will contribute to economic growth, productivity and job creation by building a sustainable and productive small business sector.

In 2019–20, we worked to achieve this purpose through two activities:

- Activity 6.1: Supporting small business to transition to the digital economy
- Activity 6.2: Promoting good mental health for small business operators.



## Activity 6.1: Supporting small business to transition to the digital economy

### Key achievements

The Australian Small Business Advisory Services (ASBAS) Digital Solutions program continued to deliver low-cost, high-quality digital solutions advice to small business clients. The program helped more than 5700 new small businesses in metropolitan and regional areas in the first nine months of 2019–20.

The Small Business Digital Champions Project worked with 99 small businesses that underwent a comprehensive digital transformation. They received advice and up to \$18 500 in digital goods and services, plus additional in-kind support from corporate partners.

Fifteen industry associations provided advice on digital technology to at least 5645 small businesses across regional and metropolitan areas. Free sector-specific digital advisory services covered topics such as technology trends, adoption, hardware, software, cyber security, digital training, planning and support.

A Small Business Digital Champions conference brought together participating businesses, corporate partners, mentors, Deloitte, industry leaders and industry associations to maximise networking, peer learning and the dissemination of expert advice. More than 60 small business digital transformation videos, case studies and expert advice pieces were published to inspire the wider small business community to 'go digital'.

The ASBAS Digital Solutions program and 15 industry associations adapted their service offerings to also provide general business advice to businesses experiencing stress and difficulties as a result of COVID-19.

### Performance criteria and results

Table 18 presents the results measured against the performance criteria for Activity 6.1 and its associated Program 4.1 (refer to Figure 3), as set out in the Department of Employment, Skills, Small and Family Business *Corporate Plan 2019–20*, pages 40–41.

*Table 18: Activity 6.1: Supporting small business to transition to the digital economy*

Performance criterion	2019–20 target	2019–20 result
Increased access by small businesses to advisory services that support and enhance their digital capabilities	Digital competency for small businesses increases	<p>During 2019–20, the department delivered programs that assisted small businesses to transition to the digital economy:</p> <ul style="list-style-type: none"> <li>ASBAS Digital Solutions providers supported 5734 small businesses over the first three quarters of the 2019–20 financial year.</li> <li>The Small Business Digital Champions Project helped 99 small businesses undergo a comprehensive digital transformation, receiving advice and up to \$18 500 in goods and services. Case studies are published online to showcase the benefits of technology.</li> <li>Fifteen industry associations provided individual digital advisory services to 5645 small businesses members between April and October 2019. Milestone Reports due in April 2020 were delayed for six months due to COVID-19's impact on small businesses. The next Milestone Report is due in October 2020.</li> </ul>

Performance criterion	2019–20 target	2019–20 result
Increased awareness of the benefits of digital engagement by small business operators	Business performance improves through implementation of effective digital strategies	<p>In 2019–20, the following programs supported small businesses to engage in digital technology:</p> <ul style="list-style-type: none"> <li>• The Small Business Digital Champions Project aimed to increase knowledge of technology. An evaluation found that participants increased their confidence and made them more proficient with digital technology, as well as other business benefits, such as increased productivity, profits and resilience during COVID-19.</li> <li>• Fifteen industry associations participated in the Small Business Digital Champions Project, providing advice and support to their small business members. The advice is tailored to meet the small business needs and ranges from technology trends, adoption, hardware, software, cyber security, digital training, planning and support. In the first six months of the project, at least 5645 small businesses received support.</li> </ul>

## Analysis

During 2019–20, we continued to assist Australian small and family businesses to transition to the digital economy. We achieved the following outcomes:

- ASBAS Digital Solutions assisted more than 5700 small businesses in the first nine months of 2019–20 by providing thousands of instances of advice, including:
  - about 10 000 on social media and digital marketing
  - more than 6700 on websites and selling online
  - almost 6000 on small business software
  - over 2300 on online security and data privacy.
- In June 2020, a targeted media campaign encouraged small businesses in specific regional areas to engage with ASBAS. Further information and video resources are available at [business.gov.au/asbas](http://business.gov.au/asbas).
- The Small Business Digital Champions Project offered help to 100 small businesses with digital transformation. All but one business (which withdrew midway) benefitted from the comprehensive project. Business case studies, published at [www.business.gov.au/digitalchampions](http://www.business.gov.au/digitalchampions), showcase technology benefits to the wider small business community.

In response to COVID-19, ASBAS Digital Solutions and the industry associations supported small businesses by expanding their service offering to include general business advice.

## Activity 6.2: Promoting good mental health for small business operators

### Key achievements

Minister Cash launched the My Business Health web portal in December 2019. The portal gives small businesses easy access to information on general support and mental health support services. The portal was developed by the department, the Australian Small Business and Family Enterprise Ombudsman, Beyond Blue and Everymind.

### Performance criteria and results

Table 19 presents the results measured against the performance criteria for Activity 6.2 and its associated Program 4.1 (refer to Figure 3), as set out in the Department of Employment, Skills, Small and Family Business's *Corporate Plan 2019–20*, page 42.

*Table 19: Activity 6.2: Promoting good mental health for small business operators*

Performance criterion	2019–20 target	2019–20 result
Increased awareness of support available to promote good mental health for small business operators	Regular engagement with stakeholders to maintain and increase the profile of mental health awareness for small business operators	<p>During 2019–20, the department raised awareness of support by:</p> <ul style="list-style-type: none"> <li>• jointly developing small business mental health resources</li> <li>• delivering formal presentations</li> <li>• hosting an academic workshop in October 2019 for researchers in the small business field</li> <li>• forming working groups in July 2019 to pursue activities identified during roundtable discussions</li> <li>• holding regular meetings with a wide range of small business stakeholders.</li> </ul>

### Analysis

During 2019–20, we continued to promote good mental health for small business operators. We achieved this by:

- working with stakeholders, such as Everymind, the Australian Small Business and Family Enterprise Ombudsman, Beyond Blue and Fortitude at Work, to develop small business mental health resources
- delivering a series of working groups in July 2019 to undertake activities identified during roundtable discussions
- delivering presentations at the IPA-Deakin SME Research Centre conference in September 2019 and the Heads of Workplace Safety Authority Small Business Conference in March 2020
- hosting an academic workshop in October 2019 that brought together leading researchers in the small business field to share insights and discuss opportunities for researching mental health
- leading and participating in regular meetings with small business stakeholders, including the Council of Small Business Organisations Australia, the Australian Small Business and Family Enterprise Ombudsman, the Mental Health Commission, Beyond Blue and other government bodies, such as the Department of Education, Skills and Employment, Treasury and the National Bushfire Recovery Agency.

### **Case study: Coordinating the national response to ensure fuel and energy supplies during the COVID-19 pandemic**

The department has led and coordinated the national response within the energy sector to ensure continued access to reliable, secure, and affordable electricity, gas and liquid fuel during the COVID-19 pandemic. Key activities have included:

- daily engagement with energy market bodies, companies and states and territories to identify emerging risks to the sector
- monitoring impacts of the pandemic on energy supply, including the effect on maintenance works that can affect long term reliability
- measures to help keep energy supplies operating as needed, including supporting temporary changes to the diesel standard authorised by Minister Taylor, which helped Australian refineries to reduce excess jet fuel
- coordinating cross-border transit issues for critical personnel working in the energy sector, such as in retail fuel distribution or electricity transmission maintenance
- connecting energy businesses to providers of personal protective equipment and COVID-19 testing and sanitation products, which were key to keeping energy businesses operating.

Many Australian households and businesses face financial hardship due to the COVID-19 pandemic. The department, in conjunction with state and territory governments, has worked with energy retailers to support customers experiencing financial difficulties.

The department continues to provide relevant briefing to the energy sector and state and territory governments. We are developing a fuel security plan that includes:

- increasing government-owned fuel stocks through the \$94 million agreement with the United States to access crude oil in its Strategic Petroleum Reserve
- working with private industry to identify options to strengthen our domestic fuel security
- making temporary changes to fuel standards to provide immediate relief to refineries for the duration of the COVID-19 pandemic.

The department also opened a non-binding Request for Information process to test market opportunities to potentially increase Australia's fuel storage capacity. We are liaising with state and territory energy Ministers in this work.

## **Financial performance**

### **Financial Performance – Departmental**

#### **Operating Result**

The department recorded a loss of \$7.0 million in 2019–20 after excluding depreciation and amortisation, the impacts of AASB 16 *Leases* accounting adjustments and changes in the asset revaluation reserve through other comprehensive income. This deficit is largely due to unexpected reductions in revenue from the bushfires and COVID-19 restrictions, as well as increased expenditure on general resourcing to support the government's COVID-19 response.

After taking into account depreciation and amortisation, the impacts of AASB 16 *Leases* accounting adjustments and changes in the asset revaluation reserve, the department recorded a loss of \$37.1 million for 2019–20. 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 2020, the department reported net assets of \$202.1 million.

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

## Financial Performance – Administered

### Income

Administered revenue largely relates to royalty revenue (\$969.8 million), dividend revenue from the Australian Government's holding in Snowy Hydro Limited (\$109.3 million), levy receipts generated by the National Offshore and Petroleum Safety and Environmental Management Authority (\$35.4 million) and registration fees generated by the National Offshore Petroleum Titles Administrator (\$15.4 million).

Administered gains largely relate to the receipt of additional security funds held in the Ranger Rehabilitation special account (\$454.0 million).

### Expenses

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

- \$194.5 million to facilitate the development and uptake of new ideas and technology and translate them into commercial activity.
- \$261.8 million to contribute to building a diversified, flexible, resilient and dynamic economic base that can identify and adapt to new markets and emerging opportunities.
- \$146.9 million to support the sustainable development of the resources sector, attract private sector investment and encourage innovative technologies.
- \$84.7 million to reduce Australia's greenhouse gas emissions, contribute to effective global action on climate change, and support technological innovation in clean and renewable energy, through developing and implementing a national response to climate change. This includes \$84.4 million of payments to the portfolio's corporate Commonwealth entities: the Australian Renewable Energy Agency and the Clean Energy Finance Corporation.
- \$16.0 million to support the affordable, reliable, secure and competitive operation of energy markets for the long term benefit of the Australian community through improving Australia's energy supply, efficiency, quality, performance and productivity.
- \$8.6 million to facilitate the growth of small and family business.
- \$1 210.8 million in payments to the portfolio's corporate Commonwealth entities not listed above: 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. This excludes the \$84.4 million of payments to the Australian Renewable Energy Agency and the Clean Energy Finance Corporation noted above.



CHAPTER THREE:

# DEPARTMENTAL MANAGEMENT AND ACCOUNTABILITY

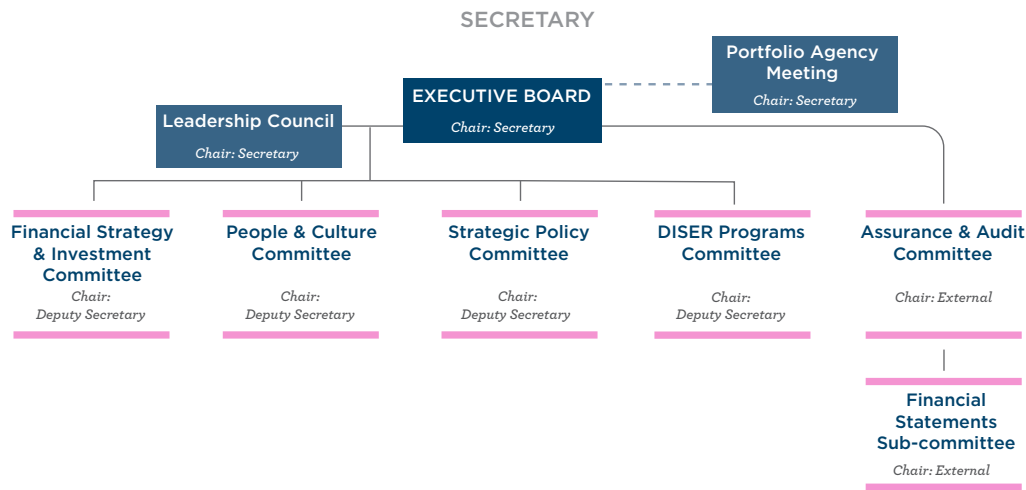
## Corporate governance

The department’s corporate governance practices define how we manage outcome and program responsibilities, and control business internally and externally. The department has an organisational committee structure to meet its strategic objectives. This ensures the department continually improves business and financial effectiveness and aligns them with government and organisational objectives.

As a result of the Machinery of Government changes in February 2020, memberships of the Executive Board and subordinate committees were updated to integrate all departmental functions.

Figure 4 shows the department’s governance committees at 30 June 2020.

Figure 4: Governance committees, 30 June 2020



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

Our capital budget, business planning and risk management processes are closely integrated.

Business, workforce and risk management plans for divisions detail how to achieve the strategic priorities set out in the department's corporate plan and manage major risks.

The department's internal audit function provides independent, objective assurance and consulting services that add value to and improve our operations. The Audit Committee Charter is available on the department's website at <https://www.industry.gov.au/about-us/what-we-do/assurance-and-audit-committee/committee-charter>. Details of Audit Committee membership are in Appendix A5.

## Fraud control

The department's fraud control and anti-corruption framework provides assurance that fraud control strategies are robust. The framework includes proactive fraud prevention and detection measures. The department's *Fraud and Corruption Control Plan 2018–20* details strategies for preventing, detecting and investigating suspected fraud in the department, and includes reporting procedures.

The department actively managed fraud risk to Commonwealth programs as part of its response to COVID-19 by disseminating information to raise awareness about emerging fraud, particularly across new programs and initiatives.

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

## 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 2019–20 financial year.

## External scrutiny

In 2019–20, no judicial decisions, decisions of administrative tribunals or decisions by the Australian Information Commissioner had a significant impact on the operations of the department. No reports on the operations of the department were completed by:

1. the Commonwealth Ombudsman or
2. any parliamentary committee, and
3. no capability reviews of the department were released.

In 2019–20, the Australian National Audit Office (ANAO) tabled two audits in parliament that involved the department:

- Award of Funding Under the Regional Jobs and Investment Packages
- Government Advertising: June 2015 to April 2019.

Details of these audits, including the department's responses to the reports, are available on the ANAO website: [www.anao.gov.au](http://www.anao.gov.au).

During 2019–20, the department appeared before three Senate standing committees at its Senate Estimates hearings:

- Senate Standing Committee on Economics—24 October 2019 and 4 March 2020
- Senate Standing Committee on Environment and Communications—4 March 2020
- Senate Standing Committee on Education and Employment—2 March 2020.

## Information Publication Scheme

Under Part II of the *Freedom of Information Act 1982*, the department is required to publish information 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](http://www.industry.gov.au/about-us/what-we-do/information-publication-scheme).

## Commonwealth Child Safe Framework

The department strongly supports the Commonwealth Child Safe Framework, which sets the minimum standards for creating and embedding child safe culture and practice in Commonwealth entities. The department has a Working with Vulnerable Persons (WWVP) Policy, which establishes the requirement for employees who are working with vulnerable persons to obtain and maintain WWVP registration in accordance with relevant legislation and regulations. It also requires that risk assessments are completed for policies, programs and activities that entail working with vulnerable persons to evaluate risks to vulnerable persons and ensure mitigation strategies are identified. The department is developing an entity-wide Child Safety Policy. In addition, Questacon has a well-established process and proactive culture to ensure the wellbeing and safety of the children it has contact with each year. Building on this foundation, Questacon's Vulnerable People Protection Policies and training have also been updated and refreshed to implement the highest standards, controls and complaints management. The policies, tools, training and systems developed by Questacon are leveraged to other business units across the department, where applicable, and will be drawn upon in the development of the entity-wide policy. Whole-of-department reporting and training requirements are currently under development.

## Management of human resources

### Professional development

We continued to invest in the professional development of our staff, focusing on leadership capability to build a high-performance organisation.

Aligned to the department's capability framework, we delivered learning activities in a range of mediums to reach staff members in different locations and with different learning styles.

Delivery shifted to online self-paced learning from March 2020 in response to COVID-19. This included promoting our existing online learning offering, external remote learning opportunities and customised online learning modules where needed.

### Workforce planning

Workforce planning will continue to be an important part of our strategy to create a workforce that can respond to organisational needs now and into the future. During 2019–20, we conducted a review of workforce planning maturity and we are developing a new approach to workforce planning.

The department continues to use the APS Job Family Model as the basis for workforce analysis, planning and strategic decision-making. Job Family data allows the department to understand its current workforce, target capability development for future work needs, and facilitate staff mobility.

### Diversity and inclusion

In 2019, all staff members were invited to provide feedback to help develop the department's 'values in action'. This exercise was part of our effort to nurture an inclusive and diverse workplace where employees have a sense of belonging and feel valued and respected.



The department's values supplement the APS Values and Behaviours. They express how we operate, what we strive for, and how we interact with each other, our stakeholders and the broader community. They state what is valuable and meaningful about the work we do, and how we will work together to achieve our vision.

## Our values

### We are **Collaborative**

We build influence with our stakeholders by listening to and being collegiate with them. We build and maintain constructive relationships with our peers, working to a common purpose.

To do this, we:

- foster authentic and mutually beneficial relationships with each other that endure and grow
- engage constructively and with commitment
- are honest and transparent in our collaboration with others
- understand our stakeholders' needs, and put citizens and business at the forefront of our work
- enable our stakeholders to engage constructively with our services
- use human centred design principles to develop policy and deliver programs and services
- share and seek informed advice nationally and globally to remain current and adaptable

### We are **Innovative**

We are curious and think creatively about our environment in delivering for Australians.

To do this, we:

- are curious, thoughtful and enquiring, and actively explore new opportunities and ways of working
- build our influence by proactively engaging with and solving problems
- show personal courage and support informed risk-taking
- evolve and learn in response to a continually changing society
- challenge and test our assumptions
- encourage diversity of thought
- engage in horizon scanning and think creatively to develop and achieve our goals

### We are **Respectful**

We are inclusive, leverage our diversity, and act with decency, honesty and openness.

To do this, we:

- celebrate our diversity and leverage the different perspectives it brings
- value our inclusive culture and treat each other with respect and fairness
- act with decency and tolerance, and without judgment of others
- debate ideas openly and constructively
- deliver policies and programs that are equitable for Australians
- equip our people with the skills and tools to contribute to decision-making
- recognise effort, celebrate success, and acknowledge and learn from mistakes

### We strive for **Excellence**

We are driven to influence and deliver outstanding outcomes. We harness our unique skills, knowledge and connections.

To do this, we:

- support our Ministers with informed and considered advice based on our professional judgement
- are dedicated to achieving results that make a difference
- embrace challenges with fortitude, and seek opportunities to learn and improve
- engender trust by demonstrating honesty and integrity in our dealings with others
- embed evidence into our decision making, and use evidence and data to anticipate future needs
- evaluate the impact of our programs and policies and build on that evidence to improve outcomes

## 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 support our goals to:

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

A key deliverable of the plan is a departmental Indigenous Employment Strategy, which outlines the approach to increasing the employment and retention of Aboriginal and Torres Strait Islander staff. The two-year strategy was launched in November 2019.

## Diversity networks

The department has employee networks that celebrate and promote diversity and inclusion, including:

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

Each network is championed by members of the Senior Executive Service (SES) and employee network chairs. The champions attend quarterly Inclusion Insights meetings with our Executive Board to identify, promote and report on inclusion initiatives within the department.

## Disability reporting mechanisms

The *National Disability Strategy 2010–2020* is Australia's overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations *Convention on the Rights of Persons with Disabilities* are incorporated into Australia's policies and programs that affect people with disability, and their families and carers.

All levels of government will continue to be held accountable for implementing the strategy through biennial progress reporting to the Council of Australian Governments. Progress reports can be found at [dss.gov.au](http://dss.gov.au).

Disability reporting is included in the Australian Public Service Commission's (APSC's) State of the Service reports and the APS Statistical Bulletin. These reports are available at [www.apsc.gov.au](http://www.apsc.gov.au).

## Accessibility Action Plan 2020–25

On Global Accessibility Awareness Day on 21 May 2020, we launched our Accessibility Action Plan 2020–25. The plan supports our work to make the department accessible for people with a range of abilities. It outlines key actions for improving accessibility in four areas:

- **Attract, retain and recruit**—we foster a developmental culture that builds employee capabilities and creates career opportunities.
- **Leadership**—our leaders are role models who empower our people to reach their full potential and embed inclusive and accessible practices.
- **Culture and inclusive practice**—we elevate inclusion by creating an environment where people feel valued and can thrive.
- **Property, procurement, and information and communication technology (ICT)**—we embed accessibility into procurement, property and ICT practice and processes, while taking a collaborative and consultative approach.

The Accessibility Action Plan 2020–25 was developed in close consultation with our employees. The plan aligns with the new *APS Employment Strategy for People with Disability 2020–2024*.

## Work health and safety

The department maintains a strong commitment to the health and wellbeing of all employees and visitors. During 2019–20, we continued to strengthen our work health and safety management system. We explored strategies to help staff members improve their wellbeing, emphasising prevention and early intervention. We partnered with Comcare and Injurynet to test an external injury and illness early intervention service. Sixty-nine departmental employees participated in the pilot, which was conducted between August 2019 and February 2020.

The department's employee assistance program offers employees and their family members free, confidential counselling for personal or work-related issues. We have expanded the definition of 'family member' to include an employee's spouse, de facto partner, child, parent, grandparent, grandchild or sibling.

In response to a Culture and Inclusion Review conducted in 2019, the department developed an online module for respectful workplace behaviours. This training reinforces the value we place on diversity and tolerance. The training is now part of the department's onboarding program and continuous learning strategy.

As part of the department's approach to health and wellbeing in 2019–20, 2040 staff members participated in the free vaccination program, a 31 per cent increase compared with the previous financial year.

In 2019–20, seven 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 2019–20 Comcare premium rate remained low, at 0.61 per cent. Initiatives such as the Early Intervention Program, Chat to a Case Manager sessions and revised case management guidance played a key role in preventing potential compensation claims and loss of productivity. They also enabled staff members to seek immediate treatment for illnesses and injuries that were likely to have an impact on their capacity to work.

## **Mobility**

To effectively support the Australian community through the COVID-19 pandemic, we established a redeployment register and facilitated the redeployment of 41 staff members to Services Australia. We also facilitated remote work for more than 3000 departmental staff. To promote a culture of support during COVID-19, we established the Outreach Program. This comprehensive support package included staff information sessions that addressed key areas of concern, such as leave and working safely from home. It provided factsheets and guides on managing mental health, remote working and leave entitlements.

## **The APS Mental Health Capability Project**

The importance of nurturing and maintaining our mental health has been at the fore for many public servants this year. To support and nurture mental health, the Secretaries Board endorsed the APS Mental Health Capability Project's Initial Report in July 2020.

This whole-of-APS project, led by the department, is aiming to improve our collective understanding of the experience of mental health capability within our workplaces.

More than 16 000 of our APS colleagues participated in this project, representing more than 100 agencies. The richness of the personal experiences shared by many APS staff members has added significant value to the project's findings, and subsequently its key recommendations. The initial report proposes the development of an APS Mental Health Capability Framework to support a whole-of-APS approach to building and sustaining good mental health.

The project's next steps include piloting the proposed APS Mental Health Capability Framework within selected agencies. The first pilot is underway with the National Indigenous Australian's Agency.

## Workforce statistics

*Table 20: Department of Industry, Science, Energy and Resources—Public Service Act 1999, All ongoing employees, 2019–20*

Location	Male			Female			Non-binary/Other			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	151	4	155	131	15	146	0	0	0	301
NT	5	0	5	8	1	9	0	0	0	14
Qld	40	1	41	37	10	47	0	0	0	88
SA	25	2	27	21	3	24	0	0	0	51
Tas.	13	0	13	10	2	12	0	0	0	25
Vic.	125	6	131	101	21	122	1	0	1	254
WA	34	2	36	35	8	43	0	0	0	79
ACT	868	66	934	1080	230	1310	5	0	5	2249
Overseas	4	0	4	4	0	4	0	0	0	8
<b>Total</b>	<b>1265</b>	<b>81</b>	<b>1346</b>	<b>1427</b>	<b>290</b>	<b>1717</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>3069</b>

*Table 21: Department of Industry, Science, Energy and Resources—Public Service Act 1999, All non-ongoing employees, 2019–20*

Location	Male			Female			Non-binary/Other			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	13	1	14	13	1	14	0	0	0	28
NT	0	0	0	2	0	2	0	0	0	2
Qld	5	0	5	8	0	8	0	0	0	13
SA	5	0	5	3	0	3	0	0	0	8
Tas.	3	0	3	4	0	4	0	0	0	7
Vic.	14	0	14	8	0	8	0	0	0	22
WA	6	0	6	2	0	2	0	0	0	8
ACT	52	5	57	46	18	64	2	0	2	123
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>98</b>	<b>6</b>	<b>104</b>	<b>86</b>	<b>19</b>	<b>105</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>211</b>

Note: This table does not include 129 casuals employed by the department at 30 June 2020.

*Table 22: Department of Industry, Science, Energy and Resources—Public Service Act 1999, All ongoing employees, 2018–19*

Location	Male			Female			Non-binary/Other			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
<b>Total</b>	<b>977</b>	<b>50</b>	<b>1027</b>	<b>996</b>	<b>239</b>	<b>1235</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2264</b>

*Table 23: Department of Industry, Science, Energy and Resources—Public Service Act 1999, All non-ongoing employees, 2018–19*

Location	Male			Female			Non-binary/Other			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
<b>Total</b>	<b>72</b>	<b>8</b>	<b>80</b>	<b>94</b>	<b>14</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>188</b>

## Australian Public Service (APS) Classification and Gender

Table 24: Department of Industry, Science, Energy and Resources—Public Service Act 1999, ongoing employees, 2019–20

Classification	Male			Female			Non-binary/Other			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	3	0	3	3	0	3	0	0	0	6
SES 2	10	0	10	8	0	8	0	0	0	18
SES 1	27	1	28	35	1	36	0	0	0	64
EL 2	202	10	212	178	14	192	0	0	0	404
EL 1	366	30	396	392	114	506	2	0	2	904
APS 6	370	19	389	425	103	528	3	0	3	920
APS 5	161	11	172	201	37	238	0	0	0	410
APS 4	61	6	67	124	16	140	1	0	1	208
APS 3	49	4	53	50	4	54	0	0	0	107
APS 2	10	0	10	6	1	7	0	0	0	17
APS 1	6	0	6	5	0	5	0	0	0	11
Other	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1265</b>	<b>81</b>	<b>1346</b>	<b>1427</b>	<b>290</b>	<b>1717</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>3069</b>

Table 25: Department of Industry, Science, Energy and Resources—Public Service Act 1999, non-ongoing employees, 2019–20

Classification	Male			Female			Non-binary/Other			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	1	0	1	0	0	0	1
SES 1	0	0	0	3	0	3	0	0	0	3
EL 2	6	0	6	1	0	1	0	0	0	7
EL 1	10	0	10	14	4	18	1	0	1	29
APS 6	37	1	38	27	4	31	0	0	0	69
APS 5	14	0	14	14	3	17	1	0	1	32
APS 4	13	2	15	20	1	21	0	0	0	36
APS 3	12	0	12	3	2	5	0	0	0	17
APS 2	2	1	3	1	0	1	0	0	0	4
APS 1	4	2	6	2	5	7	0	0	0	13
Other	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>98</b>	<b>6</b>	<b>104</b>	<b>86</b>	<b>19</b>	<b>105</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>211</b>

Note: This table does not include 129 casuals employed by the department at 30 June 2020.

*Table 26: Department of Industry, Science, Energy and Resources—Public Service Act 1999, ongoing employees, 2018–19*

Classification	Male			Female			Non-binary/Other			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
<b>Total</b>	<b>977</b>	<b>50</b>	<b>1027</b>	<b>996</b>	<b>239</b>	<b>1235</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2264</b>

*Table 27: Department of Industry, Science, Energy and Resources—Public Service Act 1999, non-ongoing employees, 2018–19*

Classification	Male			Female			Non-binary/Other			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
<b>Total</b>	<b>72</b>	<b>8</b>	<b>80</b>	<b>94</b>	<b>14</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>188</b>

### Employment type by Full-time and Part-time Status

*Table 28: Department of Industry, Science, Energy and Resources—Public Service Act 1999, employees by full time and part time status, 2019–20*

Classification	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	6	0	6	0	0	0	6
SES 2	18	0	18	1	0	1	19
SES 1	62	2	64	3	0	3	67
EL 2	380	24	404	7	0	7	411
EL 1	760	144	904	25	4	29	933
APS 6	798	122	920	64	5	69	989
APS 5	362	48	410	29	3	32	442
APS 4	186	22	208	33	3	36	244
APS 3	99	8	107	15	2	17	124
APS 2	16	1	17	3	1	4	21
APS 1	11	0	11	6	7	13	24
Other	0	0	0	0	0	0	0
<b>Total</b>	<b>2698</b>	<b>371</b>	<b>3069</b>	<b>186</b>	<b>25</b>	<b>211</b>	<b>3280</b>

Note: This table does not include 129 casuals employed by the department at 30 June 2020.

*Table 29: Department of Industry, Science, Energy and Resources—Public Service Act 1999 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
<b>Total</b>	<b>1975</b>	<b>289</b>	<b>2264</b>	<b>166</b>	<b>22</b>	<b>188</b>	<b>2452</b>



*Table 30: Department of Industry, Science, Energy and Resources—Public Service Act 1999, employment type by location, 2019–20*

Location	Ongoing	Non-ongoing	Total
NSW	301	28	329
NT	14	2	16
Qld	88	13	101
SA	51	8	59
Tas.	25	7	32
Vic.	254	22	276
WA	79	8	87
ACT	2249	123	2372
Overseas	8	0	8
<b>Total</b>	<b>3069</b>	<b>211</b>	<b>3280</b>

Note: This table does not include 129 casuals employed by the department at 30 June 2020.

*Table 31: Department of Industry, Science, Energy and Resources—Public Service Act 1999, 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
<b>Total</b>	<b>2264</b>	<b>188</b>	<b>2452</b>

*Table 32: Department of Industry, Science, Energy and Resources—Public Service Act 1999, Indigenous employment, 2019–20*

Employment type	Number
Ongoing	52
Non-ongoing	6
<b>Total</b>	<b>58</b>

*Table 33: Department of Industry, Science, Energy and Resources—Public Service Act 1999, Indigenous employment, 2018–19*

Employment type	Number
Ongoing	35
Non-ongoing	5
<b>Total</b>	<b>40</b>

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

*Table 34: Department of Industry, Science, Energy and Resources—Public Service Act 1999, employment arrangements, 2019–20*

Arrangement	SES	Non-SES	Total
Remuneration Tribunal	0	0	0
Common Law Contract	92	0	92
Individual Flexibility Arrangement	0	261	261
Enterprise Agreement	0	3188	3188
<b>Total</b>	<b>92</b>	<b>3449</b>	<b>3541</b>

Note: Employees covered by the Enterprise Agreement can also be covered by an Individual Flexibility Arrangement.

## Salary ranges by classification level

*Table 35: Department of Industry, Science, Energy and Resources—Public Service Act 1999, employment salary ranges<sup>1</sup> by classification level, 2019–20*

Classification	Minimum salary (\$)	Maximum salary (\$)
SES 3	332 127	413 145
SES 2	260 501	304 868
SES 1	206 324	262 776
EL 2	120 871	198 931
EL 1	101 711	162 710
APS 6	80 305	111 048
APS 5	73 379	88 451
APS 4	65 403	74 793
APS 3	59 025	70 078
APS 2	54 021	60 260
APS 1	44 028	52 377
Other	-	-

<sup>1</sup> The department also provides staff members with non-salary benefits that are not included under the provisions of the enterprise agreement and SES common law contracts, such as:

- Access to childcare centres (for those based in Canberra)
- Annual influenza immunisation
- Contributions to relevant professional memberships
- Internal and external mobility/secondment opportunities
- In-house capability development programs
- A return-to-work program for non-compensable injuries and illness.

## Performance pay by classification level

Table 36: Department of Industry, Science, Energy and Resources—Australian Public Service Act 1999, employment performance pay by classification level, 2019–20

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	0	0	0	0	0
SES 1	0	0	0	0	0
EL 2	30	352 026	11 734	1493	26 901
EL 1	19	113 309	5964	1670	11 001
APS 6	7	28 230	4033	945	13 450
APS 5	0	0	0	0	0
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
<b>Total</b>	<b>56</b>	<b>493 565</b>	<b>8814</b>	<b>945</b>	<b>26 901</b>

## Executive remuneration

### Executive remuneration disclosure

#### Introduction

The categories of officials covered by the executive remuneration disclosure are:

- key management personnel
- senior executives
- other highly paid staff members, whose total remuneration exceeds the threshold remuneration amount for the 2019–20 reporting period, being \$225 000.

#### Secretary and statutory office holders

Remuneration for the Secretary and other statutory office holders is determined by the Remuneration Tribunal and specified in determinations on the tribunal's website. The tribunal generally reviews remuneration for office holders annually.

#### Senior Executive Service employees

Remuneration for the department's SES employees is governed by the APSC's Executive Remuneration Management Policy and the department's SES remuneration and performance framework. The framework outlines the department's expectations for senior leadership and links this to an annual performance review, with potential pay-related outcomes.

The SES terms and conditions of employment are administered through individual common law agreements.

### Other highly paid staff

Other highly paid staff are covered by the *Department of Industry, Innovation and Science Enterprise Agreement 2019–2022* and are subject to an annual performance review process. Staff members in this group often receive pay supplementation under individual flexibility arrangements, which are reviewed annually.

### Remuneration governance arrangements

The Leadership Council is a subcommittee of the Executive Board. The council oversees the department's SES remuneration, performance and development, and adherence to the SES cap.

*Table 37: Key management personnel, 2019–20*

Name	Position	Term
David Fredericks	Secretary	Part year - 1 February 2020 - 30 June 2020
Heather Smith	Secretary	Part Year - 1 July 2019 - 31 January 2020
Elizabeth Kelly	Deputy Secretary	Full Year
Mike Lawson	Deputy Secretary	Full Year
David Williamson	Deputy Secretary	Part year - 12 August 2019 - 30 June 2020
Jo Evans	Deputy Secretary	Part year - 23 January 2020 - 30 June 2020
Sean Sullivan	Deputy Secretary	Part year - 23 January 2020 - 30 June 2020
Janean Richards	Chief Operating Officer	Full Year

*Table 38: Total remuneration of key management personnel, 2019–20*

Key Management Personnel Remuneration	
Short-term benefits:	
Base Salary	\$3 043 677
Bonus	\$0
Other benefits and allowances	\$37 694
<b>Total short-term benefits</b>	<b>\$3 081 371</b>
Superannuation	
	\$452 224
<b>Total post-employment benefits</b>	<b>\$452 224</b>
Other long-term benefits	
Long service leave	\$73 548
<b>Total other long-term benefits</b>	<b>\$73 548</b>
Termination benefits	
	\$692 267
<b>Total key management personnel remuneration</b>	<b>\$4 299 411</b>

Table 39: Department of Industry, Innovation and Science—Information about remuneration for key management personnel, 2019–20

Name	Position title	Short-term benefits (\$)			Post-employment benefits (\$)		Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits			
David Fredericks*	Secretary	452 164	-	2556	60 640	9724	-	-	-	525 084
Heather Smith	Secretary	390 518	-	4704	34 109	9917	-	-	692 267	1 131 516
Elizabeth Kelly	Deputy Secretary	420 717	-	6195	58 749	10 127	-	-	-	495 788
Mike Lawson	Deputy Secretary	378 522	-	7559	64 183	8824	-	-	-	459 088
David Williamson	Deputy Secretary	346 547	-	5067	64 470	8455	-	-	-	424 539
Jo Evans*	Deputy Secretary	403 647	-	2708	70 130	10 679	-	-	-	487 164
Sean Sullivan*	Deputy Secretary	349 514	-	2708	52 679	8349	-	-	-	413 250
Janean Richards	COO	302 049	-	6195	47 264	7473	-	-	-	362 981

\* Includes remuneration for the period prior to the restructure of administrative arrangements in which they were KMP at the former Department of Environment and Energy.

Table 40: Department of Industry, Innovation and Science—Information about remuneration for senior executives, 2019–20

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	16	117 147.74	0.00	1487.44	19 454.76	3039.69	0.00	0.00	141 129.63	
220 001-245 000	10	193 801.09	437.00	2620.71	31 835.13	4922.75	0.00	0.00	233 616.69	
245 001-270 000	21	211 379.23	0.00	2249.71	37 504.13	5699.97	0.00	0.00	256 833.04	
270 001-295 000	24	231 304.26	0.00	4506.46	40 916.86	5839.80	0.00	0.00	282 567.38	
295 001-320 000	10	251 781.49	0.00	4839.19	42 588.36	6118.84	0.00	0.00	305 327.88	
320 001-345 000	7	277 361.35	0.00	2675.60	47 025.99	6523.94	0.00	0.00	333 586.89	
345 001-370 000	7	291 668.85	0.00	11 884.19	49 013.72	6489.24	0.00	0.00	359 056.00	
370 001-395 000										
395 001-420 000										
420 001-445 000										
445 001-470 000										
470 001-495 000										
495 001- ...										

Table 41: Department of Industry, Innovation and Science—Information about remuneration for other highly paid staff 2019–20

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	5	179 720.72	4274.40	17 437.02	29 631.47	4286.69	0.00	0.00	235 350.30	
245 001–270 000	6	180 409.45	13 450.33	2280.97	32 228.11	4112.73	0.00	23 318.58	255 800.17	
270 001–295 000	2	220 964.04	26 901.00	1807.00	32 340.31	4707.81	0.00	0.00	286 720.17	
295 001–320 000	2	137 231.63	0.00	53 560.51	24 902.27	3168.34	0.00	82 447.65	301 310.40	
320 001–345 000										
345 001–370 000	1	149 233.77	0.00	3614.00	31 133.44	3626.52	0.00	161 662.26	349 269.99	
370 001–395 000										
395 001–420 000										
420 001–445 000										
445 001–470 000										
470 001–495 000										
495 001–...										



## Financial management

Table 42: Entity resource statement, 2019–20

### Entity resource statement 2019–20

	Actual available appropriations for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance remaining 2019–20 \$'000
Departmental			
Annual appropriations - ordinary annual services			
Prior year appropriation available	86 497	86 497	-
Departmental appropriation <sup>1</sup>	414 962	367 996	46 966
PGPA Act - Section 75 transfers	86 886	33 245	53 641
PGPA Act - Section 74 receipts <sup>2</sup>	94 725	94 725	-
Annual appropriations - other services - non operating			
Prior year appropriation available	12 107	3885	8222
Equity Injections	2796	433	2363
Total departmental annual appropriations	697 973	586 781	111 192
Special accounts <sup>3</sup>			
Opening balance	11 082		
Appropriation receipts	5000		
Non appropriation receipts	11 992		
Adjustments	16 081		
Payments made		16 754	
Closing balance			27 401
Total special accounts	44 155	16 754	27 401
<b>Total departmental resourcing</b>	<b>742 128</b>	<b>603 535</b>	<b>138 593</b>
Administered			
Annual appropriations - ordinary annual services			
Administered appropriation	575 965	477 157	
Advance to Finance Minister	2500	-	
PGPA Act - Section 75 transfers	36 965	17 650	
Payments to corporate entities	1 176 820	1 176 799	
Annual appropriations - other services - non operating			
Administered Assets and Liabilities	14 139	11 270	
Advance to Finance Minister	91 500	-	
PGPA Act - Section 75 transfers	138 000	-	
Payments to corporate entities - non-operating	136 194	91 194	
Total administered annual appropriations	2 172 083	1 774 070	
Total administered special appropriations	-	284 275	

	Actual available appropriations for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance remaining 2019–20 \$'000
Special Accounts			
Opening balance	121 061		
Non appropriation receipts	474 205		
Adjustments	5 419 000		
Payments made		47 974	
Closing balance			5 966 292
Total special accounts	6 014 266	47 974	5 966 292
<b>Total administered resourcing</b>	<b>8 186 349</b>	<b>2 106 319</b>	<b>5 966 292</b>
<b>Total resourcing for the entity<sup>4</sup></b>	<b>8 928 477</b>	<b>2 709 854</b>	<b>6 104 885</b>

1. Departmental capital budgets are not separately identified in appropriation Bill (No.1) and form part of ordinary annual services. For accounting purposes, this amount has been designated as 'contribution by owner'.

2. External revenue receipts under section 74 of the PGPA Act.

3. Excludes trust moneys held in Innovation, Science and Technology – Donations, Bequests and Sponsorship Special Account.

4. Total resourcing excludes the actual available appropriation for all Special Appropriations.

Table 43: Expenses by Outcome

## Expenses for Outcome 1, 2019-20

<b>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</b>	<b>Budget* 2019-20 \$'000 (a)</b>	<b>Actual Expenses 2019-20 \$'000 (b)</b>	<b>Variation 2019-20 \$'000 (a) - (b)</b>
<b>Program 1.1: Supporting Science and Commercialisation</b>			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1,3)	245,027	193,343	51,684
Expenses not requiring appropriation in the Budget year <sup>1</sup>	201	1,200	(999)
<b>Administered total</b>	<b>245,228</b>	<b>194,543</b>	<b>50,685</b>
Departmental expenses			
Departmental appropriation	149,369	152,012	(2,642)
s74 External Revenue <sup>2</sup>	40,904	35,790	5,114
Special accounts	2,913	2,246	667
Expenses not requiring appropriation in the Budget year <sup>1</sup>	16,206	14,780	1,426
<b>Departmental total</b>	<b>209,392</b>	<b>204,828</b>	<b>4,565</b>
<b>Total expenses for Program 1.1</b>	<b>454,620</b>	<b>399,371</b>	<b>55,250</b>
<b>Program 1.2: Growing Business Investment and Improving Business Capability</b>			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1,3)	289,208	256,423	32,785
Special appropriations	44,090	42,930	1,160
Special accounts	21,581	20,362	1,219
Expenses not requiring appropriation in the Budget year <sup>1</sup>	59,184	88,959	(29,775)
<b>Administered total</b>	<b>414,063</b>	<b>408,674</b>	<b>5,389</b>
Departmental expenses			
Departmental appropriation	245,964	250,315	(4,351)
s74 External Revenue <sup>2</sup>	67,355	58,935	8,420
Special accounts	12,253	10,621	1,632
Expenses not requiring appropriation in the Budget year <sup>1</sup>	26,686	24,338	2,348
<b>Departmental total</b>	<b>352,258</b>	<b>344,209</b>	<b>8,049</b>
<b>Total for Program 1.2</b>	<b>766,321</b>	<b>752,882</b>	<b>13,438</b>

<b>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</b>	<b>Budget* 2019-20 \$'000 (a)</b>	<b>Actual Expenses 2019-20 \$'000 (b)</b>	<b>Variation 2019-20 \$'000 (a) - (b)</b>
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**Outcome 1 Totals by Appropriation Type**

## Administered expenses

Ordinary annual services (Appropriation Act No. 1,3)	534,235	449,766	84,469
Special appropriations	44,090	42,930	1,160
Special accounts	21,581	20,362	1,219
Expenses not requiring appropriation in the Budget year <sup>1</sup>	59,385	90,159	(30,774)
<b>Administered total</b>	<b>659,291</b>	<b>603,217</b>	<b>56,074</b>

## Departmental expenses

Departmental appropriation	395,333	402,327	(6,994)
s74 External Revenue <sup>2</sup>	108,259	94,725	13,534
Special accounts	15,166	12,867	2,299
Expenses not requiring appropriation in the Budget year <sup>1</sup>	42,892	39,118	3,774
<b>Departmental total</b>	<b>561,650</b>	<b>549,037</b>	<b>12,613</b>

**Total expenses for Outcome 1**

<b>1,220,941</b>	<b>1,152,254</b>	<b>68,687</b>
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	2019-20	2018-19
<b>Average staffing level (number)</b>	<b>2,287</b>	<b>2,271</b>

**Expenses for Outcome 2, 2019-20**

<b>Outcome 2: Reduce Australia's greenhouse gas emissions, contribute to effective global action on climate change, and support technological innovation in clean and renewable energy, through developing and implementing a national response to climate change</b>	<b>Budget* 2019-20 \$'000 (a)</b>	<b>Actual Expenses 2019-20 \$'000 (b)</b>	<b>Variation 2019-20 \$'000 (a) - (b)</b>
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**Program 2.1: Reducing Australia's Greenhouse Gas Emissions**

## Administered expenses

Ordinary annual services (Appropriation Act No. 1,3)	550	311	239
<b>Administered total</b>	<b>550</b>	<b>311</b>	<b>239</b>

## Departmental expenses

Departmental appropriation	18,813	19,146	(333)
Expenses not requiring appropriation in the Budget year <sup>1</sup>	89	81	8
<b>Departmental total</b>	<b>18,902</b>	<b>19,227</b>	<b>(325)</b>

**Total expenses for Program 2.1**

<b>19,452</b>	<b>19,538</b>	<b>(86)</b>
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<b>Outcome 2: Reduce Australia's greenhouse gas emissions, contribute to effective global action on climate change, and support technological innovation in clean and renewable energy, through developing and implementing a national response to climate change</b>	<b>Budget* 2019-20 \$'000 (a)</b>	<b>Actual Expenses 2019-20 \$'000 (b)</b>	<b>Variation 2019-20 \$'000 (a) - (b)</b>
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**Program 2.2: Renewable Energy Technology Development**

## Administered expenses

Ordinary annual services (Appropriation Act No. 1,3)	1,925	1,925	0
Special appropriations	82,500	82,500	0
<b>Administered total</b>	<b>84,425</b>	<b>84,425</b>	<b>0</b>

## Departmental expenses

Departmental appropriation	2,705	2,753	(48)
<b>Departmental total</b>	<b>2,705</b>	<b>2,753</b>	<b>(48)</b>

**Total for Program 2.2**

<b>87,130</b>	<b>87,178</b>	<b>(48)</b>
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**Outcome 2 Totals by Appropriation Type**

## Administered expenses

Ordinary annual services (Appropriation Act No. 1,3)	2,475	2,236	239
Special appropriations	82,500	82,500	0
<b>Administered total</b>	<b>84,975</b>	<b>84,736</b>	<b>239</b>

## Departmental expenses

Departmental appropriation	21,518	21,899	(381)
Expenses not requiring appropriation in the Budget year <sup>1</sup>	89	81	8
<b>Departmental total</b>	<b>21,607</b>	<b>21,980</b>	<b>(373)</b>

**Total expenses for Outcome 2**

<b>106,582</b>	<b>106,716</b>	<b>(134)</b>
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	2019-20	2018-19
<b>Average staffing level (number)</b>	142	-

## Expenses for Outcome 3, 2019-20

<b>Outcome 3: Support the affordable, reliable, secure and competitive operation of energy markets for the long term benefit of the Australian community through improving Australia's energy supply, efficiency, quality, performance and productivity</b>	<b>Budget* 2019-20 \$'000 (a)</b>	<b>Actual Expenses 2019-20 \$'000 (b)</b>	<b>Variation 2019-20 \$'000 (a) - (b)</b>
<b>Program 3.1: Energy</b>			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1,3)	19,119	15,341	3,778
Expenses not requiring appropriation in the Budget year <sup>1</sup>	74	646	(572)
<b>Administered total</b>	<b>19,193</b>	<b>15,987</b>	<b>3,206</b>
Departmental expenses			
Departmental appropriation	40,042	40,750	(708)
Special accounts	3,474	3,888	(414)
Expenses not requiring appropriation in the Budget year <sup>1</sup>	79	72	7
<b>Departmental total</b>	<b>43,595</b>	<b>44,710</b>	<b>(1,115)</b>
<b>Total expenses for Program 3.1</b>	<b>62,788</b>	<b>60,697</b>	<b>2,091</b>
<b>Outcome 3 Totals by Appropriation Type</b>			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1,3)	19,119	15,341	3,778
Expenses not requiring appropriation in the Budget year <sup>1</sup>	74	646	(572)
<b>Administered total</b>	<b>19,193</b>	<b>15,987</b>	<b>3,206</b>
Departmental expenses			
Departmental appropriation	40,042	40,750	(708)
Special accounts	3,474	3,888	(414)
Expenses not requiring appropriation in the Budget year <sup>1</sup>	79	72	7
<b>Departmental total</b>	<b>43,595</b>	<b>44,710</b>	<b>(1,115)</b>
<b>Total expenses for Outcome 3</b>	<b>62,788</b>	<b>60,697</b>	<b>2,091</b>
<b>Average staffing level (number)</b>			
	2019-20	2018-19	
	211	-	

## Expenses for Outcome 4, 2019-20

	Budget* 2019-20 \$'000 (a)	Actual Expenses 2019-20 \$'000 (b)	Variation 2019-20 \$'000 (a) - (b)
<b>Outcome 4: Facilitating the growth of small and family business</b>			
<b>Program 4.1: Small Business Support</b>			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1,3)	15,019	8,579	6,440
<b>Administered total</b>	<b>15,019</b>	<b>8,579</b>	<b>6,440</b>
Departmental expenses			
Departmental appropriation	8,828	8,984	(156)
<b>Departmental total</b>	<b>8,828</b>	<b>8,984</b>	<b>(156)</b>
<b>Total expenses for Program 4.1</b>	<b>23,847</b>	<b>17,563</b>	<b>6,284</b>
<b>Outcome 4 Totals by Appropriation Type</b>			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1,3)	15,019	8,579	6,440
<b>Administered total</b>	<b>15,019</b>	<b>8,579</b>	<b>6,440</b>
Departmental expenses			
Departmental appropriation	8,828	8,984	(156)
<b>Departmental total</b>	<b>8,828</b>	<b>8,984</b>	<b>(156)</b>
<b>Total expenses for Outcome 4</b>	<b>23,847</b>	<b>17,563</b>	<b>6,284</b>
	2019-20	2018-19	
<b>Average staffing level (number)</b>	64	-	

\*The budget figures are as at the July Economic and Fiscal Update.

1. Expenses not requiring appropriation in the Budget year largely relate to depreciation and amortisation expenses, concessional loan discount expenses, bad and doubtful debts, and audit fees.
2. Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

## 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—20 April 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](http://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 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](http://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 2019–20, the Accountable Authority exempted contracts with a total value of \$112 128 227 spanning multiple years from being published on AusTender.

All contracts valued at \$100 000 or more (GST inclusive) let during 2019–20 allowed for the Auditor-General to have access to the contractor's premises.

*Table 44: Expenditure on reportable non-consultancy contracts, 2019–20*

Reportable non-consultancy contracts 2019–20	Number	Expenditure
New contracts entered into during the reporting period	1291	\$126 681 708
Ongoing contracts entered into during a previous reporting period	990	\$179 319 122
<b>Total</b>	<b>2281</b>	<b>\$306 000 830</b>



*Table 45: Organisations receiving a share of reportable non-consultancy contract expenditure 2019–20*

<b>Organisations receiving a share of reportable non-consultancy contract expenditure 2019–20</b>	<b>Expenditure</b>
Probe Contact Solutions	\$16 989 335
Upstream Production Solutions	\$16 975 418
European Southern Observatory	\$13 082 087
Hays Specialist Recruitment	\$12 790 206
Evolve FM Pty Ltd	\$9 469 808

During 2019–20, 1291 new reportable non-consultancy contracts were entered into involving total actual expenditure of \$126 681 708 (GST inclusive). In addition, 990 ongoing reportable non-consultancy contracts were active during the year, involving total actual expenditure in 2019–20 of \$179 319 122 (GST inclusive).

Annual reports contain information about actual expenditure on reportable non-consultancy contracts in the financial year. Information on the value of reportable non-consultancy contracts is available on the AusTender website (<https://www.tenders.gov.au/>).

## Consultants

*Table 46: Expenditure on reportable consultancy contracts, 2019–20*

<b>Number of, and expenditure on, reportable consultancy contracts 2019–20</b>	<b>Number</b>	<b>Expenditure 2019–20</b>
New reportable consultancy contracts entered into during 2019–20	178	\$11 875 054
Ongoing reportable consultancy contracts active during 2019–20	90	\$11 273 089
All reportable consultancy contracts active during 2019–20	268	\$23 148 143

*Table 47: Organisations receiving the most reportable consultancy contract expenditure, 2019–20*

<b>Organisations receiving the most reportable consultancy contract expenditure 2019–20</b>	<b>Expenditure 2019–20</b>
Deloitte	\$5 174 759
CSIRO	\$1 573 513
King and Wood Mallesons	\$1 396 950
Price Waterhouse Coopers	\$923 336
McKinsey and Company	\$825 000

During 2019–20, 178 new reportable consultancy contracts were entered into involving total actual expenditure of \$11 875 054 (GST inclusive). In addition, 90 ongoing reportable consultancy contracts were active during the year, involving total actual expenditure in 2019–20 of \$11 273 089 (GST inclusive).

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 reportable consultancy contracts in the financial year. Information on the value of reportable consultancies is available on the AusTender website ([www.tenders.gov.au](http://www.tenders.gov.au)).

## Grant programs

Information on grants awarded by the department during 2019–20 is available from GrantConnect ([www.grants.gov.au](http://www.grants.gov.au)).

## Advertising and market research

During 2019–20, the department did not conduct any advertising campaigns.

Table 48 sets out GST-inclusive payments that the department made to external organisations for advertising and market research services in 2019–20. This relates to non-campaign advertising and market research services, as well as preparations for future advertising campaigns. Payments of \$14 000 or less (GST inclusive) are not reported.

*Table 48: Payments for advertising and market research, 2019–20*

Name of recipient	Services	Total
Advertising agencies		
Nil		
Direct mail		
Nil		
Market research		
33 Creative	Produce a communications strategy to inspire future Indigenous business owners and test the delivery of communications concepts	\$100 000
Colmar Brunton	Household appliances energy rating label research	\$60 000
Colmar Brunton	Market research on purchasing behaviour relating to space heaters in Australia	\$25 000
Fenton Communications	Research services and creative material for the Australian Building Codes Board to raise awareness of the WaterMark Certification Scheme	\$101 200
Fiftyfive5	Market research for the Australian Space Agency communications strategy	\$79 000
Instinct and Reason	Market research for the Nationwide House Energy Rating Scheme	\$63 800
Newgate Research	Market research for the Government's Default Market Offer and Reference Price	\$83 307

Name of recipient	Services	Total
ORIMA Research	Market research services for neighbour and business sentiment and qualitative analysis of submissions received during the Radioactive Waste Management Facility site selection consultation	\$230 906
Wheretoto	Market research for the Entrepreneurs' Programme – to better understand how customers interact with the program	\$77 550
Media advertising		
Agenda C	Management of digital and social media advertising for the Australian Small Business and Family Enterprise Ombudsman	\$47 281
Australian Public Service Commission	2019-20 Public Service Gazette	\$35 588
Korn Ferry (AU) Pty Ltd	Recruitment – Chief Scientist of Australia	\$17 531
Mediabrand Australia	Media placement and development of radio advertisement to promote the ASBAS-Digital Solutions program in regional areas	\$49 026
Mediabrand Australia	Executive recruitment	\$55 149
Mediabrand Australia	Promotional editorial in Australia's Nobel Laureates, State of our Innovation Nation 2020	\$44 208
Mediabrand Australia	Promotion of the Boosting Female Founders Initiative	\$26 507
Media Heads	Promotion of National Science Week through televisions	\$35 200
Polling organisations		
Nil		



#### CHAPTER FOUR:

## DEPARTMENTAL FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

**To the Minister for Industry, Science and Technology**

**To the Minister for Energy and Emissions Reduction**

**To the Minister for Resources, Water and Northern Australia**

**To the Minister for Employment, Skills, Small and Family Business**

### Opinion

In my opinion, the financial statements of the Department of Industry, Science, Energy and Resources (the Entity) for the year ended 30 June 2020:

- (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 2020 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 as at 30 June 2020 and for the year then ended:

- Statement by the Secretary and Chief Finance 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 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 (including Independence Standards)* (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 Entity's assurance framework over the collection and administration of royalties implemented in 2019–20 is important to reduce the risk of recording incomplete or inaccurate revenue.

For the year ended 30 June 2020, the Entity reported royalty revenue of \$969.8 million.

**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 2019–20;
- assessing the completeness of royalty revenue by examining large royalties payments received after 30 June 2020 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.

**Key audit matter****Valuation of Snowy Hydro Limited**

*Refer to Note 4.1B: Other Investments*

I focused on this area due to the size of the balance and the judgement involved in determining the fair value of this investment asset.

The fair value of this asset has been determined on an income basis, specifically the Discounted Cash Flow approach. This involves the estimation of future revenue and earnings, significant capital expenditure, and the application of an appropriate discount rate and terminal value. Determining these assumptions involves a high level of judgement and estimation.

The balance at 30 June 2020 was \$10,250 million.

**How the audit addressed the matter**

The audit procedures I undertook to address the matter included:

- assessed the appropriateness of the valuation methodology and the underlying assumptions and inputs used in the valuation, including the cash flow forecasts and discount rate. This included testing of the consistency of amounts recognised in the valuation model against estimates and publications produced by Snowy Hydro Limited;
- compared key inputs including cost of capital, capitalisation multiples and terminal growth rates used in the valuation model against comparable external data where it was available; and
- considered the sensitivity of the valuation methodology through adjusting key assumptions for reasonably foreseeable alternate scenarios.

**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



Lorena Skipper

Executive Director

Delegate of the Auditor-General

Canberra

31 August 2020

**Department of Industry, Science, Energy and Resources**

**STATEMENT BY THE SECRETARY AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2020 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.



David Fredericks  
Secretary

31 August 2020



Robert Hanlon  
Chief Finance Officer

31 August 2020



**Department of Industry, Science, Energy and Resources**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2020*

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	345,646	284,630	310,256
Suppliers	1.1B	196,093	182,407	170,411
Grants	1.1C	8,591	7,702	105
Depreciation and amortisation	3.2A	65,155	31,956	35,026
Finance costs	1.1D	3,822	138	-
Impairment loss on financial instruments		2,735	31	-
Write-down and impairment of other assets	1.1E	2,043	624	-
Foreign exchange losses		7	-	-
Losses from asset sales		-	57	-
Other expenses <sup>1</sup>		619	650	-
<b>Total expenses</b>		<b>624,711</b>	<b>508,195</b>	<b>515,798</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Revenue from contracts with customers	1.2A	87,135	74,598	75,796
Interest		8	48	-
Rental income	1.2B	1,620	2,047	-
Other revenue	1.2C	16,117	7,998	5,057
<b>Total own-source revenue</b>		<b>104,880</b>	<b>84,691</b>	<b>80,853</b>
<b>Gains</b>				
Gains from sale of assets		72	-	-
Foreign exchange gains		-	6	-
Reversals of previous asset write-downs and impairments		80	1	-
Other gains	1.2D	23	69	728
<b>Total gains</b>		<b>175</b>	<b>76</b>	<b>728</b>
<b>Total own-source income</b>		<b>105,055</b>	<b>84,767</b>	<b>81,581</b>
<b>Net cost of services</b>		<b>(519,656)</b>	<b>(423,428)</b>	<b>(434,217)</b>
Revenue from Government	1.2E	473,990	397,837	395,591
<b>Deficit</b>		<b>(45,666)</b>	<b>(25,591)</b>	<b>(38,626)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation reserve		8,600	722	-
<b>Total other comprehensive income/ (loss)</b>		<b>8,600</b>	<b>722</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>(37,066)</b>	<b>(24,869)</b>	<b>(38,626)</b>

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, Science, Energy and Resources**  
**Statement of Financial Position**  
**as at 30 June 2020**

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.1A	33,374	12,823	10,219
Trade and other receivables	3.1B	135,630	110,562	93,715
Accrued revenue		241	6,221	2,402
<b>Total financial assets</b>		<b>169,245</b>	<b>129,606</b>	<b>106,336</b>
<b>Non-financial assets<sup>1</sup></b>				
Land and buildings	3.2A	416,522	98,470	97,952
Infrastructure, plant and equipment	3.2A	27,950	24,553	17,851
Laboratory equipment	3.2A	23,474	23,792	14,993
Intangibles	3.2A	62,254	60,058	63,822
Inventories		2,179	2,124	2,242
Prepayments		5,263	9,729	12,298
<b>Total non-financial assets</b>		<b>537,642</b>	<b>218,726</b>	<b>209,158</b>
<b>Total assets</b>		<b>706,887</b>	<b>348,332</b>	<b>315,494</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	46,598	28,719	47,064
Grants		587	200	2,302
Other payables	3.3B	9,142	45,142	25,157
<b>Total payables</b>		<b>56,327</b>	<b>74,061</b>	<b>74,523</b>
<b>Provisions</b>				
Employee provisions	6.1A	128,709	89,781	81,034
Other provisions	3.4A	3,040	1,920	1,848
<b>Total provisions</b>		<b>131,749</b>	<b>91,701</b>	<b>82,882</b>
<b>Interest bearing liabilities</b>				
Leases		316,702	-	-
<b>Total interest bearing liabilities</b>		<b>316,702</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>504,778</b>	<b>165,762</b>	<b>157,405</b>
<b>Net assets</b>		<b>202,109</b>	<b>182,570</b>	<b>158,089</b>
<b>EQUITY</b>				
Contributed equity		563,318	535,300	563,849
Asset revaluation reserve		19,804	11,204	10,482
Accumulated deficit		(381,013)	(363,934)	(416,242)
<b>Total equity</b>		<b>202,109</b>	<b>182,570</b>	<b>158,089</b>

1. Right-of-use assets are included in Land and Buildings, Infrastructure, Plant and Equipment and Laboratory Equipment.

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

**Department of Industry, Science, Energy and Resources**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2020*

	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	(363,934)	(337,808)	(377,616)
Opening balance adjustment <sup>1</sup>	-	(535)	-
Adjustment on initial application of AASB 16	28,587	-	-
<b>Adjusted opening balance</b>	<b>(335,347)</b>	<b>(338,343)</b>	<b>(377,616)</b>
<b>Comprehensive income</b>			
Deficit for the year	(45,666)	(25,591)	(38,626)
<b>Total comprehensive income</b>	<b>(45,666)</b>	<b>(25,591)</b>	<b>(38,626)</b>
<b>Closing balance as at 30 June</b>	<b>(381,013)</b>	<b>(363,934)</b>	<b>(416,242)</b>
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	11,204	10,482	10,482
<b>Opening balance</b>	<b>11,204</b>	<b>10,482</b>	<b>10,482</b>
<b>Comprehensive income</b>			
Other comprehensive income	8,600	722	-
<b>Total comprehensive income</b>	<b>8,600</b>	<b>722</b>	<b>-</b>
<b>Closing balance as at 30 June</b>	<b>19,804</b>	<b>11,204</b>	<b>10,482</b>
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	535,300	504,138	535,352
<b>Opening balance</b>	<b>535,300</b>	<b>504,138</b>	<b>535,352</b>
<b>Transactions with owners</b>			
<b>Distribution to owners</b>			
Appropriation (equity returns) <sup>2</sup>		(297)	-
<b>Contributions by owners</b>			
Equity injection - Appropriations	2,796	5,445	2,796
Departmental capital budget (DCB)	29,053	26,014	25,701
Restructuring	(3,831)	-	-
<b>Total transactions with owners</b>	<b>28,018</b>	<b>31,162</b>	<b>28,497</b>
<b>Closing balance as at 30 June</b>	<b>563,318</b>	<b>535,300</b>	<b>563,849</b>

1. Adjustment relates to the difference between the previous carrying amounts and the new carrying amounts under AASB 9 *Financial Instruments* (\$0.04 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 (\$0.5 million).

2. Unspent amounts in Appropriation Act 1 2015-16, repealed on 1 July 2018.

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

**Department of Industry, Science, Energy and Resources**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2020*

	<b>2020</b>	2019	Original Budget
	<b>\$'000</b>	\$'000	\$'000
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	<b>182,570</b>	176,812	168,218
Opening balance adjustment	-	(535)	-
Adjustment on initial application of AASB 16	<b>28,587</b>	-	-
<b>Adjusted opening balance</b>	<b>211,157</b>	176,277	168,218
<b>Comprehensive income</b>			
Deficit for the year	<b>(45,666)</b>	(25,591)	(38,626)
Other comprehensive income	<b>8,600</b>	722	-
<b>Total comprehensive income</b>	<b>(37,066)</b>	(24,869)	(38,626)
<b>Transactions with owners</b>			
<b>Distribution to owners</b>			
Appropriation (equity returns)	-	(297)	-
<b>Contributions by owners</b>			
Equity injection - Appropriations	<b>2,796</b>	5,445	2,796
Departmental capital budget (DCB)	<b>29,053</b>	26,014	25,701
Restructuring	<b>(3,831)</b>	-	-
<b>Total transactions with owners</b>	<b>28,018</b>	31,162	28,497
<b>Closing balance as at 30 June</b>	<b>202,109</b>	182,570	158,089

**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, Science, Energy and Resources**  
**Cash Flow Statement**  
*for the year ended 30 June 2020*

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		559,981	465,810	474,820
Revenue from contracts with customers		85,860	75,971	75,796
Net GST received		19,844	17,715	17,052
Rental income		1,927	1,780	-
Other		17,742	13,285	5,057
<b>Total cash received</b>		<b>685,354</b>	<b>574,561</b>	<b>572,725</b>
<b>Cash used</b>				
Employees		336,926	291,428	310,256
Suppliers		203,712	191,937	188,277
Grants		7,850	7,662	105
Interest payments on lease liabilities		3,812	-	-
Section 74 receipts transferred to OPA		94,725	78,658	75,796
Other		2,980	2,766	-
<b>Total cash used</b>		<b>650,005</b>	<b>572,451</b>	<b>574,434</b>
<b>Net cash from/(used by) operating activities</b>		<b>35,349</b>	<b>2,110</b>	<b>(1,709)</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds on sales of infrastructure, plant and equipment		72	15	-
Investments		312	-	-
<b>Total cash received</b>		<b>384</b>	<b>15</b>	<b>-</b>
<b>Cash used</b>				
Purchase of infrastructure, plant and equipment		19,305	20,702	15,596
Purchase of intangibles		15,969	14,800	12,901
<b>Total cash used</b>		<b>35,274</b>	<b>35,502</b>	<b>28,497</b>
<b>Net cash used by investing activities</b>		<b>(34,890)</b>	<b>(35,487)</b>	<b>(28,497)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations - Contributed equity		4,318	5,328	2,796
Appropriations - Departmental Capital Budget		26,713	28,567	25,701
Restructuring - Special accounts cash transferred in <sup>1</sup>		16,081	-	-
<b>Total cash received</b>		<b>47,112</b>	<b>33,895</b>	<b>28,497</b>
<b>Cash used</b>				
Principal payments of lease liabilities		27,020	-	-
<b>Total cash used</b>		<b>27,020</b>	<b>-</b>	<b>-</b>
<b>Net cash from financing activities</b>		<b>20,092</b>	<b>33,895</b>	<b>28,497</b>
<b>Net decrease in cash held</b>		<b>20,551</b>	<b>518</b>	<b>(1,709)</b>
Cash and cash equivalents at the beginning of the reporting period		12,823	12,885	11,928
Adjustment <sup>2</sup>			(580)	-
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1A	<b>33,374</b>	<b>12,823</b>	<b>10,219</b>

1. Transfer of special account from the former Department of the Environment and Energy as a result of the Administrative Arrangements Order of the 5 December 2019.
2. 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, Science, Energy and Resources

### Budget Variance Commentary - Departmental

#### for the year ended 30 June 2020

#### 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 2019-20 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
Transfer of the Climate Change and Energy functions from the former Department of Environment and Energy and the Small Business function from the former Department of Employment, Skills, Small and Family Business as a result of the Administrative Arrangements Order of the 5 December 2019	Statement of Comprehensive Income - Revenue from Government (\$68 million), Employee Benefits (\$26 million), Suppliers Expense (\$20 million), Statement of Financial Position – Cash and cash equivalents (\$16 million), Employee Provisions (\$24 million) Cash Flow Statement – Appropriations (\$38 million), Employee Benefits (\$22 million), Suppliers (\$16 million), Restructuring – special accounts cash transferred in (\$16 million)
The impact of the changes in the accounting treatment for operating leases as a result of adopting AASB 16 <i>Leases</i> is not reflected in the original 2019-20 budget	Statement of Comprehensive Income - Depreciation and amortisation (\$31 million) Statement of Financial Position – Land and Buildings, Infrastructure, Plant and equipment and laboratory equipment (\$314 million), Payables (\$25 million), Leases liabilities (\$317 million) Cash Flow Statement – Principal payments of lease liabilities (\$27 million)
Increase in the Business Grants Hub activities and National Measurement Institute revenues	Statement of Comprehensive Income – Revenue from contracts with customers (\$12 million)

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

**Department of Industry, Science, Energy and Resources**  
**Administered Schedule of Comprehensive Income**  
*for the year ended 30 June 2020*

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	2.1A	7,407	6,856	7,700
Suppliers	2.1B	146,406	98,996	104,881
Fees		40	40	40
Subsidies	2.1C	42,930	41,211	39,940
Finance costs	2.1D	80,873	9,778	628,996
Grants	2.1E	340,472	402,280	446,333
Depreciation and amortisation	4.2A	3,493	2,049	1,803
Impairment loss on financial instruments		5,834	1,729	-
Write-down and impairment of assets	2.1F	634	454	-
Losses from asset sales		-	1	-
Payments to corporate Commonwealth entities	2.1G	1,295,260	1,140,821	1,166,371
<b>Total expenses</b>		<b>1,923,349</b>	<b>1,704,215</b>	<b>2,396,064</b>
<b>Income</b>				
<b>Revenue</b>				
<b>Taxation revenue</b>				
Tradex receipts		669	437	550
<b>Total taxation revenue</b>		<b>669</b>	<b>437</b>	<b>550</b>
<b>Non-taxation revenue</b>				
Fees from regulatory services	2.2A	50,756	46,672	52,262
Fees		6,990	3,208	23,900
Interest	2.2B	11,986	7,129	77,325
Dividends		109,300	-	-
Royalties		969,774	1,404,437	1,027,931
Other non-taxation revenue		1,006	27,220	1,102
<b>Total non-taxation revenue</b>		<b>1,149,812</b>	<b>1,488,666</b>	<b>1,182,520</b>
<b>Total revenue</b>		<b>1,150,481</b>	<b>1,489,103</b>	<b>1,183,070</b>
<b>Gains</b>				
Gains from sale of assets		8	-	-
Foreign exchange gains		265	-	-
Additional security funds		454,000	-	-
<b>Total gains</b>		<b>454,273</b>	<b>-</b>	<b>-</b>
<b>Total income</b>		<b>1,604,754</b>	<b>1,489,103</b>	<b>1,183,070</b>
<b>Net cost of services</b>		<b>(318,595)</b>	<b>(215,112)</b>	<b>(1,212,994)</b>
<b>Deficit</b>		<b>(318,595)</b>	<b>(215,112)</b>	<b>(1,212,994)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation reserve		(219,170)	(204,120)	-
<b>Total comprehensive loss</b>		<b>(537,765)</b>	<b>(419,232)</b>	<b>(1,212,994)</b>

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

**Department of Industry, Science, Energy and Resources**  
**Administered Schedule of Assets and Liabilities**  
**as at 30 June 2020**

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash in special accounts	5.2A	5,966,292	45,830	40,910
Trade and other receivables	4.1A	247,429	147,259	940,412
Other investments	4.1B	18,901,362	3,350,646	3,289,241
Accrued revenue		37,644	99,834	88,653
<b>Total financial assets</b>		<b>25,152,727</b>	<b>3,643,569</b>	<b>4,359,216</b>
<b>Non-financial assets</b>				
Land and buildings <sup>1</sup>	4.2A	3,062	893	2,399
Infrastructure, plant and equipment	4.2A	286	452	1,387
Intangibles	4.2A	3,951	5,379	4,379
Inventories <sup>2</sup>		86,474	-	-
Prepayments		351	296	258
<b>Total non-financial assets</b>		<b>94,124</b>	<b>7,020</b>	<b>8,423</b>
<b>Total assets administered on behalf of Government</b>		<b>25,246,851</b>	<b>3,650,589</b>	<b>4,367,639</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	4.3A	114,995	12,548	27,668
Subsidies	4.3B	12,090	13,062	10,084
Grants	4.3C	32,098	64,782	51,222
Other payables <sup>3</sup>		4,742	9,504	4,702
<b>Total payables</b>		<b>163,925</b>	<b>99,896</b>	<b>93,676</b>
<b>Provisions</b>				
Employee provisions	6.1B	2,133	1,826	1,537
Loan commitment provision		58,080	1,554	-
<b>Total provisions</b>		<b>60,213</b>	<b>3,380</b>	<b>1,537</b>
<b>Interest bearing liabilities</b>				
Leases		2,318	-	-
<b>Total interest bearing liabilities</b>		<b>2,318</b>	<b>-</b>	<b>-</b>
<b>Total liabilities administered on behalf of Government</b>		<b>226,456</b>	<b>103,276</b>	<b>95,213</b>
<b>Net assets</b>		<b>25,020,395</b>	<b>3,547,313</b>	<b>4,272,426</b>

1. Right-of-use assets are included in Land and Buildings.
2. Inventories held for sale are valued at the lower of cost and net realisable value and comprise of crude oil reserves.
3. Other payables primarily consists of \$4.7 million relating to the ownership of partly paid shares in Quantum Computing.

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



## Department of Industry, Science, Energy and Resources

### Budget Variance Commentary - Administered

*for the year ended 30 June 2020*

#### 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 2019-20 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

Transfer of Energy and Climate Change functions from the former Department of the Environment and Energy and transfer of Small Business functions from the Department of Employment, Skills, Small and Family Business as a result of the Administrative Arrangements Order of the 5 December 2019

The variance in supplier expenses was largely due to the new measure for the Northern Endeavour Temporary Operations Program which was announced after the 2019-20 PBS

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 (NAIF) Loan program

Underspends in relation to a number of grant programs from COVID-19 impacts and recipients not meeting milestones including the Cooperative Research Centres Program and Square Kilometre Array Radio Telescope Project. This was offset by measures announced after 2019-20 PBS including the Manufacturing Modernisation Fund and COVID-19 measures

The variance in payments to corporate Commonwealth entities largely relates to increase in appropriations provided to ANSTO through additional estimates

#### Affected line items/statements

Statement of Assets and Liabilities – Cash in special accounts (\$5 billion) and Other investments (\$16 billion). Schedule of Comprehensive Income – Supplier expense (\$16 million), Grants expense (\$8 million), Payments to corporate Commonwealth entities (\$84 million) and Dividends (\$109 million)

Schedule of Comprehensive Income – Supplier expense (\$25 million)

Schedule of Comprehensive Income – Interest revenue (\$66 million), Fees (\$19m) and Finance costs (\$548 million)  
Statement of Assets and Liabilities – Trade and other receivables (\$636 million)

Schedule of Comprehensive Income – Grants expense (\$100 million)  
Statement of Assets and Liabilities – Grants Payable (\$21 million)

Schedule of Comprehensive Income – Payments to corporate Commonwealth entities (\$44 million)

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

**Department of Industry, Science, Energy and Resources**  
**Budget Variance Commentary - Administered**  
*for the year ended 30 June 2020*

<b>Explanations of major variances</b>	<b>Affected line items/statements</b>
The decrease in petroleum royalties was due to lower commodity prices, particularly for quarter four of 2019-20. This was primarily due to global price volatility attributable to the COVID-19 pandemic, as well as other supply and demand factor	Schedule of Comprehensive Income - Royalties revenue (\$58 million)
The variance in cash in special accounts relates to a change in accounting treatment for the security funds held in the Ranger Rehabilitation special account	Schedule of Comprehensive Income – Additional security funds (\$454 million) Statement of Assets and Liabilities – Cash in special accounts (\$531 million)
New measure for fuel security (oil) was announced after finalisation of the 2019-20 PBS	Statement of Assets and Liabilities – Inventories (\$86 million)
Recognition of loan commitment provision relating to the provision of loans at below-market interest rates (NAIF and PSMA loan programs)	Statement of Assets and Liabilities – Loan commitment provision (\$58 million)

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

**Department of Industry, Science, Energy and Resources**  
**Administered Reconciliation Schedule**  
**for the year ended 30 June 2020**

	2020 \$'000	2019 \$'000
<b>Opening assets less liabilities as at 1 July</b>	<b>3,547,313</b>	3,708,694
Opening balance adjustment <sup>1</sup>	75,231	2,184
<b>Net (cost of)/contribution by services</b>		
Income	1,604,754	1,489,103
Expenses		
Payments to entities other than corporate Commonwealth entities	(628,089)	(563,394)
Payments to corporate Commonwealth entities	(1,295,260)	(1,140,821)
<b>Other comprehensive income</b>		
Revaluations transferred to/(from) reserves	(219,170)	(204,120)
<b>Transfers (to)/from the Australian Government</b>		
Appropriation transfers from Official Public Account		
Administered assets and liabilities appropriations		
Payments to entities other than corporate Commonwealth entities	11,270	14,688
Payments to corporate Commonwealth entities	91,194	38,611
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	494,806	487,459
Payments to corporate Commonwealth entities	1,176,799	1,105,515
Special appropriations (limited)		
Payments to entities other than corporate Commonwealth entities	165,796	81,019
Payments to corporate Commonwealth entities	82,500	-
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	39	113
Payments to corporate Commonwealth entities	35,940	35,306
Appropriation transfers to OPA		
Transfers to OPA	(1,227,224)	(1,507,825)
Appropriation from prior years	2,140	781
Restructuring	21,102,356	-
<b>Closing assets less liabilities as at 30 June</b>	<b>25,020,395</b>	<b>3,547,313</b>

1. The adjustment for 2018-19 relates to the difference between the previous carrying amounts and the new carrying amounts under AASB 9 *Financial Instruments*. The adjustment for 2019-20 relates to recognition of prior year funds relating to the Ranger Rehabilitation special account.

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

**Department of Industry, Science, Energy and Resources**  
**Administered Cash Flow Statement**  
**for the year ended 30 June 2020**

	2020	2019
Notes	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Interest	1,690	460
Dividends	109,300	-
Fees	7,236	3,389
Royalties	1,033,335	1,411,418
Net GST received	42,216	44,536
Other	20,166	46,449
Levy receipts	35,355	31,497
<b>Total cash received</b>	<b>1,249,298</b>	<b>1,537,749</b>
<b>Cash used</b>		
Suppliers	147,884	114,858
Grants	400,426	432,450
Employees	8,113	7,635
Subsidies	43,890	46,429
Interest payments on lease liabilities	27	-
Payment to corporate Commonwealth entities	1,295,239	1,140,821
<b>Total cash used</b>	<b>1,895,579</b>	<b>1,742,193</b>
<b>Net cash used by operating activities</b>	<b>(646,281)</b>	<b>(204,444)</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash received</b>		
Proceeds from sale of property, plant and equipment	8	1
Repayments of advances and loans	11,147	29,679
Security funds	454,000	-
Interest	1,530	-
<b>Total cash received</b>	<b>466,685</b>	<b>29,680</b>
<b>Cash used</b>		
Advances and loans made	121,906	39,090
Investments	11,270	10,188
Purchase of intangibles	729	2,167
Purchase of infrastructure, plant and equipment	-	718
Corporate Commonwealth entity investments	91,194	38,611
<b>Total cash used</b>	<b>225,099</b>	<b>90,774</b>
<b>Net cash used by investing activities</b>	<b>241,586</b>	<b>(61,094)</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash received</b>		
Restructuring - Special accounts cash transferred in <sup>1</sup>	5,419,000	-
<b>Cash used</b>		
Principal payments of lease liabilities	898	-
<b>Total cash used</b>	<b>898</b>	<b>-</b>
<b>Net cash from financing activities</b>	<b>5,418,102</b>	<b>-</b>
<b>Net increase in cash held</b>	<b>5,013,407</b>	<b>(265,538)</b>

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

**Department of Industry, Science, Energy and Resources**  
**Administered Cash Flow Statement**  
*for the year ended 30 June 2020*

	Notes	2020 \$'000	2019 \$'000
Cash and cash equivalents at the beginning of the reporting period		45,830	58,852
Change in accounting policy <sup>2</sup>		75,231	-
<b>Cash from Official Public Account</b>			
Appropriations		1,955,880	1,699,512
Appropriation - Administered assets and liabilities		11,270	14,688
Equity appropriation - corporate Commonwealth entities		91,194	38,611
Special Accounts		-	9,900
GST appropriations		43,135	43,819
<b>Total cash from official public account</b>		<b>2,101,479</b>	<b>1,806,530</b>
<b>Cash to Official Public Account</b>			
Appropriations		(1,199,403)	(1,475,710)
GST appropriations		(42,431)	(46,190)
Special Accounts		(27,821)	(32,114)
<b>Total cash to official public account</b>		<b>(1,269,655)</b>	<b>(1,554,014)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>5,966,292</b>	<b>45,830</b>

1. Transfer of special account from the former Department of the Environment and Energy as a result of the Administrative Arrangements Order of the 5 December 2019.
2. Recognition of prior year funds relating to the Ranger Rehabilitation special account.

**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.

## Department of Industry, Science, Energy and Resources

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## Department of Industry, Science, Energy and Resources Notes to and forming part of the Financial Statements

### Overview

#### Objective of the Department of Industry, Science, Energy and Resources

The Department of Industry, Science, Energy and Resources (the department) is an Australian Government controlled and a not-for-profit entity. The department drives economic growth and job creation for all Australians. The department facilitates economic transformation and competitiveness by investing in business and industry capability, science and innovation. The department upholds the principle of caring for country in utilising our natural resources and promoting a competitive resources sector for the benefit of the nation. The department supports the affordable, reliable, secure and competitive operation of energy markets and Australia's transition to a lower emissions future by encouraging the commercialisation and uptake of clean technologies and actions to meet our international obligations.

The following functions were transferred in as a result of the Administrative Arrangements Order of the 5 December 2019:

1. The Climate Change and Energy functions from the former Department of the Environment and Energy;
2. The Small Business function from the former Department of Employment, Skills, Small and Family Business.

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.

#### Estimation Uncertainty

Estimation uncertainty with significant impact on the amounts recorded in the financial statements relates to:

- Valuation of Snowy Hydro Limited. As at 30 June 2020, SHL is valued at \$10.25 billion (2018-19 \$10.5 billion). The valuation is prepared by an independent expert and utilises a discounted cash flow methodology. The valuation includes assumptions and judgements about future events and circumstances that have not transpired which will impact forecast operating cash flows and capital costs for construction of Snowy 2.0 (subject to final approvals). It is reasonably possible that outcomes within the next financial year could require a material adjustment to the carrying amount of the investment. COVID-19 has impacted FY21 retail revenue with demand reduction particularly from commercial and industrial customers. In addition, there is a higher expectation of bad debts and lower National Electricity Market prices in the near term with subdued economic conditions in the medium term. COVID-19 has also caused supply chain disruptions in the construction of the Snowy 2.0 site and delays with the Australian Energy Market Operator's plans on the Integrated System Plan.
- Valuation of property, plant and equipment (excluding right of use assets). The department completes valuations of property, plant and equipment on a 3 year rolling basis with leasehold assets being valued in 2019-20. The valuer has noted the market in which the assets are being valued is impacted by the uncertainty that COVID-19 has caused. Market uncertainty has resulted in valuation uncertainty. The impact across all property, plant and equipment assets is unknown.

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### New Accounting Standards

Application of AASB 15 *Revenue from Contracts with Customers*/AASB 1058 *Income for Not-For-Profit Entities*.

The department adopted AASB 15 and AASB 1058 using the modified retrospective approach. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

Under the new income recognition model the department determined whether an enforceable agreement existed and whether the promises to transfer goods or services to the customer were 'sufficiently specific'. If an enforceable agreement existed and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the department applied the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria were not met, the department has considered whether AASB 1058 applied.

In relation to AASB 15, the department elected to apply the new standard to all new and uncompleted contracts from the date of initial application. The department is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

The transition to AASB 15 had no impact on opening balances.

#### Application of AASB 16 *Leases*

The department adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The department applied the exemption not to recognise right of use assets and liabilities for leases less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the department previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risk and rewards of ownership. Under AASB 16, the department recognises right-of-use assets and liabilities for most leases. However, the department has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

#### Impact on Transition of AASB 16

Departmental	1 July 2019
Right-of-use assets	309,256
Lease liabilities	307,052
Retained earnings	28,587

The following table reconciles the Departmental minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
Minimum operating lease commitment at 30 June 2019	217,467
Less: short-term leases not recognised under AASB 16	(23,143)
Less: variables not included under AASB 16	(16,521)
Plus: effect of extension options reasonably certain to be exercised	153,716
<b>Undiscounted lease payments</b>	<b>331,519</b>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(24,467)
<b>Lease liabilities recognised at 1 July 2019</b>	<b>307,052</b>



## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### Impact on Transition of AASB 16

Administered	1 July 2019
Right-of-use assets	3,216
Lease liabilities	3,216

The following table reconciles the Administered minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
Minimum operating lease commitment at 30 June 2019	4,723
Less: variables not included under AASB 16	(1,450)
<b>Undiscounted lease payments</b>	<b>3,273</b>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(57)
<b>Lease liabilities recognised at 1 July 2019</b>	<b>3,216</b>

#### 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).

#### Contingent Liabilities

The department was engaged in a number of legal matters 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

##### Gorgon liquefied natural gas and carbon dioxide storage project — long-term liability

The Australian and Western Australian Governments have provided an indemnity to the Gorgon Joint Venture Partners (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.

##### Former British atomic test site at Maralinga

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 the former 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.

##### Australian Nuclear Science and Technology Organisation — indemnity

On 21 April 2016, the then 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.

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### Snowy Hydro Limited – water releases

On 29 June 2018, Snowy Hydro Limited became a wholly Commonwealth-owned company following the Commonwealth's acquisition of the New South Wales (NSW) and Victorian Government's shares. At the time of corporatisation of Snowy Hydro Limited, on 28 June 2002, the Australian, NSW and Victorian Governments, as the then owners, indemnified the company for liabilities arising from water releases in the Snowy River below Jindabyne Dam, where these releases are in accordance with the Snowy Water Licence and related regulatory arrangements agreed between the three governments, including *the Snowy Water Inquiry Outcomes Implementation Deed (SWIOID) 2002*. The indemnity applies to liabilities for which a claim is notified within 20 years from 28 June 2002.

As sole owner, the Commonwealth is now wholly liable for the indemnity. However, NSW must pay 100 per cent of the amount claimable where the liability is a result of the Snowy Water Licence being inconsistent with the SWIOID or with a direction from NSW that is inconsistent with the principles for managing water releases from Jindabyne Dam, as agreed by the Australian, NSW and Victorian Governments.

#### Liability for costs incurred in a national liquid fuel emergency

The Australian Government has responsibility for the *Liquid Fuel Emergency Act 1984* (the Act). In addition, the Australian Government and state and territory governments have entered into an inter-governmental agreement in relation to a national liquid fuel emergency (IGA 2006). Under the IGA, the Australian Government agrees to consult IGA parties on a likely shortage and, if necessary after those consultations, to advise the Governor-General to declare a national emergency under the Act.

The IGA also contains three areas where the Australian Government may incur expenses in the unlikely event of a national liquid fuel emergency. These relate to the direct costs of managing a liquid fuel emergency and include the possibility of the Australian Government reimbursing the state and territory governments for costs arising from their responses, and potential compensation for industry arising from Australian Government directions under the Act.

#### United States Strategic Petroleum Reserve (US SPR) Lease Agreement – Indemnity under certain conditions

On 3 June 2020, the Australian Government entered into a commercial leasing agreement with the United States (US) Department of Energy (DoE). This agreement facilitates the storage of Australia's first-ever government-owned strategic fuel reserve in the US Strategic Petroleum Reserve (SPR).

Under the lease agreement, the Australian Government indemnifies the US SPR for any liabilities incurred (subject to certain exceptions) arising from or related to:

- the transportation of crude oil to the SPR;
- third party claims made in connection with the drawdown or delivery of the oil; and
- customs duties, fees or other charges which may arise from the Australian Government's non-compliance with US Customs Law.

#### **Events After the Reporting Period**

There were no events occurring after 30 June 2020 that would have a material impact on these financial statements.

## Department of Industry, Science, Energy and Resources

### 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

	2020	2019
	\$'000	\$'000
<b>Note 1.1A: Employee Benefits</b>		
Wages and salaries	251,816	203,971
Superannuation:		
Defined contribution plans	27,846	21,752
Defined benefit plans	19,646	16,530
Leave and other entitlements	39,912	37,175
Separation and redundancies	3,516	2,841
Other employee expenses	2,910	2,361
<b>Total employee benefits</b>	<b>345,646</b>	<b>284,630</b>

##### 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	2,446	3,127
Contractors and consultants	77,027	50,136
Inventory related costs	6,077	6,649
Property operating expense	17,427	15,617
Rendering of services and maintenance	63,756	47,301
Travel	8,590	11,120
Other goods and services	14,028	14,371
<b>Total goods and services supplied or rendered</b>	<b>189,351</b>	<b>148,321</b>

Goods supplied	15,682	14,679
Services rendered	173,669	133,642
<b>Total goods and services supplied or rendered</b>	<b>189,351</b>	<b>148,321</b>

###### Other suppliers

Operating lease rentals <sup>1</sup>	-	31,582
Short-term leases	4,703	-
Workers compensation expenses	2,039	2,504
<b>Total other suppliers</b>	<b>6,742</b>	<b>34,086</b>
<b>Total suppliers</b>	<b>196,093</b>	<b>182,407</b>

1. The department has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The department has short-term lease commitments of \$4.8 million as at 30 June 2020.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1D, 3.2A and 3.3B.

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### Accounting Policy

##### Short-term leases and leases of low-value assets

The department has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The department recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2020	2019
	\$'000	\$'000
<b>Note 1.1C: Grants</b>		
Australian Government entities	6,244	6,029
State and Territory Governments	118	375
Non-profit organisations	1,478	115
Other	751	1,183
<b>Total grants</b>	<b>8,591</b>	<b>7,702</b>
<b>Note 1.1D: Finance Costs</b>		
Interest on lease liabilities	3,812	-
Unwinding of discount	10	138
<b>Total finance costs</b>	<b>3,822</b>	<b>138</b>
<b>Note 1.1E: Write-Down and Impairment of Assets</b>		
Write-down and impairment of buildings and leasehold improvements	-	369
Write-down and impairment of infrastructure, plant and equipment	2	-
Impairment of laboratory equipment	27	23
Impairment of intangible assets	2,008	172
Write-down of inventories	6	60
<b>Total write-down and impairment of other assets</b>	<b>2,043</b>	<b>624</b>

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### 1.2. Own-Source Revenue and Gains

	2020	2019
<b>Own-Source Revenue</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Note 1.2A: Revenue from contracts with customers</u></b>		
Sale of goods	3,409	3,950
Rendering of services	83,726	70,648
<b>Total revenue from contract with customers</b>	<b>87,135</b>	<b>74,598</b>

#### Disaggregation of revenue from contracts with customers

##### Major product / service line:

Grants administration services	38,159	29,555
Measurement services and products	34,056	29,563
Scientific educational services	8,299	10,110
Building codes services	1,105	1,282
Shared services	3,482	3,069
Other	2,034	1,019
	<b>87,135</b>	<b>74,598</b>

#### Accounting Policy

Revenue from the sale of goods is recognised when control has been transferred to the buyer.

The transaction price is the total amount of consideration to which the department expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

#### Note 1.2B: Rental Income

Finance lease		
Finance income <sup>1</sup>	5	-
Operating lease		
Lease income <sup>1</sup>	1,615	2,047
<b>Total rental income</b>	<b>1,620</b>	<b>2,047</b>

1. The department has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

#### Maturity analysis of operating lease income receivables:

Within 1 year	2,618
One to two years	1,922
Two to three years	153
Three to four years	94
Four to five years	92
More than 5 years	463
<b>Total undiscounted lease payments receivable</b>	<b>5,342</b>

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

	2020 \$'000	2019 \$'000
<b><u>Note 1.2C: Other Revenue</u></b>		
State receipts	8,965	4,000
Sponsorships	-	2,580
Other	1,536	769
Department of Defence receipts	5,000	-
Resources received free of charge	616	649
<b>Total other revenue</b>	<b>16,117</b>	<b>7,998</b>

#### Gains

##### **Note 1.2D: Other Gains**

Reversal of makegood provision	23	69
<b>Total other gains</b>	<b>23</b>	<b>69</b>

##### **Note 1.2E: Revenue from Government**

Departmental appropriations	473,990	397,397
Supplementation	-	440
<b>Total revenue from Government</b>	<b>473,990</b>	<b>397,837</b>

#### **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, Science, Energy and Resources

### 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

	2020	2019
	\$'000	\$'000
<b>Note 2.1A: Employee benefits</b>		
Wages and salaries	5,325	4,830
Superannuation		
Defined contribution plans	728	680
Defined benefit plans	264	253
Leave and other entitlements	1,090	1,093
<b>Total employee benefits</b>	<b>7,407</b>	<b>6,856</b>
<b>Note 2.1B: Suppliers</b>		
<b>Services rendered</b>		
Communication, marketing and freight	1,453	626
Consultants and contractors	19,900	14,675
Travel	641	785
Fee for service	105,364	64,241
Other	19,018	17,664
<b>Total services rendered</b>	<b>146,376</b>	<b>97,991</b>
<b>Other suppliers</b>		
Operating lease rentals <sup>1</sup>	-	1,005
Variable lease payments	30	-
<b>Total other suppliers</b>	<b>30</b>	<b>1,005</b>
<b>Total suppliers</b>	<b>146,406</b>	<b>98,996</b>

1. The department has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying notes 2.1D and 4.2A.

##### Note 2.1C: Subsidies

##### Subsidies in connection with external parties

Assistance to industry	42,930	41,211
<b>Total subsidies</b>	<b>42,930</b>	<b>41,211</b>

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

	2020	2019
	\$'000	\$'000
<b>Note 2.1D: Finance Costs</b>		
Concessional loan discount	80,645	9,677
Interest on lease liabilities	27	-
Unwinding of present value discount	201	101
<b>Total finance costs</b>	<b>80,873</b>	<b>9,778</b>
<b>Note 2.1E: Grants</b>		
<b>Public sector</b>		
Australian Government entities (related parties)	15,120	9,328
State and Territory Governments	8,178	5,373
Local Governments	75	589
<b>Private sector</b>		
Non-profit organisations	17,197	12,662
External entities	276,414	336,678
Other	6,922	19,021
Grants through State and Territory Governments	26	404
Multi-jurisdictional sector	16,540	18,225
<b>Total grants</b>	<b>340,472</b>	<b>402,280</b>
<b>Note 2.1F: Write-Down and Impairment of Assets</b>		
Write-down and impairment of buildings and leasehold improvements	-	437
Write-down and impairment of infrastructure, plant and equipment	-	17
Write-down of inventories	634	-
<b>Total write-down and impairment of assets</b>	<b>634</b>	<b>454</b>
<b>Note 2.1G: Payments to Corporate Commonwealth Entities</b>		
Commonwealth Scientific and Industrial Research Organisation	837,873	834,561
Australian Nuclear Science and Technology Organisation	281,909	214,072
Australian Institute of Marine Science	44,773	47,377
Australian Renewable Energy Agency	82,500	-
National Offshore Petroleum Safety and Environmental Management Authority	35,940	35,306
Northern Australia Infrastructure Facility	10,340	9,505
Clean Energy Finance Corporation	1,925	-
<b>Total payments to corporate Commonwealth entities</b>	<b>1,295,260</b>	<b>1,140,821</b>

#### 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.



## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### Accounting Policy

##### 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.

#### 2.2. Administered - Income

	2020	2019
	\$'000	\$'000
<b>Revenue</b>		
<b><u>Note 2.2A: Fees from Regulatory Services</u></b>		
Petroleum fees	15,401	15,175
Levy receipts	35,355	31,497
<b>Total fees from regulatory services</b>	<b>50,756</b>	<b>46,672</b>
<b><u>Note 2.2B: Interest</u></b>		
Loans	2,820	760
Unwinding of discount - concessional loans	7,636	6,325
Deposits	1,530	-
Other interest	-	44
<b>Total interest</b>	<b>11,986</b>	<b>7,129</b>

#### Accounting Policy

##### Revenue

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

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

## Department of Industry, Science, Energy and Resources

### 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

	2020	2019
	\$'000	\$'000
<b>Note 3.1A: Cash and Cash Equivalents</b>		
Cash in special accounts	27,401	11,081
Cash on hand	22	22
Cash at bank	5,951	1,720
<b>Total cash and cash equivalents</b>	<b>33,374</b>	<b>12,823</b>
<b>Note 3.1B: Trade and Other Receivables</b>		
<b>Goods and services receivables</b>		
Goods and services	13,821	8,270
Contract assets	6,002	-
<b>Total goods and services receivables</b>	<b>19,823</b>	<b>8,270</b>
<b>Appropriations receivables</b>		
Departmental appropriations	96,845	85,319
Departmental Capital Budget	3,762	1,178
Equity appropriations	10,585	12,107
<b>Total appropriations receivables</b>	<b>111,192</b>	<b>98,604</b>
<b>Other receivables</b>		
GST receivable from the Australian Taxation Office	2,687	2,447
Other	4,610	592
Receivable from Government	-	685
<b>Total other receivables</b>	<b>7,297</b>	<b>3,724</b>
<b>Total trade and other receivables (gross)</b>	<b>138,312</b>	<b>110,598</b>
<b>Less impairment loss allowance</b>		
Goods and services	(2,682)	(36)
<b>Total impairment loss allowance</b>	<b>(2,682)</b>	<b>(36)</b>
<b>Total trade and other receivables (net)</b>	<b>135,630</b>	<b>110,562</b>

#### 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, Science, Energy and Resources 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 2020

	Buildings \$'000	Leasehold improvements \$'000	Infrastructure , plant and equipment \$'000	Laboratory equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2019</b>							
Gross book value	46,879	59,751	21,627	20,670	103,380	13,294	285,601
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)
<b>Total as at 1 July 2019</b>	<b>44,982</b>	<b>53,488</b>	<b>24,553</b>	<b>23,792</b>	<b>58,649</b>	<b>1,409</b>	<b>206,873</b>
Recognition of right of use asset on initial application of AASB 16	307,699	-	1,557	-	-	-	309,256
<b>Adjusted total as at 1 July 2019</b>	<b>352,681</b>	<b>53,488</b>	<b>26,110</b>	<b>23,792</b>	<b>58,649</b>	<b>1,409</b>	<b>516,129</b>
<b>Additions:</b>							
Purchase or internally developed	2,442	1,266	7,819	3,892	16,148	-	31,567
Right-of-use assets	26,682	-	1,652	291	-	-	28,625
Acquisition of entities or operations (including restructuring) <sup>1</sup>	7,216	2,161	84	-	3,010	-	12,471
Revaluations recognised through other comprehensive income	(615)	9,215	-	-	-	-	8,600
Impairments recognised in net cost of services	-	-	(2)	(27)	(2,008)	-	(2,037)
Depreciation / amortisation	(1,155)	(6,410)	(7,016)	(4,431)	(14,358)	(596)	(33,966)
Depreciation on right-of-use assets	(30,449)	-	(697)	(43)	-	-	(31,189)
<b>Total as at 30 June 2020</b>	<b>356,802</b>	<b>59,720</b>	<b>27,950</b>	<b>23,474</b>	<b>61,441</b>	<b>813</b>	<b>530,200</b>
<b>Total as at 30 June 2020 represented by</b>							
Gross book value	386,131	56,424	38,072	25,143	117,046	13,294	636,110
Work in progress	1,120	3,296	5,895	2,787	23,713	-	36,811
Accumulated depreciation, amortisation and impairment	(30,449)	-	(16,017)	(4,456)	(79,318)	(12,481)	(142,721)
<b>Total as at 30 June 2020</b>	<b>356,802</b>	<b>59,720</b>	<b>27,950</b>	<b>23,474</b>	<b>61,441</b>	<b>813</b>	<b>530,200</b>
Carrying amount of right-of-use assets	311,148	-	2,512	248	-	-	306,692

1. Refer to Note 8.2A – Departmental Restructuring for details. Right-of-use assets transferred included \$7.2 million for Buildings, and \$0.01 million for Infrastructure, Plant and Equipment.

#### Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy. A revaluation was conducted as at 30 June 2020 for buildings and leasehold improvements by an independent valuer.

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

All capital commitments totalling \$16.9 million (2018-19: \$19.4 million) are payable within 12 months. The major projects include \$1.8 million for Essential Eight Cyber Security Uplift, \$1.3 million for the Client Relationship Management Upgrade, \$1.9 million for Digital Engagement Platform Upgrade, \$3.6 million for Business Grants Management upgrade, \$1.5 million for R&D Tax Incentive project, \$0.8 for Full Carbon Accounting Model Enhancement and \$1.8 million upgrades to ICT Systems Development and Upgrades.

## Department of Industry, Science, Energy and Resources

### 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.

##### Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 the department has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

##### 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 buildings and leasehold improvement asset class were revalued effective 30 June 2020 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:

	2020	2019
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

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### Impairment

All assets were assessed for impairment at 30 June 2020 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.

#### 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 (2019-20: 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, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### 3.3. Payables

	2020	2019
	\$'000	\$'000
<b>Note 3.3A: Suppliers</b>		
Trade creditors and accruals	29,911	28,119
Other creditors	623	600
Contract liabilities	16,064	-
<b>Total suppliers</b>	<b>46,598</b>	<b>28,719</b>

Settlement is usually made within 30 days.

The contract liabilities are mainly associated with the grants administration services, measurement services and products and scientific educational services. Contract liabilities were disclosed under previous AAS as unearned revenue.

#### Note 3.3B: Other Payables

Lease straight lining and incentives	-	28,598
Unearned revenue	-	11,251
Wages and salaries	6,198	3,289
Superannuation	839	308
Other	2,105	1,696
<b>Total other payables</b>	<b>9,142</b>	<b>45,142</b>

- The department has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

#### 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 2020 represents outstanding contributions for the final fortnight of the year.

#### 3.4. Other Provisions

##### Note 3.4A: Other Provisions

	Provision for restoration \$'000	Total \$'000
<b>As at 1 July 2019</b>	<b>1,920</b>	<b>1,920</b>
Additional provisions made*	2,334	2,334
Amounts reversed	(23)	(23)
Change in revaluation rates	(1,201)	(1,201)
Unwinding of discount or change in discount rate	10	10
<b>Total as at 30 June 2020</b>	<b>3,040</b>	<b>3,040</b>

\*Includes restructure amount of \$2.2 million

#### 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 14 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, Science, Energy and Resources

### 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

	2020	2019
	\$'000	\$'000
<b>Note 4.1A: Trade and Other Receivables</b>		
<b>Loans</b>		
Amortised cost	240,965	134,411
<b>Total loans</b>	<b>240,965</b>	<b>134,411</b>
<b>Other receivables</b>		
Grant recoveries and other receivables	2,011	6,346
Net GST receivable	10,306	10,433
<b>Total other receivables</b>	<b>12,317</b>	<b>16,779</b>
<b>Total trade and other receivables (gross)</b>	<b>253,282</b>	<b>151,190</b>
<b>Less impairment loss allowance</b>		
Loans - amortised cost	(5,241)	(1,724)
Grant recoveries and other receivables	(612)	(2,207)
<b>Total impairment loss allowance</b>	<b>(5,853)</b>	<b>(3,931)</b>
<b>Total trade and other receivables (net)</b>	<b>247,429</b>	<b>147,259</b>

Credit terms for other receivables were net 30 days.

#### Reconciliation of the Impairment Loss Allowance

##### Movements in relation to 2020

	Advances and loans	Other receivables	Total
	\$'000	\$'000	\$'000
<b>As at 1 July 2019</b>	<b>1,724</b>	<b>2,207</b>	<b>3,931</b>
Amounts written off	-	(3,912)	(3,912)
Increase/(Decrease) recognised in net cost of services	3,517	2,317	5,834
<b>Total as at 30 June 2020</b>	<b>5,241</b>	<b>612</b>	<b>5,853</b>

##### Movements in relation to 2019

	Advances and loans	Other receivables	Total
	\$'000	\$'000	\$'000
<b>As at 1 July 2018</b>	<b>451</b>	<b>4,545</b>	<b>4,996</b>
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
<b>Total as at 30 June 2019</b>	<b>1,724</b>	<b>2,207</b>	<b>3,931</b>

## Department of Industry, Science, Energy and Resources

### 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.

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 \$9 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 3 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 a market rate of 5.18% p.a. The loan is to enhance PSMA's delivery of the national spatial data infrastructure.



## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

	2020	2019
	\$'000	\$'000
<b><u>Note 4.1B: Other Investments</u></b>		
Australian Institute of Marine Science	171,899	179,886
Australian Nuclear Science and Technology Organisation	608,052	695,131
Commonwealth Scientific and Industrial Research Organisation	2,381,782	2,299,194
National Offshore Petroleum Safety and Environmental Management Authority	16,970	14,452
Innovation Investment Fund Round 1	364	11,318
Innovation Investment Fund Round 3	102,717	110,301
Innovation Investment Follow-On Fund	1,071	14,764
Northern Australia Infrastructure Facility	1,181	1,479
Quantum Computing	18,823	21,451
PSMA Australia Limited	2,454	2,670
Snowy Hydro Limited	10,250,000	-
Australian Renewable Energy Agency	119,180	-
Clean Energy Finance Corporation	5,226,869	-
<b>Total other investments</b>	<b>18,901,362</b>	<b>3,350,646</b>

#### 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 2020. Fair value has been taken to be the Australian Government's proportional interest in the entity valued at net assets position or discounted cash flow methodology 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 scientific research, nuclear medicine and other associated products, as well as technical advice services. The Australian Government owns 100% of this investment.

#### Commonwealth Scientific and Industrial Research Organisation

The principal activities are to conduct and encourage the uptake of world class scientific research, mobilise and develop talent, and manage national research infrastructure for the benefit of the nation. 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.

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### Accounting Policy

##### 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 (IIFF) 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. IIFF 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.

##### PSMA Australia Limited

The principal activities of PSMA Australia Limited 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.

##### Snowy Hydro Limited

Snowy Hydro Limited is an energy generation and retailing company which operates 16 power stations with a combined generation capacity of 5,500 megawatts, including the Snowy Mountains Hydro-electric Scheme, and has more than one million retail customers in the National Electricity Market. Snowy Hydro Limited is a wholly-owned Commonwealth company and Government Business Enterprise operating under the *Corporations Act 2001* and the PGPA Act. The Australian Government obtained 100% ownership on 29 June 2018.

##### Australian Renewable Energy Agency (ARENA)

ARENA's key objectives are to support improvements in the competitiveness of renewable energy and related technologies and the supply of renewable energy by administering financial assistance, developing analysis and advice about, and sharing information and knowledge with regard to, renewable energy and related technologies.

##### Clean Energy Finance Corporation (CEFC)

The role of the CEFC is to facilitate increased flows of finance into the clean energy sector, by investing, directly and indirectly, in renewable energy, energy efficiency and low emission technologies in Australia. The CEFC works to deliver a positive return for taxpayers across its portfolio of investments in bonds, loans, non-controlling equity positions and, in limited circumstances, by providing loan guarantees. The CEFC is a statutory authority established under the *Clean Energy Finance Corporation Act 2012* and is defined as a corporate Commonwealth entity under the PGPA Act.

## Department of Industry, Science, Energy and Resources

### 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

	Land and buildings \$'000	Infrastructure, plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2019</b>					
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)
<b>Total as at 1 July 2019</b>	<b>893</b>	<b>452</b>	<b>5,199</b>	<b>180</b>	<b>6,724</b>
Recognition of right-of-use asset on initial application of AASB 16	3,216	-	-	-	3,216
<b>Adjusted total as at 1 July 2019</b>	<b>4,109</b>	<b>452</b>	<b>5,199</b>	<b>180</b>	<b>9,940</b>
<b>Additions</b>	-	-	767	-	767
Revaluations recognised in other comprehensive income	85	-	-	-	85
Depreciation/ Amortisation	(192)	(166)	(2,105)	(90)	(2,553)
Depreciation on right-of-use assets	(940)	-	-	-	(940)
<b>Total as at 30 June 2020</b>	<b>3,062</b>	<b>286</b>	<b>3,861</b>	<b>90</b>	<b>7,299</b>
<b>Total as at 30 June 2020 represented by:</b>					
Gross book value	4,002	547	11,157	270	15,976
Work in progress	-	-	1,288	-	1,288
Accumulated depreciation, amortisation and impairment	(940)	(261)	(8,584)	(180)	(9,965)
<b>Total as at 30 June 2020</b>	<b>3,062</b>	<b>286</b>	<b>3,861</b>	<b>90</b>	<b>7,299</b>
Carrying amount of right-of-use assets	2,276	-	-	-	2,276
<b>Revaluations of non-financial assets</b>					

All revaluations were conducted in accordance with the revaluation policy. A revaluation was conducted as at 30 June 2020 for leasehold improvements by an independent valuer.

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

Capital commitments totalling \$0.8 million (2018-19: \$1.8 million) relate to enhancements to NOPTA's systems and software.

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### Accounting Policy

##### Administered Infrastructure, Plant and Equipment

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*.

##### Administered Intangibles

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.

#### 4.3. Administered – Payables

	2020	2019
	\$'000	\$'000
<b>Note 4.3A: Suppliers</b>		
Trade creditors and accruals	114,995	12,548
<b>Total suppliers</b>	<b>114,995</b>	<b>12,548</b>

Settlement is usually made within 30 days.

##### Note 4.3B: Subsidies

##### **Subsidies in connection with**

Assistance to industry	12,090	13,062
<b>Total subsidies</b>	<b>12,090</b>	<b>13,062</b>

All subsidies are payable to external parties.

##### Note 4.3C: Grants

Public sector	4,106	774
Private sector	27,992	64,008
<b>Total grants</b>	<b>32,098</b>	<b>64,782</b>

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, Science, Energy and Resources

### 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')

	2020	2019
	\$'000	\$'000
<b>Departmental<sup>1</sup></b>		
<b>Ordinary annual services</b>		
Annual Appropriation	397,827	397,397
PGPA Act - Section 74 receipts	94,725	78,658
PGPA Act - Section 75 transfers	81,603	-
<b>Total</b>	<b>574,155</b>	<b>476,055</b>
Appropriation applied (current and previous years)	555,750	465,674
Variance	18,405	10,381
<b>Capital Budget<sup>2</sup></b>		
Annual Appropriation	26,366	25,769
PGPA Act - Section 75 transfers	2,932	-
<b>Total</b>	<b>29,298</b>	<b>25,769</b>
Appropriation applied (current and previous years)	26,713	28,567
Variance	2,585	(2,798)
<b>Other services</b>		
Equity Injection	2,796	5,445
<b>Total</b>	<b>2,796</b>	<b>5,445</b>
Appropriation applied (current and previous years)	4,318	5,328
Variance	(1,522)	117

#### Administered

##### Ordinary annual services

Administered items	575,965	566,134
Advance to Finance Minister	2,500	-
PGPA Act - Section 75 transfers	36,965	-
Payments to corporate Commonwealth entities	1,176,820	1,105,515
<b>Total</b>	<b>1,792,250</b>	<b>1,671,649</b>
Appropriation applied (current and previous years)	1,671,605	1,592,973
Variance <sup>3</sup>	120,645	78,676

##### Other Services

Administered assets and liabilities	14,139	9,500
Advance to Finance Minister	91,500	-
PGPA Act - Section 75 transfers	138,000	-
Payments to corporate Commonwealth entities	136,194	38,611
<b>Total</b>	<b>379,833</b>	<b>48,111</b>
Appropriation applied (current and previous years)	102,464	53,299
Variance <sup>3</sup>	277,369	(5,188)

#### 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, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

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

	2020 \$'000	2019 \$'000
<b>Departmental</b>		
Appropriation Act 1 2016-17	-	22
Appropriation Act 2 2017-18	3,132	6,662
Appropriation Act 1 2018-19	-	75,115
Appropriation Act 1 2018-19 DCB	-	1,178
Appropriation Act 1 2018-19 Cash	-	1,742
Appropriation Act 2 2018-19	5,089	5,445
Appropriation Act 3 2018-19	2,352	10,204
Appropriation Act 1 2019-20	95,486	-
Appropriation Act 1 2019-20 - DCB	2,967	-
Appropriation Act 1 2019-20 Cash	5,973	-
Supply Act 2 2019-20	1,165	-
Appropriation Act 2 2019-20	1,198	-
Appropriation Act 3 2019-20	4,008	-
Appropriation Act 3 2019-20 DCB	795	-
<b>Total departmental</b>	<b>122,165</b>	<b>100,368</b>
<b>Administered</b>		
Appropriation Act 1 2016-17	-	24,799
Appropriation Act 2 2016-17	-	7,141
Appropriation Act 3 2016-17	-	1,129
Appropriation Act 1 2017-18	11,365	53,670
Appropriation Act 2 2017-18	190	6,460
Appropriation Act 1 2018-19	88,132	135,347
Appropriation Act 2 2018-19	-	5,000
Appropriation Act 3 2018-19	20,136	-
Supply Act 1 2019-20	614	-
Appropriation Act 1 2019-20	196,193	-
Supply Act 2 2019-20	4,584	-
Appropriation Act 2 2019-20	144,416	-
Appropriation Act 3 2019-20	17,455	-
Appropriation Act 4 2019-20	3,139	-
Appropriation Act 1 2019-20 (CCE- NAIF)	21	-
Appropriation Act 1 2019-20 (CCE- CSIRO)	26,250	-
Supply Act 1 2019-20 (CCE- CSIRO)	18,750	-
Appropriation Act 1 2019-20 AFM	2,500	-
Appropriation Act 2 2019-20 AFM	91,500	-
<b>Total administered</b>	<b>625,245</b>	<b>233,546</b>

- 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 2020.
- Administered appropriations reduced under section 51: Appropriation Act 1 2017-18 by \$11.37 million; Appropriation Act 1 2018-19 by \$47.15 million; Appropriation Act 1 2019-20 by \$14.38 million;
- Departmental appropriations reduced under section 51: Appropriation Act 1 2019-20 by \$5.00 million.
- Unspent amounts in 2016-17 Appropriation Acts were repealed in 2019-20.
- Advance to the Finance Minister Administered Appropriations Act 1 and Act 2 expired on 30 June 2020.

## Department of Industry, Science, Energy and Resources

### 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')**

	2020 \$'000	2020 \$'000	2019 \$'000	2019 \$'000
	Total receipts	Total payments	Total receipts	Total payments
Department of Health	-	23,497	-	41,078
Department of Defence	1,138	27,722	-	18,131
Department of Home Affairs	3,281	85,498	-	61,076
<b>Total</b>	<b>4,419</b>	<b>136,717</b>	<b>-</b>	<b>120,285</b>

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	
	2020 \$'000	2019 \$'000
<i>Automotive Transformation Scheme Act 2009</i> <sup>1</sup>	43,890	46,429
<i>Offshore Minerals Act 1994 (Act No. 28 of 1994)</i> <sup>2</sup>	-	-
<i>Northern Australia Infrastructure Facility Act 2016</i>	121,906	34,590
<i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i>	35,940	35,306
<i>Australian Renewable Energy Agency Act 2011</i>	82,500	-
<i>Public Governance, Performance and Accountability Act 2013 s.77</i>	39	113
<b>Total special appropriation applied</b>	<b>284,275</b>	<b>116,438</b>

1. The total amount of assistance paid in respect of a year must not exceed \$300 million.
2. Budget established but no actual transactions were recorded.

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

- Moomba-Sydney Pipeline System Sale Act 1994
- Science and Industry Endowment Act 1926
- Snowy Hydro Corporatisation Act 1997
- Space Activities Act 1998
- Textile, Clothing and Footwear Investment and Innovation Programs Act 1999
- Uranium Royalty (Northern Territory) Act 2009

## Department of Industry, Science, Energy and Resources

### 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 <sup>1</sup>		Services for Other Entities and Trust Moneys Account <sup>2</sup>		National Offshore Petroleum Titles Administrator Special Account <sup>3</sup>	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	28,078	36,615	14,534	17,029	3,218	5,208
Total increases	-	25,965	180	95	18,495	29,482
Available for payments	28,078	62,580	14,714	17,124	21,713	34,690
Total administered decreases	28,078	34,502	3,460	2,590	16,436	31,472
Total balance carried to the next period	-	28,078	11,254	14,534	5,277	3,218
Balance represented by:						
Cash held in the Official Public Account	-	28,078	11,254	14,534	5,277	3,218
Total balance carried to the next period	-	28,078	11,254	14,534	5,277	3,218

	Innovation, Science and Technology – Donations, Bequests and Sponsorship Special Account <sup>4</sup>		Australian Building Codes Board Special Account <sup>5</sup>		Ranger Rehabilitation Special Account <sup>6</sup>	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	2,280	2,055	9,381	9,224	75,231	73,276
Total increases	1,313	3,384	11,604	9,831	455,530	1,955
Available for payments	3,593	5,439	20,985	19,055	530,761	75,231
Decreases						
Total departmental decreases	2,250	3,159	10,621	9,674	-	-
Total administered decreases	-	-	-	-	-	-
Total balance carried to the next period	1,343	2,280	10,364	9,381	530,761	75,231
Balance represented by:						
Cash held in entity bank accounts	1,343	2,280	355	348	530,761	75,231
Cash held in the Official Public Account	-	-	10,009	9,033	-	-
Total balance carried to the next period	1,343	2,280	10,364	9,381	530,761	75,231



**Department of Industry, Science, Energy and Resources**  
**Notes to and forming part of the Financial Statements**

	Energy Special Account <sup>7</sup>		Clean Energy Finance Corporation Special Account <sup>8</sup>	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	-	-	-	-
<b>Total increases</b>	<b>20,157</b>	<b>-</b>	<b>5,419,000</b>	<b>-</b>
Available for payments	20,157	-	5,419,000	-
<b>Total departmental decreases</b>	<b>3,888</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total administered decreases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total balance carried to the next period</b>	<b>16,269</b>	<b>-</b>	<b>5,419,000</b>	<b>-</b>
<b>Balance represented by:</b>				
Cash held in entity bank accounts	-	-	-	-
Cash held in the Official Public Account	16,269	-	5,419,000	-
<b>Total balance carried to the next period</b>	<b>16,269</b>	<b>-</b>	<b>5,419,000</b>	<b>-</b>

\* The increase in the Energy Special Account includes the transfer of \$16.1 million from the former Department of the Environment and Energy as a result of the AAO of 5 December 2019 with effect from 1 February 2020.

\* The increase in the Clean Energy Finance Corporation Special Account includes the transfer of \$5,419 million from the former Department of the Environment and Energy as a result of the AAO of 5 December 2019 with effect from 1 February 2020.

## Department of Industry, Science, Energy and Resources

### 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. As the special account sunset on 1 October 2019, the remaining balance of \$27.8 million was returned to the Consolidated Revenue Fund.	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.	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. 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. Refer also to Note 8.2 Assets Held in Trust.	1 October 2026
5	78	<i>PGPA Act Determination – Establishment of Australian Building Codes Board Special Account 2019</i> , for expenditure towards creating nationally consistent building codes, standards, regulatory requirements, educational guidance materials and regulatory systems in design, construction and use of buildings. This is an extension of the Australian Building Codes Board Special Account 2017.	1 April 2030
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.	1 April 2027
7	78	<i>PGPA Act (Energy Special Account 2015–Establishment) Determination 2015/07</i> , to conduct activities that contribute to policy development in the energy and resources sectors, including but not limited to energy market reform; energy efficiency; energy security; renewables and distributed energy generation; resources exploration and development; petroleum (oil and gas); clean energy technology; land access; mining and minerals; and other forms of resource extraction. This account is non-interest bearing.	1 October 2025
8	80	<i>Clean Energy Finance Corporation Act (2012), Sections 45, 47</i> – to provide a capital facility for the CEFC to invest directly and indirectly in clean energy technologies, and make payments to ARENA where authorised.	N/A

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*.

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

<b>5.3. Regulatory Charging Summary</b>		
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 5.3A: Regulatory Charging Summary</b>		
<b>Amount applied</b>		
Departmental		
Annual appropriations	<b>2,489</b>	1,334
Administered		
Annual appropriations	<b>1,293</b>	-
<b>Total amounts applied</b>	<b>3,782</b>	1,334
<b>Expenses</b>		
Departmental	<b>3,293</b>	2,071
Administered	<b>15,804</b>	15,513
<b>Total expenses</b>	<b>19,097</b>	17,584
<b>Revenue</b>		
Departmental	<b>804</b>	737
Administered	<b>18,887</b>	17,986
<b>Total revenue</b>	<b>19,691</b>	18,723

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

#### **Regulatory charging activities:**

Licensing and Appointments and Pattern Approval Laboratory

Documentation - [www.measurement.gov.au/Documents/Charging-Arrangements.docx](http://www.measurement.gov.au/Documents/Charging-Arrangements.docx).

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).

Application for an Approval to Vary a Fuel Standard

Documentation – <https://www.industry.gov.au/regulations-and-standards/regulating-australian-fuel-quality/applying-to-vary-fuel-quality-standards>.

Greenhouse and Energy Minimum Standards (GEMS)

Documentation – the draft Cost Recovery Implementation Statement is being reviewed following the independent legislative review of the GEMS Act.

Commercial Building Disclosure (CBD)

Documentation – fees are generally not charged under the CBD Program except for two statutory fees, being for exemptions and accreditation of assessors – see [www.cbd.gov.au](http://www.cbd.gov.au) for further information.

## Department of Industry, Science, Energy and Resources

### 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

	2020	2019
	\$'000	\$'000
<b>Note 6.1A: Employee Provisions</b>		
Leave	125,869	88,717
Separations and redundancies	2,840	1,064
<b>Total employee provisions</b>	<b>128,709</b>	<b>89,781</b>

##### Note 6.1B: Administered - Employee Provisions

Leave	2,133	1,826
<b>Total employee provisions</b>	<b>2,133</b>	<b>1,826</b>

#### 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 2020 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, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### 6.2. Key Management Personnel Remuneration

##### Key Management Remuneration

	2020	2019
	\$000	\$000
Short-term employee benefits	2,519	2,074
Post-employment benefits	363	331
Other long-term employee benefits	59	51
Termination benefits	692	-
<b>Total Key Management Remuneration expenses</b>	<b>3,633</b>	<b>2,456</b>

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, Deputy Secretaries and the Chief Operating Officer of the department and the Portfolio Ministers.

The total number of KMP included in the above table is 8 (2018-19: 5).

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, Science, Energy and Resources

### 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

	2020	2019
	\$'000	\$'000
<b>Note 7.1A: Categories of Financial Instruments</b>		
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	33,374	12,823
Trade and other receivables	21,751	8,826
Accrued revenue	241	6,221
<b>Total financial assets at amortised cost</b>	<b>55,366</b>	<b>27,870</b>
<b>Total financial assets</b>	<b>55,366</b>	<b>27,870</b>
<b>Financial liabilities measured at amortised cost</b>		
Suppliers	46,598	28,719
Grants payable	587	200
Other payables	2,105	12,947
<b>Total financial liabilities measured at amortised cost</b>	<b>49,290</b>	<b>41,866</b>
<b>Total financial liabilities</b>	<b>49,290</b>	<b>41,866</b>

##### Note 7.1B: Net Gains or Losses

The net gains/losses on financial instruments is immaterial.

#### 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:

- financial assets at fair value through other comprehensive income; and
- 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:

- the financial asset is held in order to collect the contractual cash flows; and
- 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 the 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, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### 7.2. Administered - Financial Instruments

	2020 \$'000	2019 \$'000
<b>Note 7.2A: Categories of Financial Instruments</b>		
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	5,966,292	45,830
Grant recoveries and other receivables	1,399	4,139
Loans - amortised cost	235,724	132,687
<b>Total financial assets at amortised cost</b>	<b>6,203,415</b>	<b>182,656</b>
<b>Financial assets at fair value through other comprehensive income (FVOCI)</b>		
Administered investments	18,901,362	3,350,646
<b>Total financial assets at fair value through other comprehensive income</b>	<b>18,901,362</b>	<b>3,350,646</b>
<b>Total financial assets</b>	<b>25,104,777</b>	<b>3,533,302</b>
<b>Financial Liabilities</b>		
<b>Financial Liabilities measured at amortised cost</b>		
Grants and subsidies payable	44,188	77,844
Suppliers payable	114,995	12,548
Other payables	4,742	9,504
Provision for loan commitments	58,080	1,554
<b>Total financial liabilities measured at amortised cost</b>	<b>222,005</b>	<b>101,450</b>
<b>Total financial liabilities</b>	<b>222,005</b>	<b>101,450</b>

	2020 \$'000	2019 \$'000
<b>Note 7.2B: Net Gains or Losses on Financial Assets</b>		
<b>Financial assets at amortised cost</b>		
Interest revenue	11,986	7,085
Dividends	109,300	-
<b>Net gains on financial assets at amortised cost</b>	<b>121,286</b>	<b>7,085</b>
<b>Financial assets at fair value through other comprehensive income</b>		
Change in fair value	(219,255)	(204,120)
<b>Net gains/(losses) on financial assets at fair value through other comprehensive income</b>	<b>(219,255)</b>	<b>(204,120)</b>
<b>Net gains/(losses) on financial assets</b>	<b>(97,969)</b>	<b>(197,035)</b>
<b>Note 7.2C: Net Gains or Losses on Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Interest	-	44
<b>Net gains on financial liabilities measured at amortised cost</b>	<b>-</b>	<b>44</b>
<b>Note 7.2D: Fair Value of Financial Instruments</b>		

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

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.

#### **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.



## Department of Industry, Science, Energy and Resources

### 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 2020.

#### **7.3. 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.

#### **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 2020**

	<b>Fair value measurements at the end of the reporting period</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-financial assets:</b>		
Buildings	45,654	44,982
Leasehold improvements	59,720	53,488
Infrastructure, plant and equipment <sup>1</sup>	18,010	17,258
Infrastructure, plant and equipment	7,413	7,295
Laboratory equipment	23,226	23,792
<b>Total fair value measurements of assets in the statement of financial position</b>	<b>154,023</b>	<b>146,815</b>

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

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### 7.4. Administered - Fair Value Measurement

##### 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
	2020 \$'000	2019 \$'000		Valuation technique(s) \$'000
<b>Financial assets:</b>				
Other investments - Snowy Hydro Limited	10,250,000	-	Level 3	Discounted cash flow
Other investments - Various	8,651,362	3,350,646	Level 3	Net asset balance
<b>Total financial assets</b>	<b>18,901,362</b>	<b>3,350,646</b>		
<b>Non-financial assets:</b>				
Infrastructure, plant and equipment <sup>1</sup>	286	452	Level 2	Market approach
Land and buildings	786	893	Level 3	Depreciated replacement cost
<b>Total non-financial assets</b>	<b>1,072</b>	<b>1,345</b>		
<b>Total fair value measurements of assets in the administered schedule of assets and liabilities</b>	<b>18,902,434</b>	<b>3,351,991</b>		

1. 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

	Financial assets		Non-financial assets	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Opening balance</b>	<b>3,350,645</b>	<b>3,539,564</b>	<b>893</b>	<b>1,526</b>
Total gains/(losses) recognised in other comprehensive income	(219,255)	(204,120)	85	-
(Disposals)/ Additions (including Restructuring)	15,683,412	-	-	(430)
Issues	97,218	44,678	-	-
Settlements	(10,658)	(29,477)	-	-
Depreciation	-	-	(192)	(203)
<b>Closing balance</b>	<b>18,901,362</b>	<b>3,350,645</b>	<b>786</b>	<b>893</b>

## Department of Industry, Science, Energy and Resources

### 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

	2020	2019
	\$'000	\$'000
<b>Note 8.1A: Aggregate Assets and Liabilities</b>		
<b>Assets expected to be recovered in</b>		
No more than 12 months	176,088	139,869
More than 12 months	530,799	208,463
<b>Total assets</b>	<b>706,887</b>	<b>348,332</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	134,030	71,123
More than 12 months	370,748	94,639
<b>Total liabilities</b>	<b>504,778</b>	<b>165,762</b>

##### Note 8.1B: Administered Aggregate Assets and Liabilities

<b>Assets expected to be recovered in:</b>		
No more than 12 months	6,015,992	160,530
More than 12 months	19,230,859	3,490,059
<b>Total assets</b>	<b>25,246,851</b>	<b>3,650,589</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	182,307	96,244
More than 12 months	44,149	7,032
<b>Total liabilities</b>	<b>226,456</b>	<b>103,276</b>

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### 8.2. Assets held in Trust

##### Note 8.2A: Assets Held in Trust

The department holds assets in trust in relation to Innovation, Science and Technology - Donations, Bequests and Sponsorships Special Account. These funds are held for the provision of an annual public lecture on astronomy, PhD scholarships and visits to the Australian Astronomical Observatory by researchers based at United Kingdom institutions. The funds were provided from external sources.

	2020 \$'000	2019 \$'000
<b>Innovation, Science and Technology - Donations, Bequests and Sponsorships Special Account</b>		
<b>As at 1 July</b>	<b>579</b>	579
Receipts	1	5
Payments	(4)	(5)
<b>Total as at 30 June</b>	<b>576</b>	579
<b>Total monetary assets held in trust</b>	<b>576</b>	579

## Department of Industry, Science, Energy and Resources

### Notes to and forming part of the Financial Statements

#### 8.3. Restructuring

The following functions were assumed during 2019-20 as a result of the Administrative Arrangements Order on 5 December 2019 with effect from 1 February 2020:

1. The Climate Change and Energy functions from the former Department of the Environment and Energy.
2. The Small Business function from the former Department of Employment, Skills, Small and Family Business.

#### Note 8.3A: Departmental Restructuring

	ASSUMED		2019
	2020 Climate Change and Energy Department of the Environment and Energy <sup>1</sup> \$'000	2020 Small Business Department of Employment, Skills, Small and Family Business <sup>2</sup> \$'000	
<b>FUNCTIONS ASSUMED</b>			
<b>Assets assumed</b>			
Appropriation receivables	-	2,352	-
Cash from special accounts	16,081	-	-
Trade Receivables	678	-	-
Prepayments	717	-	-
Infrastructure, plant & equipment	1,714	516	-
Intangibles	2,883	127	-
Right of use assets	6,420	811	-
<b>Total assets assumed</b>	<b>28,493</b>	<b>3,806</b>	<b>-</b>
<b>Liabilities assumed</b>			
Employee provisions	20,693	2,547	-
Unearned revenue	3,073	-	-
Payables	259	-	-
Make good provision	2,223	63	-
Lease Liabilities	6,491	782	-
<b>Total liabilities assumed</b>	<b>32,739</b>	<b>3,392</b>	<b>-</b>
<b>Net assets/(liabilities) assumed</b>	<b>(4,246)</b>	<b>414</b>	<b>-</b>
<b>Income assumed</b>			
Recognised by the receiving entity	34,542	4,895	-
Recognised by the losing entity	74,204	6,728	-
<b>Total income assumed</b>	<b>108,746</b>	<b>11,623</b>	<b>-</b>
<b>Expenses assumed</b>			
Recognised by the receiving entity	41,957	5,949	-
Recognised by the losing entity	63,900	6,728	-
<b>Total expenses assumed</b>	<b>105,857</b>	<b>12,677</b>	<b>-</b>

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

**Department of Industry, Science, Energy and Resources**  
**Notes to and forming part of the Financial Statements**

**Note 8.3B: Administered Restructuring**

	ASSUMED		2019
	2020 Climate Change and Energy  Department of the Environment and Energy <sup>1</sup>  \$'000	2020 Small Business  Department of Employment, Skills, Small and Family Business <sup>2</sup>  \$'000	
<b>FUNCTIONS ASSUMED</b>			
<b>Assets assumed</b>			
Cash in special accounts	5,419,000	-	-
Trade and other receivables	206	15	-
Other investments	15,683,409	-	-
Prepayments	190	-	-
<b>Total assets assumed</b>	<b>21,102,805</b>	<b>15</b>	<b>-</b>
<b>Liabilities relinquished</b>			
Suppliers payables	68	1	-
Grants payables	-	395	-
<b>Total liabilities relinquished</b>	<b>68</b>	<b>396</b>	<b>-</b>
<b>Net assets/(liabilities) assumed</b>	<b>21,102,737</b>	<b>(381)</b>	<b>-</b>
<b>Income assumed</b>			
Recognised by the receiving entity	110,887	-	-
Recognised by the losing entity	110,415	147	-
<b>Total income assumed</b>	<b>221,302</b>	<b>147</b>	<b>-</b>
<b>Expenses assumed</b>			
Recognised by the receiving entity	100,711	8,579	-
Recognised by the losing entity	157,699	5,932	-
<b>Total expenses assumed</b>	<b>258,410</b>	<b>14,511</b>	<b>-</b>





## CHAPTER FIVE:

# DEPARTMENTAL APPENDICES

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## Appendix A1: Reports addressing special legislative requirements

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

- *Australian Jobs Act 2013* (the Jobs Act)
- *Automotive Transformation Scheme Act 2009*
- *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGs Act)
- *Fuel Quality Standards Act 2000*
- *Greenhouse and Energy Minimum Standards Act 2012*

### Australian Jobs Act

The Jobs Act commenced on 27 December 2013. Its primary objective 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 that the Authority prepare an annual report on its operations. This report addresses that requirement for 2019–20.

On 19 June 2019, Minister Andrews appointed Trevor Power, head of the Industry Growth Division, as the acting Authority for a 12-month term, commencing 29 June 2019. Following Mr Power's transfer to another department, on 15 January 2020 Minister Andrews appointed Donna Looney, General Manager Advanced Technologies Branch, as the acting Authority for a 12-month term, commencing 18 January 2020.



### The Authority and the Jobs Act

The Authority's role is to ensure compliance with the Jobs Act; evaluate, approve and publish summaries of AIP plans; and monitor the implementation of those plans. AIP plans apply the AIP National Framework principles. They also 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 the first two years of the operations phase for new facilities.

In 2019–20, the Authority approved 17 AIP plans for major projects, with total capital expenditure of more than \$11 billion.

### Monitoring

The Authority uses 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.

In 2019–20, the Authority:

- wrote to 21 project proponents, alerting them to their potential obligations under the Jobs Act and providing guidance on meeting their obligations
- received formal notification of 31 major projects with current or future obligations under the Jobs Act
- approved 17 draft AIP plans under the Jobs Act and published the AIP plan summaries at [www.industry.gov.au/aip](http://www.industry.gov.au/aip)
- received, evaluated and accepted 78 AIP plan compliance reports under the Jobs Act.

### Self-assessment

The Authority ran its third evaluation survey in 2019–20 to obtain feedback and comments on its performance from stakeholders that had their AIP plans and first compliance reports approved in 2019–20 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 2019–20 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. It included consultations with stakeholders across Australia.

The Authority considered and accepted all eight of the review's recommendations. To date, it has implemented four recommendations that provide the maximum benefit for proponents:

- streamline the AIP plan and compliance report templates
- develop standard operating procedures for Authority staff
- publish guidance information on compliance dates for AIP plans
- develop an AIP plan exceptions process.

It is addressing the remaining four recommendations, including creating a monitoring and evaluation framework, formulating a communication strategy, reviewing the AIP website and encouraging information sharing with the states and territories.

The Authority continued to develop an online system for proponents to submit AIP plans and compliance reports. It considered options for configuring the system and consulted with proponents on potential design features.

### **Industry Capability Network Limited**

The Industry Capability Network (ICN) Limited supports the AIP National Framework by managing a national database of industry capability and project opportunities known as the ICN Gateway. The database connects potential suppliers to project opportunities. 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 to improve the services delivered to industry and government through the ICN Gateway. ICN Limited has also been funded to manage a new IT analytical tool to help governments better understand industry capability.

The Authority manages funding for ICN Limited under the Australian Jobs (Australian Industry Participation) Rule 2014.

### **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. The AIP plan requirement was extended to:

- Commonwealth grants and large Commonwealth-funded infrastructure projects on 1 July 2012
- selected Clean Energy Finance Corporation investment projects on 1 July 2013
- investments by NAIF on 1 July 2016.

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

The Authority provides advice on preparing draft AIP plans and AIP plan requirements for major government procurements, loans and grants under the Australian Jobs (Australian Industry Participation) Rule 2014.

### **AIP plans in Commonwealth funding**

In 2019–20, 12 AIP plans were approved for Commonwealth procurements; Commonwealth grants and Commonwealth-funded large infrastructure projects; and Clean Energy Finance Corporation and NAIF investments valued at \$20 million or more (refer to Table 49). The department publishes summaries of AIP plans online. These include details about how project proponents will acquire and use information on Australian industry capabilities, and how they will communicate opportunities to Australian suppliers.

Table 49: 2019–20 AIP plan statistics for Commonwealth funding

<b>AIP plans for Commonwealth procurements</b>	
Number of AIP plans approved	0 <sup>1</sup>
Number of determinations that a proposed approach to market has an AIP plan requirement <sup>2</sup>	6
Number of determinations that a proposed approach to market is exempt from AIP plan requirements	18
<b>AIP plans for Commonwealth grants and Commonwealth-funded infrastructure projects</b>	
Number of AIP plans approved	3
Number of grants and projects exempted from AIP plan requirements	2
<b>AIP plans for Commonwealth investments—Clean Energy Finance Corporation</b>	
Number of AIP plans approved	4
Number of investments exempted from AIP plan requirements	2
<b>AIP plans for Commonwealth investments—NAIF</b>	
Number of AIP plans approved	5
Number of investments exempted from AIP plan requirements	1

1 Submission and approval of AIP plans depend on the status of approaches to market conducted by external agencies (that is, actual release dates, tender evaluation progress, postponements or delays).

2 Approaches to market cover single and panel procurements. They also include panel procurements where an overarching AIP plan is not required but agencies planning to issue a contract of \$20 million or more under applicable panels are to contact the department for an AIP plan determination.

### Commonwealth AIP SmartForm

The department introduced a Commonwealth AIP SmartForm in October 2018 to reduce the time and burden on businesses preparing AIP plans and implementation reports.

In 2019–20, 10 SmartForm AIP plans were approved. AIP plan implementation reports began using the SmartForm process in 2019–20.

### Automotive Transformation Scheme Act

The Automotive Transformation Scheme (ATS) aims to encourage competitive investment and innovation in the Australian automotive industry. It is designed to make the industry economically sustainable, improve environmental outcomes through better manufacturing processes and contribute to the manufacture of environmentally sustainable cars. It is also designed to promote the development of workforce skills.

Section 27A of the *Automotive Transformation Scheme Act* requires the Secretary to report annually on assistance paid to ATS participants (refer to Table 50). The Secretary must also report on industry progress towards achieving economic sustainability and environmental outcomes, and developing workforce skills (refer to Table 51).

In 2019–20, around 60 firms remained in the program, drawing support 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 transition from local car manufacturing and workers to reskill for other industries.

*Table 50: Assistance paid to ATS participants in the 12 months ending 31 March 2020*

Participants	Assistance paid (\$)
Automotive component producers	35 438 544
Automotive machine tool producers	2 071 146
Automotive service providers	7 069 430
Total	44 579 120

*Table 51: ATS participants' progress in achieving economic sustainability and developing workforce skills, and environmental outcomes in the 12 months ending 31 March 2020<sup>1</sup>*

Economic sustainability	
Capability development	81 per cent reported participation in change management processes (up 3 percentage points from the previous year)
Business performance	79 per cent reported improved business performance through increased productivity (up 2 percentage points from the previous year) 81 per cent reported finding new customers (down 5 percentage points from the previous year)
Environmental outcomes	
Manufacturing process	81 per cent reported better environmental outcomes from improved manufacturing processes (up 6 percentage points from the previous year)
Environmentally sustainable cars	56 per cent reported contributing to the manufacture of more environmentally sustainable cars (same as the previous year)
Workforce skills development	
Applicable post-school qualifications <sup>2</sup>	Of the ATS registrant workforce with post-school qualifications: <ul style="list-style-type: none"> <li>• 12 per cent of ATS participants' workforces had certificate I and II qualifications (up 5 percentage points from the previous year)</li> <li>• 17 per cent had certificate III and IV qualifications (down 7 percentage points from the previous year)</li> <li>• 13 per cent had other trade qualifications (down 2 percentage points from the previous year)</li> <li>• 23 per cent had diplomas or advanced diplomas (up 13 percentage points from the previous year)</li> <li>• 35 per cent had bachelor degrees or higher qualifications (down 9 percentage points from the previous year).</li> </ul>

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

1 The percentage point change has been determined by comparing this year's results with a comparable data set from the previous year.

2 The calculations for 'Applicable post-school qualifications' include staff with postgraduate or graduate diplomas that were not included in last year's calculations.

## Offshore Petroleum and Greenhouse Gas Storage Act

NOPTA was established on 1 January 2012 as a statutory appointment under section 695A of the OPGGS Act. NOPTA's main functions are to provide technical advice and information 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 the basis of full-cost recovery from the offshore petroleum and greenhouse gas industries. NOPTA is co-located with NOPSEMA, and has offices in Perth and Melbourne.

In 2019–20, NOPTA:

- received an updated statement of expectations issued by the responsible Commonwealth Minister. This clarified its role in relation to late-life assets, decommissioning, and continuing to improve data quality, integration and access under the OPGGS Act. NOPTA responded with an updated statement of intent
- developed and published its *Strategic Plan 2020–2023*. The plan focuses on six priorities, including integrating data and technology; resource management, collaboration and engagement; external compliance; internal capability; and optimising performance
- consulted with industry as it began practical initiatives to improve the National Electronic Approvals Tracking System (NEATS), including redeveloping the NEATS external website, and enhancements to the NEATS industry portal to facilitate online submissions and usability
- commenced a broad review of internal application assessment processes and templates to better streamline advice and recommendations to the Joint Authority
- facilitated the assessment of applications relating to the Australian Government interim measures to provide flexibility for offshore oil and gas explorers during COVID-19
- introduced an internal assurance review process to test ongoing adherence to legislative and administrative requirements, and promote continuous improvement
- progressed an in-depth benchmarking exercise of similar offshore international petroleum resource regulators to compare organisational design, scale and function
- continued to collaborate with United Kingdom and Norwegian petroleum regulators on best practice and innovation in resource and data management.

### **Fuel Quality Standards Act**

Section 71 of the *Fuel Quality Standards Act 2000* requires the Minister to prepare an annual report on the operation of the Act.

Administration of the Act was transferred from the former Department of the Environment and Energy to the Department of Industry, Science, Energy and Resources in the financial year. This section reports on the operation of the Act for 2019–20.

### **Purpose of the Act**

The Act requires the fuel industry, including fuel suppliers, to supply fuel that meets strict requirements under the fuel quality standards. Fuel quality standards have been made for all grades of petrol, automotive diesel, biodiesel, ethanol E10, ethanol E85 and autogas.

### **Review of the legislative instruments under the Act**

Nine legislative instruments were remade under the Act, taking effect from 1 October 2019. They reflect the Australian Government's decision to improve fuel quality. The benefits include access to the latest vehicle technology, savings for motorists from more fuel-efficient vehicles, and better health to the community from cleaner air.

Petrol quality will be improved by lowering aromatic content, starting in 2022, and lowering sulfur limits, starting in 2027.

### **Section 13 approvals**

Six approvals were granted under section 13 of the Act. They allow fuel suppliers to supply fuels that vary from a fuel standard for a specified reason and period. Since July 2019:

- one approval was granted to vary the petrol standard, allowing the supply of a specialised racing fuel

- one approval was granted to vary the automotive diesel standard, allowing specialised diesel fuel supplied under contract to commercial users in underground mining and road transport
- four approvals were granted to the four major domestic fuel producers (BP, Caltex, Mobil and Viva) to vary the automotive diesel standard, to assist refineries in managing operational issues associated with the COVID-19 crisis.

### Compliance and enforcement

The National Measurement Institute conducts monitoring, compliance and enforcement activities to detect and respond to non-compliance under the *National Measurement Act 1960* and Fuel Quality Standards Regulations 2019.

Table 52 provides statistics from the past four years. During 2019–20, the department engaged with 274 retail fuel sites. Where non-compliance was detected, the department acted to ensure the supply of fuel was compliant with the requirements of the Act.

*Table 52: Statistics on fuel sampling under the Fuel Quality Standards Act 2000, 2015–16 to 2019–20*

Actions	2015–16	2016–17	2017–18	2018–19	2019–20 <sup>a</sup>
Number of retail fuel sites visited	455	457	311	363	274
Number of compliant tests	1596	1337	778	1380	985
Number of non-compliant tests detected	33	23	16	13	10
Number of ethanol labelling breaches	21	8	4	7	0
Number of documentation requirements breaches <sup>b</sup>	29	4 <sup>c</sup>	0	0	0

a Due to the COVID-19 pandemic and travel restrictions, the fuel sampling program was suspended between March and June 2020.

b The Act and Regulations require operators of service stations to maintain and keep records for two years, including delivery documentation, stock reconciliation and fuel-testing records in relation to the supply of fuel, at the premises where the fuel is supplied. Fuel suppliers must also provide documentation to the supply site within 72 hours of delivering fuel.

c Section 66 compliance checks only.

### Delegation instruments

The delegation instruments for the Minister's and Secretary's powers and functions under the Act and Regulations were remade. New instruments were required after the Machinery of Government changes, which transferred responsibility for the Act from the former Department of the Environment and Energy to the Department of Industry, Science, Energy and Resources. The Minister's delegation instrument was signed on 23 March 2020, and the Secretary's on 26 March 2020.

### Financial information

The department's 2019–20 operating costs for administering the Act were \$2 411 838, including staff salaries and allowances, consultancies, advertising and other related expenses.

### Committee

Section 24 of the Act establishes the Fuel Standards Consultative Committee (FSCC). The Minister must consult and/or notify the FSCC of various matters as required by the Act. The FSCC is made up of representatives from the Australian, state and territory governments, fuel producers (including producers of alternative and renewable fuels), car and truck manufacturers, consumers and an environment protection organisation.

## Greenhouse and Energy Minimum Standards Act

This section is prepared in accordance with section 175 of the *Greenhouse and Energy Minimum Standards Act 2012* (GEMS Act). It covers the operation of the GEMS Act from 1 July 2019 to 30 June 2020.

The GEMS Act supports the development and adoption of appliances and equipment that use less energy and result in fewer greenhouse gas emissions than competing products. The GEMS Act commenced on 1 October 2012. It replaced seven overlapping pieces of state and territory legislation and four state regulators with one national regulator. This has simplified the system for manufacturers and importers of regulated appliances and equipment.

### Operation

#### Equipment Energy Efficiency program

The department administers the GEMS Act through the Equipment Energy Efficiency (E3) program and the GEMS Regulator. The E3 program promotes greater energy efficiency for regulated products by enabling consumers to make informed choices to improve energy efficiency and reduce greenhouse gas emissions. The main policy tools the program uses are mandatory Minimum Energy Performance Standards and Energy Rating Labels for appliances and equipment.

#### Determinations

At 30 June 2020, a total of 22 products were regulated by the program, with 22 determinations in force under the GEMS Act. The determinations are legislative instruments that specify GEMS requirements, including requirements for minimum energy performance standards and energy rating labels for products regulated under the GEMS Act.

#### Governance

The department and the GEMS Regulator work cooperatively with state and territory agencies to administer the GEMS Act and develop the E3 program under an intergovernmental agreement. Australia also collaborates on energy efficiency standards with New Zealand through a policy framework and funding arrangement for the E3 program, ensuring the greatest net benefit for both countries.

The Energy Efficiency Advisory Team oversees the E3 program and reports to Energy Ministers. The team comprises representatives from the Australian Government, state and territory government agencies and the New Zealand Government.

#### Service delivery

In 2019–20, the GEMS Regulator approved 5371 applications and responded to 974 enquiries. Registration applications were approved in 1.15 days, on average. Two exemption requests were granted in 2019–20.

A number of enhancements were made to the GEMS Product Registration System in 2019–20 to further streamline the management of registrations and enquiries. They were also necessary to strengthen the cyber-security of the data provided by registrants and prevent accidental payments for incomplete registrations or non-compliant products.

Seven new guidance videos for registering a product in the registration system, focusing on the new Air Conditioner registrations and the Zoned Energy Rating Label, were added to the GEMS Regulator YouTube Channel.

#### Revenue

In 2019–20, revenue from registration fees was \$2 719 270.

The department is reviewing the program registration fees, taking into consideration the recommendations of the legislative review of the GEMS Act.

## Achievements

In 2019–20 the Australian Government released the final report of the *Independent Review of the Greenhouse and Energy Minimum Standards (GEMS) Act 2012*.

The review is a statutory requirement to ensure the GEMS Act remains appropriate and effective in reducing Australia's energy consumption and greenhouse gas emissions. Ms Anna Collyer, a partner at law firm Allens, undertook the review.

The Final Report provides the findings and recommendations of the independent review. It was informed by submissions, as well as group and one-on-one meetings between the independent reviewer and stakeholders. The report makes a number of recommendations, which the Australian Government will consider before publishing a response.

In 2019–20, replacement Determinations for Refrigerated Cabinets and Household Refrigerating Appliances were registered and published (Australia only). The new 2019 Air Conditioner Determination (up to 65kW) also came into effect, introducing a number of changes including the Zoned Energy Rating Label. The Label provides consumers with better information, enabling them to select an air conditioner that would perform better and save energy, based on where they live.

Consultation undertaken in 2019–20 included seeking feedback on:

- an issues paper on energy efficiency regulation of electric motors
- a consultation paper on 'smart' demand response capabilities for selected appliances
- an exposure draft of the Greenhouse and Energy Minimum Standards (Air conditioners over 65kW) Determination 2019.

## Impact of COVID-19

In recognition of the significant impact of COVID-19 on Australian businesses and global supply chains, careful consideration was given to planned consultations and forthcoming determinations in the last two quarters of the financial year and how these may impact Australian businesses.

Several consultation processes, including on televisions and electric motors, were deferred. It was agreed that the Equipment Energy Efficiency Review Committee (E3RC) would consider the future timing of consultation on new regulatory proposals under GEMS. E3RC is a formal advisory group that consults with the E3 program on issues affecting industry and consumers.

During COVID-19 the GEMS Product Registration System remained fully operational. Applications, renewals, variations and enquiries continued to be processed in line with the GEMS service commitments under the GEMS Regulator Service Charter. The department also continued its work with the regulated community to help members comply with GEMS Act requirements.

The annual GEMS Stakeholder Survey assessing program performance, usually conducted in May and June, was deferred. However, GEMS officers continued to receive feedback and suggestions, and assist with issues relating to any aspect of the program.

The program's regular electronic newsletter, The Efficiency Standard, was also put on hold.

## GEMS compliance

The GEMS Regulator is responsible for monitoring and enforcing compliance with the GEMS Act. It does this through an intelligence-led, risk-based program that:

- engages with, and educates, the regulated community
- monitors compliance through:
  - check testing
  - GEMS inspector market surveillance
  - receiving allegations of suspected non-compliance
- assesses and investigates non-compliance
- responds to non-compliance.



During 2019–20, GEMS inspectors participated in nationwide information sessions, attended industry gatherings, and provided compliance advice and feedback to retailers across Australia during GEMS market surveillance activities.

The GEMS Regulator completed check tests of 130 models of 16 GEMS products. Of these models, 96 met GEMS requirements and 34 did not. Among those failing to meet GEMS requirements, the GEMS Regulator:

- cancelled the registration of 19 models
  - and entered into one enforceable undertaking where the registrant agreed to take specific remedial actions
- took alternative action on 15 models, of which
  - 13 models were discontinued and stock became unavailable during the check test processes
  - the registrants remedied the non-compliance for two of the models.

GEMS inspector market surveillance activities revealed:

- consistently very high (96%) registration compliance for a range of household GEMS products
- an overall improvement in labelling compliance compared with 2018–19.

Compliance is now at approximately 94 per cent, with the poorest rates of compliance in television and computer monitor labelling.

The GEMS Regulator regularly receives allegations of non-compliance from consumers, industry, and other government departments. These allegations are assessed and, if appropriate, investigated. During 2019–20 the majority of allegations received were about registration and labelling non-compliance.

### Communication

The GEMS Regulator assists responsible parties in complying with the GEMS Act. To achieve this, the GEMS Regulator:

- informs stakeholders about the E3 program and the operation of the GEMS Act
- informs stakeholders about registration requirements under the GEMS Act, including through the [www.energyrating.gov.au](http://www.energyrating.gov.au)
- responds to queries through emails to the Energy Rating Team
- coordinates national marketing and communication projects to support new energy efficiency programs and improve existing ones
- consults with industry and other interested parties on developing and implementing energy labelling and associated programs
- monitors and reports on program performance, achievements and enforcement.

### 2019 air conditioner information sessions

In September and October 2019, staff members from the department delivered a series of nationwide information sessions to educate and engage with industry on the new 2019 determination for air conditioners and changes to the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*. The sessions were held in Canberra, Sydney, Brisbane, Melbourne, Adelaide, Perth and Hobart and attended by representatives from manufacturers, suppliers and retailers in the sector.

The sessions provided an opportunity for industry to better understand changes to the regulations and for the department's staff and industry representatives to meet in person. A recording of one of the sessions was published on the Energy Rating website and the GEMS Regulator YouTube channels.

Material was prepared for the information sessions and affected stakeholders, including:

- animated videos providing an overview of the new energy rating label for air conditioners in two different lengths, with the longer version providing further detail
- an A5 hard-copy booklet providing an overview of how to read the new label, questions installers or retailers might be asked and in-store display requirements
- a hard copy A4 fact sheet on how to read and use the new label.

### Website updates

The department and the GEMS Regulator are committed to providing clear communication channels for stakeholders. As part of this process, we make regular enhancements and developments to the Energy Rating Website and the Energy Rating Calculator and Light Bulb Saver apps.

In June 2019, user testing commenced on the Energy Rating website ([energyrating.gov.au](http://energyrating.gov.au)) to identify potential improvements to the user experience. This evaluation will help ensure we present information to stakeholders in a way that provides them with a modern, seamless and positive experience.

### Energy Rating Label

During the first half of 2020 the department undertook market research to establish a baseline understanding of consumer behaviour and attitudes towards energy efficiency. The research also sought to identify the need for and value of the Energy Rating Label in the purchase process for household appliances. Specifically, the research aimed to understand what consumers want and need in energy information for appliances, so possible enhancements could be made to the Energy Rating Label to maximise its effectiveness.

The findings will inform the development of a work plan for the Energy Rating Label.

## Appendix A2: Annual Report of the Australian Small Business and Family Enterprise Ombudsman, 2019–20

During the 2019–20 financial year, the Office of the Australian Small Business and Family Enterprise Ombudsman (Ombudsman's Office) reached its fourth year of operation. During this time, the Ombudsman's Office continued to grow with expanded roles and greater visibility and outreach.

The Ombudsman's Office was established in March 2016 with the commencement of the *Australian Small Business and Family Enterprise Ombudsman Act 2015* (the Ombudsman Act). The Ombudsman has dual functions to both directly assist and advocate for small business and family enterprise.

In respect of the assistance function, the Ombudsman provides direct and tailored support for Australian small businesses and family enterprises with business disputes. Direct assistance is provided to enable small businesses to access low cost and efficient dispute resolution, whether a dispute is with government or another business.

In respect of the advocacy function, the Ombudsman is an independent advocate for small business and family enterprise, with legislative powers to inform and advise Australia's lawmakers and regulators on small business issues and operations. The Ombudsman has the power to conduct research and inquiries on the request of the Minister for Employment, Skills, Small and Family Business, as well as self-generated inquiries into important issues for the small business sector.

A primary aim of the Ombudsman is to ensure that the voice of small business is heard across government and to inform policy processes so that the needs of small business and family enterprise can be met. The operations of the Ombudsman are informed through its assistance to small business as well as extensive relationships across business and government, including the following:

- The Ombudsman's Policy Forum draws together 31 industry and professional associations from across the sector, with the group also separately meeting via seven working groups to progress key issues:
  - Access to justice
  - Contracts and unfair contract terms
  - Cyber security
  - Digitisation and the National Broadband Network
  - Energy
  - Human capital
  - Workplace relations.
- The Ombudsman chairs the Federal Regulatory Agency Group, which on a quarterly basis brings together the Ombudsman's Office and several key Commonwealth regulators in the sector (Australian Competition and Consumer Commission, Australian Securities and Investments Commission, Australian Taxation Office and Fair Work Ombudsman).
- The Small Business Commissioner's Group, which includes the Ombudsman and representatives from each of the states, meets on a quarterly basis and also meets with the Federal Regulatory Agency Group at least twice annually to ensure good communication between the state commissioners and Commonwealth regulators.
- The Ombudsman participates in and engages with various consultative groups including peak small business meetings held by the Australian Competition and Consumer Commission and the Australian Taxation Office.
- The Ombudsman engages with various business forums, conferences and small business events (including with accounting and other industry bodies).

The Ombudsman has expanded these relationships by developing an online consultation network so that small businesses, industry associations (and their members) and others can provide direct feedback on policy issues. Alongside this broadened network, the Ombudsman also operates a Small Business Hub that provides free desk and meeting spaces for small businesses, family enterprises and industry associations so that they can gain better access to government and the public sector while in Canberra.

### Expanded roles

During the 2019–20 financial year, the Ombudsman's office became responsible for the administration of the Dairy Code, including mediation and arbitration services. Integrating this role into the Ombudsman's assistance function allows the Ombudsman to provide far broader support for the small business community.

In December, the Ombudsman launched the My Business Health portal, providing useful tips to help small business owners with some of the issues that go hand-in-hand with running a small or family business. It also provides excellent resources to help support small business owners experiencing psychological distress as a result of concerns about their business. The portal was comprehensively reviewed and updated following the COVID-19 outbreak to better support small businesses navigating changing closure rules and available supports.

### Advocacy

During the 2019–20 financial year, the Ombudsman conducted a broad range of research and inquiries into a number of key issues affecting small business and family enterprise. The research and inquiries were all self-generated by the Ombudsman. The Ombudsman also provided regular quarterly updates to the Minister on the operations of the Ombudsman's Office and relevant legislation, policies and practices that affect small business (available via [asbfeo.gov.au](http://asbfeo.gov.au)).

Research and inquiries conducted by the Ombudsman during the reporting period addressed a broad range of issues impacting small business and family enterprise, including:

- Delivery of an industry-first publication, the *Business Funding Guide* for small business advisers and its companion guide for small business owners, *FitsME – Essential guide to business funding*.
- A comprehensive Review of the Small Business Fair Dismissal Code.
- Delivery of Small Business Counts, a report providing a snapshot of the small business sector.
- A review of the Research & Development Tax Incentive.
- Inquiry into Insolvency Practices, examining the ways the insolvency system could be made fit for purpose for small businesses.
- A review of Supply Chain Financing, looking at the ways in which it can be used by small businesses to manage cash flow, and how it can be used by big business to offset poor payment practices.
- A detailed COVID-19 Recovery plan encompassing a suite of recommendations to drive small business recovery.

In addition to these reviews and inquiries, the Ombudsman has conducted significant work to support small and family businesses through Bushfire Recovery, and during the COVID-19 crisis.

In advocating for best practice, the Ombudsman continued cross-government work in respect of completed inquiries, including on small business loans, payment times and practices, and affordable capital for SME growth. In addition, the Ombudsman received 14 official requests for review of regulation impact statements and made 96 submissions on legislation and regulation affecting small businesses and family enterprises including:

- NDIS Thin Markets
- Open Banking Designation Instrument
- Impact of Statutory Trusts in the Building and Construction Industry
- Model WHS Laws
- Cash Payment Limits
- Intellectual Property Laws Amendments
- Heavy Vehicle National Law Review
- Disclosure of Business Tax Debts
- Review of the Tax Practitioners Board
- Performance of the Inspector-General of Taxation.
- Franchising reform
- Migration in regional Australia
- International Mobile Roaming Regulations changes
- Australian Apprenticeships National Skills Needs List
- Boosting Female Founders Initiative
- Mortgage broker best interests duty and remuneration reforms
- Options to improve the national professional indemnity market for building surveyors
- Resources Sector Regulation
- Financial and Regulatory Technology
- Industrial Relations
- Recovering Unpaid Superannuation
- AER Default Market Offer
- Employee Share Trust Determination
- Energy Efficiency Methods
- Cyber Security
- Drought Affected Communities
- Murray Darling Basin Inquiry
- Rollout and performance of the NBN
- Improving Small Business Payment Times
- Co-operative Supermarkets authorisation
- Future Drought Fund
- The Queensland Small Business Strategy
- Single Touch Payroll Reporting
- Compensation Scheme of Last Resort
- The Financial Accountability Regime
- Enforceability of Financial Services Industry Codes
- Paid Parental Leave Amendment
- Buy Now Pay Later Code of Practice
- Payment Times Reporting Bill – Exposure Draft
- Agricultural Machinery After Sales Market
- Review of ePayments Code.

## Assistance

During the 2019–20 financial year, the Ombudsman received 7835 requests for assistance, as well as 182 643 visits to the Ombudsman's website (asbfeo.gov.au).

Of the 7835 requests for assistance, 6164 related to disputes including 2309 formal requests for assistance submitted in accordance with the Ombudsman Act. The Ombudsman made 189 recommendations/referrals for parties to take part in Alternative Dispute Resolution of which, to date, 84 have been resolved within the mediation process.

We received 725 enquiries in relation to Industry Codes and 71 enquiries about our AAT Small Business Tax Concierge Service. A number of the AAT Small Business Tax Concierge Service enquiries related to the recently introduced ATO administered JobKeeper and Cash Flow Boost Incentives. No formal requests for assistance in relation to no adverse cost orders were received during the period.

Over the period, a significant number of small businesses contacted the Ombudsman seeking assistance in relation to COVID-19 government restrictions and the impact of those restrictions on their businesses. This included a large number of inquiries relating to commercial lease disputes and franchising disputes arising as a result of the COVID-19 situation. In many of these cases, the underlying issue was that restrictions affected one party's ability to meet its financial commitments.

The Ombudsman was also contacted by a significant number of financial advisers being exited from the financial planning industry, seeking assistance with the process. Other trends included an increase in requests for group mediation where more than one party has an issue with another party, franchising issues and unfair contract terms in standard form contracts.

The Ombudsman worked closely over the period with a range of Commonwealth, State and Territory agencies on a wide variety of requests for assistance. Cooperation with the agencies during the reporting period did not require entry into any formal cooperative arrangements (as outlined in Section 70 of the Ombudsman Act).

*Table 53: Resolution of disputes received during 2019–20 financial year*

Resolution	Count	Percentage of total
Referred to appropriate agency (including Australian Financial Complaints Authority, Fair Work Ombudsman etc.)	763	13%
Referred to State Small Business Commissioners	602	10%
Resolved by Ombudsman direct action	203	3%
Resolved by Ombudsman with provision of information, referral to professional advice or advocacy action	4216	68%
Case in progress with Ombudsman	191	3%
Alternative dispute resolution recommended/referred (including under the Franchising, Horticulture, Oil and Dairy Codes)	189	3%
<b>Total</b>	<b>6164</b>	<b>100%</b>

## Appendix A3: Ecologically sustainable development and environmental performance

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) requires that the department 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 by developing and delivering policies, plans, programs, legislation, advice, education and scientific services that reflect economic, environmental and social sustainability. Following are examples from 2019–20.

- The department implemented the government's Bait Prawn Industry Irradiation Support measure to assist the Queensland bait industry manage the risk that the white spot syndrome virus could spread. This included funding local organisations to irradiate their catch, and educating fishers on the risk of using non-commercial bait.
- Questacon promoted awareness of the United Nations' Sustainable Development Goals (SDGs), using public programs and exhibits to explore SDG themes. These included energy, water, and life on land and below water. Others are partnerships for the goals, including those promoting gender equality and enabling young people and educators to explore local agendas for action.
- The department considered referrals under the EPBC Act to ensure that the Department of Agriculture, Water and the Environment was aware of the geological and broader impacts of mining activities when assessing resources projects. The department also engaged with an independent review of the EPBC Act.
- The department supported the National Climate Science Advisory Committee in developing a strategy for climate science to help inform decision making by businesses, governments and communities. The committee's final report, *Climate Science for Australia's Future*, was published in December 2019. An advisory group is being established to oversee the implementation of strategic actions recommended in the report. It will also provide high-level advice to government on delivering a nationally aligned, sustainable and integrated approach to Australian climate science.
- The department is an ex-officio member of the Australian Antarctic Science Council, which was established on 1 April 2019 to advise government on the Australian Antarctic Science Program. Advice will include Antarctic science priorities in the context of the *Australian Antarctic Strategy and 20 Year Action Plan*. On 27 April 2020, the council released a new 10-year plan, following extensive consultation with the Antarctic science research sector, Commonwealth agencies, the Tasmanian Government, universities and industry stakeholders. The council coordinates Australia's commitment to strategic, long-term investment in Antarctic science. This includes developing forward work programs for the Antarctic Science Collaboration Initiative managed by the department. The program provides \$50 million over 10 years and supports collaborative research into the role of the Antarctic region in the global climate system and implications on marine ecosystems.
- Questacon improved the environmental management of its operations to minimise energy consumption, water usage and waste generation. These are managed through an Environmental Management System that meets international standard ISO 14001:2015. Consistent with the standard, Questacon uses a 'Plan, Do, Check, Act' approach to continually improve operational planning and controls. Under this approach, it conducts regular reviews of compliance and environmental performance outcomes.

- The department supported the implementation of the transitioning project for the Mossman Mill in Far North Queensland. The government committed \$20 million to help the mill transition from a traditional sugar mill to a supplier of feedstock for a new bio-refinery plant.
- The department worked with the operator of the Ranger uranium mine in the Northern Territory to review the value of security withheld for the mine's rehabilitation. The Australian and Northern Territory governments also approved the operator's updated Ranger Mine Closure Plan. These achievements reflect stakeholders' shared commitment to achieving sound environmental outcomes at Ranger as Energy Resources Australia prepares to begin full-time rehabilitation of the site from early 2021.

These activities integrate 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 at [www.industry.gov.au/about-us](http://www.industry.gov.au/about-us).

### **Climate risk**

Climate risk comprises the physical risks of rising global temperatures and resulting weather extremes. It includes transition risks (and opportunities), reflecting adjustments needed to move toward a low-carbon economy.

In 2019–20, as part of work under the Australian Government Disaster and Climate Resilience Reference Group, the department explored climate risks and their management. This included commissioning Geoscience Australia to undertake a preliminary review of natural hazard risk to departmental building assets and conducting an initial scan of how climate risk interacted with the department's work.

The reference group is responsible for driving a whole-of-government approach to disaster and climate resilience, risk reduction and adaptation. The department will continue to identify and manage internal climate risks and contribute to integrating climate risk management into Australian Government policies, programs and assets.

The department has also communicated to all staff members that they are responsible for considering climate and disaster risks when performing duties as public servants.



## Appendix A4: Corrections to the previous annual report

There were errors in the figures appearing on page 77 of the department's 2018-19 annual report. The first paragraph of the 'Consultants section incorrectly stated:

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).

The correct information is:

During 2018-19, 150 new consultancy contracts were entered into involving total actual payments of \$6 610 677 (GST inclusive). In addition, 32 ongoing consultancies were active during the year, involving total actual payments in 2018-19 of \$3 001 974 (GST inclusive).

## Appendix A5: Audit Committee membership

Table 54: Audit Committee membership

Member name	Qualifications, knowledge, skills or experience	Number of meetings attended/ total number of meetings	Total annual remuneration
Ian McPhee, AO, PSM	Public sector and industry experience, including as a company director, audit committee chair/member, chair of various governance reviews and Auditor-General for Australia 2005–15.  Qualifications: B.Bus (Accountancy), B.A (Computing Studies), FCPA, FCA, FIPAA, GAICD	5/5	\$55 528
Kate Freebody	Qualified accountant (CA) and financial specialist consulting to government on a range of disciplines, including financial modelling, performance evaluation and review, financial function and governance review, business process re-engineering, financial and performance reporting, tender evaluation and procurement support. Broad range of knowledge and expertise relevant to operation of public service.  Qualifications: B.Business, Chartered Accountant CA ANZ	5/5	\$55 542
David Bryant	Experience and understanding of information communication and technology (ICT) risk management and delivery of ICT projects and services in the public sector environment.  Qualifications: PhD (Management Information Systems), MBA (Technology Management), B. Information Technology, ACS PCP, AIPM CPPD, Accredited Practitioner PRINCE2 (A1122), MSP (A2894) Benefits Management (A249), P30 (A706).	4/5	\$27 720
Elizabeth Kelly, PSM	Knowledge and experience relevant to the operations of the department, including as deputy secretary of the department responsible for innovation, digital strategy and industry support programs.  Qualifications: Bachelor of Economics, Bachelor of Laws (Hons II), Master of Laws, Advanced Management Program	3/5	N/A—internal member
Trevor Power <sup>1</sup> (July to December 2019)	Knowledge and experience relevant to the operations of the department, particularly in policy development, including as Head of Division, Industry Growth Division.  Qualifications: Bachelor of Commerce and Laws (Hons), Diploma of Government	1/3	N/A—internal member

1. The internal member position was vacant between January and June 2020.



PART B:  
GEOSCIENCE AUSTRALIA



**Australian Government**  
**Geoscience Australia**

The Hon Keith Pitt MP  
Minister for Resources, Water and  
Northern Australia  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I present to you the 2019–20 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  
Chief Executive Officer  
14 September 2020



## CHAPTER SIX:

# GEOSCIENCE AUSTRALIA OVERVIEW

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## Chief Executive Officer's review

As the national public sector geoscience organisation, Geoscience Australia delivers trusted information and advice on Australia's geology and geography to support faster and smarter decision making.

We develop innovative applications and solutions in response to Australia's most important challenges by bringing together observations, data and knowledge from across geoscience disciplines.

At the beginning of 2019-20, we launched Geoscience Australia's decadal strategy, Strategy 2028, that sets out the impacts our science will deliver over the next 10 years to support Australian government, industry and communities. Our impacts will focus on six key areas:

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

Strategy 2028 sets out what we want to achieve and how we will achieve it, so that Geoscience Australia remains a resilient and agile organisation that can respond to Australia's emerging challenges. We will achieve our impacts by focusing on science excellence, making the most of our data, fostering strong partnerships and collaborations, and developing a more diverse and inclusive workplace culture.

Our milestones and achievements across the year span the breadth of our science and impact areas.

This year we wrapped up the first phase of the Exploring for the Future (EFTF) program, one of the largest and most complex geoscience programs globally. In its first four years, the EFTF

program delivered 250 datasets describing the mineral, energy and groundwater resource potential of more than 3 million square kilometres across northern Australia. Geoscience Australia delivered this program by harnessing our own scientific and data analytics capabilities, and partnering with a range of organisations, including state governments, to maximise the benefits of the data generated.

In 2020–21, Geoscience Australia will focus on commencing phase two of EFTF, which will expand the geographic reach of the program to include southern Australia. This next phase, supported by an additional Australian Government investment of \$125 million over the next four years, will focus on driving investment in Australia's resources sector and strengthening our agriculture sector, as part of Australia's post-pandemic recovery.

We continued our work in understanding critical minerals resources, supporting the Australian Government's Critical Minerals Strategy through our collaboration with the United States Geological Survey (USGS) and the Geological Survey of Canada. These collaborative agreements enable Australia to share our scientific capabilities with US and Canadian colleagues to better understand our respective geological resource potential and improve our shared understanding of critical mineral systems.

Geoscience Australia established new governance arrangements for AusSeabed, as part of our continued development of the program. The Executive Board was created to oversee the strategic direction of this national collaborative program in seabed mapping that includes partners from government, marine industries and the research community. AusSeabed also enhanced its Marine Data Portal, improving the discoverability, access to and analytics of seabed data. These enhancements increased data downloads by almost 50 per cent in 2019–20.

Geoscience Australia continued to develop and deliver geospatial data and platforms throughout 2019–20, to support faster and more informed decision making across government, industry and communities.

Our Digital Earth Australia (DEA) program partnered with several Australian businesses for the first round of small-scale industry grants through its new program, DEA Labs. From these partnerships grew a number of innovative and commercially viable products that integrate DEA's satellite imagery and analysis for Australia's agriculture sector.

Geoscience Australia led the Australian Government aid program, Digital Earth Africa, which progressed to an operational Earth observation platform for the African continent. This year, Digital Earth Africa released a continental map of surface water for Africa and delivered analysis-ready satellite data for all of Africa. These datasets come at a time when Earth observation is playing a key role in building systems to support the response and recovery of critical challenges in Africa, including food security, locust plagues, drought, flooding and the COVID-19 pandemic.

Our Positioning Australia program wrapped up the 18-month pilot of Satellite-Based Augmentation System (SBAS) technology, which trialled new precise positioning technologies across 27 projects in Australia and New Zealand and demonstrated the potential economic benefits of a range of location-enabled applications. We further strengthened our relationship with New Zealand in early 2020 when we entered into a partnership with the New Zealand Government to expand SBAS coverage across both countries.

Like so many organisations, the latter half of our year was shaped by two significant events: the 2019–20 bushfires and the COVID-19 pandemic.

Geoscience Australia deployed a range of geospatial capabilities to support the Australian Government's response to the bushfires that ravaged parts of Australia. We worked with federal and state government entities to produce a national bushfire scar map, and a national bushfire boundary map that showed the growth and extent of bushfires during the 2019–20 event.

We enhanced our Australian Exposure Information Platform (AEIP) to enable the NSW Rural Fire Service (RFS) and other users simulate fire movement over a 24 hour-period so that emergency services can now respond quickly as a fire progresses, and plan and prioritise responses.

The bushfire event also saw a significant increase in the number of users of DEA Hotspots, an application produced by the DEA program that uses satellite imagery to locate potential active fires, or hotspots.

Geoscience Australia also provided geospatial support as part of the Australian Government's COVID-19 pandemic response, working with the Department of Health to map the locations of testing facilities, and with the Department of Foreign Affairs and Trade to map key locations and assets globally during the pandemic.

As part of our continued focus on community safety, Geoscience Australia collaborated with state and territory partners to assess the vulnerability of infrastructure to inform earthquake responses across Australian communities.

In 2019–20, Geoscience Australia educated more than 7000 Australian students and 700 teachers in Earth sciences through direct and virtual interactions, and provided digital resources to students, families, teachers and the public. Our shift to virtual teaching in response to COVID-19 restrictions meant that, although site visits to our Education Centre necessarily ceased, our digital resources grew and we were able to broaden the diversity of our audiences.

Our Geophysical Archive and Data Delivery System (GADDS 2.0) redevelopment project improved the accessibility and usability of our primary data products and services. The project included converting more than 6800 geophysics datasets to Network Common Data Form (netCDF) format and storing these on the National Computational Infrastructure (NCI), metadata remediation and GADDS portal web development. The new platform is an integrated system—from data acquisition to data delivery—that enables our national geophysics data collections to be more findable, accessible, interoperable and reusable (FAIR), so we can maximise the benefits of this data resource for our stakeholders.

In response to an Australian National Audit Office performance audit of cyber resilience in Geoscience Australia, the Treasury and the National Archives of Australia, we established the Security Improvement Program in 2018. The program implemented additional business-enabling and physical security initiatives and has improved the security culture and overall security posture of our organisation. We have substantially improved our cyber resilience, including our compliance with the Essential Eight (see [www.cyber.gov.au/acsc/view-all-content/essential-eight/essential-eight-explained](http://www.cyber.gov.au/acsc/view-all-content/essential-eight/essential-eight-explained)). As the threat landscape evolves, we will continue to adapt to changing compliance requirements.

Although our focus throughout 2019–20 was on the quality and impact of our geoscience across Australia's industries and communities, we also continued to embark on a strong diversity and inclusion agenda, in line with our commitments to enhancing organisation culture in Strategy 2028.



In February 2020, we marked a significant achievement when we were awarded the Science in Australia Gender Equity (SAGE) Athena Scientific Women's Academic Network (SWAN) Bronze accreditation. Attaining this accreditation is an important step towards creating a more equitable and inclusive workplace. Geoscience Australia has a four-year action plan in place to address gender equity in our science, technology, engineering and mathematics (STEM) disciplines.

We also launched our Diversity and Inclusion Strategy 2019–22, which builds on our Inclusive Culture Program. The Strategy is a deliverable under our SAGE action plan, and is supported by our People and Culture Committee, and our Diversity, Culture and Inclusion Champions Group.

In all, 2019–20 was an exciting year for Geoscience Australia, as we built momentum towards delivering on our Strategy 2028 commitments and demonstrated the many ways that Earth Sciences can benefit communities and industries across Australia.

## Overview

### Role and functions

Geoscience Australia is the national geoscience public sector organisation. Our purpose is to be the trusted source of information on Australia's geology and geography for government, industry and community decision making, contributing to a safer, more prosperous and well-informed Australia.

Our work aligns with the Australian Government's Science and Research Priorities and supports global and domestic initiatives. We deliver our work through six key strategic priorities:

- Building Australia's resource wealth, maximising the benefits from Australia's mineral and energy resources, now and into the future
- Supporting Australia's community safety, strengthening the nation's resilience to the impact of hazards
- Securing, optimising and sustaining the use of Australia's water resources
- Managing Australia's marine jurisdictions, supporting sustainable use of our marine environment
- Creating a location-enabled Australia, using detailed and fundamental geographic location information to develop our nation
- Enabling an informed Australia, by equipping government, industry and the community with the geoscience data and information needed to make informed decisions for our nation.

### Organisational structure

Figure 5 shows the organisational structure of Geoscience Australia at 30 June 2020. 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 2019–20.

Figure 5: Geoscience Australia organisational structure, 30 June 2020

CHIEF EXECUTIVE OFFICER				
Dr James Johnson				
CHIEF SCIENTIST	CHIEF OF DIVISION	CHIEF OF DIVISION	CHIEF OF DIVISION	
Office of the Chief Scientist	Minerals, Energy and Groundwater Division	Place, Space and Communities Division	Corporate Division	
Discovery and Engagement Land and Marine Access	Basin Systems Mineral Systems Advice, Investment Attraction and Analysis	Community Safety National Positioning Infrastructure National Earth and Marine Observations National Location Information Digital Earth Africa	Finance Human Resources Governance and Risk Communications Building Services ICT Security Diversity and Inclusion	<b>Chief Scientific Information Officer</b>  Digital Science Infrastructure and Integration Scientific Computing Digital Science Platforms Data Policy and Informatics Business Engagement and Improvement

Outcome and program structure

Geoscience Australia has one outcome and one program, as shown in Figure 6.

Figure 6: Geoscience Australia outcome and program structure, 2019–20

**OUTCOME 1:**

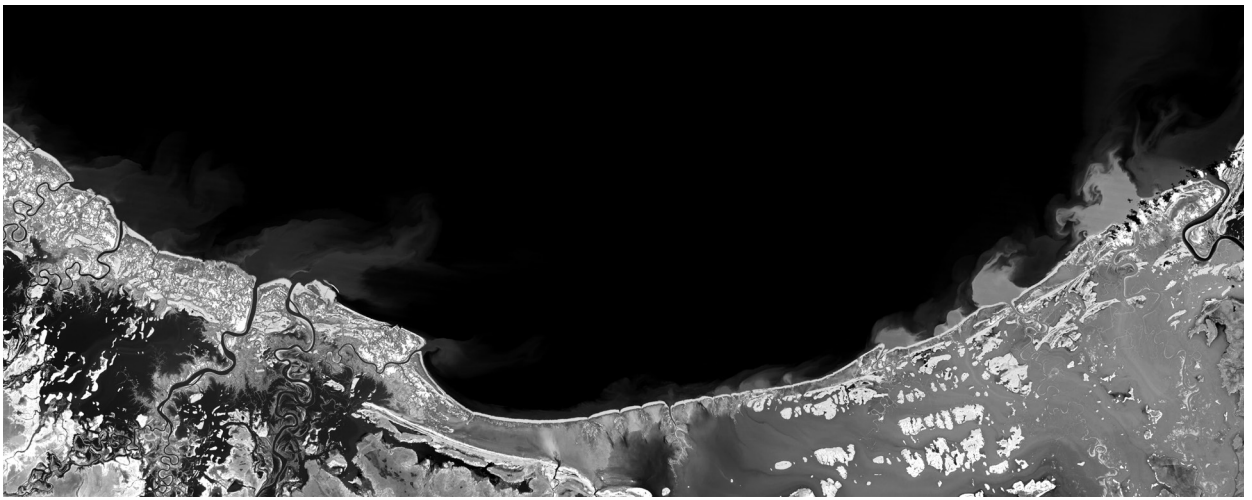
**Informed government, industry and community decisions on the economic, social and environmental management of the nation’s natural resources through enabling access to geoscientific and spatial information**

PROGRAM 1

Geoscientific and spatial information services

Program 1 contributes to the Outcome 1 by providing trusted information and advice on Australia’s geology and geography to support decision making. Through this program, Geoscience Australia develops innovative applications and solutions in response to Australia most important challenges by bringing together observations, data and knowledge from across the geoscience disciplines.





## CHAPTER SEVEN:

# GEOSCIENCE AUSTRALIA REPORT ON PERFORMANCE

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## 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 2019–20, 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.

Dr James Johnson  
Chief Executive Officer

14 September 2020

## **Purpose**

Geoscience Australia is the national public sector geoscience organisation. We support evidence-based decisions through information, advice and services for a strong economy, resilient society and sustainable environment.

Our purpose is to be the trusted source of information on Australia's geology and geography for government, industry and community decision making, and contribute to a safer, more prosperous and well-informed Australia.

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
- Supporting Australia's community safety—to strengthen our resilience to the impact of hazards
- Securing Australia's water resources—to optimise and sustain the use of our water resources
- Managing Australia's marine jurisdictions—to support sustainable use of our marine environment
- Creating a location-enabled Australia—to use detailed and fundamental geographic location information to develop our nation
- Enabling an informed Australia—to equip government, industry and community with geoscience data and information to make informed decisions for our nation.

## **Performance reporting structure**

The 2019–20 Annual Performance Statements report performance in line with the measures published in the 2019–20 Portfolio Budget Statements and the 2019–20 Corporate Plan.

Performance is assessed at the 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 2019–20 are provided in Table 55.

Table 55: Entity-level performance

Performance criterion <sup>1</sup>	Target <sup>1</sup>	Result
<b>Program deliverable<sup>1</sup></b>		
An increasing reliance by government, industry and the public on Geoscience Australia's datasets, information and knowledge to inform decision making	<ul style="list-style-type: none"> <li>• A net increase in the discoverability and use of natural inventory data</li> <li>• A net increase in the discoverability and use of disaster risk data</li> </ul>	<p>Geoscience Australia delivers world-class data and platforms to support government, industry and the community to make informed decisions about the use of natural resources, management of the environment and community safety.</p> <p>Key initiatives undertaken to increase the discoverability and use of our natural inventory and disaster risk data included:</p> <ul style="list-style-type: none"> <li>• upgrading the National Offshore Petroleum Information Management System, one of the world's largest collections of offshore petroleum data</li> <li>• establishing the Exploring for the Future (EFTF) data discovery portal, that delivers information on the mineral, energy and groundwater potential in northern Australia directly into the hands of explorers, investors and planners</li> <li>• delivering information and applications as part of the Digital Earth Australia (DEA) program, providing free, open-source satellite data that can be used to address environmental, economic and social challenges</li> <li>• developing the national bushfire monitoring system that supported fire and emergency service managers across Australia with timely mapping information, identifying potential fire locations that posed a risk to communities and property.</li> </ul>

<sup>1</sup> Source: 2019–20 Portfolio Budget Statements

Building Australia’s resource wealth

Objective

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

Role

Geoscience Australia supports the responsible development of a diverse resources sector in Australia’s low-carbon economy.

Performance criteria and results

Table 56: Strategic priority: Building Australia’s resource wealth—performance

Exploring for the Future	
Program deliverable <sup>1</sup>	Result
Release of pre-competitive information	<p>A total of 13 exploration companies have taken up new mineral exploration tenements in northern Australia as a direct result of pre-competitive information released through the EFTF program.</p> <p>More than 250 new pre-competitive datasets and publications have been publicly released to reduce technical risk in resource decision making, and to support new investment in Australia’s resource sector.</p> <p>Key datasets include:</p> <ul style="list-style-type: none"><li>• a solid geology map of the North Australian Craton that will aid resource explorers to better understand the geological history and resource potential in the region</li><li>• magnetotelluric data collected over 9000 square kilometres of the East Tennant region, providing insight into the basement architecture and mineral potential of the area</li><li>• airborne electromagnetic (AEM) data covering approximately 2.2 million square kilometres of northern Australia. This survey was the largest of its kind undertaken in Australia and enables mapping of mineral and water resources up to a depth of 500 metres below the surface in this vast area</li><li>• seismic reflection data from surveys spanning more than 2000 kilometres over the Barkly Tableland, South Nicholson Basin and Kidson Sub-basin, that will aid further exploration for oil, gas and basin-hosted mineral systems</li><li>• data from a new 2680 metre-deep stratigraphic well in Western Australia’s Canning Basin that will improve understanding of the potential for oil and gas resources</li><li>• more than 3400 square kilometres of Light Detection and Ranging (LiDAR) data from the Upper Burdekin catchment in northern Queensland, that provides high-precision detail on surface elevation, increasing our understanding of surface water movement and aiding water management planning.</li></ul>
Deliver integrated resource assessment for northern Australia	<p>Geoscience Australia launched a new online Data Discovery Portal that provides an integrated resource assessment for northern Australia, with free access to more than 250 datasets and reports, including from geophysical surveys, geochemical sampling, hydrological mapping and stratigraphic drilling. The online portal includes a suite of analysis tools to assist with project development, and resource management and planning.</p>

<sup>1</sup> Source: 2019–20 Corporate Plan

## Energy Pre-competitive Information

Program deliverable <sup>1</sup>	Result
Deliver geological studies of the evolution and resource potential of onshore and offshore energy systems	<p>The Energy Pre-competitive Information program delivered 21 studies of the geological evolution and resource potential of onshore and offshore energy systems. These include:</p> <ul style="list-style-type: none"> <li>• Stage 2 Geological and Bioregional Assessment (GBA) reports for the Beetaloo Sub-basin, Isa Superbasin and Cooper Basin, to support sustainable development of unconventional gas resources in these regions</li> <li>• two collaborative scientific papers for the International Ocean Discovery Program, furthering scientific understanding of the geology of the Earth beneath the sea floor of the Lord Howe Rise and Mentelle Basin, in offshore eastern and southwest Australia, respectively</li> <li>• five studies that provide information on the petroleum systems of the offshore Northwest Shelf, including a new and highly prospective gas province.</li> </ul>

<sup>1</sup> Source: 2019–20 Corporate Plan

## Minerals Pre-competitive Information

Program deliverable <sup>1</sup>	Result
Deliver new pre-competitive data from greenfield undercover regions	<p>To better understand Australia's mineral potential, including critical minerals, and to stimulate new resource exploration activities, Geoscience Australia:</p> <ul style="list-style-type: none"> <li>• released geophysical data from 24 regional-scale surveys to undercover greenfield regions across Australia</li> <li>• acquired eight industry-funded geophysical surveys, the data from which will be publicly released within 12 months</li> <li>• rebuilt and modernised the Geophysical Archive and Data Delivery System (GADDS 2.0), ensuring stakeholders have access to the latest national pre-competitive geophysical data to inform investment decision making</li> <li>• released new national grids for magnetic, gravity and radiometric data, and updated the Australian Fundamental Gravity Network</li> <li>• determined 120 new geological ages of key rock units and geological events through the online Geochron Delivery System</li> <li>• indexed new information from 219 geological maps and reports through the Australian Stratigraphic Units Database (ASUD), maintaining a nationally consistent geological evidence base to guide resource exploration decisions. More than 49 000 users accessed the ASUD in 2019–20.</li> </ul>
Deliver geological studies of the evolution and resource potential of undercover regions to support mineral exploration investment	<p>Geoscience Australia delivered 18 geological studies about the evolution and resource potential of undercover greenfield regions across Australia. The studies were published on Geoscience Australia's website and in scientific journals, including two papers in the highly regarded Nature Geoscience journal. Publication of these studies provides independent scientific benchmarking for Geoscience Australia's programs, supporting confident investment decision making in industry and government.</p>

<sup>1</sup> Source: 2019–20 Corporate Plan



Resources Advice and Promotion	
Program deliverable <sup>1</sup>	Result
Promote and attract investment in the Australian mineral and energy resource sectors	<p>Geoscience Australia attracted investment into the Australian mineral and energy resource sectors by:</p> <ul style="list-style-type: none"> <li>• promoting Australia's mineral investment opportunities, including in critical minerals, at investment forums in Tokyo, Seoul and Beijing; at the China Mining Congress and Expo; at investor meetings in New York; and at the Prospectors and Developers Association of Canada Convention. All promotion activities were undertaken in collaboration with state and territory jurisdictions</li> <li>• promoting current and emerging oil and gas investment opportunities at the North American Prospect Expo in Houston state and territory regulators</li> <li>• using company visits in Tokyo, Beijing and Kuala Lumpur to promote the annual Offshore Petroleum Exploration Acreage Release in collaboration with the Department of Industry, Science, Energy and Resources</li> <li>• promoting an assessment of Australia's energy resource commodities and Australia's Offshore Petroleum Exploration Acreage Release areas at the Good Oil Conference in Perth, Western Australia</li> <li>• releasing the 2019 edition of Australia's Identified Mineral Resources, Operating Mines and Exploration Review maps.</li> </ul>
Deliver geological material to support the Offshore Petroleum Exploration Acreage Release	<p>Geoscience Australia completed regional geological summaries covering the 49 areas that were presented for public consultation prior to the Australian Government's final determination of areas to be released under the 2020 Offshore Petroleum Exploration Acreage Release.</p>
Deliver technical advice on mineral and energy resources, including the storage of CO <sub>2</sub> , to the Australian Government	<p>Geoscience Australia provided technical advice to the Australian Government in response to:</p> <ul style="list-style-type: none"> <li>• 197 Foreign Investment Review Board consultation requests, valued at \$324.9 billion in total</li> <li>• 63 requests related to the <i>Environment Protection and Biodiversity Conservation Act 1999</i> (EPBC Act)</li> <li>• 74 requests for technical advice from a range of stakeholders on the topics of reserve and resource classification, resource life estimation, operating mines, critical minerals, gold, coal, resource life, mineral promotions and geological storage of CO<sub>2</sub>.</li> </ul> <p>Geoscience Australia completed a national study of hydrogen production potential for the National Hydrogen Strategy Taskforce. This work made a significant contribution to the National Hydrogen Strategy, showing the location of regions in Australia with excellent hydrogen production potential, and including development of an online hydrogen mapping tool, available at <a href="http://www.AusH2.ga.gov.au">www.AusH2.ga.gov.au</a>.</p> <p>Technical advice and peer review in support of the National Radioactive Waste Management Facility characterisation process was provided to the Department of Industry, Science, Energy and Resources.</p> <p>Completed an assessment of Australia's resource commodities. The government will release the assessment in 2020–21.</p>
Deliver pre-competitive information and develop an increased understanding of geological CO <sub>2</sub> sequestration	<p>Geoscience Australia continued to lead research to improve knowledge of geological storage of CO<sub>2</sub>, in collaboration with CO2CRC, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), industry and university researchers. We also commenced a project to assess the national CO<sub>2</sub> enhanced oil recovery potential, including a national map identifying all depleted oil and gas reservoirs, to be publicly released in late 2020.</p>

Key performance indicator (KPI) <sup>1</sup>	Target	Result
Provide advice in relation to the EPBC Act within the stated response period	100%	95% Geoscience Australia received 63 EPBC referrals and proposed approvals. We delivered technical advice on 60 referrals within the stated response period. The remaining three referrals were delivered outside the response period due to the complexity of the requests.

<sup>1</sup> Source: 2019–20 Corporate Plan

### Case Study: Promoting investment in Australia's mineral sector

Key to Australia's economic wealth and prosperity is the continued growth of Australia's resources sector through exploration activities that lead to new discoveries. The Australian Government is committed to delivering the most globally attractive and competitive investment destination for resource projects. Throughout 2019–20, Geoscience Australia partnered with state and territory geoscience organisations under the Australia Minerals brand to promote Australia as a world-class destination for investment in high-quality coal, iron ore, gas, gold, copper and critical minerals, at premier international and national industry trade events. A key message was Australia's strengths as a leading and responsible supplier of minerals to the world.

These events were augmented with targeted visits to Australia's key mineral and energy trading partners, including company visits in the United States, Canada, Japan, Korea and China.

Building on Australia's highly prospective geology and vast untapped potential, we used these events to promote new and emerging mineral provinces, many of which were drawn from Geoscience Australia's successful EFTF program. This saw a significant increase in engagement with industry, especially on Geoscience Australia's EFTF online Data Discovery Portal. Thirteen companies have taken up new exploration tenements in northern Australia as a direct result of pre-competitive information released from the EFTF program and on the back of this increased engagement.

In March 2020, Chalice Gold Mines discovered nickel and platinum group elements in Julimar, Western Australia. The company publicly acknowledged that Geoscience Australia's 2016 report and continental-scale map of mineral potential for nickel, copper and platinum group elements, which was developed as part of the Mineral Potential Mapper project, 'provided valuable input into Chalice's regional targeting, particularly when applied to frontier areas'.

### Performance analysis

In 2019–20, Geoscience Australia substantially improved our knowledge of the mineral and energy resource potential in northern Australia under the four-year, \$100.5 million EFTF program. Thirteen companies, including a re-entrant to Australia, have taken up new mineral tenement acreage based on the pre-competitive data from the EFTF program, 10 of them publicly stating that they used EFTF data to form their decision to invest in Australia. These investments will provide short, medium and long-term opportunities for regional jobs and economic growth. Modelling by ACIL Allen, published in January 2020, demonstrated that the estimated total benefits from three activities in the program could be worth up to \$2.5 billion, with returns to the Australian Government of up to \$632 million. In June 2020, based on the success of the EFTF program, the Australian Government announced it will invest an additional \$125 million over four years to extend the program nationwide.

Geoscience Australia's leadership in promoting exploration opportunities in the Australian resources sector continues to ensure that we remain a country of choice for international investment and trade. Our support for the Australian Government's Offshore Petroleum Exploration Acreage Release program saw a total of 64 areas released by the Department of Industry, Science, Energy and Resources—the largest release since 2000. Our promotion of exploration opportunities and provision of free pre-competitive geological information continued to underpin strong overseas investment in the minerals sector. Geoscience Australia continued to show global scientific leadership in understanding critical mineral potential through our research collaboration with the USGS and the Geological Survey of Canada, and by providing technical advice to the Australian Government's Critical Minerals Facilitation Office.

Geoscience Australia's technical advice underpinned the development of Australia's National Hydrogen Strategy. The entity's maps of high potential for clean hydrogen prospectivity are contributing to a domestic hydrogen industry. Since being made available through the National Hydrogen Strategy, the maps have provided an evidence base for the development of hydrogen projects across Australia. This work is also supporting the Australian Government's development of a national Technology Investment Roadmap, which will drive investment in low-emission technologies.

Geoscience Australia partners with state and territory Geological Surveys to support a nationally consistent approach to characterising Australia's minerals, energy and groundwater resource potential. Through its engagement with the Geoscience Working Group, and using the National Collaboration Framework, Geoscience Australia has led the implementation of the former Council of Australian Governments (now the National Federation Reform Council) Energy Council National Mineral Exploration Strategy. This strategy supports exploration activities in the Australian minerals industry, delivers pre-competitive programs that demonstrate Australia's resource potential and underpins the Government's National Resources Statement.

## **Supporting Australia's community safety**

### **Objective**

To strengthen our resilience to the impact of hazards.

### **Role**

Geoscience Australia provides disaster risk information to help Australians understand the consequences of hazard events, contributing to more resilient communities now and in the future.

## Performance criteria and results

*Table 57: Strategic priority: Supporting Australia's community safety—performance*

Community safety	
Program deliverable <sup>1</sup>	Result
Deliver nationally consistent data, information and advice to enable informed decisions on preparedness and response to the impact of hazards	<p>Geoscience Australia completed the three-year Severe Wind Hazard Assessment for Western Australia. This collaborative project with the Western Australia Department of Fire and Emergency Services delivered impact assessments for a number of plausible scenarios to improve the preparedness of seven communities in Western Australia. A similar collaborative project is nearing completion in Queensland, in collaboration with Queensland Fire and Emergency Services. A key outcome from the above two projects is the joint development of an automated, web-based process for forecasting the impact of tropical cyclones. This capability is the first impact-based forecasting product available in Australia and will support operational decision making in Western Australia and Queensland.</p> <p>Geoscience Australia also developed a prototype web-based tool that enables stakeholders to access information from the 2018 Tropical Cyclone Hazard Assessment. We will expand the tool in 2020–21 to include scenarios from the National Seismic Hazard Assessment.</p>
Improve understanding of Australia's hazards and the vulnerability of the built environment to support mitigation and reduce the cost of disasters	<p>Geoscience Australia developed a draft atlas of seismic scenarios to increase understanding and uptake of the 2018 National Seismic Hazard Assessment. We continued to prepare for the next update of the Assessment and a supporting neotectonics fault database. We also progressed the development of scenario selection guidelines to support informed use of the 2018 Probabilistic Tsunami Hazard Assessment for tsunami risk management in Australia.</p> <p>As part of a Bushfire and Natural Hazards Cooperative Research Centre utilisation project we completed an earthquake mitigation study of unreinforced masonry buildings in York, Western Australia.</p> <p>We studied the effectiveness of a range of flood mitigation measures that apply to flood-prone buildings, focusing on Launceston, Tasmania. This work was also part of the Bushfire and Natural Hazards Cooperative Research Centre project.</p> <p>We completed a collaborative project with the Queensland Government electricity transmitter, Powerlink. The project examined the loss of critical transmission connectors in eight tropical cyclone scenario events.</p>

Community safety	
Program deliverable <sup>1</sup>	Result
Deliver the technical Disaster Risk Reduction work program in Papua New Guinea (PNG) and the wider Pacific community as part of the Australian Government's international aid policy commitments	<p>Geoscience Australia finished updating the National Seismic Hazard Assessment for PNG, using the latest scientific information and modelling.</p> <p>Based on this new seismic hazard assessment we developed the consultation draft for the interim guidance on seismic building standards.</p> <p>A Tsunami Hazard Guide was developed for PNG, which provides guidance on tsunami hazards and disaster management in PNG. This activity is due to be finalised with our PNG Government partners in 2020–21.</p> <p>The PNG Geohazards website was updated to give the community greater access to hazard information. The beta version went live on 1 July 2020.</p> <p>We established a community-based seismic network, which uses low-cost seismic centres located in education facilities in PNG.</p>
Deliver modelling capability on estimated losses from suspected terrorism events to the Australian Reinsurance Pool Corporation (ARPC)	<p>Geoscience Australia:</p> <ul style="list-style-type: none"> <li>• provided a next-business-day operational capability to the ARPC to respond to blast and plume losses associated with an Australian terrorist event</li> <li>• undertook engineering surveys in the Melbourne and Brisbane central business districts (CBDs), capturing new property developments to maintain the currency of our models</li> <li>• surveyed the Southbank business precinct in Melbourne and developed a new three-dimensional blast model to extend the ARPC's capability</li> <li>• updated our Melbourne CBD model using engineering surveys, new geometry and updated insurance policy information</li> <li>• conducted portfolio analyses for blast-related insurance losses in Hobart and Southbank (Melbourne). This entailed modelling four device sizes at multiple locations and assessing losses for three separate insurance covers. These models will support Australian Government retrocession purchasing in October 2020</li> <li>• assessed plume losses for 30 selected scenarios in Sydney and Melbourne, according to Defence Science and Technology Group dispersion modelling. This modelling will support Australian Government retrocession purchasing in October 2020.</li> </ul>

<sup>1</sup> Source: 2019–20 Corporate Plan

Seismic alerts		
Program deliverable <sup>1</sup>	Result	
Provide ongoing monitoring of specified regions for detection of suspected nuclear tests	Geoscience Australia continued nuclear monitoring for suspected nuclear tests. We did not detect any nuclear explosions.	
Provide earthquake monitoring and alerts 24 hours a day, seven days a week	<p>Geoscience Australia continued real-time earthquake monitoring, detection, analysis and alerting activities, 24 hours a day, seven days a week. We enhanced Geoscience Australia's operational capability by improving the National Earthquake Alerts Centre (NEAC) decision support system. On 4 December 2019, we released the new, near-real-time products ShakeMap and Community-Reported Shaking Intensity grids (Felt Grids) into NEAC operations.</p> <p>In 2019–20, Geoscience Australia detected, analysed and catalogued 2235 earthquakes, including 735 Australian earthquakes above magnitude 2.0. During the year, we added a total of 868 Australian earthquakes to Geoscience Australia's publicly available National Earthquake Catalogue, available via <a href="http://www.earthquakes.ga.gov.au">www.earthquakes.ga.gov.au</a>.</p> <p>Geoscience Australia rapidly notified stakeholders of 50 Australian earthquakes of magnitude 3.5 or higher, including a magnitude 6.6 earthquake offshore from Broome, Western Australia on 14 July 2019. NEAC detected and catalogued more than 277 aftershocks in the offshore Broome sequence, including 13 earthquakes above magnitude 4.0. NEAC received over 1900 felt reports from the public in relation to the offshore Broome earthquakes, and 10 760 felt reports for the year. Other notable Australian earthquakes during the period include the magnitude 5.0 earthquake in Bowen, Queensland (15 April 2020, 1189 felt reports); magnitude 4.4 and 3.8 earthquakes in Muswellbrook, NSW (both on 16 December 2019, 646 felt reports); and a magnitude 4.3 earthquake in Burra, South Australia (14 May 2020, 581 felt reports). NEAC also received 1232 felt reports from the region around Darwin, Northern Territory, in relation to a magnitude 6.8 earthquake that occurred in the Banda Sea on 6 May 2020.</p> <p>Geoscience Australia rapidly notified the Australian Government Crisis Coordination Centre (AG-CCC) and other stakeholders of 94 international earthquakes above magnitude 6.0 in 2019–20. The largest international earthquake during the year was magnitude 7.7 in the Cuba region on 28 January 2020. The largest international earthquake within the Australian region occurred south of the Kermadec Islands on 18 June 2020 (magnitude 7.4). This earthquake was also the largest potentially tsunamigenic earthquake within the Australian Tsunami Warning System's earthquake monitoring zone during the period.</p> <p>In our functional role within the Joint Australian Tsunami Warning Centre, we provided real-time alerts of 14 potentially tsunamigenic earthquakes, including seven within the Australian region.</p>	
KPI <sup>1</sup>	Target	Result
All significant earthquakes detected, analysed and reported within agreed timeframes, with alerts issued for potentially tsunamigenic earthquakes	100%	<p>100%</p> <p>All significant earthquakes were alerted within the agreed timeframe. One potentially tsunamigenic earthquake, a magnitude 6.6 in the South Sandwich Islands, was alerted outside target alert time. This was due to the combination of sparse network coverage and the energy radiation pattern of the earthquake. Using all available data at the target alert time, the most robust estimate of the earthquake magnitude was below the warning threshold for potentially tsunamigenic events. A bulletin was issued for the earthquake in the context of a 'significant earthquake' (magnitude 6.3) within the appropriate time and updated when the magnitude estimate increased to the 'potentially tsunamigenic' range (magnitude 6.5).</p>

KPI <sup>1</sup>	Target	Result
All suspected nuclear events detected, analysed and reported within agreed timeframes	100%	There were no announced nuclear explosions during the reporting period. Geoscience Australia continued to monitor sites of interest.

<sup>1</sup> Source: 2019–20 Corporate Plan

#### Exposure and topographic information

Program deliverable <sup>1</sup>	Result
Advise on the best use of digital mapping tools and technology to strengthen disaster and emergency management capabilities for the Australian Government	<p>Geoscience Australia worked with other Australian Government and state and territory entities to deliver national bushfire scar data to governments and the public during the 2019–20 bushfire crisis. This data was widely used within government to support decision making during the response and recovery periods.</p> <p>We worked with the Emergency Management Spatial Information Network Australia (EMSINA) to help produce a national bushfire boundary map covering the growth and extent of bushfires during the 2019–20 bushfire crisis.</p> <p>Geoscience Australia also worked with the Department of Health to spatially locate testing centres and facilities to manage the COVID-19 crisis.</p> <p>Our work with the Department of Foreign Affairs and Trade enabled the Global Watch Office to map its key locations globally, and helped officers understand the location of their assets in relation to developing international issues.</p>
Modernise supply chains and delivery mechanisms for topographic information for the Department of Defence	In the first year of this project, we provided all deliverables approved by the Department of Defence. We signed a new agreement for collaboration in 2020–21, based on the success of the first year.
Improve timeliness and reliability of the National Exposure Information System and the Australian Exposure Information Platform (AEIP)	The AEIP progressed from its beta version into full production in August 2019. More recently, we moved the back end of the platform off proprietary software onto Geoscience Australia open-source information and communications technology (ICT) infrastructure. This ensures consistent system and platform maintenance, regular security updates, and priority service for bugs or breaks.

KPI <sup>1</sup>	Target	Result
Availability of the national bushfire monitoring system, Sentinel Hotspots, between October and March each year	95%	<p>100%</p> <p>The Sentinel Hotspots system was decommissioned on 29 May 2020 and replaced by DEA Hotspots. We responded to 208 customer service queries relating to DEA Hotspots. In total, both Hotspots sites have had more than 916 100 users since October 2019.</p> <p>We managed the transition period from Sentinel Hotspots to DEA Hotspots (October 2019 to May 2020) by contacting relevant stakeholders via various communication channels. These included emails; public announcements on LinkedIn, Twitter and EMSINA; and an announcement on Sentinel and DEA Hotspots highlighting the transition.</p>

KPI <sup>1</sup>	Target	Result
Respond within 72 hours to requests to activate the International Charter: Space and Major Disasters and the Copernicus Emergency Management Service	100%	100% Geoscience Australia activated the International Charter: Space and Major Disasters and the Copernicus Emergency Management Service once in 2019–20, for two weeks starting on 13 November 2019 for the NSW RFS.
Respond to requests for geospatial information from the AG-CCC within 24 hours between October and March, and within 48 hours during 'steady state' periods	95%	95% Geoscience Australia responded to AG-CCC requests for geospatial information in 2019–20. We also worked with partners, including Emergency Management Australia, to create a national bushfire boundary dataset and related products.
Availability of exposure reports from the AEIP	100%	100% The AEIP was available at all times during the reporting period, even during periods of unprecedented demand as a result of the 2019–20 bushfires and COVID-19 pandemic. Throughout 2019–20, AEIP received 15 000 direct requests for reports via the AEIP website and its application programming interfaces (APIs) and delivered on-time information about areas of interest. The platform also produced more than 1.4 million reports for entities like the Queensland Fire and Emergency Services (516 000), Western Power (864 000) and Commonwealth entities managing COVID-19 (50 000).
Availability of the national catalogue of emergency management web services, EM-LINK	95%	100% Both FSDF-LINK (the platform for the Foundation Spatial Data Framework) and EM-LINK have been available for use well above the target range. Users increased from around 300 to around 600 throughout the summer period, as EM-LINK was used more extensively during the 2019–20 bushfire crisis.

<sup>1</sup> Source: 2019–20 Corporate Plan



### **Case Study: Using openly available, authoritative information to reduce effort in disaster mitigation**

Geoscience Australia worked with other Commonwealth, state and territory entities to create a national bushfire boundary dataset for the areas affected by the 2019–20 bushfire crisis. We provided coordination support and worked with state entities to enable open access to bushfire data. The data we provided helped support policy and decision making in the National Bushfire Recovery Agency; Emergency Management Australia; the Department of Agriculture, Water and the Environment; and the Department of Social Services.

The NSW RFS Cerberus Ensemble Fire Simulator (Cerberus) simulates where a fire is likely to move in the next 24 hours. Once the simulated area has been created, the next step is to understand what is at risk. (How many people live there? How many houses might be affected? What infrastructure is exposed?) The AEIP is critical to this emergency management planning. The process is a time-critical challenge involving many scenario simulations, so manually entering areas into the AEIP interface is not efficient or appropriate. This year, the AEIP developed an API capability. Now, once Cerberus has simulated where a fire is likely to move in the next 24 hours, the AEIP API can automatically consume the simulation and generate an exposure report within minutes, in a continuous process. This allows NSW RFS to quickly assess what is in the path of the simulated fire extent, helping experts plan and prioritise emergency responses. The ability to integrate AEIP and Cerberus provides an excellent triage capability to support decision makers during rapidly changing events, as experienced in the unprecedented 2019–20 bushfire season. – Stuart Matthews, Senior Project Officer, Operational Services/Planning and Predictive Services, NSW RFS

### **Performance analysis**

During 2019–20, Australia faced a string of disasters that threatened our environmental, social and economic fabric. Still reeling from severe drought and flood, much of Australia was threatened by bushfires during ‘Black Summer’ and then by the global COVID-19 pandemic. These disasters claimed lives, and created long-term health, business and environmental concerns. Geoscience information and advice played a critical role in supporting response efforts to these disasters at the state and Commonwealth levels and continues to be essential to supporting recovery—as well as preparing for and mitigating the effects of future events.

Geoscience Australia’s strong relationships with other entities allowed the Australian Government to rapidly apply geoscience information and expertise during emerging events and for longer-term preparation, both in Australia and in the region. The departments of Health, Home Affairs, Defence, and Foreign Affairs and Trade all used Geoscience Australia data and advice on natural hazards; the exposure and vulnerability of communities and infrastructure to those hazards; and the location of critical facilities. The earthquake and tropical cyclone impact analysis projects we completed during 2019–20 will enable state and territory authorities to prepare for these hazards quickly and based on sound information, particularly across northern Australia ahead of the 2020–21 cyclone season.

Upgrades to Geoscience Australia’s data infrastructure held up under substantial increases in demand during Black Summer; AEIP, EM-LINK and DEA Hotspots were all used heavily by emergency management authorities, businesses and citizens, without performance issues. Through EMSINA, Geoscience Australia played a lead role in compiling a number of national burn scar datasets based on state and territory data feeds. The reliable operation of NEAC, and the release of ShakeMaps and Felt Grids, will mean Australian, Pacific and Indian Ocean communities continue to be informed of the potential for damaging earthquakes in their areas.

## Securing Australia's water resources

### Objective

To optimise and sustain the use of our water resources.

### Role

Geoscience Australia supports the fair sharing of Australia's water resources to encourage a strong economy, resilient society and sustainable environment. We aspire to identify the location, quantity and quality of Australia's groundwater resources to support sustainable water management.

### Performance criteria and results

*Table 58: Strategic priority: Securing Australia's water resources—performance*

Evaluating Australia's groundwater systems		
Program deliverable <sup>1</sup>	Result	
Provide authoritative, independent information and advice to the Australian Government and other stakeholders on groundwater resources, processes and impacts	Geoscience Australia delivered independent information and advice by: <ul style="list-style-type: none"> <li>• responding to 15 requests for advice related to the <i>Environment Protection and Biodiversity Conservation Act 1999</i> (EPBC Act)</li> <li>• providing technical advice on groundwater matters (pre- and post-approvals) to the Department of Agriculture, Water and the Environment, in support of the Department undertaking its regulatory and administrative responsibilities</li> <li>• providing technical advice and support to the Department of Industry, Science, Energy and Resources, for the mine closure and rehabilitation plan of the Ranger Uranium Mine in the Northern Territory</li> <li>• engaging with the Australian Government's review of the EPBC Act.</li> </ul>	
Deliver stage reports on the GBA program to the former Department of the Environment and Energy	Six scientific reports were completed for Stage 2 of the Geological and Bioregional Assessments program, to support environmental best practice development of unconventional gas resources in the Beetaloo Sub-basin, Isa Superbasin and Cooper Basin regions.	
Deliver stage reports on the water balance of the Great Artesian Basin	Two scientific reports were completed covering the development of new datasets, new products and an assessment of the applicability of satellite measurements, to assist in refinement of the water balance for the Great Artesian Basin.	
KPI <sup>1</sup>	Target	Result
Requests for groundwater resource management advice under the EPBC Act are responded to within agreed timeframes	95%	100% All 15 groundwater advice requests under the EPBC Act were provided within agreed timeframes.

<sup>1</sup> Source: 2019–20 Corporate Plan

Groundwater and surface water innovation	
Program deliverable <sup>1</sup>	Result
Develop new workflows to integrate and analyse data in a high-performance computing environment	<p>Geoscience Australia developed new workflows that are used to integrate geophysical and geological data to better map key groundwater systems in northern Australia. The innovations developed using high-performance computing have improved the efficiency and effectiveness of products delivered as part of the EFTF program.</p> <p>Key highlights include:</p> <ul style="list-style-type: none"><li>• developing a new approach to help land and watershed managers understand the confidence with which salinity can be mapped over large areas using AEM data</li><li>• benchmarking a series of different AEM inversion products to help determine which model is the most appropriate to use for interpretation. This significantly improves the accuracy of mapping groundwater resources using AEM data.</li></ul>

<sup>1</sup> Source: 2019–20 Corporate Plan

**Case Study: Providing new groundwater data to support agricultural development in the Ord region of northern Australia**

Geoscience Australia’s EFTF program is delivering new data, science and understanding of the surface and groundwater systems and associated soils. This supports our efforts to attract new agricultural investment in key regions of northern Australia.

During 2019–20, we collected a vast amount of new data, including new groundwater samples and extensive airborne surveys. This new information, overlaid with historical data and analysed using innovative scientific techniques, provided new insights into understanding how groundwater flows, discharges and recharges across northern Australia.

A greater understanding of Australia’s groundwater resources is essential for the communities, agricultural development and ecosystems that rely on this vital resource across Australia. This evidence will continue to build our understanding of northern Australia’s groundwater resources for decades to come.

Work supporting the case study of the Ord region is continuing and will be covered in the next reporting period.

**Performance analysis**

In 2019–20, Geoscience Australia, in collaboration with our research partners, continued to provide technical advice and geological information to support the responsible governance and management of Australia’s groundwater resources, including the Department of Agriculture, Water and the Environment’s regulatory and compliance activities under the EPBC Act.

Publication of Stage 2 scientific reports for the Geological and Bioregional Assessment Program provided key baseline information to improve understanding of the potential impacts of shale and tight gas development on water and the environment, for three geological basins that have potential to provide additional supplies to the east coast gas market within 10 years. The information in these reports will also support regulation of groundwater resources by enhancing the coordinated management of potential impacts from unconventional gas developments and will underpin the subsequent impact and risk assessment for the three basins in Stage 3 of the program.

Geoscience Australia's scientific leadership in developing new techniques to accurately map groundwater resources from satellite data continues to show promise for improving management of water within the Great Artesian Basin. Continued development of these techniques will allow state government entities to rapidly detect and monitor groundwater storage changes over time, enabling them to support industries worth at least \$12.8 billion in value and secure town water supplies.

## Managing Australia's marine jurisdictions

### Objective

To support sustainable use of our marine environment.

### Role

Geoscience Australia supports the effective, efficient and sustainable management of the marine environment through the provision geoscience data, information and advice.

### Performance criteria and results

*Table 59: Strategic priority: Managing Australia's marine jurisdictions—performance*

Secure marine jurisdiction for Australia	
Program deliverable <sup>1</sup>	Result
A collaborative program of support for Pacific island countries to access their maritime jurisdictional entitlements under international law	<p>Geoscience Australia held the 19th Pacific Islands Regional Maritime Boundaries Working Session at the University of Sydney over 2.5 weeks. Participants included representatives of 14 South West Pacific countries, Geoscience Australia, the Attorney-General's Department, the Australian Hydrographic Office (AHO), the Department of Foreign Affairs and Trade, the United States Department of State, the Office of the Pacific Ocean Commissioner, the Pacific Community, the Commonwealth Secretariat and the Pacific Islands Forum Fisheries Agency. This meeting progressed the finalisation of maritime limit declarations by Pacific states and facilitated four ongoing boundary negotiations.</p> <p>We advised the Pacific Community and Pacific states on the issues of climate change and maritime boundaries and contributed to the development of the Pacific region's submission to the International Law Commission's investigation into the international law aspects of these issues. We also provided in-country workshops in Nauru and Samoa, working with the Attorney-General's Department and the Pacific Community.</p> <p>Geoscience Australia participated in a regional workshop in Nadi, Fiji, to investigate the scientific and legal aspects of the impacts of climate change on the stability of Pacific maritime boundaries, and to develop a regional strategy to address this issue.</p>
Provide support for the Australian Government's implementation of a new treaty with Timor-Leste	<p>Geoscience Australia:</p> <ul style="list-style-type: none"> <li>• provided advice on the amendment of legislation and legislative instruments implementing the provisions of the new treaty with Timor-Leste</li> <li>• contributed to the development of operational advice for enforcing Australia's northern boundaries, in coordination with the Attorney-General's Department, the Department of Home Affairs, and the Department of Foreign Affairs and Trade</li> <li>• produced new digital information depicting Australia's maritime boundaries, reflecting new arrangements with Timor-Leste</li> <li>• produced amended information supporting the administration of petroleum titles, including updated Scheduled Areas, Offshore Areas and Petroleum Blocks</li> <li>• developed new wall maps for Australia's Maritime Border Command to support operational planning, including an updated map for Operation Sovereign Borders.</li> </ul>

<sup>1</sup> Source: 2019–20 Corporate Plan

Marine geoscience to support the blue economy	
Program deliverable <sup>1</sup>	Result
Deliver marine and coastal geoscience data, derived products and advice that informs evidence-based decisions for the management of Australia's marine jurisdictions, including the Australian Antarctic Territory	<p>Geoscience Australia:</p> <ul style="list-style-type: none"><li>enhanced the AusSeabed Marine Data Portal (<a href="http://www.ausseabed.gov.au">www.ausseabed.gov.au</a>), improving the discoverability of, access to and analytics for seabed data, especially bathymetry, products derived from this data (seabed backscatter and geomorphology), and seabed sediments across Australia's marine area. With these enhancements, the portal recorded 3000 bathymetry data downloads, a 47% increase on the prior financial year.</li><li>continued implementing the AusSeabed initiative, establishing an Executive Board to oversee the strategic direction of this national collaborative program in seabed mapping that includes partners from government, marine industries and the research community.</li><li>completed seabed mapping surveys at the Lord Howe, Wessel, Gascoyne and South-west Corner marine parks, as deliverables for the National Environmental Science Program Marine Biodiversity Hub. We also completed mapping within the Coral Sea Marine Park in collaboration with the Schmidt Ocean Institute and James Cook University.</li><li>collaborated with James Cook University and the AHO to develop a new 30 metre digital elevation model of the Great Barrier Reef, from its northernmost extent at the coastline of PNG to the NSW border. This included the AHO resurveying parts of the reef to support delineation of Australia's maritime zones in the Great Barrier Reef and Coral Sea.</li><li>undertook a national facility survey in collaboration with the University of Tasmania to secure scientific evidence for a revised submission relating to an area of outstanding Australian legal continental shelf in the Southern Ocean.</li></ul>

<sup>1</sup>Source: 2019–20 Corporate Plan

**Case Study: Using openly available, authoritative maritime boundaries to provide certainty for investment in offshore areas**

Geoscience Australia is responsible for developing authoritative information representing the location of Australia's maritime boundaries, based on relevant domestic and international laws and the physical geography that contributes to these maritime limits and boundaries. We work with Australian Government entities to develop legislation and data products that support the delivery of those entities' responsibilities. We publish digital information as Geographic Information Systems (GIS) data and online applications to ensure that the broadest range of users can easily see the location of Australia's maritime boundaries, and resource, environmental, fishing and other interests. This work underpins the administration, defence and management of the complete body of Australia's offshore legislation and economic activity within Australia's marine jurisdiction.

Following the finalisation of the revised maritime boundary agreement with Timor-Leste, legislation affecting the northern part of Australia's maritime jurisdiction required significant amendments. Geoscience Australia worked with colleagues in a number of Commonwealth entities, developing amendments to legislation and legislative instruments, and providing operational guidance in implementing these changes. Working with our industry colleagues, Geoscience Australia provided assistance to Timor-Leste in developing transitional arrangements for petroleum titles. We are presently publishing a harmonised national maritime boundary, and information necessary for the administration of petroleum titles adjacent to the Timorese boundaries.

Geoscience Australia continues to progress the spatial and titling aspects of a new legislative framework for offshore renewables, providing drafting advice and developing the framework data needed to support the administration of offshore renewable energy. We are working with Commonwealth marine entities and the Victorian Government to identify access conflicts and support the initial marine planning for this new offshore sector.

### **Analysis of performance**

Australia's oceans continue to play an important role in our nation's economic and social security. The need for authoritative and defensible information to support policy and operations across the marine jurisdiction remained a high priority in 2019–20. Reliable and easily accessible data that unambiguously defines Australia's marine jurisdiction and what lies on the sea floor remains critical to maritime security and for striking an appropriate balance between resource exploitation, environmental management and social amenity.

Geoscience Australia's programs and leadership resulted in strong progress in improving the availability, governance and reliability of data covering Australia's marine jurisdiction and beyond. There were strong improvements to the speed at which sea floor data can be published via AusSeabed, and a corresponding rise in the number of data downloads. Geoscience Australia established and now chairs the AusSeabed Executive Board, which provides stronger coordination for data acquisition. Geoscience Australia led the development of internationally recognised approaches for defining maritime boundaries and the data standards for exchanging that data; confirmed the location of maritime boundaries with Timor-Leste; and continued to engage with global efforts to build knowledge of the world's oceans.

Australia's approaches to defining our maritime boundaries is gaining international credibility. Greater certainty on where our boundaries are, in particular with Timor-Leste but also for domestic purposes, is removing risk for offshore investment. Many Australian Government entities in the Infrastructure, Industry, Agriculture and Environment, Foreign Affairs and Trade, Home Affairs and Defence portfolios continue to heavily depend upon Geoscience Australia's information and advice for their operations, policy development and policy implementation. Our advice supports management of the offshore energy sector; safe navigation; and management and monitoring of marine protected areas and on-water activities.

### **Creating a location-enabled Australia**

#### **Objective**

To use detailed and fundamental geographic location information to develop our nation.

#### **Role**

Geoscience Australia provides trusted fundamental geographic information and advice to support evidence-based decision-making.

## Performance criteria and results

Table 60: Strategic priority: Creating a location-enabled Australia—performance

Digital Earth Australia		
Program deliverable <sup>1</sup>	Result	
Deliver decision-ready satellite data and information products to government and industry users	<p>Geoscience Australia:</p> <ul style="list-style-type: none"> <li>delivered the first draft datasets for a new national Land Cover Classification System (LCCS) for Australia, at 30 metre resolution and in 38 classes. The LCCS takes a modular approach to land cover classification that allows us to enhance the product over time as new, more granular data is added. Users have been extremely positive about the improved LCCS compared to older land cover models</li> <li>finished upgrading Geoscience Australia's Landsat Collection 3. This upgrade provides a consistent processing environment for Landsat satellite data. It provides better global integration with USGS Landsat products, significantly reduces data preparation for end users and vastly improves atmospheric correction</li> <li>completed the first round of our small-scale industry grants program, DEA Labs. All three project partners were able to develop commercially viable products to their satisfaction. The lessons learned from these projects will inform the design of round two in 2020–21</li> <li>partnered with the NSW Department of Planning, Industry and Environment and the Murray-Darling Basin Authority (MDBA) to create a routine, reliable and accessible water monitoring and management tool (DEA Waterbodies). DEA Waterbodies uses satellite data to identify and map approximately 300 000 bodies of water across Australia, and then monitor changes to their extents over time. The NSW Natural Resource Access Regulator is using DEA Waterbodies to assist with catchment-scale monitoring of water compliance</li> <li>produced Wetlands Insight Tool results characterising the behaviour of 833 436 Australian wetlands with respect to inundation and vegetation cover over the last 30 years. The Wetlands Insight Tool is currently being tested by the Queensland Department of Environment and Science; the Victorian Department of Environment, Land, Water and Planning; the South Australian Department for Environment and Water; the Department of Agriculture, Water and the Environment; the Commonwealth Environmental Water Office; and MDBA. These organisations are using the tool for applications including environmental water resource planning and management, assessing wetlands protection measures for Great Barrier Reef Report cards, evaluating the Basin Plan, and supporting the assessment of development approvals based on historical wetland character</li> <li>finished transitioning our analysis-ready data processing to the new Gadi supercomputer at the Australian National University NCI</li> <li>enhanced the DEA Hotspots system by adding data from the Himawari-8 satellite, providing hotspot updates every 10 minutes. This work was accelerated following the 2019–20 bushfires, which saw significant interest in the system. DEA Hotspots had more than 880 000 users between September 2019 and February 2020</li> <li>streamlined processing of analysis-ready data from the Sentinel-2 satellite and are maintaining user-accessible collections on the NCI and Amazon Web Services (AWS), with a latency of less than 20 days.</li> </ul>	
KPI <sup>1</sup>	Target	Result
Availability to users of decision-ready data	90%	<p>99%</p> <p>DEA decision-ready data has been available to users with an uptime of over 99%.</p> <p>See <a href="http://www.status.dea.ga.gov.au">www.status.dea.ga.gov.au</a> for further details.</p>

<sup>1</sup> Source: 2019–20 Corporate Plan

Digital Earth Africa	
Program deliverable <sup>1</sup>	Result
Establish Institutional hosting arrangement in Africa for the Digital Earth Africa program office	Geoscience Australia is continuing efforts to develop an agreement with the United Nations Economic Commission for Africa (UNECA) to become the hosting institution for the Digital Earth Africa program office. To mitigate the risk of failing to reach an agreement with UNECA, we have developed an alternative, distributed model that draws on regional partner institutions in Africa.
Deliver analysis-ready satellite data and decision-ready information products to government and industry users	<p>Geoscience Australia released a continental map of surface water for Africa (Water Observations from Space) in November 2019. It provides unique information on the distribution of water on the continent for the past two decades.</p> <p>We delivered operational analysis-ready satellite data for all of Africa on 15 June 2020, via satellite images that are openly discoverable and available through the Digital Earth Africa map. New images are captured each day and routinely added to the system.</p>
<sup>1</sup> Source: 2019–20 Corporate Plan	
Australian Spatial Data Framework	
Deliver the Location Index (Loc-I) pilot as part of the Data Integration Partnership for Australia	<p>Geoscience Australia successfully completed the Loc-I pilot. We achieved the project goals of understanding stakeholders' needs relating to linking data based on location; building a strong collaboration between partners; demonstrating linked data and Discrete Global Grid System capabilities; and testing governance models.</p> <p>The Australian Government used the Loc-I capability to inform its response to the 2019–20 bushfires and COVID-19, demonstrating the speed, accuracy and repeatability of location-based data integration.</p> <p>The key outcomes of the pilot include:</p> <ul style="list-style-type: none"> <li>• continuous growth in interest among government entities and researchers regarding Loc-I capabilities, and their inclusion in cross-jurisdictional and cross-entity projects</li> <li>• Geoscience Australia and the Department of Agriculture, Water and the Environment identifying use cases for Loc-I, and the Australian Bureau of Statistics (ABS) and CSIRO indicating willingness to take Loc-I forward in 2020–21</li> <li>• the Loc-I Board recognising Loc-I innovation and agreeing to develop options for targeted funding opportunities in future Federal Budget processes, including for the COVID-19 response, bushfire recovery and natural disaster planning.</li> </ul>
Establish governance rules between the Australian Government and state and territory entities to better manage datasets and infrastructure for Australia's Foundation Spatial Data Framework (FSDF)	<p>Geoscience Australia provided executive office operations for the Intergovernmental Committee on Surveying and Mapping (ICSM) and established a new ICSM National Collaborative Framework, with a Head Agreement signed in June 2020.</p> <p>We established the ELVIS steering committee to manage an important component of national spatial data infrastructure. This committee includes representation from states and territories and the Commonwealth Government. It provides national governance for elevation and place name data infrastructure, and the delivery of that infrastructure.</p>



Modernise the data infrastructure and supply chains that maintain the national datasets in the FSDF	<p>The Australia and New Zealand Land Information Council (ANZLIC) approved Geoscience Australia's modernisation proposal for the FSDF. This proposal involves expanding the FSDF to include the built environment, critical infrastructure, geology and soils, which will provide broader data for government and public users.</p> <p>We conducted a review of topographic paper map distribution and developed a plan for future delivery of topographic information to improve data and introduce a print-on-demand capability.</p> <p>Geoscience Australia aggregated a nationally consistent FSDF data product—Australia's Land Borders—from authoritative data supplied by state and territory land organisations. This dataset will help the ABS construct the statistical mesh blocks for the 2021 Census and resolve cross-border data aggregation issues.</p> <p>As the custodian of the largest national collection of historical aerial photography, we made significant improvements to the discoverability and delivery of information through a new online portal: <a href="http://www.imagery.aerialphotography.fsdf.org.au">www.imagery.aerialphotography.fsdf.org.au</a>.</p> <p>Geoscience Australia also invested in continuing digitisation by commissioning scanning of a further 110 000 photo frames from aerial survey films. As a result, around 370 000 images (approximately 30% of the collection) are now digitised and accessible to the public. The aerial photography catalogue has an online API that uses open platforms, and an application where the public can discover and download (via Creative Commons) aerial photography and flight-line diagrams going back to the 1930s.</p> <p>Under the ICSM's Cadastre 2034 Strategy, we conducted research into a national picture of the 'ecosystem' of land tenure and rights, restrictions and responsibilities (RRRs). We did so to enable Australia's land stakeholders to readily and confidently identify the location and extent of all RRRs related to land and real property.</p>
Provide digital mapping tools and technology for government policy priorities	<p>Geoscience Australia operated NationalMap, the Australian Renewable Energy Mapping Infrastructure (AREMI) and the Investor Map online mapping platforms, supporting the Australian Government's open data policy and economic investment in northern Australia and the renewable energy sector.</p>

<sup>1</sup> Source: 2019–20 Corporate Plan

Positioning		
Program deliverable <sup>1</sup>	Result	
Completion of the satellite-based augmentation system follow-on program and the National Positioning Infrastructure Capability program	<p>In progressing work against 2020–21/22 program deliverables, Geoscience Australia:</p> <ul style="list-style-type: none"> <li>released analysis of the benefits of more accurate and reliable positioning for Australian and New Zealand industry. The Ernst &amp; Young analysis of Geoscience Australia's SBAS testbed shows that accurate, instant and reliable positioning will generate \$6.2 billion toward the Australian economy over 30 years, through new technologies and greater efficiencies. The SBAS testbed comprised 27 projects that trialled SBAS technologies across 10 industry sectors in 45 specific positioning applications</li> </ul>	
Completion of the initial GNSS network refresh and extension	<ul style="list-style-type: none"> <li>signed agreements with all states and territories to bring their Global Navigation Satellite System (GNSS) data into the Positioning Australia GNSS network as part of our work to deliver a national positioning infrastructure capability. This led to a 400% increase in the number of users of our positioning infrastructure. Free and open access to a denser network of stations has improved the accessibility of data and the performance of the positioning information for users in Victoria, New South Wales and south-east Queensland. After completing design and development, work commenced on upgrading and expanding the network. This was delayed as fieldwork ceased to comply with COVID-19 safety measures</li> <li>released open-access tools and services that enable Australian businesses to apply high-accuracy positioning information. We released two geodetic reference frameworks that align Australian positioning information with world-leading applications, improving access to more efficient geodetic data to support centimetre-level positioning</li> <li>released open-source software that is capable of determining satellite orbits, positions and timing errors, and managing the acquisition, processing and delivery of multi-GNSS data and related products. Users can integrate this software into devices and applications to incorporate precise positioning into their operations. This supports the Positioning Australia program's vision of instantaneous GNSS positioning anywhere at any time, with the highest possible accuracy and the highest possible integrity.</li> </ul> <p>In February, Prime Minister Scott Morrison and New Zealand Prime Minister Jacinda Ardern jointly announced the collaboration between Australia and New Zealand to deliver the Southern Positioning Augmentation Network under the Australia New Zealand Science, Research and Innovation Cooperation Agreement (ANZSRICA). This component of the Positioning Australia program will deliver the first SBAS for the Australasian region. Procurement of the SBAS is underway, with a fully operational SBAS system anticipated by 2023.</p>	
Program KPI	Target	Result
Availability of the GNSS network to support continuous, real-time positioning applications	95%	92%  The target KPI for network availability was not met this year. This was a direct result of not being able to respond to issues at stations in remote parts of Australia due to COVID-19 travel restrictions.

<sup>1</sup> Source: 2019–20 Corporate Plan

### Case Study: Using positioning infrastructure to help predict storms

Storms cause great damage to Australians and their property. Key examples include the 2016 state-wide blackout in South Australia, and in 1999 the severe Sydney hailstorm that became the largest single insurance loss in Australian history, valued at \$1.7 billion.

The Bureau of Meteorology (BoM) continually improves the accuracy of its weather forecasting system. Distribution and density of water vapour in the atmosphere is one of the hardest variables to predict in a weather forecasting system. Water vapour is a very important gas for meteorological forecasting because of the latent heat it carries in transport.

Geoscience Australia has worked with the BoM to use the Positioning Australia GNSS network to infer atmospheric water vapour content. This involves determining how much the GNSS signal has been delayed as it passes from the satellite, through the atmosphere, to the GNSS receiver on the ground. Measuring the amount of water vapour using data collated and analysed from hundreds of GNSS stations across Australia has significantly improved the accuracy of weather forecasting. This improvement applies under all conditions, but especially when predicting storm events. Geoscience Australia's GNSS-based information products are now routinely applied to improve the BoM's weather forecasts, which are used by all Australians.

### Performance analysis

Location-based data and technologies remained crucial to decision making by business, citizens and government organisations during 2019–20. Demand continued to increase for easy-to-use, openly available, reliable, nationwide Earth observation and digital mapping data describing Australia's geography, along with highly precise positioning information from satellites. At the same time, there was strong support for maintaining access to traditional forms of location information, such as paper maps. The need to continue unlocking historic aerial photography that mapped the Australian landscape before the digital era also becomes more pressing as older materials deteriorate with age.

Geoscience Australia made good progress with programs supporting improved positioning information from satellite navigation systems. Prime Minister Scott Morrison and New Zealand Prime Minister Jacinda Ardern announced the collaboration between Australia and New Zealand to deliver the Southern Positioning Augmentation Network under the Australia New Zealand Science, Research and Innovation Cooperation Agreement (ANZSRICA). This component of the Positioning Australia program will deliver the first SBAS for the Australasian region. Geoscience Australia signed agreements with all states and territories to bring their GNSS data into the Positioning Australia GNSS network, increasing the number of users of Geoscience Australia's positioning infrastructure. We also began upgrading the national GNSS ground station network; however, this work—as well as efforts to maintain network availability for remotely located stations—was hampered by COVID-19 travel restrictions.

Take-up of Earth observation information in Australia and Africa improved. We demonstrated the technical feasibility of a 'data cube' for Africa, using free and open data and cloud infrastructure, and completed the first round of the DEA Labs program. We also released new datasets for land cover, wetlands and waterbodies, and made significant progress in compiling an authoritative state border dataset and collection of digital historic aerial photography. We improved governance for maintaining and accessing Australia's national coverage spatial data, through collaborative frameworks with states and territories. We achieved similar success with governance in the Digital Earth Africa project, although work continues to confirm a local host. We established strong foundations for future collaboration on spatial data infrastructure with other Australian Government entities as a result of completing the Loc-I project.

Geoscience Australia's continued strong leadership and program achievements this year have delivered benefits across government and business. States and territories participating in collaborative governance realised financial benefits, reducing the cost of managing and delivering data to businesses. In addition, businesses realised financial benefits through faster and easier access to that data. In particular, the Australian companies partnering with DEA Labs were able to develop commercially viable products.

## Enabling an informed Australia

### Objective

To equip government, industry and community with geoscience data and information to make informed decisions for our nation.

### Role

Geoscience Australia delivers world-class, trusted data, platforms and expertise to support high-impact geoscience, transparent evidence-based decisions and the social licence to operate.

### Performance criteria and results

*Table 61: Strategic priority: Enabling an informed Australia—performance*

Geoscience promotion, education and awareness	
Program deliverable <sup>1</sup>	Result
Undertake activities to promote, educate and create awareness of geoscience and its benefits	<p>Geoscience Australia undertook a range of promotion, education and geoscience awareness raising activities. These include:</p> <ul style="list-style-type: none"> <li>• increasing the volume, discoverability and diversity of physical and digital resources available to our clients and community</li> <li>• educating more than 7000 Australian students and 700 teachers on the topic of Earth sciences through direct and virtual interactions, and providing digital resources to students, families, teachers and the public. We received consistent positive feedback from teacher groups, and although we hosted a smaller number of onsite visits due to the COVID-19 pandemic, we grew our digital resources capability and capacity, broadening the diversity of our stakeholder groups</li> <li>• promoting and raising the awareness of Geoscience Australia's work programs by providing timely and quality services to stakeholders, and increasing our engagement through public programs</li> <li>• receiving consistent positive feedback from stakeholders and responding to 4877 enquiries and requests, roughly equivalent to 2018–19 (4908)</li> <li>• maintaining our capability to respond to enquiries about national emergencies, such as COVID-19 and the 2019–20 bushfire season.</li> </ul>

<sup>1</sup> Source: 2019–20 Corporate Plan

Observatories	
Program deliverable <sup>1</sup>	Result
Deliver an updated version of the Australian/International Geomagnetic Reference Field model	Geoscience Australia finalised the Australian Geomagnetic Reference Field model (AGRF2020) in late December 2019, and shortly afterwards updated the Geoscience Australia Geomagnetism webpage: <a href="http://www.ga.gov.au/scientific-topics/positioning-navigation/geomagnetism">www.ga.gov.au/scientific-topics/positioning-navigation/geomagnetism</a> .

Deliver the Macquarie Island geomagnetic and seismic modernisation project	<p>Due to the bushfires on the NSW south coast in 2019–20, the naval ship originally scheduled to transport the building materials from Hobart to Macquarie Island for this project was reassigned. Although some materials were still transported, delays will continue into 2020–21.</p> <p>The temporary geomagnetism monitoring observatory is still operational. We have upgraded the seismic equipment in the current installation and it is now ready to be moved to the new buildings once they are built.</p>
Achieve Landsat Ground Network operational readiness for Landsat 9	<p>Testing for Landsat 9 readiness is on track and we have achieved all milestones to date. The system passed Level 5 testing by USGS and NASA engineers in a review of results and presentation conducted in June 2020.</p>
Deliver a geomagnetic and seismic data delivery systems upgrade project	<p>A pilot data acquisition system is operational in AWS, collecting real-time data from selected seismic observatories.</p> <p>In May 2020, based on this pilot, the Configuration Control Board approved the architecture to be built during 2020–21 to replace the production system for acquiring all seismic observatory data.</p> <p>We have successfully transitioned systems for generating and managing metadata for configuring the seismic observatory to the new AWS-based infrastructure, reducing reliance on legacy software tools.</p>
Operate a national network of observatories	<p>Geoscience Australia met targets for operating and maintaining two critical seismo-acoustic observatory networks, which are:</p> <ul style="list-style-type: none"> <li>• the Australian National Seismograph Network (ANSN), supporting NEAC</li> <li>• the Australian Comprehensive Nuclear-Test-Ban Treaty International Monitoring System (IMS) seismo-acoustic stations, including seismic, hydro-acoustic and infrasound technologies, as part of Australia's commitment to monitoring worldwide nuclear testing.</li> </ul> <p>Targets were met for the geomagnetic network at all observatories. Temporary geomagnetic observatories are in operation at Charters Towers and on Macquarie Island, pending relocation to permanent installations.</p> <p>Improvements to observatories included the remediation of power and communications at the Mount Stromlo Observatory handling geomagnetic and seismic data.</p> <p>We also upgraded recording equipment (digitisers, sensors and state-of-health monitoring equipment) at multiple observatories as part of the recapitalisation of ANSN.</p>
Operate an Alice Springs satellite ground station	<p>Geoscience Australia's operation of the satellite ground station met all targets for scheduled acquisition of satellite passes.</p> <p>The system passed Level 5 readiness testing for Landsat 9 acquisition conducted by the USGS and NASA teams in June 2020. This is a major milestone in the process of certifying the Alice Springs ground station for Landsat 9 Landsat Ground Network activities.</p> <p>In November 2019, Geoscience Australia hosted the Landsat Ground Station Operators Working Group meeting in Alice Springs. This was combined with celebrations for the 40th anniversary of collaboration on Landsat activities between Geoscience Australia and the USGS.</p> <p>Progress was made on integrating the Viasat antenna for operations. This antenna is expected to be operating as the primary antenna for Landsat 7 acquisition from August 2020.</p> <p>An agreement was reached with the CSIRO to provide ground station support services for its CSIROsat-1 mission due to launch in 2021. Both parties accepted the architecture for integrating equipment and procedures for data delivery, and these will be integrated in the first quarter of 2020–21.</p> <p>A project commenced to replace the 2.4 metre antenna at the ground station due to poor performance. In June 2020, we procured a new 3 metre antenna, which passed the factory acceptance test. We will integrate this antenna during the first quarter of 2020–21.</p>

KPI <sup>1</sup>	Target	Result
Data availability from the Comprehensive Nuclear-Test-Ban Treaty network	98%	98.6% Geoscience Australia met the target for data availability for the 'primary' seismo-acoustic stations. The Comprehensive Nuclear-Test-Ban Treaty IMS auxiliary stations had a combined data availability of 88.9% due to equipment upgrades at CTA during the first half of 2019. These stations do not contribute towards the KPI.
Data availability from the seismic network	90%	93.8% The Tier 1 network exceed the target KPI. When combined with the Tier 2 component of the network, data availability is reduced to 88.4%. Support for the urban monitoring component, which makes up the bulk of the Tier 2 network, required servicing prior to the COVID-19 outbreak. This lack of servicing during the second half of the year impacted the data availability from these sites.
Data availability from the geomagnetic networks	98%	99.9% Target data availability was achieved. No significant outages impacted the network during the reporting period.
Alice Springs Observatory scheduled satellite passes acquired	98%	99.7% This includes passes from Suomi satellites (15, 18 and 19), Landsat 7 and Landsat 8.

<sup>1</sup> Source: 2019–20 Corporate Plan

### Science support

Program deliverable <sup>1</sup>	Result
Deliver analytical data to support Geoscience Australia's science activities	Geoscience Australia's laboratory received 2752 samples and completed a record 13 786 preparations and analyses, providing high-quality science support for both internal and external clients. A new Laboratory Information Management System, resulting in improved workflows, was also implemented.

<sup>1</sup> Source: 2019–20 Corporate Plan

### Petroleum data repository

Program deliverable <sup>1</sup>	Result
Operate the National Offshore Petroleum Information Management System (NOPIMS) for discovering and delivering petroleum data and samples	Geoscience Australia released four NOPIMS updates, delivering new functionality and capability.

KPI <sup>1</sup>	Target	Result
Respond to and initiate workflows for Repository Client Services requests within seven business days	92%	96%  Geoscience Australia delivered 422 terabytes of data to the petroleum exploration industry in response to 433 client requests.
Initiate workflows for cataloguing and data storage of new <i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i> submissions, within five business days	92%	100%  The National Offshore Petroleum Titles Administrator submitted 118 well, survey and reprocessing projects to Geoscience Australia. The workflows for cataloguing and data storage of new Offshore Petroleum and Greenhouse Gas Storage Act submissions were commenced within five business days.

<sup>1</sup> Source: 2019–20 Corporate Plan

### Enabling digital geoscience– turning data into decisions

Program deliverable <sup>1</sup>	Result
Deliver digital system enhancements to promote national-scale geoscience datasets that are findable, accessible, interoperable and reusable (FAIR)	<p>In working to achieve this program deliverable, Geoscience Australia:</p> <ul style="list-style-type: none"> <li>• redeveloped the data and publications search platform to improve the user experience and the discoverability of our data and information products</li> <li>• upgraded our persistent identifier data design and technology systems to support increased interoperability of data in machine-readable formats. This work underpins initiatives such as the International Geo Sample Number (IGSN) and machine-readable standards from communities including the Commission for the Management and Application of Geoscience Information and the Government Geoscience Information Committee</li> <li>• created new methods for releasing data securely from our internal databases. We created a database migration service supporting analysis-ready views of databases in highly available environments. This work is underpinned by standards-based FAIR data services such as Open Geospatial Consortium standards</li> <li>• developed a new portal interface through which stakeholders can discover, explore, download and analyse large geoscience datasets. This was developed as part of the EFTF program and can be accessed online: <a href="http://www.portal.ga.gov.au">www.portal.ga.gov.au</a></li> <li>• improved our network infrastructure, including wireless networking in the Geoscience Australia building, to support improved data analysis, data transfers and collaboration with stakeholders</li> <li>• implemented additional remote access technologies to enable staff working from home and in remote locations to continue delivering scientific outcomes for our major programs such as DEA, Positioning Australia and EFTF</li> <li>• updated our collaboration solutions to allow staff to share data and collaborate more easily with people outside Geoscience Australia.</li> </ul>

<sup>1</sup> Source: 2019–20 Corporate Plan

### Case Study: Developing the Geophysical Archive Data Delivery System (GADDS)

The existing GADDS is a basic data discovery and delivery portal providing magnetic, radiometric, gravity and digital elevation data from national, state and territory government geophysical data archives. The system relies on proprietary software and is at the end of its functioning life.

The GADDS redevelopment project (GADDS 2.0) is a multi-year project with a first-year (2019–20) goal of providing the full capability of the existing GADDS platform with data hosting at the NCI, allowing Geoscience Australia to retire the current system. The externally facing component of the GADDS platform is based on the new Geoscience Australia portal that provides users with a single interface for accessing our suite of high-quality geophysical data with the functionality that stakeholders require.

The Geoscience Australia portal has a superior graphical user interface, with state-of-the-art delivery across all existing datasets. It will accommodate additional data types and functions, including those planned for the second year of the project (described below).

Work undertaken in 2019–20, the first year of GADDS 2.0, includes:

- data cleansing and transformation
  - converted 6865 datasets—including point, line and grid datasets—to netCDF format and published them from the NCI.
- metadata management and remediation
  - created a new metadata management database for geophysical datasets associated with GADDS and conducted extensive data cleansing and metadata remediation.
  - generated improved metadata for datasets, such as adding survey extents to improve discoverability.
- scripted data publication and metadata record creation
  - created a new framework using a metadata database for automatic generation of dataset metadata records in Geoscience Australia's enterprise catalogue.
  - generated catalogue records for the new datasets and updated records for the pre-existing datasets using this process. This has improved the quality of metadata records.
- data subsetting and transformation API development
  - developed and implemented an interface layer for the GADDS portal user interface. This interface supports subsetting of datasets based on user selection, and enables delivery in multiple formats such as ASEG-GDF2 and netCDF.
- implementing discovery and delivery within the Geoscience Australia portal, providing streamlined data discovery and quicker processing times
  - created a GADDS web file service to enable spatial and filtered discovery of data.
  - developed support for the new Geocentric Datum of Australia 2020 projection.
  - developed a click-and-ship functionality, allowing stakeholders to identify data of interest, and select the data format and area. The data is zipped and an access link is provided for the stakeholder to download.

This work was completed with the release of the beta version of GADDS 2.0 in July 2020. We will continue to develop the enhanced functionality in 2020–21.



## Performance analysis

In 2019–20, we continued to improve Geoscience Australia's data and information management and delivery platforms. We completed four updates to NOPIMS to improve functionality and capability, resulting in a 33 per cent increase in new users. NOPIMS continues to house one of the world's largest collections of freely available offshore petroleum data. We delivered over 422 terabytes of data to the petroleum industry from 433 individual requests, and actioned 118 well, survey and reprocessing projects for the National Offshore Petroleum Titles Administrator, ensuring the data remained contemporaneous and accurate as possible.

Geoscience Australia's laboratory continued to provide essential services to support our science activities, including workflow improvements and efficiencies from the successful implementation of an integrated Laboratory Information Management System. This resulted in the laboratory completing a record number of 13 786 sample preparations and analyses from 2752 samples this year, the majority of which were for the EFTF program and are now freely accessible through the EFTF Data Discovery Portal.

Geoscience Australia's geoscience knowledge, education and awareness program brings together Australia's National Geoscience Library, the National Mineral and Fossil Collection, the Geoscience Education Centre and our Client and Visitor Services function. During 2019–20, Geoscience Australia:

- remained committed to ensuring all teachers are equipped with the knowledge and resources to increase the participation of future generations in STEM
- continued to facilitate the discoverability and accessibility of the National Mineral and Fossil Collection, and physical and digital library resources
- continued its commitment to educate and inspire the next generation of Australians about Earth science.

In response to COVID-19 and to comply with safety measures, we pivoted from onsite face-to-face engagements to virtual engagements and classroom presentations. This required the development and implementation of new workflows to engage stakeholder groups. Most of these new virtual initiatives will continue after COVID-19 restrictions ease, due to their success in reaching broader and more diverse audiences, including remote and regional communities. This supports our commitment to achieving a tenfold increase in engagement with stakeholders across our digital platforms by 2028.

Geoscience Australia managed 4877 enquiries and requests during the year, with an average of 179 emails and 177 phone calls per month. This included responding to a large volume of phone and email enquiries during the 2019–20 bushfire period. Our network of observatories has consistently exceeded availability targets. The Alice Springs satellite ground station progressed readiness testing to support the future Landsat 9 mission by meeting all required milestones to date. The ground station is often the best performing international ground station in monthly statistics for Landsat satellite operations. The upgrade of seismic stations as part of the recapitalisation cycle has enhanced the earthquake monitoring capability and reliability of the ANSN. Modernisation of the seismic data acquisition systems has progressed and we have deployed a pilot system using cloud infrastructure, which will provide improved flexibility and performance for data acquisition and delivery in the coming years. The national geomagnetism network of observatories has also performed well against target data availability, and upgrades to infrastructure will ensure we maintain this performance into the future.

This year we delivered a number of upgrades to our ICT environment and developed new digital platforms on our systems that support the delivery of national-scale geoscience datasets. In addition to the GADDS 2.0 project, Geoscience Australia progressed other activities, resulting in digital system enhancements to promote FAIR national-scale geoscience datasets. These included enhancing our ICT systems so Geoscience Australia staff can continue working on our scientific data programs from home; adopting changes that make collaboration easier; and developing systems that improve product release processes and ensure our data is well-documented and easy to find.

### **Business response and impact from COVID-19**

This year has been unlike any other, first with the devastating bushfires across vast areas of the country, and then the outbreak of the coronavirus pandemic, COVID-19. Australia had its first confirmed case of COVID-19 in late January 2020 and since then the Australian Government has sought to minimise the impact of COVID-19 on the health of our population, the health system and the economy.

During this time Geoscience Australia followed the advice of the Australian Government and implemented a number of strategies and modified business practices to reduce the impact of COVID-19 and comply with all relevant state and territory public health orders.

This forced adjustments to our work program. We closed the public areas of our office including the foyer display, education centre and library; we restricted all domestic and international travel, and to ensure the safety of remote communities and our staff we suspended all fieldwork activities.

These changes impacted the delivery of our work program, but we remained committed to providing our most critical services to the Australian Government and the Australian people with minimal disruption. We continued to deliver trusted advice, datasets, online tools and portals, positioning and navigation platforms, and monitoring and alerting services.

Adapting to the changes in our business environment we reviewed our work program, processes and capabilities. We worked closely with our stakeholders to keep them informed of our plans and to collaborate on ways of working together to achieve our goals. We sought to remain responsive to the changing needs and requirements set out by the Australian Government and to communicate this with our stakeholders.

Table 62 outlines the impact to Geoscience Australia's work program as a result of COVID-19. Positive figures represent a budget surplus.

Table 62: Business impact from COVID-19

Impact area		COVID-19 Financial impact \$'000
Building Australia's resource wealth	<p>Geoscience Australia's work to support Australia's resource sector was impacted with the necessary deferral of data acquisition surveys and related travel, resulting in an underspend against budget.</p> <p>This underspend was partially offset by the redirection of funds towards procurement activities related to identifying locations with minerals potential.</p>	1,629
Supporting Australia's community safety	<p>A planning and scoping mission to the Philippines in support of Australia's international commitments for disaster risk reduction in the Pacific region was postponed. Other planned travel relating to our seismic alerts program were also cancelled.</p> <p>The resulting budget underspend from these activities was largely redirected to new projects assisting Fiji and Papua New Guinea in their response to minimise the impact of COVID-19.</p>	337
Securing Australia's water resources	<p>Geoscience Australia's groundwater assessment program was impacted with the postponement of fieldwork activities and related travel resulting in a budget underspend.</p> <p>We will continue to closely monitor the travel status for each state and territory and look to resume fieldwork only when it is safe to do so.</p>	197
Managing Australia's marine jurisdictions	<p>Geoscience Australia's work relating to the collection of seabed and coastal mapping data and related travel was postponed. The funding allocated for this work was redirected to engage contract services to progress seabed characterisation work using existing data.</p>	96
Creating a location-enabled Australia	<p>Geoscience Australia's work supporting the Australian Government's bilateral partnership with Myanmar was impacted with the deferral of our Myanmar open data cube project due to travel restrictions. This project was aimed at providing Myanmar with access to satellite data products and services. Funding for this work was redirected to progressing a historical photo mapping project.</p> <p>Work relating to our positioning program that will deliver more accurate and reliable position information across Australia was also impacted. Due to travel restrictions the scoping of sites for additional positioning infrastructure was delayed resulting in a budget underspend. This work will be resumed in 2020–21 once travel restrictions ease and it is safe to recommence.</p>	983
Enabling an informed Australia	<p>Geoscience Australia's work in delivering world-class, trusted data, platforms and expertise to support evidence-based decisions and high-impact geoscience was largely uninterrupted. Some travel was cancelled due to travel restrictions resulting in a budget underspend.</p>	102
Enterprise and administrative	<p>In line with government advice and to support the health and wellbeing of our staff, non-essential personnel were encouraged to work remotely to prevent the spread of COVID-19. This required changes to our ICT infrastructure to meet the increased load requirements from staff working from home. These additional costs were offset by savings in cancelled travel, events and some delays in the delivery of services by our suppliers.</p>	94
Total surplus as a result of COVID-19		3,438

## Financial performance

### Operating result

In 2019–20, Geoscience Australia had an operating surplus of \$9.9 million, including unfunded depreciation and amortisation funded through the capital budget of \$7.9 million and depreciation and amortisation on right-of-use assets of \$27.5 million. The result excluding depreciation and amortisation and adding principal repayments on leased assets was an operating surplus of \$24.4 million.

Geoscience Australia's total income for the year was \$225.2 million, comprising \$191.3 million in appropriations from Australian Government and \$31.2 million from the sale of goods and services to related and external entities and \$2.6 million from other revenue and gains.

Geoscience Australia's total expenses were \$215.3 million. The major expense categories were employee expenses of \$78.2 million, supplier expenses of \$97.4 million, depreciation and amortisation of \$35.4 million and interest on right-of-use assets of \$4.3 million.

The note on departmental budget variances in the financial statements compares the actual results to the original budget disclosed in the 2019–20 Portfolio Budget Statements.

### Financial sustainability

Total equity as at 30 June 2020 was \$111.6 million. Total assets were \$507.5 million and total liabilities were \$395.9 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 2019–20. A grant of \$0.02 million was paid to the Australian National Committee for the United Nations Educational, Scientific and Cultural Organization for the International Geological Correlation Program.





## CHAPTER EIGHT:

# GEOSCIENCE AUSTRALIA MANAGEMENT AND ACCOUNTABILITY

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## Corporate governance

Geoscience Australia's corporate governance arrangements guide our management practices and business operations to ensure we are accountable, manage risk appropriately, deliver on strategic priorities and meet our legal obligations.

Our governance framework includes advisory bodies and committees, as well as Accountable Authority Instructions, policies, procedures and guidelines.

The Chief Executive Officer (CEO) is supported by the Advisory Board and Portfolio Board.

The Advisory Board comprises Senior Executive Service (SES) officials and five staff members, and provides advice to the CEO on strategy, financial operations and risk management. The Board is supported by the Audit and Risk Committee, Security Committee, Work Health and Safety Committee, Workplace Relations Committee and People and Culture Committee.

The Portfolio Board comprises SES officials and advises the CEO on investment priorities and resource allocation. It is responsible for meeting Geoscience Australia's planning and performance reporting obligations set out in the PGPA Act 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.

The Audit and Risk Committee's function is to review the appropriateness of Geoscience Australia's financial and non-financial performance reporting and provide independent advice to the Chief Executive Officer regarding the entity's risk, control and compliance framework, and external accountability responsibilities. The Audit and Risk Committee Charter is available on the Geoscience Australia website at [www.ga.gov.au/\\_\\_data/assets/pdf\\_file/0010/97759/Geoscience-Australia-Audit-and-Risk-Committee-Charter-September-2019.pdf](http://www.ga.gov.au/__data/assets/pdf_file/0010/97759/Geoscience-Australia-Audit-and-Risk-Committee-Charter-September-2019.pdf). Details of Audit and Risk Committee membership are in Appendix B4.

Geoscience Australia's governance practices comply with all statutory requirements and we review these practices regularly to ensure they remain relevant and effective.

## **Fraud control**

Geoscience Australia's fraud control framework is consistent with better practice and provides assurance that our fraud control strategies are robust. We provide ongoing fraud awareness training for all staff. As required by the Fraud Rule and the Commonwealth Fraud Control Framework, we review and update Geoscience Australia's 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 Geoscience Australia's internal compliance reporting process for 2019–20.

## **External scrutiny**

In 2019–20, 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.

## **Parliamentary committees**

No parliamentary committees conducted investigations into Geoscience Australia's operations in 2019–20. Geoscience Australia appeared before:

- the Royal Commission into National Natural Disaster Arrangements, on 25 May and 4 June 2020
- the Senate Economics Legislation Committee hearings on Additional Budget Estimates, on 4 March 2020
- the Senate Economics References Committee inquiry into Australia's oil and gas reserves, on 28 February 2020
- the Senate Environment and Communications References Committee inquiry into the impact of seismic testing on fisheries and the marine environment, on 19 February 2020
- the Senate Economics Legislation Committee hearings on Supplementary Budget Estimates, on 24 October 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](http://www.ga.gov.au/ips).

## **Management of human resources**

We launched the Geoscience Australia People Strategy 2017–2022 in June 2017. Activities undertaken to implement the strategy in 2019–20 included:

- reviewing and redesigning our graduate program to align it with our overall recruitment strategy and workforce planning

- undertaking a project to revitalise role profiles across the organisation
- implementing a talent development framework, allowing the identification and targeted development of individuals assessed as talent based on their performance and potential
- implementing a user-friendly online rewards and recognition portal that celebrates transparent and inspirational leadership, outstanding achievements and innovation, in line with our organisational values
- implementing a learning and development strategy so we can make informed decisions on the capability needs of the organisation
- implementing a diversity and inclusion strategy, which promotes a strong focus on fostering a culture that embraces equality, equity and diversity, and is supportive, respectful and collaborative. In 2017, as part of our commitment to diversity and inclusion, we became a member of the Science in Australia Gender Equity initiative. On 20 February 2020, we received Athena Scientific Women's Academic Network Bronze accreditation, which recognises our important steps towards creating a more equitable and inclusive workplace underpinned by gender equity.

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, Science, Energy and Resources Senior Executive Service Remuneration Policy, and the Geoscience Australia Enterprise Agreement 2019–22. 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 CEO and embraced through all levels of the organisation. During 2019–20, we continued to strengthen Geoscience Australia's work health and safety management system, with an emphasis on early intervention. Our investment in employee health and wellness included:

- influenza vaccinations offered to all workers in March through May 2020, with 55.5 per cent of employees participating
- an Employee Assistance Program, providing employees and their immediate family members with confidential, independent counselling for any personal or work-related matters
- workplace physical health and wellness assessments, providing employees with a self-screening online questionnaire to identify potential health issues, along with a practical examination
- a health self-management portal, including wellness assessments, wellness campaigns and available resources to support mind, body, work and life
- a Minor Injury Support Program (MISP) for employees who have developed short-term medical conditions related to their work and have incurred expenses in seeking treatment. The MISP covers expenses incurred by employees in treating these conditions, to support an early and safe return to positive health
- case management support for managers and employees, for all work health and safety, rehabilitation and injury management matters.



During 2019–20, one incident was 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 impacted worker received case management support and no ongoing assistance was required.

## 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 website: [www.apsc.gov.au](http://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 Australia's progress against each of the six outcome areas of the strategy and presents a picture of how people with disability are faring. Reports are available on the Department of Social Services website: [www.dss.gov.au](http://www.dss.gov.au).

## Procurement

During 2019–20, 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](http://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](http://www.treasury.gov.au).

## Consultants

During 2019–20, Geoscience Australia entered into four new consultancy contracts involving total actual expenditure of \$269 283 (GST inclusive). There was one ongoing consultancy contract with a total actual expenditure during 2019–20 of \$187 229 (GST inclusive).

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](http://www.tenders.gov.au).

The CEO did not exempt any contract let during 2019–20 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) entered into during 2019–20 allowed for the Auditor-General to have access to the contractor's premises.

## Grants program

Information on grants awarded by Geoscience Australia is available on the GrantConnect website: [www.grants.gov.au](http://www.grants.gov.au).

## Advertising and market research

Under section 311A of the *Commonwealth Electoral Act 1918*, Geoscience Australia is required to disclose payments for advertising and market research that are over the reportable threshold of \$14 000 (GST inclusive).

During 2019–20, Geoscience Australia did not conduct any advertising and market research.

## Ecologically sustainable development and environmental performance

Many of our 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.

We also pursue ecologically sustainable development initiatives in our 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 this 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
- 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.

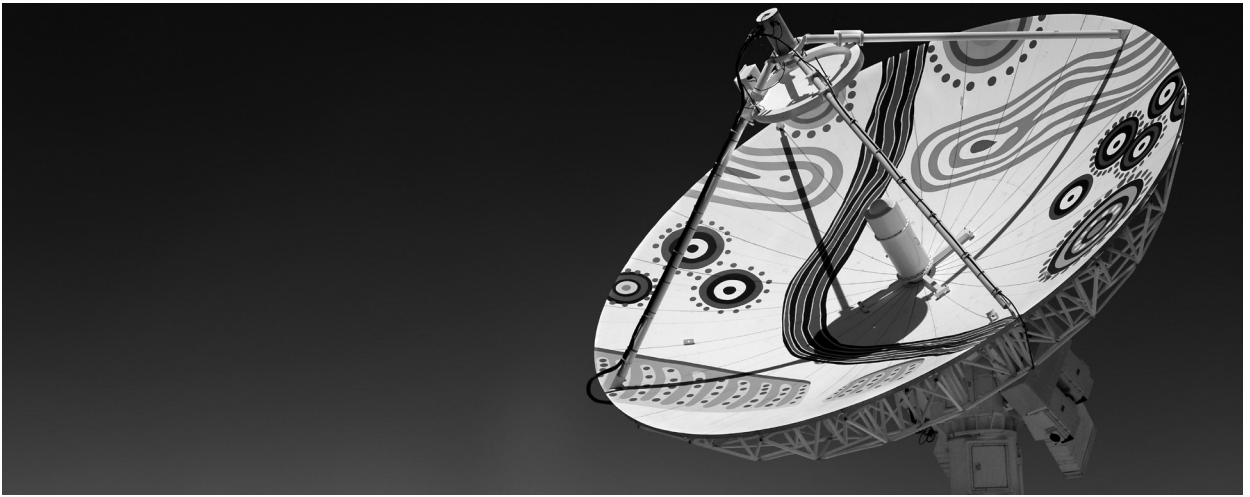
As part of a whole-of-government property services arrangement, facilities management provider Evolve FM Pty Ltd is responsible for the environmental management of our building and facilities, including monitoring and reporting.

Environmental initiatives at our building during 2019–20 included:

- finalising lighting upgrades, replacing fluorescent lighting in the office environment with efficient light-emitting diode (LED) lighting controlled through a digital interface over 20 000 m<sup>2</sup>
- making ongoing configuration improvements to our building management system
- minor upgrades to the building's heating, ventilation and air-conditioning systems including improvements on the geothermal water supply, re-balancing of floor space supply settings and system filter replacements.

The lessor has made an ongoing commitment to improve the current zero-star rating of a zero-star National Australian Built Environment Rating System (NABERS) energy rating to at least a four-star rating.





CHAPTER NINE:

# GEOSCIENCE AUSTRALIA FINANCIAL STATEMENTS

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OFFICIAL



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Resources, Water and Northern Australia

#### Opinion

In my opinion, the financial statements of Geoscience Australia (the Entity) for the year ended 30 June 2020:

- (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 2020 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 as at 30 June 2020 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 (including Independence Standards)* (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.

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### 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

Canberra

5 September 2020

**STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2020 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 Geoscience Australia will be able to pay its debts as and when they fall due.



Dr James Johnson  
Chief Executive Officer  
Geoscience Australia

4/9/2020



Michael Koh  
Chief Finance Officer  
Geoscience Australia

4/9/2020

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 Departmental Budget Variance Commentary

### Overview

### Notes to the financial statements:

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**Statement of Comprehensive Income***for the period ended 30 June 2020*

	Notes	2020 \$'000	2019 \$'000	Original Budget <sup>1</sup> \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	78,187	79,499	78,289
Suppliers	1.1B	97,400	124,680	157,347
Grants	1.1C	18	690	-
Depreciation and amortisation	3.2A	35,405	7,477	9,333
Finance costs	1.1D	4,286	51	49
Impairment loss on trade and other receivables		-	6	-
Write-down and impairment of other assets	1.1E	8	-	-
Foreign exchange losses		-	3	-
Losses from asset sales		25	36	-
<b>Total expenses</b>		<b>215,329</b>	<b>212,442</b>	<b>245,018</b>
<b>Own-source income</b>				
<b>Own-source revenue</b>				
Revenue from contracts with customers	1.2A	30,950	28,158	39,900
Rental income	1.2B	262	205	189
Other revenue	1.2C	1,587	1,183	654
<b>Total own-source revenue</b>		<b>32,799</b>	<b>29,546</b>	<b>40,743</b>
<b>Gains</b>				
Foreign exchange gains		5	-	-
Reversal of write-downs and impairment	1.2D	170	-	-
Other gains	1.2E	870	75	-
<b>Total gains</b>		<b>1,045</b>	<b>75</b>	<b>-</b>
<b>Total own-source income</b>		<b>33,844</b>	<b>29,621</b>	<b>40,743</b>
<b>Net cost of services</b>		<b>(181,485)</b>	<b>(182,821)</b>	<b>(204,275)</b>
Revenue from Government	1.2F	191,346	184,381	192,322
<b>Surplus on continuing operations</b>		<b>9,861</b>	<b>1,560</b>	<b>(11,953)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		2,446	237	-
<b>Total other comprehensive income surplus</b>		<b>2,446</b>	<b>237</b>	<b>-</b>
<b>Total comprehensive income surplus</b>		<b>12,307</b>	<b>1,797</b>	<b>(11,953)</b>

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 2019-20 Portfolio Budget Statements (PBS).

**Statement of Financial Position***as at 30 June 2020*

	Notes	2020 \$'000	2019 \$'000	Original Budget <sup>1</sup> \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents		560	2,758	2,500
Trade and other receivables	3.1A	111,003	73,175	50,280
Accrued revenue	3.1B	1,905	1,610	2,094
<b>Total financial assets</b>		<b>113,468</b>	<b>77,543</b>	<b>54,874</b>
<b>Non-financial assets<sup>2</sup></b>				
Land	3.2A	1,880	1,255	1,255
Buildings	3.2A	323,964	359	305
Leasehold improvements	3.2A	22,010	21,896	19,973
Heritage and cultural	3.2A	3,221	2,969	2,254
Plant and equipment	3.2A	35,771	30,685	55,427
Computer software	3.2A	1,506	1,802	983
Prepayments		5,634	8,406	3,833
<b>Total non-financial assets</b>		<b>393,986</b>	<b>67,372</b>	<b>84,030</b>
<b>Total assets</b>		<b>507,454</b>	<b>144,915</b>	<b>138,904</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	7,652	38,010	42,074
Other payables	3.3B	28,669	44,345	38,331
<b>Total payables</b>		<b>36,321</b>	<b>82,355</b>	<b>80,405</b>
<b>Interest bearing liabilities</b>				
Leases	3.4A	329,022	-	-
<b>Total interest bearing liabilities</b>		<b>329,022</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>				
Employee provisions	5.1A	26,534	27,669	24,913
Other provisions	3.5A	4,020	2,667	2,409
<b>Total provisions</b>		<b>30,554</b>	<b>30,336</b>	<b>27,322</b>
<b>Total liabilities</b>		<b>395,897</b>	<b>112,691</b>	<b>107,727</b>
<b>Net assets</b>		<b>111,557</b>	<b>32,224</b>	<b>31,177</b>
<b>EQUITY</b>				
Contributed equity		89,123	65,473	89,447
Reserves		14,916	12,529	12,292
Retained surplus/(Accumulated deficit)		7,518	(45,778)	(70,562)
<b>Total equity</b>		<b>111,557</b>	<b>32,224</b>	<b>31,177</b>

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 2019-20 Portfolio Budget Statements (PBS).

2. Right-of-use assets are included in Land, Buildings and Plant and Equipment.

**Statement of Changes in Equity***for the period ended 30 June 2020*

		2020	2019	Original Budget <sup>†</sup>
	Notes	\$'000	\$'000	\$'000
<b>CONTRIBUTED EQUITY</b>				
<b>Opening balance</b>		65,473	50,393	65,473
<b>Transactions with owners</b>				
<b>Distributions to owners</b>				
Returns of capital				
Appropriations repeal - Equity	4.1A	(300)	-	-
<b>Contributions by owners</b>				
Equity injection - Appropriations	4.1A	19,326	10,435	19,326
Departmental capital budget	4.1A	4,624	4,645	4,648
<b>Total transactions with owners</b>		<b>23,650</b>	<b>15,080</b>	<b>23,974</b>
<b>Closing balance as at 30 June</b>		<b>89,123</b>	<b>65,473</b>	<b>89,447</b>
<b>RETAINED EARNINGS</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		(45,778)	(47,337)	(58,609)
Adjustment for changes in accounting policies				
Adjustment on initial application of AASB 9		-	(1)	-
Adjustment on initial application of AASB 15/AASB 1058		157	-	-
Adjustment on initial application of AASB 16		43,219	-	-
<b>Adjusted opening balance</b>		<b>(2,402)</b>	<b>(47,338)</b>	<b>(58,609)</b>
<b>Comprehensive income</b>				
Surplus for the period		9,861	1,560	(11,953)
<b>Total comprehensive income</b>		<b>9,861</b>	<b>1,560</b>	<b>(11,953)</b>
<b>Transfers between equity components</b>				
Revaluation write back on disposal		59	-	-
<b>Closing balance as at 30 June</b>		<b>7,518</b>	<b>(45,778)</b>	<b>(70,562)</b>
<b>ASSET REVALUATION RESERVE</b>				
<b>Opening balance</b>		12,529	12,292	12,292
<b>Comprehensive income</b>				
<b>Other comprehensive income</b>				
Change in make good provision	3.5A	(1,168)	(403)	-
Revaluation and impairments	3.2A	3,614	640	-
<b>Total comprehensive income</b>		<b>2,446</b>	<b>237</b>	<b>-</b>
<b>Transfers between equity components</b>				
Revaluation write back on disposal		(59)	-	-
<b>Closing balance as at 30 June</b>		<b>14,916</b>	<b>12,529</b>	<b>12,292</b>
<b>TOTAL EQUITY</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		32,224	15,348	19,156
Adjustment for changes in accounting policies		43,376	(1)	-
<b>Adjusted opening balance</b>		<b>75,600</b>	<b>15,347</b>	<b>19,156</b>
<b>Comprehensive income</b>				
Surplus for the period		9,861	1,560	(11,953)
<b>Other comprehensive income</b>				
Change in make good provision	3.5A	(1,168)	(403)	-
Revaluation and impairments	3.2A	3,614	640	-
<b>Total comprehensive income</b>		<b>12,307</b>	<b>1,797</b>	<b>(11,953)</b>
<b>Transactions with owners</b>				
<b>Distributions to owners</b>				
Returns of capital				
Appropriations repeal - Equity	4.1A	(300)	-	-
<b>Contributions by owners</b>				
Equity injection - Appropriations	4.1A	19,326	10,435	19,326
Departmental capital budget	4.1A	4,624	4,645	4,648
<b>Total transactions with owners</b>		<b>23,650</b>	<b>15,080</b>	<b>23,974</b>

<b>Closing balance as at 30 June</b>	<b>111,557</b>	<b>32,224</b>	<b>31,177</b>
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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 2019-20 Portfolio Budget Statements (PBS).

#### **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.

**Cash Flow Statement***for the period ended 30 June 2020*

	Notes	2020 \$'000	2019 \$'000	Original Budget <sup>1</sup> \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		212,566	228,540	232,254
Receipts from Government		67	-	-
Sale of goods and rendering of services		33,542	37,136	40,121
Net GST received		9,088	10,755	12,523
Other		1,587	1,465	554
<b>Total cash received</b>		<b>256,850</b>	<b>277,896</b>	<b>285,452</b>
<b>Cash used</b>				
Employees		80,277	76,493	77,218
Suppliers		106,090	142,008	168,114
Interest payments on lease liabilities		4,255	-	-
Section 74 receipts transferred to OPA		46,361	49,815	40,120
Grants		18	690	-
<b>Total cash used</b>		<b>237,001</b>	<b>269,006</b>	<b>285,452</b>
<b>Net cash from operating activities</b>		<b>19,849</b>	<b>8,890</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of property, plant and equipment		8	6	-
<b>Total cash received</b>		<b>8</b>	<b>6</b>	<b>-</b>
<b>Cash used</b>				
Purchase of property, plant and equipment		7,743	12,680	23,774
Purchase of heritage and cultural		72	-	-
Purchase of intangibles		465	1,923	200
<b>Total cash used</b>		<b>8,280</b>	<b>14,603</b>	<b>23,974</b>
<b>Net cash used by investing activities</b>		<b>(8,272)</b>	<b>(14,597)</b>	<b>(23,974)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations - contributed equity		2,433	1,414	19,326
Appropriations - departmental capital budget		4,624	4,645	4,648
<b>Total cash received</b>		<b>7,057</b>	<b>6,059</b>	<b>23,974</b>
<b>Cash used</b>				
Principal payments of lease liabilities		20,832	-	-
<b>Total cash used</b>		<b>20,832</b>	<b>-</b>	<b>-</b>
<b>Net cash used by financing activities</b>		<b>(13,775)</b>	<b>6,059</b>	<b>23,974</b>
<b>Net increase/(decrease) in cash held</b>		<b>(2,198)</b>	<b>352</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		2,758	2,406	2,500
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>560</b>	<b>2,758</b>	<b>2,500</b>

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 2019-20 Portfolio Budget Statements (PBS).

**Administered Schedule of Comprehensive Income***for the period ended 30 June 2020*

		2020	2019	Original Budget <sup>1</sup>
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Grants	2.1A	19	19	19
<b>Total expenses</b>		19	19	19
<b>Net cost of services</b>		(19)	(19)	(19)
<b>Total comprehensive loss</b>		(19)	(19)	(19)

The above schedule should be read in conjunction with the accompanying notes.

1. Original budget as presented in the 2019-20 Portfolio Budget Statements (PBS).

<b>Administered Reconciliation Schedule</b>			
	<b>Notes</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
<b>Opening assets less liabilities as at 1 July</b>		-	-
<b>Net cost of services</b>			
Expenses			
Payments to entities other than corporate Commonwealth entities		<b>(19)</b>	(19)
<b>Transfers from the Australian Government</b>			
Appropriation transfers from Official Public Account			
Annual appropriations			
Payments to entities other than corporate Commonwealth entities		<b>19</b>	19
<b>Closing assets less liabilities as at 30 June</b>		<b>-</b>	-
The above schedule should be read in conjunction with the accompanying notes.			

**Accounting Policy***Administered Cash Transfers to and from the Official Public Account*

Revenue collected by the entity for use by the Government rather than the entity is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, 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 2020*

	<b>Notes</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>	<b>Original Budget<sup>1</sup> \$'000</b>
<b>OPERATING ACTIVITIES</b>				
<b>Cash used</b>				
Grants		<u>19</u>	<u>19</u>	<u>19</u>
<b>Total cash used</b>		<u>19</u>	<u>19</u>	<u>19</u>
<b>Net cash used by operating activities</b>		<u>(19)</u>	<u>(19)</u>	<u>(19)</u>
<b>Cash from Official Public Account</b>				
Appropriations		<u>19</u>	<u>19</u>	<u>19</u>
<b>Total cash from official public account</b>		<u>19</u>	<u>19</u>	<u>19</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>-</u>	<u>-</u>	<u>-</u>

This schedule should be read in conjunction with the accompanying notes.

1. Original budget as presented in the 2019-20 Portfolio Budget Statements (PBS).



## Departmental Budget Variance Commentary

The financial statements provide a comparison of the original budget as presented in the 2019-20 Portfolio Budget Statements (PBS) to the 2019-20 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** are lower than budget by 12%, mainly due to lower supplier expenses, offset by higher depreciation and amortisation expenses and finance costs due to the implementation of AASB 16 Leases.

**Supplier expenses** are lower than budget by \$59.9 million, mainly due to delays in the Satellite-Based Augmentation System program (\$20.4 million), operating lease payments now accounted for as depreciation and finance costs on right-of-use (ROU) assets under AASB 16 Leases (\$31.8 million), and lower than expected expenses associated with external revenue (refer to revenue from contracts with customers below).

**Depreciation and amortisation** are higher than budget by \$26.1 million due to implementation of AASB 16 Leases recognising depreciation on ROU assets.

**Finance costs** are higher than budget by \$4.2 million due to implementation of AASB 16 Leases recognising interest on ROU assets as explained in supplier expenses.

**Total own-source revenue** is lower than budget by 19%, reflecting lower revenue from contracts with customers, offset by higher other revenue.

**Revenue from contracts with customers** is lower than budget by 22%. The budget was based on revenue earned by the organisation in prior years. The lower revenue is due to a general decline in externally funded activities from prior years, including collaborative arrangements, state government funded surveys and revenue from other Australian Government entities.

**Other gains** is higher than budget due to recognition of Global Navigation Satellite System ground stations received from the Western Australian government free of charge.

**The Surplus** on continuing operations relative to the budgeted deficit is mainly due to delays in the Satellite-Based Augmentation System program.

### Statement of Financial Position

**Total assets** are higher than budget by \$368.5 million due to higher financial assets and non-financial assets as outlined below.

**Financial assets** are higher than budget by \$58.6 million, mainly as a result of higher Trade and other receivables due to delays in the Satellite-Based Augmentation System program (\$20.4 million operating and \$20.1 million capital expenditure) and the National Positioning Infrastructure program (\$1.3 million operating and \$5.5 million capital expenditure).

**Non-financial assets** are higher than budget by \$310.0 million, mainly as a result of the implementation of AASB 16 Leases and the recognition of the associated right-of-use assets (\$351.9 million) and higher prepayments than prior years partly due to whole of government arrangements for cloud services (\$3.8 million). This is offset by delays in capital expenditure for the Satellite-Based Augmentation System program (\$20.1 million).

**Total liabilities** are higher than budget by \$288.2 million, mainly due to the recognition of lease liabilities as a result of the implementation of AASB 16 Leases, and higher provisions, offset by lower payables.

**Total payables** are lower than budget by \$44.1 million, mainly due to the de-recognition of the lease rent straight-lining payable (\$32.1 million) and operating lease incentives (\$12.7 million) under AASB 16 Leases.

**Total provisions** are higher than budget by \$3.2 million, mainly due to higher Employee provisions reflecting the lower 10 year bond rate impact on the long service leave provision and a provision for restructuring, as well as higher Other provisions due to changes to the make good provision which were not anticipated in the budget.

#### Statement of Changes in Equity

**Total equity** is higher than budget by \$80.4 million, mainly due to: **Reserves** being higher as a result of the 2019-20 revaluation of non-financial assets, a **Retained surplus** as a result of the implementation of AASB 16 Leases and associated de-recognition of the lease rent straight-lining payable and operating lease incentives, and the operating surplus relative to the budgeted deficit (as explained in Statement of Comprehensive Income section).

#### Cash Flow Statement

**Total cash used by investing activities** is lower than budget by 66%, mainly due to delays in capital expenditure on the Satellite-Based Augmentation System program (\$12.0 million) and the National Positioning Infrastructure program (\$4.9 million).

**Appropriations - contributed equity** is lower than budget reflecting delays in the Satellite-Based Augmentation System program and the National Positioning Infrastructure program.

Other major cash flow variances are consistent with the variances as explained in the Statement of Comprehensive Income section.

## Overview

### Objectives of the Entity

Geoscience Australia is an Australian Government controlled not-for-profit entity. Geoscience Australia's purpose is to be the trusted source of information on Australia's geology and geography for government, industry and community decision making, and contribute to a safer, more prosperous and well-informed Australia.

Geoscience Australia is structured to meet a single outcome: informed 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 Geoscience Australia in its present form and with its present programs is dependent on Government policy and on continued funding by Parliament for Geoscience Australia's administration and programs.

Geoscience Australia'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.

Geoscience Australia 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.

The 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.

### New Accounting Standards

The following new standards, revised standards and/or interpretations were issued prior to the signing of the statement by the accountable authority and chief financial officer, are applicable to the current reporting period and had a material effect Geoscience Australia's financial statements:

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 15 <i>Revenue from Contracts with Customers</i> / AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> and AASB 1058 <i>Income of Not-For-Profit Entities</i>	<p>AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and Interpretation 13 <i>Customer Loyalty Programmes</i>. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 <i>Contributions and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received</i>.</p> <p>The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>
AASB 16 <i>Leases</i>	<p>AASB 16 became effective on 1 July 2019.</p> <p>This new standard has replaced AASB 117 <i>Leases</i>, Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>, Interpretation 115 <i>Operating Leases—Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

All other new standards, revised standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on Geoscience Australia's financial statements.

**Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities**

Geoscience Australia adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

Under the new income recognition model Geoscience Australia shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), Geoscience Australia applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, Geoscience Australia shall consider whether AASB 1058 applies.

In relation to AASB 15, Geoscience Australia elected to apply the new standard to all new and uncompleted contracts from the date of initial application. Geoscience Australia is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

In terms of AASB 1058, Geoscience Australia is required to recognise volunteer services at fair value if those services would have been purchased if not provided voluntarily, and the fair value of those services can be measured reliably.

The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

**Impact on transition**

The impact on transition is summarised below:

	1/07/2019 \$'000
<b>Departmental</b>	
<b>Liabilities</b>	
Decrease in Unearned income from contracts with customers	(157)
Total liabilities	(157)
<b>Total adjustment recognised in retained earnings</b>	157

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058. The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

Transitional disclosure	AASB 15 AASB 1058 \$'000	Previous AAS \$'000	Increase / (decrease) \$'000
<b>Own-Source Income</b>			
Revenue from contracts with customers	30,950	-	30,950
Sale of goods and rendering of services	-	31,631	(31,631)
Other revenue	1,587	1,063	524
<b>Total own-source revenue</b>	32,799	32,956	(157)
<b>Net cost of services</b>	(181,485)	(181,328)	(157)
<b>Total comprehensive income</b>	12,307	12,464	(157)
<b>ASSETS</b>			
<b>Trade and other receivables</b>			
Goods and services from contracts with customers	826	-	826
Goods and services	-	826	(826)
<b>Total goods and services receivables</b>	826	826	-
<b>Accrued revenue</b>			
Accrued revenue	150	1,905	(1,755)
Accrued revenue from contracts with customers	1,755	-	1,755
<b>Total accrued revenue</b>	1,905	1,905	-

**LIABILITIES****Other payables**

Unearned income from contracts with customers	26,813	-	26,813
Prepayments received/unearned income	-	26,813	(26,813)
<b>Total other payables</b>	<b>28,669</b>	<b>28,669</b>	-

<b>Retained earnings</b>	<b>7,518</b>	<b>7,518</b>	-
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Timing of revenue recognition changed for agreements that were not sufficiently specific. Revenue recognition for the majority of Geoscience Australia's agreements are consistent to the recognition under the former standard. Geoscience Australia assets funded with own-source income were previously reported under Sale of goods and rendering of services instead of Other revenue.

**Application of AASB 16 Leases**

Geoscience Australia adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

Geoscience Australia elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. Geoscience Australia applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, Geoscience Australia previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, Geoscience Australia recognises right-of-use assets and lease liabilities for most leases. However, Geoscience Australia has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, Geoscience Australia recognised right-of-use assets and lease liabilities in relation to leases of office space, observation sites and automobiles, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Geoscience Australia's incremental borrowing rate as at 1 July 2019. The incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions.

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, subject to the practical expedients noted above.

**Impact on transition**

On transition to AASB 16, Geoscience Australia recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1/07/2019 \$'000
<b>Departmental</b>	
Increase in Right-of-use assets - property, plant and equipment	351,916
Decrease in Prepayments	(2,085)
Increase in Lease liabilities	306,612
Increase in Retained earnings	43,219

The following table reconciles the Departmental minimum lease commitments disclosed in Geoscience Australia's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1/07/2019 \$'000
Minimum operating lease commitment at 30 June 2019	417,243
Less: short-term leases under AASB 16	(157)
Less: GST reported in minimum operating lease commitments at 30 June 2019	(37,931)
Less: Non-lease components under AASB 16	(5)
Plus: effect of extension options reasonable certain to be exercised	1,385
<b>Undiscounted lease payments</b>	<b>380,535</b>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(30,704)
<b>Lease liabilities recognised at 1 July 2019</b>	<b>349,831</b>

#### Taxation

Geoscience Australia is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

#### Reporting of Administered activities

Administered revenues, expenses and cash flows are disclosed in the administered schedules and related notes. Geoscience Australia 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.

#### COVID-19 impact

The spread of novel coronavirus (COVID-19) was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has resulted in an unprecedented global response by governments, regulators and industry. The restrictions imposed on travel in response to COVID-19 have impacted on Geoscience Australia's field work activities and the ability of some of its contractors and suppliers to perform work within originally planned timeframes. Geoscience Australia has made adjustments to its work plans and identified alternative solutions where possible with impacted contractors and suppliers to ensure the continuity of mission critical capabilities and delivery of major programs. This has included renegotiating contractual arrangements, for example agreed delivery dates.

The COVID-19 pandemic has not had a material impact on Geoscience Australia's financial position, performance or cash flows in 2019-20. The COVID-19 impact has not resulted in any major variances to budget (refer to the Departmental Budget Variance Commentary).

#### Events After the Reporting Period

Consistent with 2019-20, the COVID-19 pandemic is not expected to have a material impact on Geoscience Australia's financial position, performance or cash flows in subsequent reporting periods.

There were no events occurring after 30 June 2020 that would have material impact on departmental or administered financial statements.

## Financial Performance

This section analyses the financial performance of Geoscience Australia for the year ended 2020.

### 1.1 Expenses

	2020 \$'000	2019 \$'000
<b>1.1A: Employee benefits</b>		
Wages and salaries	59,303	57,614
Superannuation		
Defined contribution plans	6,133	5,608
Defined benefit plans	5,142	4,961
Leave and other entitlements	6,656	8,316
Separation and redundancies	953	3,000
<b>Total employee benefits</b>	<b>78,187</b>	<b>79,499</b>

#### Accounting Policy

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

### 1.1B: Suppliers

#### Goods and services supplied or rendered

Consultants	1,412	802
Contractors	34,069	33,856
Travel	3,224	5,011
IT services	28,771	27,209
Property operating	6,222	6,120
Office supplies	1,444	924
Direct operational costs	3,413	4,324
Research	12,088	14,182
Other	6,142	5,617
<b>Total goods and services supplied or rendered</b>	<b>96,785</b>	<b>98,045</b>
Goods supplied	3,144	4,239
Services rendered	93,641	93,806
<b>Total goods and services supplied or rendered</b>	<b>96,785</b>	<b>98,045</b>

#### Other suppliers

Workers compensation expenses	411	335
Operating lease rentals <sup>1</sup>	-	26,300
Short-term leases	204	-
<b>Total other suppliers</b>	<b>615</b>	<b>26,635</b>
<b>Total suppliers</b>	<b>97,400</b>	<b>124,680</b>

1. Geoscience Australia has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 (2019: Operating lease rentals predominantly for the Symonston office in Canberra with a lease expiry date of 31 May 2032).

Geoscience Australia had no short-term lease commitments at 30 June 2020. All existing short-term leases agreements had expired or been paid in full.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1D, 1.2B, 3.2A and 3.4A.

#### Accounting Policy

##### Short-term leases and leases of low-value assets

Geoscience Australia has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). Geoscience Australia recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



	2020	2019
	\$'000	\$'000
<b><u>1.1C: Grants</u></b>		
Grants to overseas	-	690
Other	18	-
<b>Total grants</b>	<b>18</b>	<b>690</b>
<b><u>1.1D: Finance costs</u></b>		
Interest on lease liabilities	4,255	-
Unwinding of discount	31	51
<b>Total finance costs</b>	<b>4,286</b>	<b>51</b>
The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.2B, 3.2A and 3.4A.		
<b><u>1.1E: Write-down and impairment of other assets</u></b>		
Revaluation decrements	8	-
<b>Total write-down and impairment of other assets</b>	<b>8</b>	<b>-</b>

<b>1.2 Own-Source Revenue and Gains</b>		
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Own-Source Revenue</b>		
<b>1.2A: Revenue from contracts with customers</b>		
Sale of goods	886	563
Rendering of services	30,064	27,595
<b>Total revenue from contracts with customers</b>	<b>30,950</b>	<b>28,158</b>
<b>Disaggregation of revenue from contracts with customers</b>		
Geoscience Australia's value to the nation:		
Building Australia's resource wealth	12,069	
Supporting Australia's community safety	3,310	
Securing Australia's water resources	1,411	
Managing Australia's marine jurisdictions	556	
Creating a location-enabled Australia	8,894	
Enabling an informed Australia	3,689	
Corporate	1,021	
	<b>30,950</b>	
Type of customer:		
Australian government entities (related parties)	11,082	
State and Territory governments	10,092	
Other	9,776	
	<b>30,950</b>	
Timing of transfer of goods and services:		
AASB 15		
Over time	28,229	
Point in time	946	
AASB 1058		
Immediately	1,775	
	<b>30,950</b>	

**Accounting Policy**Revenue recognition

Geoscience Australia recognises revenue from the provision of geoscientific support to all levels of government and industry.

Geoscience Australia delivers support across six key areas of society:

- maximising the value from our abundant mineral and energy resources
- strengthening our resilience to the impact of hazards
- optimising and sustaining our water use
- supporting the sustainable use of our 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.

Geoscientific services include:

- provision of independent technical advice;
- development of tools, datasets, science products, data products and decision support tools to guide government, industry and communities;
- project management of air, marine and land surveys including but not limited to geospatial, geological, hydrogeological and geophysical data and sample collecting techniques;
- hazard and impact assessments including scenario modelling, analysis and interpretation;
- provide ongoing real-time monitoring, analysis and advice, and
- production, supply, maintenance and management of observatory monitoring stations.

Geoscience Australia assesses contract agreements to determine if the contract is within the scope of AASB 15, including having enforceable performance obligations that are sufficiently specific to enable Geoscience Australia to determine when they have been satisfied. The majority of contracts that Geoscience Australia participates in fall within the scope of AASB 15.

Due to the customised nature of Geoscience Australia's services there usually is no direct observable selling price for the performance obligations. Geoscience Australia provides services on a cost recovery basis, the cost to provide each performance obligation is the best indicator of the standalone selling price.

Geoscience Australia recognises revenue as a performance obligation is satisfied, it can be over time or at a point in time. For the majority of service contracts Geoscience Australia recognise revenue over time; the customer receives the benefits provided by Geoscience Australia as services are provided, should Geoscience Australia cease activities, the works carried out would not need to be substantially re-performed by another party to satisfy the remaining obligations. Revenue from the sale of goods is recognised at the point in time when control has been transferred to the buyer.

Where revenue is recognised over time, for each contract, Geoscience Australia determines the most representative measure of progress to achieving each performance obligation. The most common methods utilised by Geoscience Australia include:

- costs incurred as a proportion of total costs;
- surveys of performance completed to date, and
- time elapsed.

When a contract does not contain sufficiently specific performance obligations revenue is recognised immediately to the extent that the asset does not give rise to a contribution by owners, lease liability, financial instrument or a provision.

Where Geoscience Australia is contracted to acquire or construct a non-financial asset that is to be controlled by Geoscience Australia, revenue is recognised when Geoscience Australia has satisfied its obligations under the agreement and is reported in other income:

- when an asset is acquired, this is at the point in time Geoscience Australia has control of the asset.
- when the asset is constructed, if Geoscience Australia has control during construction, revenue will be recognised to the extent that the construction has progressed.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

	2020 \$'000	2019 \$'000
<b>1.2B: Rental income</b>		
Operating lease		
Other <sup>1</sup>	-	205
Subleasing right-of-use assets	262	-
<b>Total rental income</b>	<b>262</b>	<b>205</b>

1. Geoscience Australia has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

#### Operating Leases

Geoscience Australia has subleased the childcare centre area at the Symonston office in Canberra and areas within the main building for short periods. The childcare centre underlease has a 10 year initial term expiring on 30 April 2027, with the option to extend for a further 5 years. In accordance with the Australian Government's Rent Relief Policy, which applied from 24 March 2020, rent for the childcare centre has been effectively reduced to zero for a six month period due to the impact of COVID-19 restrictions.

<b>Maturity analysis of operating lease income receivables:</b>	<b>2020 \$'000</b>
Within 1 year	413
One to two years	254
Two to three years	262
Three to four years	270
Four to five years	278
More than 5 years	531
<b>Total undiscounted lease payments receivable</b>	<b>2,008</b>

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1D, 3.2A and 3.4A.

#### 1.2C: Other revenue

Employee contributions (salary sacrifice arrangements)	543	526
Other <sup>1</sup>	910	563
Resources received free of charge		
Audit fees	85	94
IT Services	49	-
<b>Total other revenue</b>	<b>1,587</b>	<b>1,183</b>

1. Transfers to build or acquire assets, recognised in accordance with AASB 1058 are included in other income, refer Note 3.2B.

#### 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.

#### Gains

##### 1.2D: Reversal of write-downs and impairment

Revaluation increments	170	-
<b>Total reversals of previous asset write-downs and impairments</b>	<b>170</b>	<b>-</b>

##### 1.2E: Other gains

Resources received free of charge		
Heritage and cultural	37	75
Plant and equipment	833	-
<b>Total other gains</b>	<b>870</b>	<b>75</b>

**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.

	2020	2019
	\$'000	\$'000
<b>1.2F: Revenue from Government</b>		
Appropriations		
Departmental appropriations	<b>191,346</b>	184,381
<b>Total revenue from Government</b>	<b>191,346</b>	184,381

**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 entity 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

	2020	2019
	\$'000	\$'000

#### 2.1A: Grants

Private sector		
Not-for-profit organisations	19	19
<b>Total grants</b>	<b>19</b>	<b>19</b>

#### Accounting Policy

Geoscience Australia administers a grant to the International Geological Correlation Program on behalf of the Government. Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. When the Government enters into an agreement to make these grants and services but services have not been performed or criteria satisfied, this is considered a commitment.

## Financial Position

This section analyses the assets Geoscience Australia 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

	2020 \$'000	2019 \$'000
<b>3.1A: Trade and other receivables</b>		
<b>Goods and services receivables</b>		
Goods and services	-	3,628
Goods and services from contracts with customers	826	-
<b>Total goods and services receivables</b>	<b>826</b>	<b>3,628</b>
Refer Note 3.3B for information relating to contract liabilities.		
<b>Appropriations receivables</b>		
Appropriation receivable <sup>1</sup>	107,369	65,636
<b>Total appropriations receivables</b>	<b>107,369</b>	<b>65,636</b>
<b>Other receivables</b>		
Statutory receivables	1,900	2,111
Other	908	1,800
<b>Total other receivables</b>	<b>2,808</b>	<b>3,911</b>
<b>Total trade and other receivables (gross)</b>	<b>111,003</b>	<b>73,175</b>
<b>Less impairment loss allowance for contracts with customers</b>	<b>-</b>	<b>-</b>
<b>Total trade and other receivables (net)</b>	<b>111,003</b>	<b>73,175</b>

1. Appropriation Act (No.2) 2016-17 was repealed on 1 July 2019 resulting in \$300,000 reduction in appropriation receivable.

Credit terms for goods and services from contracts with customers were within 30 days (2019: 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.

#### Accounting Judgements and Estimates

The global COVID-19 pandemic has not materially affected the recoverability of Geoscience Australia's trade receivables and other receivables. In general, the operations of Geoscience Australia's customers and debtors have not been significantly impacted by COVID-19.

	2020 \$'000	2019 \$'000
<b>3.1B: Accrued revenue</b>		
Accrued revenue <sup>1</sup>	150	1,610
Accrued revenue from contracts with customers	1,755	-
<b>Total accrued revenue</b>	<b>1,905</b>	<b>1,610</b>

1. Accrued revenue for transfers to acquire or construct a non-financial asset, refer Note 3.2B.

**3.2 Non-Financial Assets****3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles<sup>1</sup>**

	Land \$'000	Buildings \$'000	Leasehold improvements <sup>1</sup> \$'000	Heritage and cultural <sup>2</sup> \$'000	Plant and equipment \$'000	Computer Software <sup>3</sup> \$'000	Total \$'000
<b>As at 1 July 2019</b>							
Gross book value	1,255	399	24,276	2,969	41,717	10,612	81,228
Accumulated depreciation, amortisation and impairment	-	(40)	(2,380)	-	(11,032)	(8,810)	(22,262)
<b>Total as at 1 July 2019</b>	<b>1,255</b>	<b>359</b>	<b>21,896</b>	<b>2,969</b>	<b>30,685</b>	<b>1,802</b>	<b>58,966</b>
Recognition of right of use asset on initial application of AASB 16	737	351,093	-	-	86	-	351,916
<b>Adjusted total as at 1 July 2019</b>	<b>1,992</b>	<b>351,452</b>	<b>21,896</b>	<b>2,969</b>	<b>30,771</b>	<b>1,802</b>	<b>410,882</b>
<b>Additions</b>							
Purchase	-	-	1,126	215	6,784	98	8,223
Right-of-use assets	19	-	-	-	67	-	86
Donation/Gift	-	-	-	37	833	-	870
Revaluations and impairments recognised in other comprehensive income	(90)	25	904	-	2,775	-	3,614
Revaluations recognised in net cost of services	-	-	-	-	162	-	162
Depreciation and amortisation	-	(20)	(1,916)	-	(5,533)	(394)	(7,863)
Depreciation on right-of-use assets	(41)	(27,445)	-	-	(56)	-	(27,542)
Other movements of right-of-use assets - Remeasurement	-	10	-	-	-	-	10
Disposals	-	-	-	-	-	-	-
Other	-	-	-	-	(32)	-	(32)
Right-of-use assets	-	(58)	-	-	-	-	(58)
<b>Total as at 30 June 2020</b>	<b>1,880</b>	<b>323,964</b>	<b>22,010</b>	<b>3,221</b>	<b>35,771</b>	<b>1,506</b>	<b>388,352</b>

**Total as at 30 June 2020 represented by**

	Land \$'000	Buildings \$'000	Leasehold improvements <sup>1</sup> \$'000	Heritage and cultural <sup>2</sup> \$'000	Plant and equipment \$'000	Computer Software <sup>3</sup> \$'000	Total \$'000
Gross book value	1,921	351,401	22,010	3,221	35,827	10,710	425,090
Accumulated depreciation, amortisation and impairment	(41)	(27,437)	-	-	(56)	(9,204)	(36,738)
<b>Total as at 30 June 2020</b>	<b>1,880</b>	<b>323,964</b>	<b>22,010</b>	<b>3,221</b>	<b>35,771</b>	<b>1,506</b>	<b>388,352</b>

Carrying amount of right-of-use assets<sup>4</sup>

	715	323,600	-	-	97	-	324,412
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1. The above table includes Symonston building leasehold fitout, sub-leased for a small portion of the year. 21 work points were used for 3 months and 8% of office space was used for 9 days.

2. 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.

3. The carrying amount of computer software is for purchased software.

4. The carrying amount of right-of-use assets included in the total as at 30 June 2020.

There were no indicators of impairment found for non-financial assets during 2020 (2019: nil).



Property, plant and equipment replaced in the building refurbishment and from decommissioning the inorganic laboratory will be disposed of over the next 12 months.

**Revaluations of non-financial assets**

All revaluations were conducted in accordance with the revaluation policy stated at Note 6.3. On 30 June 2020, an independent valuer conducted the revaluations.

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

Total commitments for property, plant, equipment and intangible \$6,116,724 (2019: \$2,288,910).

## 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, 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.

## Tangible Assets

### Asset 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, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). Asset recognition thresholds can be found in the table below.

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. These costs are included in the relevant asset class with a corresponding provision for the 'make good' recognised.

### Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

### Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value) less subsequent accumulated depreciation and accumulated impairment losses. Valuations are 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 depended upon the volatility of movements in market values for the relevant assets.

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 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 are recognised directly in the surplus/deficit except to the extent that they reversed 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 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.

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

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

Asset Type	Threshold		Useful lives	
	2020	2019	2020	2019
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 2020. 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**

Geoscience Australia'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	
	2020	2019	2020	2019
Purchased software	<b>\$10,000</b>	\$10,000	<b>3 - 15 years</b>	3 - 15 years
Internally developed software	<b>\$200,000</b>	\$200,000	<b>3 - 15 years</b>	3 - 15 years

All software assets were assessed for indicators of impairment at 30 June 2020.

**Heritage and Cultural Assets**

The key objective of Geoscience Australia's collection is to maintain geoscience knowledge and capability. Geoscience Australia'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.

Geoscience Australia's Collections Management Policy uses accepted best practice standards and guidelines including those of SPECTRUM<sup>1</sup>, ICOM<sup>2</sup> and Museums Australia<sup>3</sup> 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 and the Cultural Gifts Program.

**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 the 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*, Geoscience Australia has diverse and comprehensive geoscience collections used for scientific research and analysis purposes. The collections have been acquired since the inception of Geoscience Australia's forerunner organisation, the Bureau of Mineral Resources, Geology and Geophysics, 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 Geoscience Australia as their value is not reliably measurable.

	Closing balance \$'000	Opening balance \$'000
<hr/>		
<b><u>3.2B: Transfers to acquire or construct a non-financial asset</u></b>		
Accrued revenue	150	-

During the reporting period, other income of \$337,000 was a result of acquiring or constructing non-financial assets to be controlled by Geoscience Australia. No liabilities existed in relation to these transfers at reporting date.

Geoscience Australia satisfies its obligations under these transfers and recognises revenue when it controls the asset, typically as the asset is constructed or when the asset acquired has been received.

**3.3 Payables**

	2020	2019
	\$'000	\$'000
<b>3.3A: Suppliers</b>		
Trade creditors	-	185
Accruals	7,652	8,323
Operating lease rentals <sup>1</sup>	-	29,502
<b>Total suppliers</b>	<b>7,652</b>	<b>38,010</b>

Credit terms for goods and services from contracts with customers were within 30 days (2019: 30 days).

**3.3B: Other payables**

Salaries and wages	1,254	920
Superannuation	168	81
Separations and redundancies	205	1,151
Lease incentive <sup>1</sup>	-	13,717
Prepayments received/unearned income	-	28,269
Unearned income from contracts with customers	26,813	-
Other	229	207
<b>Total other payables</b>	<b>28,669</b>	<b>44,345</b>

The unearned income from contracts with customers represents receipts for goods and services that are not recognised as revenue at reporting date.

Refer Note 3.1A and 3.1B for information relating to assets from contracts with customers.

1. Geoscience Australia has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

**3.4 Interest Bearing Liabilities**

	2020	2019
	\$'000	\$'000
<b>3.4A: Leases</b>		
Lease Liabilities	329,022	-
<b>Total leases</b>	<b>329,022</b>	<b>-</b>

Total cash outflow for leases for the year ended 30 June 2020 was \$20,831,863.

**Accounting Policy**

Refer to Overview section for accounting policy on leases.

**3.5 Other Provisions****3.5A: Other provisions**

	Other \$'000	Provision for restoration \$'000	Total \$'000
<b>As at 1 July 2019</b>	<b>297</b>	<b>2,370</b>	<b>2,667</b>
Additional provisions made	139	15	154
Change in make good provision	-	1,168	1,168
Finance costs - unwinding of discount	-	31	31
<b>Total as at 30 June 2020</b>	<b>436</b>	<b>3,584</b>	<b>4,020</b>

Geoscience Australia currently has five agreements (2019: 4) for the leasing of premises which have provisions requiring it to restore the premises to their original condition at the conclusion of the lease. Geoscience Australia has made a provision to reflect the present value of this obligation.

**Accounting Judgements and Estimates.**

Provision for restoration has been estimated by the independent valuer stated on Note 6.3.

Other provisions includes a provision for building painting required every seven years under the lease agreement \$395,460 (2019: \$296,595); this provision has been estimated based on historical cost adjusted by CPI.

**Funding**

This section identifies Geoscience Australia's funding structure.

**4.1 Appropriations****4.1A: Annual appropriations ('recoverable GST exclusive')****Annual Appropriations for 2020**

	Annual Appropriation \$'000	Adjustments to appropriation <sup>1</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance <sup>2</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	191,346	36,192	227,538	204,824	22,714
Capital Budget <sup>3</sup>	4,624	-	4,624	4,624	-
Other services					
Equity Injections	19,326	-300	19,026	2,433	16,593
<b>Total departmental</b>	<b>215,296</b>	<b>35,892</b>	<b>251,188</b>	<b>211,881</b>	<b>39,307</b>
<b>Administered</b>					
Ordinary annual services					
Administered items	19	-	19	19	-
<b>Total administered</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>19</b>	<b>-</b>

1. Ordinary annual services is adjusted by the receipt of amounts under PGPA Act section 74; Appropriation Act (No. 2) 2016-2017 was repealed on 1 July 2019, reducing Equity Injections.

2. The variance is due to accrued expenses and delays in both Satellite-based Augmentation System (SBAS) program (\$25.5 million) and National Positioning Infrastructure Capability (NPIC) program (\$6.2 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 2019**

	Annual Appropriation \$'000	Adjustments to appropriation <sup>1</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2019 \$'000	Variance <sup>2</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	184,381	38,244	222,625	216,375	6,250
Capital Budget <sup>3</sup>	4,645	-	4,645	4,645	-
Other services					
Equity Injections	10,435	-	10,435	1,414	9,021
<b>Total departmental</b>	<b>199,461</b>	<b>38,244</b>	<b>237,705</b>	<b>222,434</b>	<b>15,271</b>
<b>Administered</b>					
Ordinary annual services					
Administered items	19	-	19	19	-
<b>Total administered</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>19</b>	<b>-</b>

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.

**4.1B: Unspent annual appropriations ('recoverable GST exclusive')**

	2020 \$'000	2019 \$'000
<b>Departmental</b>		
Appropriation Act (No. 2) 2016-2017 <sup>1</sup>	-	300
Appropriation Act (No. 1) 2018-2019	-	56,315
Appropriation Act (No. 1) 2018-2019 - Cash on hand	-	2,758
Appropriation Act (No. 2) 2018-2019	8,106	9,021
Appropriation Act (No. 1) 2019-2020	81,455	-
Appropriation Act (No. 1) 2019-2020 - Cash on hand	560	-
Supply Act (No. 2) 2019-2020	6,535	-
Appropriation Act (No. 2) 2019-2020	11,273	-
<b>Total departmental</b>	<b>107,929</b>	<b>68,394</b>

1. Appropriation Act (No.2) 2016-17 was repealed on 1 July 2019 and recognised as a departmental equity return.



**4.2 Net Cash Appropriation Arrangements**

	2020 \$'000	2019 \$'000
<b>Total comprehensive surplus excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>26,880</b>	9,274
less: depreciation/amortisation expenses previously funded through revenue appropriation	<b>(7,863)</b>	(7,477)
less: depreciation right-of-use assets	<b>(27,542)</b>	-
add: principal repayments - leased assets	<b>20,832</b>	-
<b>Total comprehensive income - as per the Statement of Comprehensive Income</b>	<b>12,307</b>	1,797

From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required. The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principle repayment amount reflects the cash impact on implementation of AASB 16 Leases, it does not directly reflect a change in appropriation arrangements.

## 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

	2020	2019
	\$'000	\$'000
<b>5.1A: Employee provisions</b>		
Leave	26,031	25,927
Separations and redundancies	503	1,742
<b>Total employee provisions</b>	<b>26,534</b>	<b>27,669</b>

#### Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

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.

Under the Public Service (Terms and Conditions of Employment) (General wage increase deferrals during the COVID-19 pandemic) Determination 2020, the salary increases due to be provided in June 2020 under the Geoscience Australia Enterprise Agreement 2019-2022 has been deferred for six months.

#### 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 the entity'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 the 'shorthand 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. Geoscience 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

Geoscience Australia's staff 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. Geoscience Australia 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. Geoscience Australia accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

**5.2 Key Management Personnel Remuneration**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Geoscience Australia, directly or indirectly, including any director (whether executive or otherwise) of Geoscience Australia.

Geoscience Australia has determined the key management personnel to be the Chief Executive Officer, Chiefs of Division, Chief Scientist and Chief Scientific Information Officer. Key management personnel remuneration is reported in the table below:

	2020 \$'000	2019 \$'000
Short-term employee benefits	1,857	1,928
Post-employment benefits	315	313
Other long-term employee benefits	51	106
Termination benefits	153	-
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>2,376</b>	<b>2,347</b>

Nine key management personnel (KMP) are included in the table above (2019: nine key management personnel).

1. The above KMP 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 Geoscience Australia.

### 5.3 Related Party Disclosures

#### Related party relationships:

Geoscience Australia is an Australian Government controlled entity. Geoscience Australia's related parties 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 taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

There are no transactions with Key Management Personnel (KMP) besides remuneration disclosed in Note 5.2 and travel allowances paid in the ordinary course of business. Related parties of Executive were employed by Geoscience Australia during the year and were remunerated in a manner consistent with normal employee relationships.

Geoscience Australia transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including provision of advice and other services, payment of workers compensation, insurance premiums and superannuation<sup>1</sup>. Giving consideration to relationships with related entities, and transactions entered into during the reporting period by Geoscience Australia, it has been determined that there are no related party transactions to be separately disclosed.

There are no related party transactions by Ministers requiring disclosure by Geoscience Australia in 2020 (2019: nil).

1. Refer to Note 5.1 Employee Provisions for details on superannuation arrangements with the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), and the PSS accumulation plan (PSSap).

<b>Managing uncertainties</b>	This section analyses how Geoscience Australia manages financial risks within its operating environment.
<b>6.1 Contingent Assets and Liabilities</b>	

There are no contingent liabilities in 2020 (2019: nil). A contingent financial asset resulting from a probable insurance settlement of \$76,400 exists at 30 June 2020 (2019: Probable insurance settlement \$209,000).

<b>Accounting Policy</b> 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**

	2020	2019
	\$'000	\$'000

**6.2A: Categories of financial instruments****Financial assets at amortised cost**

Cash at bank

560 2,758

Trade, contract and lease receivables

826 3,628

**Total financial assets at amortised cost**

1,386 6,386

**Total financial assets**

1,386 6,386

**Financial Liabilities****Financial liabilities measured at amortised cost**

Trade creditors and accruals

7,652 8,508

**Total financial liabilities measured at amortised cost**

7,652 8,508

**Total financial liabilities**

7,652 8,508

**Accounting Policy****Financial assets**

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, Geoscience Australia classified its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- financial assets measured at amortised cost.

The classification depends on both Geoscience Australia's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when Geoscience Australia 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.

**Financial Assets at Amortised Cost**

Financial assets included in this category need to meet two criteria:

- the financial asset is held in order to collect the contractual cash flows; and
- 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).

	2020 \$'000	2019 \$'000
<b>6.2B: Net gains or losses on financial assets</b>		
<b>Financial assets at amortised cost</b>		
Exchange gains/(losses)	5	(3)
Impairment	-	(6)
<b>Net gains/(losses) on financial assets at amortised cost</b>	<u>5</u>	<u>(9)</u>
<b>Net gains on financial assets</b>	<u>5</u>	<u>(9)</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 formal valuations are carried out at least once every three years for all non financial assets classes, with the exception of right-of-use assets. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value.

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.

Geoscience Australia's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

<b>Fair value measurements at the end of the reporting period</b>		
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>6.3A: Fair value measurement</b>		
<b>Non-financial assets <sup>1</sup></b>		
Land <sup>4</sup>	<b>1,165</b>	1,255
Building <sup>5</sup>	<b>330</b>	325
Leasehold Improvements <sup>5</sup>	<b>21,334</b>	21,383
Infrastructure, Plant and Equipment <sup>2</sup>	<b>6,833</b>	3,677
Infrastructure, Plant and Equipment <sup>5</sup>	<b>21,644</b>	23,018
Heritage and Cultural Collection <sup>2</sup>	<b>2,769</b>	2,769
Heritage and Cultural Collection (CPC Collection) <sup>4</sup>	<b>200</b>	200
Work in Progress - Building <sup>5</sup>	<b>34</b>	34
Work in Progress - Leasehold Improvements <sup>3</sup>	<b>676</b>	513
Work in Progress - Infrastructure, Plant & Equipment <sup>3</sup>	<b>7,197</b>	3,990
Work in Progress - Heritage and Cultural Collection <sup>3</sup>	<b>252</b>	-
<b>Total fair value measurements of assets in the Statement of Financial Position</b>	<b>62,434</b>	57,164

1. JLL Public Sector Valuations Pty Ltd undertook a comprehensive formal revaluation during 2019-20 for all non financial asset classes with the exception of right-of-use assets and the Heritage and Cultural Collection that had an annual materiality assessment. Geoscience Australia has relied upon those outcomes to establish carrying amounts (2019: Heritage and Cultural Collection had a formal revaluation, all other asset classes undertook an annual materiality assessment).

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 Aggregate Assets and Liabilities

	2020	2019
	\$'000	\$'000
<b>7.1A: Aggregate assets and liabilities</b>		
<b>Assets expected to be recovered in:</b>		
No more than 12 months	118,686	85,500
More than 12 months	388,768	59,415
<b>Total assets</b>	<b>507,454</b>	<b>144,915</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	62,426	45,493
More than 12 months	333,471	67,198
<b>Total liabilities</b>	<b>395,897</b>	<b>112,691</b>

## 7.2 Cooperative Research Centres

### 7.2A: Cooperative Research Centres

All cooperative Research Centres (CRCs) 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 CRCs.

Geoscience Australia's total cash and in-kind contribution (e.g. staff and use of assets) to CRCs from its own resources was \$5.218 million for the year (2019: \$7.837 million). Contributions made are expensed as incurred and these are included in the Statement of Comprehensive Income.

No contingent liabilities were reported by the CRCs in which Geoscience Australia is a participant.

**Geoscience Australia is a participant in the following CRCs as at 30 June 2020:**

<b>Name of CRC</b>	<b>Expected Termination Date<sup>1</sup></b>
Bushfire and Natural Hazards CRC	30/06/2020
MinEx CRC	30/06/2028

1. Expected termination date for Geoscience Australia participation.





CHAPTER TEN:

# GEOSCIENCE AUSTRALIA APPENDICES

## Appendix B1: Financial summary

Table 63: Entity Resource Statement subset Summary Current Report Period (2019-20)

	Actual Available appropriation - current year (a) \$'000	Payments made (b) \$'000	Balance remaining (a)-(b) \$'000
Departmental			
Annual appropriations - ordinary annual services	301403	219388	82015
Annual appropriations - other services - non-operating	28347	2433	25914
Total departmental annual appropriations	329750	221821	107929
<i>Departmental special appropriations</i>	0	0	0
Total special appropriations	0	0	0
Special accounts	0	0	0
Total special accounts	0	0	0
less departmental appropriations drawn from annual/ special appropriations and credited to special accounts	0	0	0
Total departmental resourcing (A)	329750	221821	107929
Administered			
Annual appropriations - ordinary annual services	19	19	0
Annual appropriations - other services - non-operating	0	0	0

	<b>Actual Available appropriation - current year (a) \$'000</b>	<b>Payments made (b) \$'000</b>	<b>Balance remaining (a)-(b) \$'000</b>
Annual appropriations - other services - specific payments to States, ACT, NT and local government	0	0	0
Annual appropriations - other services - new administered expenses,	0	0	0
Total administered annual appropriations	19	19	0
Administered special appropriations	0	0	0
Total administered special appropriations	0	0	0
Special accounts	0	0	0
Total special accounts receipts	0	0	0
less administered appropriations drawn from annual/ special appropriations and credited to special accounts	0	0	0
less payments to corporate entities from annual/ special appropriations	0	0	0
Total administered resourcing (B)	19	19	0
Total resourcing and payments for Geoscience Australia (A + B)	329769	221840	107929

## Appendix B2: Workforce statistics

### All employees

Table 64: Geoscience Australia—All Ongoing Employees Current Report Period (2019–20)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	0	0	0	0	0	0	0	0	0	0
WA	6	0	6	0	0	0	0	0	0	6
ACT	317	8	325	195	30	225	0	0	0	550
NT	0	1	1	0	0	0	0	0	0	1
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>323</b>	<b>9</b>	<b>332</b>	<b>195</b>	<b>30</b>	<b>225</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>557</b>

Table 65: Geoscience Australia—All Non-Ongoing Employees Current Report Period (2019–20)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	0	0	0	0	0	0	0	0	0	0
WA	0	0	0	0	0	0	0	0	0	0
ACT	19	14	33	18	7	25	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>19</b>	<b>14</b>	<b>33</b>	<b>18</b>	<b>7</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58</b>

Table 66: Geoscience Australia—All Ongoing Employees Previous Report Period (2018–19)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	0	0	0	0	0	0	0	0	0	0
WA	6	0	6	0	0	0	0	0	0	6
ACT	333	10	343	186	30	216	0	0	0	559
NT	0	1	1	0	0	0	0	0	0	1
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>339</b>	<b>11</b>	<b>350</b>	<b>186</b>	<b>30</b>	<b>216</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>566</b>

Table 67: Geoscience Australia—All Non-Ongoing Employees Previous Report Period (2018–19)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	0	0	0	0	0	0	0	0	0	0
WA	0	0	0	0	0	0	0	0	0	0
ACT	15	8	23	19	3	22	0	0	0	45
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>8</b>	<b>23</b>	<b>19</b>	<b>3</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45</b>

## Australian Public Sector (APS) Classification and Gender

Table 68: Geoscience Australia—Australian Public Service Act Ongoing Employees Current Report Period (2019–20)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	1	0	1	0	0	0	0	0	0	1
SES 2	3	0	3	1	0	1	0	0	0	4
SES 1	0	0	0	1	0	1	0	0	0	1
EL 2	77	1	78	28	1	29	0	0	0	107
EL 1	112	2	114	61	7	68	0	0	0	182
APS 6	82	2	84	57	10	67	0	0	0	151
APS 5	38	4	42	37	7	44	0	0	0	86
APS 4	8	0	8	9	5	14	0	0	0	22
APS 3	2	0	2	1	0	1	0	0	0	3
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
<b>Total</b>	<b>323</b>	<b>9</b>	<b>332</b>	<b>195</b>	<b>30</b>	<b>225</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>557</b>

Table 69: Geoscience Australia—Australian Public Service Act Non-Ongoing Employees Current Report Period (2019–20)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
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	2	3	0	0	0	0	0	0	3
EL 1	3	5	8	4	0	4	0	0	0	12
APS 6	6	4	10	6	1	7	0	0	0	17
APS 5	4	0	4	4	1	5	0	0	0	9
APS 4	2	1	3	3	2	5	0	0	0	8
APS 3	3	0	3	1	1	2	0	0	0	5
APS 2	0	2	2	0	2	2	0	0	0	4
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>19</b>	<b>14</b>	<b>33</b>	<b>18</b>	<b>7</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58</b>



*Table 70: Geoscience Australia—Australian Public Service Act Ongoing Employees Previous Report Period (2018–19)*

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	1	0	1	0	0	0	0	0	0	1
SES 2	4	0	4	0	0	0	0	0	0	4
SES 1	1	0	1	1	0	1	0	0	0	2
EL 2	81	2	83	20	3	23	0	0	0	106
EL 1	106	2	108	48	7	55	0	0	0	163
APS 6	85	3	88	64	7	71	0	0	0	159
APS 5	45	3	48	39	9	48	0	0	0	96
APS 4	15	1	16	13	4	17	0	0	0	33
APS 3	1	0	1	1	0	1	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
<b>Total</b>	<b>339</b>	<b>11</b>	<b>350</b>	<b>186</b>	<b>30</b>	<b>216</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>566</b>

*Table 71: Geoscience Australia—Australian Public Service Act Non-Ongoing Employees Previous Report Period (2018–19)*

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
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	0	0	0	0	0	0	2
EL 1	3	5	8	2	0	2	0	0	0	10
APS 6	5	2	7	8	1	9	0	0	0	16
APS 5	4	0	4	3	2	5	0	0	0	9
APS 4	0	0	0	4	0	4	0	0	0	4
APS 3	0	0	0	1	0	1	0	0	0	1
APS 2	1	1	2	1	0	1	0	0	0	3
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>8</b>	<b>23</b>	<b>19</b>	<b>3</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45</b>

## Employment type by Full-time and Part-time Status

Table 72: Geoscience Australia—Australian Public Service Act Employees by Full time and Part time Status Current Report Period (2019–20)

	Ongoing			Non-Ongoing			Total
	Full-time	Part-time	Total Ongoing	Full-time	Part-time	Total Non-Ongoing	Total
SES 3	1	0	1	0	0	0	1
SES 2	4	0	4	0	0	0	4
SES 1	1	0	1	0	0	0	1
EL 2	105	2	107	1	2	3	110
EL 1	173	9	182	7	5	12	194
APS 6	139	12	151	12	5	17	168
APS 5	75	11	86	8	1	9	95
APS 4	17	5	22	5	3	8	30
APS 3	3	0	3	4	1	5	8
APS 2	0	0	0	0	4	4	4
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Total</b>	<b>518</b>	<b>39</b>	<b>557</b>	<b>37</b>	<b>21</b>	<b>58</b>	<b>615</b>

Table 73: Geoscience Australia—Australian Public Service Act Employees by Full time and Part time Status Previous Report Period (2018–19)

	Ongoing			Non-Ongoing			Total
	Full-time	Part-time	Total Ongoing	Full-time	Part-time	Total Non-Ongoing	Total
SES 3	1	0	1	0	0	0	1
SES 2	4	0	4	0	0	0	4
SES 1	2	0	2	0	0	0	2
EL 2	101	5	106	2	0	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	0	4	37
APS 3	2	0	2	1	0	1	3
APS 2	0	0	0	2	1	3	3
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Total</b>	<b>525</b>	<b>41</b>	<b>566</b>	<b>34</b>	<b>11</b>	<b>45</b>	<b>611</b>

## Employment type by location

*Table 74: Geoscience Australia—Australian Public Service Act Employment type by location  
Current Report Period (2019–20)*

	Ongoing	Non-Ongoing	Total
NSW	0	0	0
Qld	0	0	0
SA	0	0	0
Tas	0	0	0
Vic	0	0	0
WA	6	0	6
ACT	550	58	608
NT	1	0	1
External Territories	0	0	0
Overseas	0	0	0
<b>Total</b>	<b>557</b>	<b>58</b>	<b>615</b>

*Table 75: Geoscience Australia—Australian Public Service Act Employment type by location  
Previous Report Period (2018–19)*

	Ongoing	Non-Ongoing	Total
NSW	0	0	0
Qld	0	0	0
SA	0	0	0
Tas	0	0	0
Vic	0	0	0
WA	6	0	6
ACT	559	45	604
NT	1	0	1
External Territories	0	0	0
Overseas	0	0	0
<b>Total</b>	<b>566</b>	<b>45</b>	<b>611</b>

## Indigenous Employment

*Table 76: Geoscience Australia—Australian Public Service Act Indigenous Employment Current Report Period (2019–20)*

	Total
Ongoing	4
Non-Ongoing	0
<b>Total</b>	<b>4</b>

*Table 77: Geoscience Australia—Australian Public Service Act Indigenous Employment  
Previous Report Period (2018–19)*

	Total
Ongoing	3
Non-Ongoing	0
<b>Total</b>	<b>3</b>

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

Table 78: Geoscience Australia—Australian Public Service Act Employment arrangements Current Report Period (2019–20)

	SES	Non-SES	Total
Common Law Contract	6	0	6
Individual Flexibility Arrangement	0	35	35
Enterprise Agreement	0	574	574
<b>Total</b>	6	609	615

## Salary ranges by classification level

Table 79: Geoscience Australia—Australian Public Service Act Employment salary ranges<sup>1</sup> by classification level (Minimum/Maximum) Current Report Period (2019–20)

	Minimum Salary	Maximum Salary
SES 3	325,615	356,000
SES 2	255,393	290,351
SES 1	202,278	230,793
EL 2	120,879	228,160
EL 1	101,717	165,797
APS 6	84,503	135,697
APS 5	72,860	80,897
APS 4	65,409	119,064
APS 3	58,074	61,741
APS 2	50,978	54,471
APS 1	42,817 (Actual) 41,116 (EA)	44,606
Other	0	0
<i>Minimum/Maximum range</i>	41,116	356,000

<sup>1</sup> 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 2019–20.

## Appendix B3: Executive remuneration

During the reporting period ended 30 June 2020, Geoscience Australia had nine executives who meet the definition of key management personnel, as shown in Table 80.

*Table 80: Geoscience Australia—Key management personnel, 2019–20*

<b>Name</b>	<b>Position</b>	<b>Term</b>
James Johnson	Chief Executive Officer	Full Year
Alison Rose	Chief of Division	Part Year – appointed on 28 January 2020
Steven Hill	Chief Scientist	Full Year
Andrew Heap	Chief of Division	Full year
Trent Rawlings	Chief of Division	Full Year
Tanya Whiteway	Chief Scientific Information Officer	Full Year
Stuart Minchin	Chief of Division	Part Year – separated on 22 January 2020
Helena (Martine) Woolf	Acting Chief of Division	Part Year – acting period 30 September 2019 – 27 January 2020
Andrew Barnicoat	Chief of Division	Part Year – separated on 20 December 2020

Table 81: Geoscience Australia—Remuneration for key management personnel, current reporting period (2019–20)

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	
James Johnson	Chief Executive Officer	342,786	0	0	54,591	12,679	0	0	410,056
Andrew Heap	Chief of Resources Division Chief of Minerals, Energy and Groundwater Division	289,357	0	0	53,780	20,122	0	0	363,259
Trent Rawlings	Chief Operating Officer Chief of Corporate Division	282,162	0	0	51,132	9,414	0	0	342,708
Steven Hill	Chief Scientist	265,856	0	0	40,129	6,993	0	0	312,978
Andrew Barnicoat	Chief of Positioning and Community Safety Division Executive Principal Advisor	114,361	0	0	24,288	-8,019	0	152,606	283,236
Tanya Whiteway	Chief Scientific Information Officer	222,225	0	0	31,741	10,362	0	0	264,328
Stuart Minchin	Chief of Environmental Geoscience Division Executive Principal Advisor	145,262	0	0	28,405	-8,010	0	0	165,657
Alison Rose	Chief of Place, Space and Communities Division	122,638	0	0	20,830	1,697	0	0	145,165
Helena Woolf	Acting Chief of Environmental Geoscience Division	72,665	0	0	10,143	5,805	0	0	88,613
Total		1,857,312	0	0	315,039	51,043	0	152,606	2,376,000

Table 82: Geoscience Australia—Remuneration for other highly paid staff, current reporting period (2019–20)

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	Average termination benefits	Average total remuneration		
\$220,001-\$245,000	5	135,941	0	279	22,200	714	0	76,794	235,928		
\$245,001-\$270,000	4	180,888	0	0	30,752	10,600	0	35,856	258,096		
\$270,001-\$295,000	4	152,658	0	154	29,039	2,261	0	90,741	274,853		
\$370,001-\$395,000	2	109,882	0	351	19,977	1,085	0	246,277	377,573		

## Appendix B4: Audit and Risk Committee membership

Table 83: Geoscience Australia–Audit and Risk Committee membership (2019–20)

Member name	Qualifications, knowledge, skills or experience	Number of meetings attended / total number of meetings	Total annual remuneration
Brad Medland	Chartered Accountant with over 25 years of experience, including eight years in the private sector and 17 years in the public sector in senior finance roles. <ul style="list-style-type: none"> <li>• Qualified Chartered Accountant New Zealand and Australia (1995)</li> <li>• Bachelor of Economics, Australian National University (1995)</li> </ul>	4/4	\$0
Tarnya Gersbach	Certified Practicing Accountant with 23 years of experience across a variety of portfolio entities, including more than 10 years of experience in public sector finance roles and nine years at the Senior Executive Service level with the Australian Federal Police. <ul style="list-style-type: none"> <li>• Certified Practicing Accountant</li> <li>• Graduate Certificate in Organisational Change (2018)</li> <li>• Graduate Diploma in Administration (1998)</li> <li>• Bachelor of Commerce (1991)</li> </ul>	3/4	\$0
Andrew Heap	Over 20 years of public sector experience leading geoscience programs and research. Represents the Commonwealth on the Council of Australian Governments Energy Councils Geoscience Working Group and Australia in the International Ocean Discovery Program (IODP) as Council Member of the Australia–New Zealand IODP consortium. Is a board member of the C02CRC Ltd. <ul style="list-style-type: none"> <li>• Doctor of Philosophy in Earth Sciences, James Cook University (2000)</li> <li>• Master of Science, University of Auckland (1996)</li> <li>• Bachelor of Science, University of Auckland (1993)</li> <li>• Bachelor of Commerce, University of Auckland (1993)</li> </ul>	3/4	N/A-internal member



Appendix B5: Corrections to the previous annual report

There was an error in Geoscience Australia's 2018-19 annual report on page 235. In *Table 62: Geoscience Australia - Australian Public Service Act Employment type by location Current Reporting Period (2018-19)* - the figures in the Ongoing and Non-ongoing columns were transposed, showing that Geoscience Australia had 45 Ongoing and 566 Non-Ongoing employees. The correct figures were that Geoscience Australia had 566 Ongoing and 45 Non-Ongoing employees.

# PART C: IP AUSTRALIA



## Australian Government

### IP Australia

Senator the Hon Karen Andrews  
Minister for Industry, Science and Technology  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I am pleased to present the annual report of IP Australia for the year ending 30 June 2020.

The report has been prepared in accordance with all applicable obligations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), including section 46, which requires that you table the report in Parliament.

The Annual Performance Statements in Chapter 12 of this report are prepared in accordance with paragraph 39(1)(b) of the PGPA Act and accurately presents IP Australia's performance for the 2019-20 financial year, in accordance with section 39(2) of the PGPA act.

The report includes IP Australia's audited financial statements prepared in accordance with the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (PGPA Rule).

I certify that I am satisfied that IP Australia has in place appropriate fraud control mechanisms that meet our needs and comply with the PGPA Act and PGPA Rule for the 2019-20 period.

Yours sincerely

A handwritten signature in black ink, reading "Michael Schwager".

Michael Schwager  
Director General

25 September 2020



## CHAPTER ELEVEN:

# OVERVIEW 2019–20

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## Director General's review

2019–20 was a year of transformation at IP Australia. In addition to focusing on the administration of the intellectual property (IP) rights system, we improved the services we provide to our customers to ensure all Australians benefit from great ideas.

The flat growth in IP rights applications over 2019–20, coupled with the increasing impacts of COVID-19 on domestic and international IP rights systems, was a reminder that IP Australia must be well positioned to adapt and respond to challenges in the future.

Our continued commitment to our customers saw us deliver a range of initiatives that laid the foundation for improved quality, timeliness and administration of IP rights. We improved our digital services, including the way that our customers transact with us and the systems our staff use to deliver IP rights. We also made progress with key policy changes to streamline the operations of the domestic IP system and increase engagement with international systems.

This transformation would not have been possible without the ongoing commitment and flexibility of all Agency staff who have demonstrated a willingness to adapt as we continue to improve how we do business.

**The following overview outlines some of our key achievements in support of building a world-leading IP system that increases prosperity for Australia.**

## IP rights administration

IP Australia is an important element of Australia's innovation ecosystem and we have a strong focus on providing robust IP rights. Following a record number of applications for IP rights in 2018, demand remained steady in 2019.

*Table 84: Rights administered by IP Australia, 2019–20*

Patents	Trade marks	Plant breeder's rights	Design rights
32 034 applications, of which 11% were Australian	76 150 applications, of which 60% were Australian	274 applications, of which 44% were Australian	7351 applications, of which 33% were Australian
Duration: up to 20 years (standard patent) or eight years (innovation patent)	Duration: no limit	Duration: up to 20 years (standard plant breeder's right)	Duration: up to 10 years
Protects novel, useful, non-obvious invention	Protects 'brands', including words, phrases, numbers logos, images and sounds	Protects new plant varieties	Protects the shape, look and feel of a product

During 2019–20, we continued to develop better systems and strategies that improve the quality, timelines and efficiency of our service delivery and the IP rights that we administer.

We delivered a new quality review framework, shifting IP Australia to a principles-based approach that enables greater consistency across our search and examination services. The framework will be rolled out across all IP Rights and will be supported by a new information technology (IT) system in 2020–21, allowing us to further streamline and automate our quality processes.

IP Australia also introduced a new performance and achievement framework to support a culture of teamwork and continuous improvement that places greater emphasis on collaboration. Over time this will lead to improvements in the production of high-quality IP rights that are robust and defensible for our customers.

### **Improving the customer experience and building awareness of IP**

We redesigned and released our new Customer Service Charter, establishing a simplified set of commitments that places the needs of our customers at the centre of IP rights administration. The Customer Service Charter also provides customers with the opportunity to tell us how well we are performing, informing the way we do business with them in the future.

Our Transactional Digital Services program continued to replace our legacy Business to Business platform with a more modern application programming interface (API) foundation that covers over 96 per cent of IP rights transaction types. This introduced several open data APIs that enable our customers and stakeholders to access our IP right search systems more efficiently. The Program has now commenced the iterative replacement of our eServices with the focus on delivering a modern and efficient customer-centric digital experience.

We trialled the award-winning Smart Trade Mark platform, which enables brands to better protect themselves against counterfeits and misuse of their IP. It connects our customers directly to the Australian Government's trade mark register, so they can authenticate products and services related to their trade mark.

We also commenced a trial of a new Trust Badge application built on the Smart Trade Mark platform, which links a customer's address to their trade mark and provides visual proof of authenticity for use in online marketplaces.

## Policy and international engagement

In 2019–20, we undertook several policy initiatives, including expanding the Patent Analytics Hub service offering to include a patent landscape analysis in international-type searches, in line with Article 15(5) of the Patent Cooperation Treaty.

The Patent Analytics Hub also published a suite of products to help global researchers and decision makers identify critical knowledge and resources required for COVID-19 responses. This included interactive visualisations of relevant medical equipment, diagnostics tools, therapeutic products and vaccines.

We also undertook an exploratory review of Australia's design economy and the role of design rights in incentivising design innovation, establishing evidence to inform potential changes to the design rights system. The findings of this research are available on our website.

The *Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Act 2020* received Royal Assent on 26 February 2020. Under the Act, Australia's second tier patent, the innovation patent, will be phased out starting from 26 August 2021. The Act also implements recommendations from the Productivity Commission's report into the compulsory licensing of patents, including Crown use and its use in a pandemic, and makes minor amendments to streamline the operation of the IP system.

## Technology and data

IP Australia's data on filing trends for IP rights and on IP holdings in certain technologies contributed to national and international efforts aimed at monitoring and managing the impact of the pandemic on global economies. This data will form the basis for continued research in 2021.

We relocated the IP Australia data centre, which improves the reliability, flexibility and scalability of our data facilities while reducing the amount of infrastructure in operation. We also updated our data strategy and continued to improve TM-Link, the global trade mark database originally developed in partnership with Swinburne University of Technology and the University of Melbourne.

During 2019–20, the Patents Modernisation Initiative laid the foundations for our new patents management system, delivering a modern and user centric interface for examiners to view patent applications.

## A flexible workforce for the future

IP Australia has undergone a significant program of cultural change through our Future Way of Working (FWOW) Program. In 2019–20 the final stages of construction works were delivered, and the Program was officially closed on 30 May 2020. The FWOW Program delivered contemporary physical workspaces and technology that enables an efficient, adaptable and sustainable workplace, increasing collaboration and productivity for our staff in activity-based working environments. The flexible working environment established by the FWOW Program aided IP Australia's response to COVID-19, enabling our staff to effectively work from their homes during a challenging and potentially disruptive period.

## Overview

### Our role and functions

IP Australia is responsible for administering Australia's IP rights system, specifically trade marks, patents, designs and plant breeder's rights, and regulation of the IP attorney profession. The legislation we administer includes the *Patents Act 1990*, the *Plant Breeder's Rights Act 1994*, the *Trade Marks Act 1995* and the *Designs Act 2003*.

To achieve our outcome (see 'Outcome and program structure' below), IP Australia grants exclusive IP rights for a period. This fosters innovation, investment and international competitiveness by:

- providing an effective legal framework for protecting products and brands, creating a secure environment for investment
- promoting the disclosure of discoveries and follow-on generation of ideas
- enabling firms to build brand value and business reputation, which in turn help improve consumer confidence
- providing incentives for undertaking research and development.

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 of cooperation programs to support the global IP system.

We operate as a non-corporate Commonwealth entity within the portfolio and recover almost all of our costs by charging fees for the IP rights services we administer.

### Our Executive

The Director General is the accountable authority of IP Australia. Table 85 provides details of the person who held that position during the reporting period.

*Table 85: IP Australia accountable authority, 2019–20*

Name	Position title/position held	Period as the accountable authority	
		Commenced	Ceased
Michael Schwager	Director General	20 September 2018	N/A

### Our structure

The Director General is assisted by two Deputy Director Generals who manage the two divisions within IP Australia:

- The Deputy Director General of the 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 of the Policy and Corporate Division is responsible for policy advice, corporate support, international engagement, and education and awareness activities.

Table 86 shows IP Australia’s organisational structure.

Table 86: IP Australia organisational structure, 30 June 2020

Director General Michael Schwager	
Deputy Director General, IP Rights Division	Deputy Director General, Policy and Corporate Division
General Manager, Trade Marks and Designs	General Manager, People and Communication
General Manager, Patents, Chemical, Plant Breeder’s Rights and Electrical	General Manager (Chief Financial Officer), Finance and Business Services
General Manager, Patents, Mechanical and Oppositions	General Manager, Policy and Governance
	General Manager (Chief Information Officer), Innovation and Technology

Outcome and program structure

IP Australia has one outcome, and three programs that contribute to achieving that outcome.

Table 87: IP Australia outcome and program structure, 2019–20

<b>OUTCOME 1:</b>  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		
<b>PROGRAM 1</b>	<b>PROGRAM 2</b>	<b>PROGRAM 3</b>
IP Rights Administration and Professional Registration	Education and Awareness	Advice to Government and International Engagement
Purpose: Ensure Australians benefit from great ideas		







## CHAPTER TWELVE:

# IP AUSTRALIA REPORT ON PERFORMANCE

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## Annual Performance Statements

### Introductory statement

I, as the accountable authority of IP Australia, present the Annual Performance Statements of IP Australia for 2019–20, 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 and accurately represents IP Australia's performance in the reporting period in accordance with section 39(2) of the PGPA Act.

Michael Schwager  
Director General

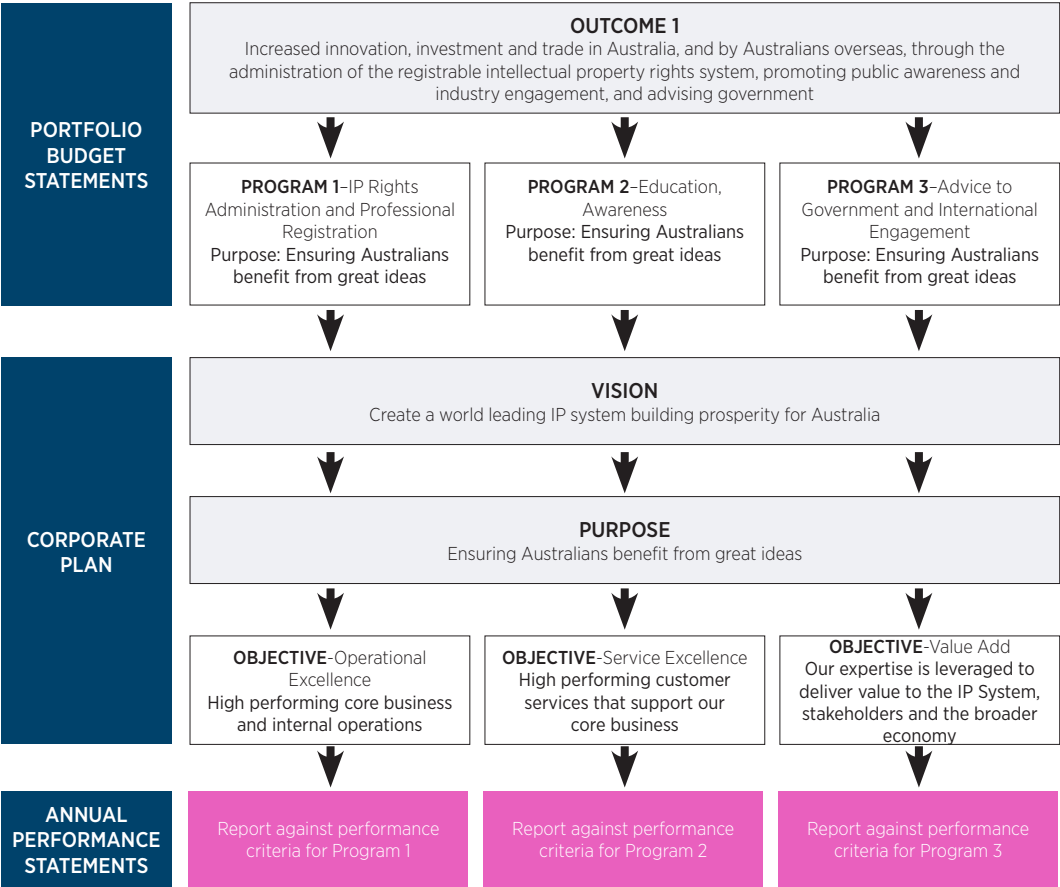
25 September 2020

# Purpose

IP Australia’s purpose is to ensure that Australians benefit from great ideas. We achieve this by administering the registrable intellectual property rights system, regulating the IP attorney profession, promoting public awareness and industry engagement, and advising government.

This performance statement reports on IP Australia’s performance against the measures and targets set out in the 2019–20 Corporate Plan, and for Outcome 1 in the Portfolio Budget Statements 2019–20, as presented in Figure 7.

Figure 7: IP Australia’s Performance Framework



## Program 1: IP rights administration and professional registration

Program objectives	<p>IP Australia will deliver robust IP rights that satisfy our customers in terms of timeliness and value for money, and will maintain the professional registration of persons wishing to qualify for registration as patents and/or trade marks attorneys. IP Australia will be recognised as one of the leading IP offices in the world for the quality and accuracy of our work.<sup>1</sup></p> <p>IP Australia will achieve operational excellence by ensuring high performance in our core business and internal operations.<sup>2</sup></p>
Intended results <sup>3</sup>	<p>Continuous improvement in quality across our IP rights administration and professional registration services, and our adherence to our service commitments.</p> <p>Staff satisfaction with supporting and enabling services, and the way we work together across IP Australia.</p> <p>A sustainable and cost-effective business model.</p>
Related purpose	Ensuring Australians benefit from great ideas.

### Activities

IP Australia's key activities under this program in 2019–20 included:

- providing high-quality and timely administration of IP rights and attorney registrations for our customers
- completing the refurbishment of our Canberra and Melbourne offices and instituting more flexible working arrangements for staff under the Future Way of Working program
- developing a new quality review framework and commencing implementation of the framework, to provide greater consistency across our search and examination services
- implementing a new performance and achievement framework that places greater emphasis on staff collaboration to deliver robust and defensible IP rights for our customers
- continuing to modernise our systems and processes through our Transactional Digital Services program.

### Analysis

2019–20 provided an opportunity to demonstrate our operational excellence and continue to deliver robust IP rights that met the expectations of our customers. We met 27 of the 34 commitments outlined in the 2019–20 Customer Service Charter, but did not meet six timeliness commitments across patents, trade marks and designs and one quality commitment under trade marks.

Non-compliance against Customer Service Charter commitments for trade marks largely reflects past workforce limitations. As they complete the two-year training requirement, a large intake of trainee examiners over the last 24 months is addressing the stockpile of unexamined applications. Over the coming financial year, the remainder will complete training and along with an ongoing recruitment plan, this will enable Customer Service Charter commitments to be met going forward.

Non-compliance 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 allocated to existing resources and through the recruitment of new patent examiners. Non-compliance for designs is attributed to high demand which is being addressed through an increase in the number of qualified design examiners.

<sup>1</sup> Source: Department of Industry, Innovation and Science, *Portfolio Budget Statements 2019–20*.

<sup>2</sup> Source: IP Australia Corporate Plan 2019–20.

<sup>3</sup> Source: IP Australia Corporate Plan 2019–20.

Our commitment to issue 85 per cent of hearing decisions within 13 weeks of being heard, unless a further submission or evidence is received, was not met for patents, trade marks or designs. This is being addressed through increasing the number of staff trained to undertake hearings, and through more efficient case load allocation to available and experienced staff within the agency.

IP Australia focused on improving the quality of our services in 2019–20, fundamentally changing our approach to quality and performance. We introduced a new quality review framework, moving away from the previous overly prescriptive, compliance-focused framework that had done little to improve quality. The new framework takes a principles-based approach that will lead to greater consistency across our search and examination services.

We also delivered a new quality review IT system for our trade mark and design examiners. This system allows for more flexible reviews during the application process to improve the information we give customers. Implementing this for patents is a priority for 2020–21.

To support the delivery of high-quality and robust IP rights, we also implemented a new performance and achievement framework. The previous framework focused on individual targets for our staff, offering incentives for higher production. The new framework builds engaged, supported and productive teams that work collaboratively to achieve outcomes.

**Case study – Quality Review Framework**

In 2019–20, IP Australia completed a holistic review of the quality review framework.

This led to the introduction of a new framework that takes a principles-based approach to quality, recognising the skills, capability and judgement of staff. The new framework will drive greater consistency across our search and examination services. It assesses products against a set of customer-focused objectives and standards, which were developed after consultation with various IP stakeholders. The process includes reviewing randomly sampled products, with those that have a greater importance or higher impact on customers being sampled at higher rates.

At the same time, an internal audit assessed IP Australia’s approach to quality across the organisation and identified opportunities for improvement. This resulted in significant streamlining of certain processes and documentation. Quality certification is now limited to the IP Rights Division and is not being pursued in areas where it provides little or no value for our customers.

The continual improvement of our quality management system further supports IP Australia being recognised as a world-leading office for quality, ensuring Australians benefit from great ideas.

Results

Criterion	Customer Service Charter and legislative commitments are met. IP rights applications are processed in a timely manner.
Target	Achieved. All IP rights applications are processed according to the undertakings set out in the Customer Service Charter.
Result	Partially achieved – six timeliness commitments under the Customer Service Charter were not met.

*Table 88: Customer Service Charter commitments—patents*

Commitment	Result
85% of applications for standard patents will be examined and a first report issued within 12 months of receiving the request for examination.	92%
85% of innovation patents will be examined and a first report issued within eight weeks of receiving the request for examination or publication.	89%
85% of applications for standard patents will be examined and a first report issued within eight weeks of receiving a request for expedited examination.	93%
85% of international search reports will be issued within 10 weeks of receiving the search copy of the international application, unless the application is for more than one invention.	86%
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 we ask the applicant to supply a written search statement.	81%
85% of correspondence relating to the examination of an application will be responded to within 20 working days of receiving that correspondence.	92%
85% of standard patents will be granted within four weeks of the opposition period expiry date, provided no one has opposed the application and applicable fees have been paid.	100%
85% of innovation patents will be granted within four weeks of the application being lodged, provided the applicant has paid the fee and complied with the formalities.	94%
85% of hearing decisions will be issued within 13 weeks of being heard, unless we receive further submissions or evidence.	61%

*Table 89: Customer Service Charter commitments—trade marks*

Commitment	Result
85% of TM Headstart requests will be responded to within five working days of their submission.	88%
85% of trade mark applications will be examined and a report issued within 13 weeks of receiving the application.	23%
85% of correspondence relating to the examination of an application will be issued within 20 working days of receiving the correspondence.	88%
85% of trade marks will be registered within 10 working days of the opposition period expiry date, provided no one has opposed the application and applicable fees have been paid.	100%
85% of hearing decisions will be issued within 13 weeks of being heard, unless we receive further submissions or evidence.	54%

*Table 90: Customer Service Charter commitments—designs*

Commitment	Result
85% of registered designs will be examined and a report issued within 13 weeks of receiving the request for examination.	24%
85% of correspondence relating to the examination of a design application will be responded to within 20 working days of receiving the correspondence.	95%
85% of design applications will undergo formality checks within eight weeks of receiving a request for registration.	96%
85% of designs will be registered within 20 working days of compliance with the formalities check.	100%
85% of hearing decisions will be issued within 13 weeks of being heard, unless we receive further submissions or evidence.	33%

*Table 91: Customer Service Charter commitments—plant breeder's rights*

Commitment	Result
85% of applications for plant breeder's rights will have initial examinations conducted within eight weeks of receiving the application.	100%
85% of correspondence relating to the examination of an application will be responded to within 20 working days of receiving the correspondence.	100%
85% of plant breeder's rights will be registered within 10 working days, providing all registration criteria have been met.	100%
<b>Criterion</b>	<b>Agreed quality levels and standards for IP rights search and examination are met. All IP rights applications are processed in accordance with the quality levels and standards reviewed and set in consultation with stakeholders.</b>
Target	Achieved.
Result	Partially achieved – 11 of 12 agreed quality levels and standards were met with the product quality standard (Tier 1) for trade marks not met.

*Table 92: Customer Service Charter—agreed quality levels*

Product quality standard	Patents	Trade marks	Designs	Plant breeder's rights
Tier 1: 93.5% of cases conform to the product quality standard.	97.7%	91.1%	96.3%	100%
Tier 2: 90% of cases conform to the product quality standard.	96%	96%	100%	100%
Tier 3: 85% of cases conform to the product quality standard.	92%	97%	93%	100%

<b>Criterion</b>	<b>There is overall customer satisfaction with IP Australia as an agency.</b>
Target	Overall customer satisfaction is above 90%, as measured in the Customer Satisfaction Survey.
Result	Not achieved. 87% of customers surveyed indicated satisfaction.
<b>Criterion</b>	<b>Applications for trans-Tasman attorney registration are processed within an acceptable timeframe (15 working days of the date that the application complies with all registration requirements).</b>
Target	Achieved.
Result	100% of applications were processed within the required timeframe.
<b>Criterion</b>	<b>Internal systems availability meets business needs.</b>
Target	Achieved.
Result	Internal systems availability was achieved for 99.9% of the time during business hours and 99.3% of the time outside business hours.
<b>Criterion</b>	<b>Information and data management matures and improves.</b>
Target	Our information management maturity meets or exceeds the Australian Government average in the National Archives of Australia Check-up PLUS survey.
Result	IP Australia's result (3.36) exceeded the Australian Government average of 3.25.
<b>Criterion</b>	<b>Staff satisfaction is maintained through flexible, agile and innovative ways of working, and projected benefits are realised.</b>
Target	Achieved.
Result	No result recorded. Performance against this criterion is measured by staff feedback provided in the APS State of the Service survey, which has been postponed until October 2020 due to COVID-19.
<b>Criterion</b>	<b>IP Australia's data literacy results improve on the 2017-18 benchmark.</b>
Target	Achieved.
Result	Not achieved. IP Australia's data literacy remains unchanged compared to the 2017-18 benchmark (a composite index of staff responses to a data literacy survey).



## Program 2: Education and awareness

Program objectives	<p>IP Australia will facilitate understanding of the value of and access to the domestic and international intellectual property system among its stakeholders, in line with Australia's interests.<sup>4</sup></p> <p>IP Australia will achieve service excellence through high-performing customer services that support our core business.<sup>5</sup></p>
Intended results <sup>6</sup>	<p>Better tools to support user engagement.</p> <p>High customer satisfaction with our externally facing services (including eServices, our website and payment pathways).</p> <p>Adherence to service commitments relating to external support services.</p>
Related purpose	Ensuring Australians benefit from great ideas.

### Activities

IP Australia's key achievements under this program in 2019–20 included:

- a review and update of our Customer Service Charter to better focus our efforts on the things that matter most to customers: quality and timeliness
- increasing our service offering to small and medium enterprises (SMEs) and engagement on the value and role of IP in their business
- improving our customer-facing digital services to make it easier to transact with us and increasing access to our IP rights search systems.

### Analysis

IP Australia made significant progress in 2019–20 to become an agency that places our customers at the core of everything we do. We delivered key projects and programs and also improved the tools we will use to measure our performance against their expectations.

Our Customer Service Charter outlines the key performance commitments we make to our customers in the delivery and administration of their IP rights. Following a review of our charter, and extensive consultation with some of our customers, we simplified the commitments we will report on to focus on what matters most to them: high-quality and timely administration of their rights. Importantly, we will continue to seek their feedback on our performance in meeting these commitments to improve the way we do business.

IP Australia also trialled a new portal for SMEs that provides key information for our customers when they begin to engage with the IP system. We introduced the portal in response to the introduction of the *Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Act 2020*. We will undertake a number of other initiatives in 2020–21 to help SMEs interact with the IP system.

We are also replacing our legacy Business to Business platform with a modern and efficient customer-centric digital experience, introducing APIs that cover 96 per cent of IP rights transaction types. This provides a more streamlined experience for customers using our search and examination services. We also used APIs that enable our customers and stakeholders to access our IP rights search systems.

<sup>4</sup> Source: Department of Industry, Innovation and Science, *Portfolio Budget Statements 2019–20*.

<sup>5</sup> Source: IP Australia Corporate Plan 2019–20.

<sup>6</sup> Source: IP Australia Corporate Plan 2019–20.

### Case Study– Webinar Program

During 2019–20, in direct response to our customers' needs, we used our webinar program to raise awareness and educate businesses about the value of IP.

Our interactive webinars targeted SMEs, giving innovators and businesses opportunities to learn more about basic IP principles. The webinars aim to break down barriers to engaging with IP Australia to encourage innovators and SMEs to protect their intangible assets.

The program has achieved significant reach and strong engagement with SMEs, enabling participation regardless of location. During 2019–20, our webinars on topics including IP basics for business, introduction to design, and trade mark and patent protection for businesses wanting to export to China were accessed more than 4000 times.

IP rights examiners take part in the webinars to ensure participants receive timely information from qualified staff. The program has opened up a new channel that IP Australia can use for direct interaction during live question and answer sessions and to receive feedback through follow-up surveys. This has enabled us to continually enhance the webinars to ensure they meet the needs of business.

Each webinar is recorded and made available on demand on our website: [ipaustalia.gov.au](http://ipaustalia.gov.au). This allows innovators to access and digest the information at a time that suits them.

By focusing on online delivery, using an easy-to-access platform, we can broaden the reach and impact of our public education and awareness efforts. Customer satisfaction from the webinar series averages at 95 per cent, with participants indicating they help them make business decisions about their IP.

## Results

Criterion	<b>There is general satisfaction with IP Australia's public education, awareness and information products.</b>
Target	More than 90% of people and partners accessing our public education, awareness and information products are satisfied.
Result	97% of customers who responded to the annual Customer Satisfaction Survey and who had attended an educational event or workshop were satisfied.
Criterion	<b>We are fulfilling our Customer Service Charter and legislative commitments.</b>
Target	More than 85% of customers are satisfied with the reliability and effectiveness of our externally facing information and communications technology systems (website, search systems and eServices).
Result	90% of customers who responded to the annual Customer Satisfaction Survey were satisfied.
Criterion	<b>Customers are satisfied with our staff.</b>
Target	More than 85% of customers remain satisfied with our staff, as measured in the Customer Satisfaction Survey.
Result	89% of customers who interacted with our call centre, examiners and/or staff members were satisfied.

### Program 3: Advice to government and international engagement

Program objectives	<p>IP Australia supports policy and legislative change that fosters Australian innovation. We do this by shaping the development of the IP system domestically and abroad. We engage internationally to influence the development of effective IP systems, in line with Australia's interests.<sup>7</sup></p> <p>We add value. We use our expertise to deliver value to the IP system, our stakeholders and the broader economy.<sup>8</sup></p>
Intended results <sup>9</sup>	<p>Provision of high-quality advice to government.</p> <p>Strong domestic and international partnerships.</p> <p>High customer satisfaction with services designed to facilitate the use of the IP system.</p> <p>Maximised access to and use of our data.</p>
Related purpose	<p>Ensuring Australians benefit from great ideas.</p>

#### Activities

IP Australia's key achievements under this program in 2019–20 included:

- supporting the passage of the *Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Act 2020*, which begins the process of phasing out innovation patent applications
- expanding the services offered by the Patent Analytics Hub, which provides unique expertise and access to IP data to deliver detailed reports on patents for our customers and stakeholders
- conducting an exploratory review of the role of design rights in incentivising innovation in the domestic designs system.

#### Analysis

During 2019–20, IP Australia supported key policy and legislative changes aimed at enabling better and easier participation in the Australian IP system. Anecdotal feedback from the Portfolio Ministers and the Executive indicated satisfaction with the quality and timeliness of advice in meeting the needs of the government and our customers.

In 2019–20, IP Australia undertook a number of policy initiatives, including expanding the service offering of the Patent Analytics Hub to include a patent landscape analysis with international-type searches (in line with Article 15(5) of the Patent Cooperation Treaty). This service successfully moved into production in 2019.

<sup>7</sup> Source: Department of Industry, Innovation and Science, *Portfolio Budget Statements 2019–20*.

<sup>8</sup> Source: IP Australia Corporate Plan 2019–20.

<sup>9</sup> Source: IP Australia Corporate Plan 2019–20.

### Case study - Patent Analytics Hub

Our Patent Analytics Hub has been working with the Department of Industry, Science, Energy and Resources Entrepreneurs' Programme to trial a new patent analytics service that adds value for participants. Patent analytics—based on more than 120 million global patent records—provides information on technology trends, key players and target markets. This intelligence can help businesses make commercialisation, partnership and investment decisions.

In 2019–20, in collaboration with Entrepreneurs' Programme growth facilitators, the Patent Analytics Hub delivered 17 reports to participants in the medical technology and pharmaceutical (MTP) sector. The sector, typically highly engaged with IP, comprises about seven per cent of the Entrepreneurs' Programme's client base.

The Patent Analytics Hub prepared the reports after working with Entrepreneurs' Programme participants to understand their innovation and deliver the most relevant and useful insights for their area of specialisation. Supported by IP Australia's in-house science and technology professionals, the reports covered a broad range of technologies from 'smart' foods to optical imaging.

Preliminary survey results are positive. Businesses are reporting that the new information contributed to their strategic decision making. The reports also encourage businesses to think more laterally about how to use patent information to gain commercial and competitive insights; for example, whether patent activity in a particular area is waxing or waning, who is driving new patent activity (universities, or large or small companies) and where patent applications are being abandoned.

The interactive format of the report was a highlight. This provides a simple interface to allow users to drill down into the data and address specific questions. Participants also said that it was easy to use, comprehensive and provided useful listings of inventors and specific patents.

The Patent Analytics Hub is working with the Entrepreneurs' Programme team to refine the Hub's service offering. The Patent Analytics Hub also published a suite of products to assist global researchers and decision-makers in identifying know-how, supplies and manufacturing resources required to respond to the COVID-19 pandemic. This included creating interactive visualisations about medical equipment, diagnostics, therapeutics and vaccines.

### Case study – Support during COVID-19

IP Australia's COVID-19 response ensured we provided assistance to customers affected by the pandemic. We also gave timely advice to government and industry to enable decision-making based on the latest data and IP policy principles.

Customers were central to IP Australia's initial response. For customers unable to meet deadlines due to disruptions from the pandemic, we quickly implemented measures to streamline time extensions for most customer transactions and waived fees for those extensions. We established a dedicated helpline to provide information on trade mark protection to businesses that were able, or were forced, to change their offerings during the pandemic.

IP Australia also prioritised government and industry advice. This included advising the government on Crown use in sourcing medicines, personal protective equipment and other necessary patented inventions. We also harnessed internal technical and scientific expertise to create interactive patent analytics visualisations on COVID-19 technology, and to produce the report *A Dose of Innovation: Patent Analytics of Virus Vaccines*. These products helped the government and industry to identify know-how, supplies and manufacturing capability.

Our customers are accessing these targeted services, with nearly 1300 placing streamlined requests for time extensions or providing positive feedback on our trade mark helpline. Our patents analytics products have had nearly 3000 views across our suite of data visualisations and *A Dose of Innovation: Patent Analytics of Virus Vaccines* has been downloaded more than 160 times.

We also supported the delivery of the *Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Act 2020*. The Act received the Royal Assent on 26 February 2020 and implements aspects of the Australian Government's response to the Productivity Commission's 2016 inquiry into Australia's IP arrangements. This includes phasing out Australia's second-tier patent, the innovation patent, from 26 August 2021.

The Act also implements Productivity Commission recommendations in relation to the compulsory licensing of patents, including Crown use, and makes minor amendments to streamline the operation of the IP system.

IP Australia commenced our Designs Review Project in 2019–20. This builds on the former Advisory Council on Intellectual Property's (ACIP's) past review of the registered designs system. We undertook public consultation on ACIP's recommendations. As a result, we are exploring policy and legislative reforms in and around the design rights system. These are designed to improve access to the system, increase certainty for our customers seeking a design right, and better connect the design rights system to the needs of the economy.

## Results

Criterion	<b>Provide advice to the Australian Government on policy, legislation, ministerial correspondence, briefs and speeches.</b>
Target	We provide high-quality, timely and strategic policy advice to the Minister.
Result	<p>Provided timely and high-quality advice to the Australian Government on the passage of the <i>Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Act 2020</i>.</p> <p>78 Ministerial briefs were prepared during the period, with 100% delivered within agreed timeframes.</p>
Criterion	<b>We work with regional IP partners to strengthen the patent examination competence of participating IP offices.</b>
Target	Within the program timeline, 90% of participating patent examiners achieve a standard of competence necessary to produce a quality patent search and examination.
Result	<p>Results were published in the 2018-19 Annual Report.</p> <p>This activity was reported in error in IP Australia's 2019-20 Portfolio Budget Statements.</p>
Criterion	<b>IP Australia's innovation results exceed those of comparable APS agencies.</b>
Target	Achieved.
Result	<p>No result recorded.</p> <p>Performance against this criterion is measured by staff feedback provided in the APS Employee Census survey, which has been postponed until October 2020 due to COVID-19.</p>

Criterion	<b>We provide useful value-added services to customers, as measured by an evaluation of key initiatives related to each strategy.</b>
Target	The evaluation results of key initiatives show we have maintained or improved on our results from the previous year, benchmarked new initiatives, and used feedback to improve future service offerings.
Result	<p>Four value-adding initiatives were evaluated during 2019–20 including:</p> <ul style="list-style-type: none"> <li>• IP Counsellor to China</li> <li>• IP Mediation Referral Service pilot</li> <li>• Patent Analytics Hub</li> <li>• trial of Trade Mark Protect (trade mark insurance).</li> </ul> <p>The IP Counsellor to China initiative will inform future education and awareness service offerings for exporters who seek to protect and enforce their IP in China and major South East Asian markets.</p> <p>The IP Mediation Referral Service pilot concluded in July 2019 with 3500 unique visits to IP Australia's website for information on alternative avenues for dispute resolution for trade mark owners. The service was discontinued following the pilot however the relevant content on our website was updated to direct customers to external mediation providers.</p> <p>In 2019-20, the Patent Analytics Hub analysed topics ranging from ventilators, personal protective equipment (PPE), repurposed drugs and vaccines in the COVID-19 response, to graphene and regenerative medicine, with 37 technology-specific reports for universities, publicly-funded research organisations, government agencies and Entrepreneurs' Programme participants, and 527 simple analytics reports for Australian innovators. Our written reports and interactive visualisations enable easy interpretation of filing trends, origin of inventions, top markets and applicants, and full technology analysis. Feedback indicates that our customised reports help stakeholders make informed decisions on policy, research direction, commercialisation, intellectual property protection, business strategy, marketing, collaboration and licencing.</p> <p>The pilot of Trade Mark Protect (trade mark insurance) finished in July 2019 with positive feedback from more than 2000 users. The initiative concluded following the pilot due to limited demand. General guidance on IP insurance can be found on our website.</p>
Criterion	<b>IP Australia complies with Department of the Prime Minister and Cabinet's Public Data Policy.</b>
Target	Achieved.
Result	IP Australia is partially compliant, making open datasets available for download through the Australian Government data portal: <a href="https://data.gov.au">data.gov.au</a> .

## Financial performance

### Report on financial performance

IP Australia has reported a \$9 million operating loss for the 2019-20 financial year. Revenues fell by almost \$7 million from budget estimates due to the relatively flat growth in IP applications and the impact of COVID-19 later in the financial year. IP Australia has responded by reducing operating expenditures from what was budgeted to minimise the impact of the revenue fall on the agency's financial position.

While cash reserves have fallen, reflecting the lower revenue position, IP Australia has now completed work in addressing a back-log of capital investments:

- Successfully migrating trade marks administration off of a mainframe service to a modern software solution
- Consolidating our electronic application and renewals process with the ongoing roll-out of improved API services
- De-risking operations with the closure of our on-site data centre and move of services to robust and secure off-site managed data centres
- Modernisation of our leased headquarters site in Woden ACT for a flexible fit-for purpose accommodation solution out to 2032.

This work not only reduces risk in our operations moving forward, its completion has enabled the reduction in capital expenditure budgets to help stabilise and then re-grow to reasonable levels our cash reserves. This will ensure a sustainable financial buffer suitable for the current uncertain operating environment.

IP Australia has completed a review of its fees during the financial year and fee changes will be introduced in October 2020.

### Demand forecast and actual performance

Each year, we forecast the expected demand for IP Australia's services based on historical application trends. We use this information to determine the workforce profile and capacity we will need to meet our Customer Service Charter requirements, in line with our cost-recovery framework. Table 93 reports our actual performance against the estimated demand for examination and registration services for the year.

*Table 93: Program 1 results*

Deliverable <sup>(10)</sup>	Estimated	Actual
Receipt of applications		
Patents	32 216	32 034
Plant breeder's rights	350	274
Patent Cooperation Treaty	3075	2792
Trade marks	79 952	76 150
Designs	7897	7351
Registration service		
Trans-Tasman IP Attorneys Board	1640	1571

<sup>10</sup> Source: IP Australia Corporate Plan 2019–20.







#### CHAPTER THIRTEEN:

## IP AUSTRALIA MANAGEMENT AND ACCOUNTABILITY

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### Corporate governance

IP Australia's key governing body is the Executive Board. The Executive Board supports the Director General in delivering the strategic and operational outcomes of IP Australia. It considers all issues that affect our strategic direction, corporate governance, performance and reputation.

The Business Investment Committee develops and oversees investment strategies that align directly with IP Australia's Corporate Plan and Strategic Roadmap. The Committee includes two independent members.

In addition, as required under the PGPA Act, IP Australia's Director General has established the Audit Committee to provide independent advice, support and assistance in meeting his duties and obligations as an accountable authority.

IP Australia's governance practices comply with all statutory requirements and are reviewed annually to ensure they remain relevant and effective.

We have a comprehensive risk management framework, which enables us to effectively manage risks in accordance with our risk appetite. We monitor and report on risks via a series of risk registers across IP Australia. The Executive Board and Audit Committee regularly review the risk management framework, including the risk registers.

### IP Australia Audit Committee

IP Australia's Audit Committee was established by the Director General in accordance with Section 17 of the Public Governance, Performance and Accountability Rule 2014. The functions of the committee are set out in the Audit Committee Charter, December 2019.

IP Australia's Audit Committee comprises a majority of independent members. Members of the committee were selected based on their expertise and ability to discharge the functions of the Committee in line with the Charter.

*Table 94: During 2019–20, the Committee met in September and December 2019 and March and June 2020.*

Member	Expertise	Meeting attendance	Remuneration*
Ms Anne O'Donnell <i>Independent Chair</i>	Ms O'Donnell has more than 40 years of experience in the finance sector and is an experienced executive and non-executive director in the listed, not-for-profit and mutual sectors. Ms O'Donnell holds a Masters of Business Administration, a Bachelor of Arts, Banking and Finance and is a Senior Fellow of FINSIA and a Fellow of AICD.	4	\$23,531.00
Ms Jennifer Morison <i>Independent member</i>	Ms Morison FCA, B.Ec (Sydney Uni) has thirty-eight years of broad experience in the accounting profession, commerce and government. Ms Morison founded Morison Consulting Pty Limited in 1996 and brings a wealth of experience, having held roles as an independent member and Chair of Commonwealth Audit and Risk Committees and Financial statement Sub-Committees for large and small government entities for the last 17 years.	4	\$23,531.00
Dr David Bryant <i>Independent member</i>	Dr Bryant is a Senior ACS Certified Professional (PCP) and AIPM Certified Practising Project Director (CPPD) and specialises in IT governance and projects. Dr Bryant also holds roles as an independent member of other Commonwealth department audit and investment committees and was a member of IP Australia's Business Investment Committee during 2019–20.	4	\$23,531.00
Ms Paula Adamson <i>IP Australia member</i>	Ms Adamson is the General Manager of IP Australia's Trade Marks and Designs Group and provides technical specialist knowledge of IP Australia's operations.	4	N/A
Ms Edel Kairouz <i>IP Australia member</i>	Ms Kairouz is the General Manager of IP Australia's Patents Chemical, Plant Breeder's Right and Electrical Group and provides technical specialist knowledge of IP Australia's operations.	2	N/A
Ms Julie Gale <i>IP Australia member (retired)</i>	Ms Gale was a Supervising Examiner of Patents in IP Australia and provided technical specialist knowledge of IP Australia's operations.	2	N/A

\* The figures above include GST. Independent members are engaged as contractors in accordance with the Commonwealth Procurement Rules. IP Australia members are employees and do not receive remuneration for participating as a member of the Audit Committee.

The Audit Committee's charter can be found on IP Australia's website at [www.ipaustralia.gov.au/sites/default/files/audit\\_committee\\_charter\\_-\\_dec\\_2019.pdf](http://www.ipaustralia.gov.au/sites/default/files/audit_committee_charter_-_dec_2019.pdf).

## Fraud control

IP Australia's fraud control framework is made up of the Accountable Authority Instruction, the Fraud Control Plan, and the 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 key fraud prevention and detection controls in one document. We review the framework periodically to consider changes in the operating environment, and in accordance with the Commonwealth Risk Management Framework. The Audit Committee reviews the Fraud Risk Register and progress of treatments.

## 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 2019–20.

## External scrutiny

IP Australia is subject to external scrutiny in the form of appeals or applications for judicial review of our decisions, made by the Commissioner of Patents, the Registrar of Trade Marks, the Registrar of Designs, the 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 to the Administrative Appeals Tribunal for review is available. Decisions of the Registrar of Trade Marks and the Registrar of Designs are also appealable in the Federal Circuit Court. Appendix 1 lists the appeals and applications for judicial review IP Australia received in 2019–20.

*Table 95: 2019-20 - Appearances before parliamentary committees*

Appearance	Committee	Topic
19 August 2019	Senate Economics Legislation Committee	Inquiry into the <i>Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Bill 2019</i> , which proposed to repeal the innovation patent provisions of the <i>Patents Act 1990</i> administered by IP Australia.
24 October 2019	Senate Economics Legislation Committee	Supplementary budget estimates.
6 November 2019	Senate Environment and Communications Legislation Committee	Inquiry into the <i>Competition and Consumer Amendment (Prevention of Exploitation of Indigenous Cultural Expressions) Bill 2019</i> , to provide information about IP Australia's Indigenous knowledge work and our consultation on the issue.

The Australian Information Commissioner made two decisions relating to IP Australia in 2019–20. The first related to a privacy issue. On 9 December 2019, the Commissioner determined that IP Australia's practice was not an interference with privacy as defined by the *Privacy Act 1988*. In the second matter, *DPP Pharmaceuticals Ltd v IP Australia (Freedom of Information)* [2020] AICmr 29 (30 June 2020), the Commissioner affirmed an access grant decision made by IP Australia.

IP Australia was not subject to a report by the Commonwealth Ombudsman. IP Australia is currently the subject of the Auditor-General's cross-entity performance audit of the cyber security strategies of non-corporate Commonwealth entities, which is expected to be tabled in parliament in December 2020.

## 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 we publish in accordance with the scheme is available on our website.

IP Australia's Office of Legal Counsel completed the Information Publication Scheme Agency Survey (2020), administered by the Office of the Australian Information Commissioner. The survey allowed our Office of Legal Counsel to review the operation of the Information Publication Scheme within IP Australia. The Office of the Australian Information Commissioner will use the results of the survey to develop a national report on the operation of the Information Publication Scheme across government entities.

## Management of human resources

IP Australia attracts talent from both the corporate and public sectors. Our employees have a passion for creating a world-leading IP system and are focused on driving growth and prosperity in the Australian economy.

IP Australia's public service ethos is strong, and our Executive team, managers and staff members are committed to the APS Values and Code of Conduct.

IP Australia's human resources (HR) management function is critical in delivering our People Strategy goals. We continue to focus on developing and leveraging the capability of our people, systems, processes and culture, ensuring that Australians benefit from great ideas.

We frame IP Australia's People Strategy and HR programs to build organisational capability and capacity in five areas:

- strategic leadership—investing in our agency, and our vision and values
- employee engagement—investing in our people
- organisational capability—investing in our future
- collaboration, innovation and inclusivity—investing in our culture
- workforce intelligence—investing in our data and analytics capability.

Supporting and retaining our existing workforce and focusing on the future requirements of the organisation remain the key drivers for managing and motivating our people.

IP Australia delivered several key activities and outcomes for our People Strategy in 2019–20. We:

- developed a Strategic Workforce Plan and People Strategy, which outlines actions to address workforce risks and leverage capabilities, which will ensure we have a workforce ready to meet our future operating requirements
- embedded a tiered HR service delivery model to achieve more consistent service, including establishing better alignment between HR efforts and business needs, resolving HR enquiries at the first point of contact, and assisting senior leaders to access strategic HR services and advice
- developed and embedded IP Australia's employee value proposition to attract and retain the best people to meet the organisation's current and future needs
- invested in the development and virtual delivery of our Manager Essentials Effectiveness Toolkit and the Leadership Exploration and Development program

- embedded a Capability Framework and introduced +1 Technical Capabilities, to provide clear and consistent expectations for all employees of their development for the future
- developed and implemented a structured approach to succession planning and identified all strategic critical roles
- launched a Diversity and Inclusion Strategy, supporting our commitment to valuing diversity and ensuring an inclusive culture where all employees feel respected, valued and included
- established a Peer-2-Peer Network of trained staff members who can provide support to their peers facing mental health-related issues
- used a broader spectrum of employee data to provide more holistic insights into the employee life cycle for IP Australia's business areas.

IP Australia's workforce information is provided in Appendix 3.

## Executive remuneration

Key management personnel (KMPs) 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 2019-20, remuneration for KMPs in IP Australia was determined by the Secretary of the Department of Industry, Science, Energy and Resources or his delegate in accordance with the conditions set out in their common law contract.

During the reporting period ended 30 June 2020, IP Australia had four executives who met the definition of key management personnel, as shown in Table 96.

*Table 96: IP Australia—Key management personnel, 2019-20*

Name	Position	Term
Michael Schwager	Director General	Full year
Frances Roden	Deputy Director General	Full year
Joanna Moore	Acting Deputy Director General	1 July 2019 — 12 March 2020
Margaret Tregurtha	Deputy Director General	24 February 2020— Present

Table 97 details the total remuneration paid to key management personnel, as shown in the notes to the financial statements for 2019-20. Further detail on executive remuneration and other highly paid staff is in Appendix 4.

*Table 97: IP Australia—Total remuneration of key management personnel, 2019-20*

<b>Note 4.1 Key Management Personnel Remuneration</b>	<b>2019-20</b>
Short-term benefits:	
Base Salary	\$917,961
Bonus	\$0.00
Other benefits and allowances	\$9,272
Total short-term benefits	\$927,233
Superannuation	\$166,765
Total post-employment benefits	\$166,765
Other long-term benefits	
Long service leave	\$28,707
Total other long-term benefits	\$28,707
Termination benefits	\$0.00
Total key management personnel remuneration	\$1,122,705

## Work health and safety

IP Australia is committed to providing a healthy and safe working environment for all workers (employees, contractors and others) and visitors, and continued to prioritise matters related to work health and safety (WHS). For example, in 2019-20, we:

- launched a new WHS Strategy (2019-21), which aims to increase our organisational WHS maturity, focusing on four areas:
  - a positive safety culture
  - evidence-based risk management of WHS risks and opportunities
  - a physically and psychologically safe workplace
  - continuous improvement.
- supported employees through education and ergonomic reviews during the relocation of our Melbourne-based staff and a major refit of our Canberra office
- enhanced our WHS risk management and contractor WHS management capability
- offered annual flu vaccinations, skin checks and health assessments, and promoted healthy lifestyle actions for our staff through our health and wellbeing allowance
- continued to offer free counselling services to all employees and their immediate families through the Employee Assistance Program.

In line with the WHS Strategy, we implemented corrective actions raised by Comcare in late 2018, which were signed off by Comcare in March 2020.

One incident during the year was deemed notifiable under section 38 of the *Work Health and Safety Act 2011* and was reported to Comcare.

## 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](http://www.apsc.gov.au).

IP Australia continued to implement the actions detailed in our *Accessibility Action Plan 2016–2019* to support our vision of being a disability-confident employer.

In line with *As One: Making it Happen, the APS Disability Employment Strategy 2016–19*, we also launched our new Diversity and Inclusion Strategy (2019–22) and took affirmative steps to recruit people with a disability in 2019–20, advertising and filling three positions.

We continued our silver membership of the Australian Network on Disability and have partnered with JobAccess to work on recruitment strategies in 2020–21. IP Australia participated in the Positive Action towards Career Engagement program and committed to this program in 2020–21.

## Purchasing

During 2019–20, 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 achieved value for money for the Australian Government.

IP Australia's Accountable Authority Instructions require the use of purchase orders for all purchases valued at more than \$10 000. This assists in tracking commitments and meeting accountability requirements.

We publish our annual procurement plan on AusTender to give prospective suppliers 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](http://www.finance.gov.au).

## Consultants

During 2019–20, IP Australia entered into eight new consultancy contracts with total expenditure of \$280 000 (GST inclusive). Eight ongoing consultancy contracts were active during the period with total expenditure of \$2.2 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 our own Accountable Authority Instructions. The procurement method is determined having regard to the cost, value for money and nature of the work involved.

Information on the value of contracts and the consultancies is available on the AusTender website: [www.tenders.gov.au](http://www.tenders.gov.au).

The Director General did not exempt any contract let during 2019–20 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 2019–20 allowed for the Auditor General to have access to the contractor's premises.



## Grant programs

IP Australia did not administer any grants during 2019–20.

## Advertising and market research

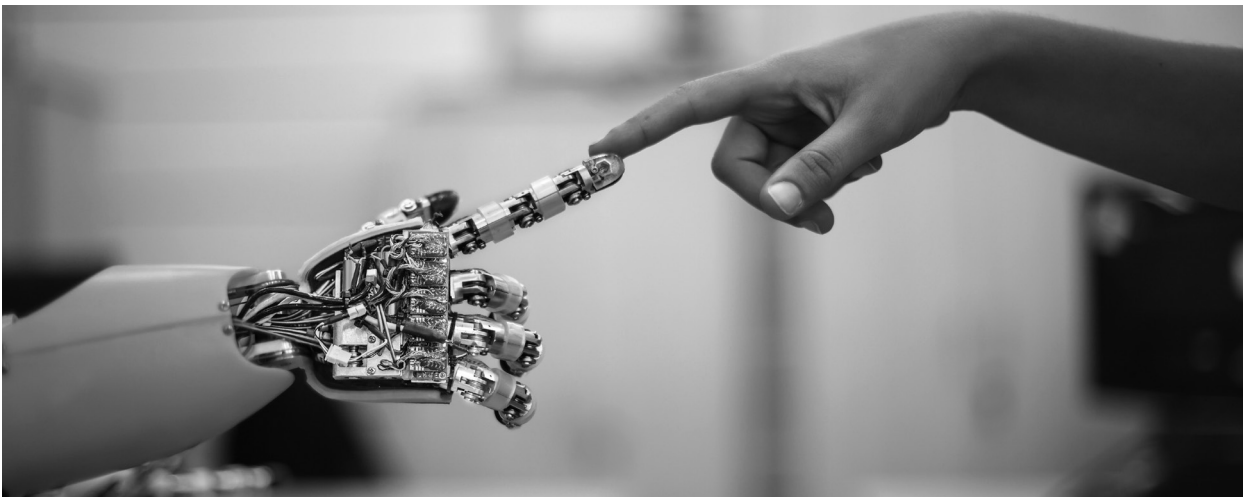
During 2019–20, IP Australia did pay advertising agencies or marketing, polling or direct mail organisations above the reporting threshold of \$14 000 per payment (GST inclusive) to the amount of \$96 357.50 (GST inclusive).

Name of recipient	Services	Total (\$)
<b>Advertising agencies</b>		
Nil		0
Nil		0
<b>Direct mail</b>		
Nil		0
<b>Market research</b>		
Orima Research Pty Ltd	Survey of Australian Designers	\$21,700
Orima Research Pty Ltd	Customer Satisfaction Survey	\$22,000
Orima Research Pty Ltd	Detailed analysis of State of the Service results	\$52,657.50
<b>Media advertising</b>		
Nil		0
<b>Polling organisations</b>		
Nil		0

## Ecologically sustainable development and environmental performance

In 2019–20, IP Australia continued to demonstrate its commitment to minimising the impact of its operations on the environment. Through processes identified in our environmental management system, we continued to:

- reduce energy 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 ISO 14001:2015 *Environmental management systems*.



**CHAPTER FOURTEEN:**

## **IP AUSTRALIA FINANCIAL STATEMENTS**

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## 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 2020:

- (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 2020 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 2020 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 (including Independence Standards)* (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

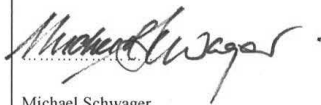
Canberra  
25 September 2020

**IP Australia**

**STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2020 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

24 September 2020



Doug Pereira  
Chief Financial Officer

24 September 2020

## IP AUSTRALIA

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**IP AUSTRALIA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2020*

		2020	2019	Original Budget <sup>1</sup>
		\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	134,996	133,958	131,561
Suppliers	1.1B	42,159	67,344	62,703
Depreciation and amortisation	2.2A	32,347	17,206	19,826
Finance costs	1.1C	1,976	-	-
Impairment loss on trade and other receivables		-	1	-
Write-down and impairment of assets	2.2A	19	314	-
Losses from asset sales		3	-	-
<b>Total expenses</b>		<b>211,500</b>	<b>218,823</b>	<b>214,090</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Revenue from contracts with customers	1.2A	201,566	200,188	208,568
Resources received free of charge	1.2B	158	155	160
Rental income	1.2C	68	-	-
<b>Total own-source revenue</b>		<b>201,792</b>	<b>200,343</b>	<b>208,728</b>
<b>Gains</b>				
Gains from sale of assets - Plant and equipment			13	-
<b>Total gains</b>		<b>-</b>	<b>13</b>	<b>-</b>
<b>Total own-source income</b>		<b>201,792</b>	<b>200,356</b>	<b>208,728</b>
<b>Net (cost) of services</b>		<b>(9,708)</b>	<b>(18,467)</b>	<b>(5,362)</b>
Revenue from Government		362	368	362
<b>(Deficit) attributable to the Australian Government</b>		<b>(9,346)</b>	<b>(18,099)</b>	<b>(5,000)</b>
<b>Total comprehensive (loss) attributable to the Australian Government</b>		<b>(9,346)</b>	<b>(18,099)</b>	<b>(5,000)</b>

The above statement should be read in conjunction with the accompanying notes.

1. Budget reported in the 2019-20 Portfolio Budget Statements published in May 2019.  
 Explanations of major variances are provided in Note 1.

**IP AUSTRALIA**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2020*

		2020	2019	Original Budget <sup>1</sup>
		\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	22,992	45,209	53,974
Trade and other receivables	2.1B	1,574	2,972	2,558
<b>Total financial assets</b>		<b>24,566</b>	<b>48,181</b>	<b>56,532</b>
<b>Non-financial assets</b>				
Prepayments		7,367	6,274	5,402
Leasehold improvements <sup>2</sup>	2.2A	183,511	35,433	34,742
Plant and equipment <sup>2</sup>	2.2A	7,562	8,444	10,266
Intangibles	2.2A	107,211	98,985	92,139
<b>Total non-financial assets</b>		<b>305,651</b>	<b>149,136</b>	<b>142,549</b>
<b>Total assets</b>		<b>330,217</b>	<b>197,317</b>	<b>199,081</b>
<b>LIABILITIES</b>				
Suppliers	2.3A	7,128	15,680	21,120
Other payables	2.3B	45,330	37,688	31,863
<b>Total payables</b>		<b>52,458</b>	<b>53,368</b>	<b>52,983</b>
<b>Interest bearing liabilities</b>				
Leases	2.4A	152,014	-	-
<b>Total interest bearing liabilities</b>		<b>152,014</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>				
Employee provisions	2.5A	48,227	46,062	40,113
<b>Total provisions</b>		<b>48,227</b>	<b>46,062</b>	<b>40,113</b>
<b>Total liabilities</b>		<b>252,699</b>	<b>99,430</b>	<b>93,096</b>
<b>Net assets</b>		<b>77,518</b>	<b>97,887</b>	<b>105,985</b>
<b>EQUITY</b>				
Contributed equity		5,908	5,908	5,908
Reserves		1,947	1,947	1,946
Retained surplus		69,663	90,032	98,131
<b>Total equity</b>		<b>77,518</b>	<b>97,887</b>	<b>105,985</b>

The above statement should be read in conjunction with the accompanying notes.

1. Budget reported in the 2019-20 Portfolio Budget Statements published in May 2019.  
 Explanations of major variances are provided in Note 1.

2. Right-of-use assets are included in the following line items:  
 Leasehold improvements      Note 2.2A  
 Plant and equipment      Note 2.2A



**IP AUSTRALIA**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2020*

	Retained earnings		Asset revaluation reserve		Contributed equity		Total equity	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>								
Balance carried forward from previous period	90,032	108,131	1,947	1,947	5,908	5,908	97,887	115,986
Adjustment on initial application of AASB 15	(24,768)	-	-	-	-	-	(24,768)	-
Adjustment on initial application of AASB 16	13,745	-	-	-	-	-	13,745	-
<b>Adjusted opening balance</b>	<b>79,009</b>	<b>108,131</b>	<b>1,947</b>	<b>1,947</b>	<b>5,908</b>	<b>5,908</b>	<b>86,864</b>	<b>115,986</b>
<b>Comprehensive income</b>								
Loss for the period	(9,346)	(18,099)	-	-	-	-	(9,346)	(18,099)
<b>Total comprehensive income</b>	<b>(9,346)</b>	<b>(18,099)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,346)</b>	<b>(18,099)</b>
<b>Closing balance as at 30 June</b>	<b>69,663</b>	<b>90,032</b>	<b>1,947</b>	<b>1,947</b>	<b>5,908</b>	<b>5,908</b>	<b>77,518</b>	<b>97,887</b>

The above statement should be read in conjunction with the accompanying notes.

1. Budget reported in the 2019-20 Portfolio Budget Statements published in May 2019.

Explanations of major variances are provided in Note 1.

**IP AUSTRALIA**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2020*

	2020	2019	Original Budget <sup>1</sup>
	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	362	368	362
Sale of goods and rendering of services	201,135	209,902	208,828
GST received	7,676	10,269	18
<b>Total cash received</b>	<b>209,173</b>	<b>220,539</b>	<b>209,208</b>
<b>Cash used</b>			
Employees	(131,986)	(129,397)	(128,697)
Suppliers	(47,751)	(72,975)	(61,290)
Interest payments on lease liabilities	(1,976)	-	-
GST Paid	(7,093)	(9,366)	-
<b>Total cash used</b>	<b>(188,806)</b>	<b>(211,738)</b>	<b>(189,987)</b>
<b>Net cash from operating activities</b>	<b>20,367</b>	<b>8,801</b>	<b>19,221</b>
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment	140	34	32
<b>Total cash received</b>	<b>140</b>	<b>34</b>	<b>32</b>
<b>Cash used</b>			
Purchase of leasehold improvements	2.2A (11,420)	(23,539)	(13,208)
Purchase of property, plant and equipment	2.2A (1,792)	(4,184)	(4,545)
Purchase of intangibles	2.2A (20,644)	(20,471)	(12,247)
<b>Total cash used</b>	<b>(33,856)</b>	<b>(48,194)</b>	<b>(30,000)</b>
<b>Net cash used by investing activities</b>	<b>(33,716)</b>	<b>(48,160)</b>	<b>(29,968)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash used</b>			
Principal payments of lease liabilities	(8,868)	-	-
<b>Total cash used</b>	<b>(8,868)</b>	<b>-</b>	<b>-</b>
<b>Net cash used by financing activities</b>	<b>(8,868)</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash held</b>	<b>(22,217)</b>	<b>(39,359)</b>	<b>(10,747)</b>
Cash and cash equivalents at the beginning of the reporting period	45,209	84,568	64,721
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>22,992</b>	<b>45,209</b>	<b>53,974</b>

The above statement should be read in conjunction with the accompanying notes.

1. Budget reported in the 2019-20 Portfolio Budget Statements published in May 2019.  
 Explanations of major variances are provided in Note 1.

## IP AUSTRALIA

### Overview

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#### 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.

## IP AUSTRALIA

### Overview

#### New Accounting Standards

All new and amending standards or interpretations applicable to the current financial year did not have a material effect on IP Australia's financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 15 <i>Revenue from Contracts with Customers</i> / AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> and AASB 1058 <i>Income of Not-For-Profit Entities</i>	AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.
	AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 <i>Revenue</i> , AASB 111 <i>Construction Contracts</i> and Interpretation 13 <i>Customer Loyalty Programmes</i> . The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
	AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 <i>Contributions</i> and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.
	The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the notes 1.2A and 2.3A of the financial statements.
AASB 16 <i>Leases</i>	AASB 16 became effective on 1 July 2019.
	This new standard has replaced AASB 117 <i>Leases</i> , Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i> , Interpretation 115 <i>Operating Leases—Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i> .
	AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the notes 1.1C, 2.2A and 2.4A of the financial statements.

## IP AUSTRALIA

### Overview

#### Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities

IP Australia adopted AASB 15 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019.

Accordingly, the comparative information presented for 2018-19 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations. Under the new income recognition model, IP Australia shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), IP Australia applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, IP Australia shall consider whether AASB 1058 applies.

In relation to AASB 15, IP Australia elected to apply the new standard to all new and uncompleted contracts from the date of initial application. IP Australia is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

<b>Impact on transition</b>	<b>1 July 2019 \$'000</b>
<b>Liabilities</b>	
Unearned revenue	24,768
<b>Total adjustment recognised in retained earnings</b>	<b>24,768</b>

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15. The first column shows amounts prepared under AASB 15 and the second column shows what the amounts would have been had AASB 15 not been adopted:

<b>Transitional disclosure</b>	<b>AASB 15 \$'000</b>	<b>Previous AAS \$'000</b>	<b>Increase / (decrease) \$'000</b>
<b>Liabilities</b>			
Unearned revenue- Patent fees	16,765	7,430	9,335
Unearned revenue-Trade Mark fees	25,738	10,620	15,118
Unearned revenue-Design fees	247	204	43
Unearned revenue-Plant Breeders Rights fees	1,531	1,259	272
<b>Total Liabilities</b>	<b>44,281</b>	<b>19,513</b>	<b>24,768</b>
<b>Retained earnings</b>	<b>(44,281)</b>	<b>(19,513)</b>	<b>(24,768)</b>

The adoption of AASB 15 has mainly affected the Patent, Trademark, Designs and Plant Breeders Rights examination service provided by IP Australia.

Previously, IP Australia recognised revenue for all of the above examination services at the time of issuance of the first report to the customer based on the stage of completion of services at the reporting date. Under AASB 15, IP Australia delayed the revenue recognition point for these examination services until performance obligation is completely satisfied by transferring the promised goods or services to the customer.

The total adjustment to the opening balance of retained earnings arising from the initial application of AASB 15 is \$24.768m.

## IP AUSTRALIA

### Overview

#### Application of AASB 16 Leases

IP Australia adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018-19 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

IP Australia elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. IP Australia applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date.
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, IP Australia previously classified leases as operating based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, IP Australia recognises right-of-use assets and lease liabilities for most leases. However, IP Australia has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, IP Australia recognised right-of-use assets and lease liabilities in relation to leases of office space, and equipment, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using IP Australia's incremental borrowing rate as at 1 July 2019. IP Australia's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.26%.

The right-of-use assets were measured as follows:

- Office space and equipment: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

#### Impact on transition

On transition to AASB 16, the IP Australia recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 July 2019 \$'000
Right-of-use assets –Property, Plant and Equipment	161,817
Lease liabilities	160,854
Retained earnings	13,745

## IP AUSTRALIA

### Overview

The following table reconciles the minimum lease commitments disclosed in the IP Australia's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	<b>1 July 2019</b> <b>\$'000</b>
Minimum operating lease commitment at 30 June 2019 (GST exclusive)	<u>175,596</u>
<b>Undiscounted lease payments</b>	<b>175,596</b>
Less: Adjustment to 30 June closing balance	<u>128</u>
<b>Adjusted minimum operating lease commitment</b>	<b>175,468</b>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	<u>14,614</u>
<b>Lease liabilities recognised at 1 July 2019</b>	<b><u>160,854</u></b>

### 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.

### 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 2020 (2018-19: 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 2020*

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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****Employee benefits**

Variance to budget is primarily due to ending the financial year with a slightly higher average staffing level than planned, together with a number of separation payments which were not included in the budget.

**Suppliers**

Suppliers expense ended lower than estimated with the implementation of saving initiatives to offset the drop in revenue. This together with the introduction of new Australian Accounting Standard, AASB 16 leases, from 1 July 2019 that resulted in operating leases expenses, classified as suppliers under the previous standard, to be replaced with depreciation charge for the right-of-use assets and interest expense.

**Depreciation and amortisation**

Depreciation expense was higher than estimated primarily due to the introduction of new Australian Accounting Standard, AASB 16 leases, from 1 July 2019. This resulted in additional depreciation charge for the right-of-use assets which was not included in the 2019-20 budget.

**Revenue from contracts with customers**

IP Australia revenue from contracts with customers is below budget mainly due to less than planned IP Right's application, examination and renewal revenues.

**STATEMENT OF FINANCIAL POSITION****Cash and cash equivalents**

Decrease in cash and cash equivalent is primarily related to the fall in revenue from contracts with customers, higher capital expenditure, and starting the financial year with a lower cash position than originally planned in the budget.

**Prepayments**

Increase in prepayments are mainly associated with maintenance contracts and subscriptions related to IT projects.

**Leasehold improvements, plant and equipment and intangibles**

The overall asset values are higher than forecast with the recognition of right-of-use assets as a result of introduction of new Australian Accounting Standard, AASB 16 leases, from 1 July 2019.

**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 combined with derecognition of the operating lease rentals liability due to the application of new Australian Accounting Standard, AASB 16 leases.

**Other payables**

Increase in other payables is mainly due to the combination of additional recognition of unearned revenue, and derecognition of lease incentive as a result of application of new Australian Accounting Standards, AASB 15 Revenue from Contracts with Customers and AASB 16 leases respectively.

**Employee provisions**

Employee provisions variance is primarily related to higher than anticipated staffing levels and increased leave liabilities.



**CASHFLOW STATEMENT**

The variance reflects movement of cash from Official Public Account. This was a result of a decrease in revenue from contracts with customers and increased capital expenditures.

**IP AUSTRALIA****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Financial Performance****Note 1.1: Expenses**

	2020 \$'000	2019 \$'000
<b><u>Note 1.1A: Employee Benefits</u></b>		
Wages and salaries	102,891	99,226
Superannuation:		
Defined contribution plans	11,602	10,706
Defined benefit plans	7,524	7,210
Leave and other entitlements	11,045	15,113
Separation and redundancies	1,934	1,703
<b>Total employee benefits</b>	<b>134,996</b>	<b>133,958</b>

**Accounting Policy**

Accounting policies for employee related expenses is contained in note 2.5A.

**Note 1.1B: Suppliers****Goods and services supplied or rendered**

Contractors & Consultants	12,385	20,448
Travel	1,164	2,277
Communication & IT Services	19,972	20,598
Administrative Services	7,228	9,322
Subscription to World Intellectual Property Organisation	1,080	1,054
<b>Total goods and services supplied or rendered</b>	<b>41,829</b>	<b>53,699</b>
Goods supplied	329	648
Services rendered	41,500	53,051
<b>Total goods and services supplied or rendered</b>	<b>41,829</b>	<b>53,699</b>

**Other suppliers**

Operating lease rentals	-	12,857
Workers compensation expenses	330	788
<b>Total other suppliers</b>	<b>330</b>	<b>13,645</b>
<b>Total suppliers</b>	<b>42,159</b>	<b>67,344</b>

**Note 1.1C: Finance costs**

Interest on lease liabilities	1,976	-
<b>Total finance costs</b>	<b>1,976</b>	<b>-</b>

IP Australia has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying notes 2.2A and 2.4A.

## IP AUSTRALIA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 1.2: Own-Source Revenue and Gains**

	2020	2019
	\$'000	\$'000

**Own-Source Revenue****Note 1.2A: Revenue from contracts with customers**

Provision of goods	363	769
Rendering of services	201,203	199,419
<b>Total revenue from contracts with customers</b>	<b>201,566</b>	<b>200,188</b>

**Major services and goods are made up of**

Patent fees	123,433	121,884
Trade Mark fees	71,784	70,467
Design fees	3,610	3,685
Plant Breeders Rights fees	1,309	1,486
Other goods and services	854	1,842
Trans-Tasman IP Attorney fees	576	824
	<b>201,566</b>	<b>200,188</b>

**Accounting Policy**

Revenue from the sale of goods and services are recognised when a customer obtains control of the goods and services. IP Australia operates on a cost recovery basis, funding its operations almost entirely through revenues raised from charges for intellectual property services. The breakdown of major services provided by IP Australia are listed above.

For majority of services provided by IP Australia, the performance obligation is satisfied at a point in time. IP Australia recognises revenue when (or as) it satisfies each performance obligation by transferring promised goods or services to the customer.

For trademark application service provided by IP Australia, the performance obligation is satisfied over time. IP Australia uses the input method for measuring progress towards satisfaction of a performance obligation using its Activity Based Costing system.

**1.2B: Resources Received Free of Charge**

Remuneration of auditors	155	155
Plant and equipment	3	-
	<b>158</b>	<b>155</b>

**1.2C: Rental income**

Sub-lease income	68	-
	<b>68</b>	<b>-</b>

IP Australia sub-leased part of its premises to National Disability Insurance Agency (NDIA) without limiting IP Australia's obligation under the Head Lease. IP Australia agrees to perform all of its obligations as tenant under the Head Lease except those which NDIA is required to perform "under sublease agreement".

**Maturity analysis of operating lease income receivables:**

	2020
	\$'000
Within 1 year	752
<b>Total undiscounted lease payments receivable</b>	<b>752</b>

## IP AUSTRALIA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## Financial Position

**Note 2.1: Financial Assets**

	2020	2019
	\$'000	\$'000
<b>Note 2.1A: Cash and Cash Equivalents</b>		
Cash in special accounts (held as cash in OPA)	16,125	43,625
Cash on hand or on deposit	6,867	1,584
<b>Total cash and cash equivalents</b>	<b>22,992</b>	<b>45,209</b>

The closing balance of Cash in special accounts does not include amounts held in trust: \$479,253 in 2020 and \$352,000 in 2019. See note 3.2 Special Accounts for more information.

**Note 2.1B: Trade and Other Receivables**

Trade receivable	726	1,624
GST receivable from the Australian Taxation Office	745	1,329
Other Receivables	103	19
<b>Total trade and other receivables</b>	<b>1,574</b>	<b>2,972</b>

**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 (2018-19: 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 2020**

	Leasehold Improvements	Plant & equipment	Computer software internally developed	Computer software purchased	Total Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2019</b>						
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)
<b>Total as at 1 July 2019</b>	<b>35,433</b>	<b>8,444</b>	<b>96,069</b>	<b>2,916</b>	<b>98,985</b>	<b>142,862</b>
Recognition of right of use asset on initial application of AASB 16	160,113	1,676	-	-	-	161,789
<b>Adjusted Net book value as at 1 July 2019</b>	<b>195,546</b>	<b>10,120</b>	<b>96,069</b>	<b>2,916</b>	<b>98,985</b>	<b>304,651</b>
Additions - by purchase or Internally developed	11,455	1,795	20,667	145	20,812	34,062
Depreciation/Amortisation expense	(2,996)	(3,582)	(11,499)	(1,078)	(12,577)	(19,155)
Depreciation on right-of-use assets	(12,546)	(646)	-	-	-	(13,192)
Other movements:						
Derecognition of lease incentive	(7,948)	-	-	-	-	(7,948)
Other movements of right-of-use assets	-	28	-	-	-	28
Disposals and write down of assets	-	(153)	(9)	-	(9)	(162)
<b>Total as at 30 June 2020</b>	<b>183,511</b>	<b>7,562</b>	<b>105,228</b>	<b>1,983</b>	<b>107,211</b>	<b>298,284</b>
<b>Total as at 30 June 2020 represented by:</b>						
Gross book value	201,560	18,827	197,357	14,744	212,101	432,488
Accumulated depreciation and impairment	(18,049)	(11,265)	(92,129)	(12,761)	(104,890)	(134,204)
<b>Total as at 30 June 2020 represented by:</b>	<b>183,511</b>	<b>7,562</b>	<b>105,228</b>	<b>1,983</b>	<b>107,211</b>	<b>298,284</b>
<b>Carrying amount of right-of-use assets</b>	<b>147,567</b>	<b>1,058</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148,625</b>

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 purpose-built and some specialised plant and equipment may in fact realise more or less in the market.

**Capital commitments**

As at the 30 June 2020 IP Australia had capital commitments with respect to leasehold improvements for Canberra office accommodation.

<b>Commitments payable on non-financial assets purchases by maturity:</b>	<b>2020</b>
	<b>\$'000</b>
Within 1 year	829
<b>Total capital commitments<sup>1</sup></b>	<b>829</b>

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 (2018-19: \$20,000) and computer equipment costing less than \$1,000 (2018-19: \$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 (2018-19: \$5,000).

**Lease Right of Use (ROU) Assets**

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by IP Australia as separate asset classes to corresponding assets of leasehold improvements and Plant and Equipments, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

An impairment review is undertaken for any right of use lease assets that shows indicators of impairment and an impairment loss is recognised against any right of use lease assets that is impaired. Lease ROU assets continue to be measured at cost after initial recognition.

**Revaluations**

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) 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 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.

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

**Depreciation**

Depreciable property, 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:

	2020	2019
Leasehold improvements	Lease term	Lease term
Plant and Equipment	3 to 25 years	3 to 25 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

**Impairment**

All assets were assessed for impairment at 30 June 2020. 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 (2018-19: 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 (2018-19: \$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 (2018-19: \$200,000).

**IP AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 2.3: Payables**

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Note 2.3A: Suppliers</b>		
Trade creditors and accruals	<b>7,128</b>	10,618
Operating lease rentals	-	5,062
<b>Total suppliers</b>	<b>7,128</b>	15,680

Settlement is usually made within 30 days.

**Note 2.3B: Other Payables**

Unearned revenues		
Patents fees	<b>16,304</b>	7,430
Trade Marks fees	<b>24,613</b>	10,621
Designs fees	<b>214</b>	204
Plant Breeders Rights fees	<b>1,902</b>	1,390
<b>Total unearned revenues</b>	<b>43,033</b>	19,645
Other unearned income	<b>90</b>	158
Lease incentive	-	16,638
Salary and wages	<b>1,925</b>	1,109
Superannuation	<b>282</b>	138
<b>Total other payables</b>	<b>45,330</b>	37,688

**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.

For unearned revenue policy "refer Note 1.2A".

**IP AUSTRALIA****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 2.4: Interest bearing liabilities**

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Note 2.4A: Leases</b>		
Lease Liabilities	<b>152,014</b>	-
<b>Total leases</b>	<b>152,014</b>	-

IP Australia has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Total cash outflow for leases for the year ended 30 June 2020 was \$10.844m.

**Accounting Policy**

"Refer Overview Note" for accounting policy on leases.



**IP AUSTRALIA****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 2.5: Provisions**

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Note 2.5A: Employee Provisions</b>		
Leave	<b>42,722</b>	41,572
Superannuation on-cost	<b>4,225</b>	4,077
Separations and redundancies	<b>1,280</b>	413
<b>Total employee provisions</b>	<b>48,227</b>	46,062

**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 2020 represents outstanding contributions.

## IP AUSTRALIA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 2.6: Financial Instruments**

		2020	2019
	Notes	\$'000	\$'000
<b><u>Note 2.6A: Categories of Financial Instruments</u></b>			
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents	2.1A	22,992	45,209
Trade and other receivables	2.1B	829	1,643
<b>Total financial assets</b>		<b>23,821</b>	<b>46,852</b>
<b>Financial Liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Trade creditors	2.3A	7,128	10,618
<b>Total financial liabilities</b>		<b>7,128</b>	<b>10,618</b>

**IP AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 2.6: Financial Instruments**

**Accounting Policy**

**Financial assets**

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, 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.

**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)**

<b>Annual Appropriations for 2020</b>				
	<u>Appropriation Act</u>		Appropriation applied in 2020 (current and prior years)	Variance
	Annual Appropriation \$'000	Total appropriation \$'000	\$'000	\$'000
<b>DEPARTMENTAL</b>				
Ordinary annual services	362	362	362	-
<b>Total departmental</b>	<b>362</b>	<b>362</b>	<b>362</b>	<b>-</b>

<b>Annual Appropriations for 2019</b>				
	<u>Appropriation Act</u>		Appropriation applied in 2019 (current and prior years)	Variance
	Annual Appropriation \$'000	Total appropriation \$'000	\$'000	\$'000
<b>DEPARTMENTAL</b>				
Ordinary annual services	368	368	368	-
<b>Total departmental</b>	<b>368</b>	<b>368</b>	<b>368</b>	<b>-</b>

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 <sup>1</sup>		Services for Other Entities and Trust Moneys World Intellectual Property Organisation <sup>2</sup>		Services for Other Entities and Trust Moneys - Security of Costs <sup>2</sup>		Service for Other Entities and Trust Moneys - Comcare <sup>2</sup>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Balance brought forward from previous period</b>	<b>45,209</b>	84,568	<b>332</b>	315	<b>20</b>	24	-	-
<b>Increases:</b>								
Appropriation credited to special account	362	368	-	-	-	-	-	-
Costs recovered	208,811	220,171	-	-	-	-	-	-
Receipts on behalf of WIPO	-	-	4,403	3,951	-	-	-	-
Other receipts	140	34	-	-	32	9	109	79
<b>Total increases</b>	<b>209,313</b>	220,573	<b>4,403</b>	3,951	<b>32</b>	9	<b>109</b>	79
<b>Available for payments</b>	<b>254,522</b>	305,141	<b>4,735</b>	4,266	<b>52</b>	33	<b>109</b>	79
<b>Decreases:</b>								
<b>Departmental</b>								
Payments made to suppliers	(99,544)	(130,535)	-	-	-	-	-	-
Payments made to employees	(131,986)	(129,397)	-	-	-	-	-	-
Money held for non-Commonwealth Party	-	-	(4,293)	(3,934)	(15)	(13)	(109)	(79)
<b>Total departmental decreases</b>	<b>(231,530)</b>	(259,932)	<b>(4,293)</b>	(3,934)	<b>(15)</b>	(13)	<b>(109)</b>	(79)
<b>Total balance carried to the next period</b>	<b>22,992</b>	45,209	<b>442</b>	332	<b>37</b>	20	-	-
<b>Balance represented by:</b>								
Cash held in entity bank accounts	6,867	1,584	442	332	37	20	-	-
Cash held in the Official Public Account	16,125	43,625	-	-	-	-	-	-
	<b>22,992</b>	45,209	<b>442</b>	332	<b>37</b>	20	-	-

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**

	2020 \$'000	2019 \$'000
<b>Amounts applied</b>		
Departmental		
Annual appropriations	362	368
Own source revenue	208,811	220,171
<b>Total amounts applied</b>	<b>209,173</b>	220,539
<b>Expenses</b>		
Departmental	211,500	218,823
<b>Total Expenses</b>	<b>211,500</b>	218,823
<b>External Revenue</b>		
Departmental	201,566	200,188
<b>Total External Revenues</b>	<b>201,566</b>	200,188

**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:

	2020	2019
	\$	\$
Short-term employee benefits	927,233	789,036
Post-employment benefits	166,765	138,969
Other long-term employee benefits	28,707	69,279
<b>Total key management personnel remuneration expenses</b>	<b>1,122,705</b>	<b>997,284</b>

**Notes:**

The total number of key management personnel that are included: 4 individuals. (2019: There were 5 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**

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**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 (2018-19: nil).

## IP AUSTRALIA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## Other Items

## Note 4.3: Aggregate Assets and Liabilities

	2020 \$'000	2019 \$'000
<b>Assets expected to be recovered in:</b>		
No more than 12 months	31,183	53,887
More than 12 months	299,034	143,430
<b>Total Assets</b>	<b>330,217</b>	197,317
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	70,958	44,324
More than 12 months	181,741	55,106
<b>Total Liabilities</b>	<b>252,699</b>	99,430







## CHAPTER FIFTEEN:

# IP AUSTRALIA APPENDICES

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## Appendix C1: Appeals of decisions

### Commissioner of Patents

In 2019–20, six appeals were filed with the Federal Court and the Administrative Appeals Tribunal from decisions originating with the Commissioner of Patents. Of those matters, two have been finalised and four remain open. The Commissioner is the respondent in two of the open matters. One open matter in which the Commissioner is the respondent is the appeal to the High Court by Rokt Pte Ltd of the decision of the Full Court of the Federal Court in *Commissioner of Patents v Rokt Pte Ltd* [2020] FCAFC 86.

### Registrar of Trade Marks

In 2019–20, there were 31 new appeals or reviews from decisions of the Registrar of Trade Marks, involving 35 trade marks. Of those, 22 appeals were to the Federal Court. There were also six matters filed with the Federal Circuit Court, and three reviews filed with the Administrative Appeals Tribunal. Sixteen appeals were finalised during the year, and 10 of these were initiated before July 2019. There were no new design appeals or finalisations.

## Appendix C2: Financial summary

### Entity Resource Statement subset Summary Current Report Period (2019-20)

Table 98: Entity resource statement 2019-20

		Actual available appropriation for 2019-20 \$'000	Payments made 2019-20 \$'000	Balance remaining 2019-20 \$'000
		(a)	(b)	(a) – (b)
Ordinary annual services <sup>1</sup>				
Departmental appropriation		362	362	-
<b>Total</b>		<b>362</b>	<b>362</b>	<b>-</b>
<b>Total ordinary annual services</b>	<b>A</b>	<b>362</b>	<b>362</b>	
<b>Total available annual appropriations and payments</b>		<b>362</b>	<b>362</b>	
Special accounts <sup>2</sup>				
Opening balance		45,209		
Appropriation receipts <sup>3</sup>		362		
Non-appropriation receipts to special accounts		208,951		
Payments made			231,530	
<b>Total special accounts</b>	<b>B</b>	<b>254,522</b>	<b>231,530</b>	<b>22,992</b>
Total resourcing and payments				
A+B		254,844	231,892	
Less appropriations drawn from annual or special appropriations above and credited to special accounts <sup>3</sup>		362	362	
<b>Total net resourcing and payments for IP Australia</b>		<b>254,522</b>	<b>231,530</b>	

<sup>1</sup> Appropriation Act (No. 1) 2019-20.

<sup>2</sup> Does not include 'special public money' held in accounts like 'services for other entities and trust moneys' special accounts.

<sup>3</sup> Appropriation receipts from IP Australia annual appropriations for 2019-20 included above.

## Expenses and resources for Outcome 1

Table 99: Expenses and resources for 2019-20

<b>Expenses for outcome 1</b>			
<b>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.</b>	<b>Budget* 2019-20 \$'000 (a)</b>	<b>Actual expenses 2019-20 \$'000 (b)</b>	<b>Variation 2019-20 \$'000 (a) – (b)</b>
<b>Program 1: IP Rights Administration and Professional Registration</b>			
Departmental expenses			
Special accounts	198,579	196,010	2,569
Expenses not requiring appropriation in the budget year	160	155	5
<b>Total for Program 1</b>	<b>198,739</b>	<b>196,165</b>	<b>2,574</b>
<b>Program 2: Education and Awareness</b>			
Departmental expenses			
Special accounts	2,301	2,258	43
<b>Total for Program 2</b>	<b>2,301</b>	<b>2,258</b>	<b>43</b>
<b>Program 3: Advice to Government and International Engagement</b>			
Departmental expenses			
Departmental appropriation <sup>1</sup>	362	362	-
Special accounts	12,688	12,715	-27
<b>Total for Program 3</b>	<b>13,050</b>	<b>13,077</b>	<b>-27</b>
<b>Outcome 1 totals by appropriation type</b>			
Departmental expenses			
Departmental appropriation <sup>1</sup>	362	362	-
Special accounts	213,568	210,983	2,585
Expenses not requiring appropriation in the budget year	160	155	5
<b>Total expenses for Outcome 1</b>	<b>214,090</b>	<b>211,500</b>	<b>2,590</b>
Average staffing level (number)	1,054	1,058	

\* Full-year budget, including any subsequent adjustment made to the 2019-20 budget at Additional Estimates.

<sup>1</sup> 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 100: IP Australia—All ongoing employees, 2019–20, at 30 June 2020

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
Vic	46	2	48	17	9	26	0	0	0	74
ACT	550	21	571	396	82	478	0	0	0	1049
<b>Total</b>	<b>596</b>	<b>23</b>	<b>619</b>	<b>413</b>	<b>91</b>	<b>504</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1123</b>

Table 101: IP Australia—All non-ongoing employees, 2019–20, at 30 June 2020

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
Vic	2	0	2	0	0	0	0	0	0	2
ACT	6	1	7	12	5	17	0	0	0	24
<b>Total</b>	<b>8</b>	<b>1</b>	<b>9</b>	<b>12</b>	<b>5</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>

Table 102: IP Australia—All ongoing employees, 2018–19, at 30 June 2019

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
Vic	49	1	50	17	8	25	0	0	0	75
ACT	535	28	563	380	94	474	0	0	0	1037
<b>Total</b>	<b>584</b>	<b>29</b>	<b>613</b>	<b>397</b>	<b>102</b>	<b>499</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1112</b>

Table 103: IP Australia—All non-ongoing employees, 2018–19, at 30 June 2019

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
Vic	0	0	0	0	0	0	0	0	0	0
ACT	14	2	16	20	3	23	0	0	0	39
<b>Total</b>	<b>14</b>	<b>2</b>	<b>16</b>	<b>20</b>	<b>3</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39</b>

Note: The figures in the above tables have been summarised in line with APS Employment Database guidelines.

## APS employees

Table 104: IP Australia—APS ongoing employees, 2019–20, at 30 June 2020

Classification	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
SES 3	1	0	1	0	0	0	0	0	0	1
SES 2	0	0	0	3	0	3	0	0	0	3
SES 1	5	0	5	5	0	5	0	0	0	10
EL 2	61	0	61	36	3	39	0	0	0	100
EL 1	155	3	158	97	22	119	0	0	0	277
APS 6	302	18	320	177	49	226	0	0	0	546
APS 5	43	0	43	58	11	69	0	0	0	112
APS 4	27	2	29	37	5	42	0	0	0	71
APS 3	2	0	2	0	1	1	0	0	0	3
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
<b>Total</b>	<b>596</b>	<b>23</b>	<b>619</b>	<b>413</b>	<b>91</b>	<b>504</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1123</b>

Table 105: IP Australia—APS non-ongoing employees, 2019–20, at 30 June 2020

Classification	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
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	0	0	0	1	0	1	0	0	0	1
EL 1	4	0	4	2	1	3	0	0	0	7
APS 6	4	0	4	2	3	5	0	0	0	9
APS 5	0	0	0	1	0	1	0	0	0	1
APS 4	0	0	0	6	1	7	0	0	0	7
APS 3	0	0	0	0	0	0	0	0	0	0
APS 2	0	1	1	0	0	0	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
<b>Total</b>	<b>8</b>	<b>1</b>	<b>9</b>	<b>12</b>	<b>5</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>

Table 106: IP Australia—APS ongoing employees, 2018–19, at 30 June 2019

Classification	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
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
<b>Total</b>	<b>584</b>	<b>29</b>	<b>613</b>	<b>397</b>	<b>102</b>	<b>499</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1112</b>

Table 107: IP Australia—APS non-ongoing employees, 2018–19, at 30 June 2019

Classification	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
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
<b>Total</b>	<b>14</b>	<b>2</b>	<b>16</b>	<b>20</b>	<b>3</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39</b>

Table 108: IP Australia—APS employees by full-time and part-time status, 2019–20, at 30 June 2020

Classification	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total ongoing	Full-time	Part-time	Total non-ongoing	
SES 3	1	0	1	0	0	0	1
SES 2	3	0	3	0	0	0	3
SES 1	10	0	10	0	0	0	10
EL 2	97	3	100	1	0	1	101
EL 1	252	25	277	6	1	7	284
APS 6	479	67	546	6	3	9	555
APS 5	101	11	112	1	0	1	113
APS 4	64	7	71	6	1	7	78
APS 3	2	1	3	0	0	0	3
APS 2	0	0	0	0	1	1	1
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Total</b>	<b>1009</b>	<b>114</b>	<b>1123</b>	<b>20</b>	<b>6</b>	<b>26</b>	<b>1149</b>

Table 109: IP Australia—APS employees by full-time and part-time status, 2018–19, at 30 June 2019

Classification	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total ongoing	Full-time	Part-time	Total non-ongoing	
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
<b>Total</b>	<b>981</b>	<b>131</b>	<b>1112</b>	<b>34</b>	<b>5</b>	<b>39</b>	<b>1151</b>



Table 110: IP Australia—APS employment type by location, 2019–20, at 30 June 2020

Location	Ongoing	Non-ongoing	Total
Vic	74	2	76
ACT	1049	24	1073
<b>Total</b>	<b>1123</b>	<b>26</b>	<b>1149</b>

Table 111: IP Australia—APS employment type by location, 2018–19, at 30 June 2019

Location	Ongoing	Non-ongoing	Total
Vic	75	0	75
ACT	1037	39	1076
<b>Total</b>	<b>1112</b>	<b>39</b>	<b>1151</b>

Table 112: IP Australia—APS Indigenous employment, 2019–20, at 30 June 2020

Employment type	Number
Ongoing	5
Non-ongoing	1
<b>Total</b>	<b>6</b>

Table 113: IP Australia—APS Indigenous employment, 2018–19, at 30 June 2019

Employment type	Number
Ongoing	5
Non-ongoing	0
<b>Total</b>	<b>5</b>

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

Table 114: IP Australia—Australian Public Service employment arrangements, 2019–20, at 30 June 2020

Arrangement	SES	Non-SES	Total
Enterprise Agreement	0	934	934
Individual Flexibility Arrangement	0	200	200
Common Law Agreement	12	0	12
<b>Total</b>	<b>12</b>	<b>1134</b>	<b>1146</b>

## Salary ranges by classification level

*Table 115: IP Australia—Australian Public Service employment salary ranges by classification level, 2019-20, at 30 June 2020*

Classification	Minimum salary (\$)	Maximum salary (\$)
SES 3	357 000	357 000
SES 2	260 502	290 351
SES 1	206 324	260 501
EL 2	124 308	202 435
EL 1	101 475	169 843
APS 6	80 846	129 962
APS 5	74 028	84 737
APS 4	66 483	80 529
APS 3	59 749	64 840
APS 2	53 149	58 194
APS 1	46 212	51 266
Other	0	0

<sup>1</sup> 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 116: IP Australia—Australian Public Service employment performance pay by classification level, 2019-20, at 30 June 2020

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	0	0	0	0	0
SES 1	0	0	0	0	0
EL 2	5	33 058	6 612	184	13 117
EL 1	26	110 565	4 253	156	11 421
APS 6	89	329 709	3 705	312	7 928
APS 5	0	0	0	0	0
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
<b>TOTAL</b>	<b>120</b>	<b>473 333</b>	<b>14 569</b>	<b>653</b>	<b>32 467</b>

## Appendix C4: Executive remuneration detail

Table 117: IP Australia—Information about remuneration for key management personnel, 2019-20

Name	Position title	Short-term benefits (\$)			Other		Post-employment benefits (\$)	Other long-term benefits (\$)	Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses	benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits			
Michael Schwager	Director General	345 184	0	3 038	66 154	10 519	0	0	0	424 895
Frances Roden	Deputy Director General	332 198	0	3 038	52 765	10 088	0	0	0	398 089
Joanna Moore	Acting Deputy Director General	148 125	0	2 131	32 281	6 580	0	0	0	189 117
Margaret Tregurtha	Deputy Director General	92 454	0	1 065	15 565	1 520	0	0	0	110 604

Table 118: IP Australia—Information about remuneration for senior executives, 2019-20

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 other service leave	Average long-term benefits	Average other long-term benefits		
0-220 000	4	94 689	0	1 323	18 506	7 704	0	0	0	122 222
220 001-245 000	2	197 312	0	2 585	36 156	4 670	0	0	0	240 723
270 001-295 000	3	232 918	0	3 131	39 981	6 705	0	0	0	282 735
295 001-320 000	2	239 703	0	15 218	44 731	7 097	0	0	0	306 749
395 001-420 000	1	332 198	0	3 038	52 764	10 088	0	0	0	398 088
420 001-445 000	1	345 183	0	3 038	66 154	10 519	0	0	0	424 894

## Appendix C5: Corrections to figures published in the 2018-19 Annual Report

The following errors appeared in IP Australia's 2018-19 annual report.

Table 74: Results for deliverables of Program 1 on page 256 contained an incorrect figure for actual trade mark examinations services delivered of 74 010. The correct figure for actual trade mark examinations services delivered was 68 609.

Table 81: Expenses and resources for 2018-19 on page 301 contained incorrect figures on the number of ASL, an incorrectly rounded figure and incorrectly labelled variations in expenses. The correct information is provided in the table below.

*Table 81: Expenses and resources for 2018-19*

Expenses for outcome 1			
<b>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.</b>	<b>Budget* 2018-19 \$'000 (a)</b>	<b>Actual expenses 2018-19 \$'000 (b)</b>	<b>Variation 2018-19 \$'000 (a) – (b)</b>
<b>Program 1: IP Rights Administration and Professional Registration</b>			
Departmental expenses			
Special accounts	196,038	200,687	-4,649
Expenses not requiring appropriation in the budget year	155	155	-
<b>Total for Program 1</b>	<b>196,193</b>	<b>200,842</b>	<b>-4,649</b>
<b>Program 2: Education and Awareness</b>			
Departmental expenses			
Special accounts	2,271	2,997	-726
<b>Total for Program 2</b>	<b>2,271</b>	<b>2,997</b>	<b>-726</b>
<b>Program 3: Advice to Government and International Engagement</b>			
Departmental expenses			
Departmental appropriation	368	368	-
Special accounts	12,514	14,616	-2,102
<b>Total for Program 3</b>	<b>12,882</b>	<b>14,984</b>	<b>-2,102</b>
<b>Outcome 1 totals by appropriation type</b>			
Departmental expenses			
Departmental appropriation <sup>1</sup>	368	368	-
Special accounts	210,823	218,300	-7,477
Expenses not requiring appropriation in the budget year	155	155	-
<b>Total expenses for Outcome 1</b>	<b>211,346</b>	<b>218,823</b>	<b>-7,477</b>
Average staffing level (number)	1,054	1,029	

\* Full-year budget, including any subsequent adjustment made to the 2018-19 budget at Additional Estimates.

<sup>1</sup> 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.

## PART D: REFERENCES

# Abbreviations and acronyms

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AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
ACIP	Advisory Council on Intellectual Property
AIMS	Australian Institute of Marine Science
AISRF	Australia–India Strategic Research Fund
ANSTO	Australian Nuclear Science and Technology Organisation
API	application programming interface
APS	Australian Public Service
APSC	Australian Public Service Commission
ASBAS	Australian Small Business Advisory Services
CCE	corporate Commonwealth entity
CEFC	Clean Energy Finance Corporation
CRC	Cooperative Research Centre
CRC-P	Cooperative Research Centre Project
CSS	Commonwealth Superannuation Scheme
DCB	departmental capital budget
EFTF	Exploring for the Future program
ERA	Energy Resources Australia
FWOW	Future Way of Working Program
GEMS	Greenhouse and Energy Minimum Standards
HR	human resources
ICT	information and communications technology
IP	intellectual property
IT	information technology
KMP	key management personnel
LEAD	Leadership Exploration and Development
MEET	Manager Essentials Effectiveness Toolkit
NAIF	Northern Australia Infrastructure Facility
NMI	National Measurement Institute
NOPTA	National Offshore Petroleum Titles Administrator
OPA	Official Public Account
PBS	Portfolio Budget Statements
PGPA Act	Public Governance, Performance and Accountability Act 2013
PPE	personal protective equipment
PSMA	PSMA Australia Ltd
PSSap	PSS accumulation plan
PSS	Public Sector Superannuation Scheme
ROU	Right of Use
SAGE	Science in Australia Gender Equity
SES	Senior Executive Service
SMEs	small to medium enterprises
SPPI	solely payments of principal and interest
SPR	Strategic Petroleum Reserve
STEM	science, technology, engineering and maths
WHS	work health and safety

# Compliance checklist

PGPA Rule Reference	Page			Description	Requirements
	Department of Industry, Science, Energy and Resources	Geoscience Australia	IP Australia		
17AD(g)	Letter of transmittal				
17AI	2	172	282	A copy of the letter of transmittal signed and dated by the accountable authority on the date the final text is approved, with a statement that the report has been prepared in accordance with section 46 of the PGPA Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory
17AD(h)	Aids to access				
17AJ(a)	v–viii			A table of contents	Mandatory
17AJ(b)	366–373			An alphabetical index	Mandatory
17AJ(c)	358			A glossary of abbreviations and acronyms	Mandatory
17AJ(d)	359–365			The list of requirements	Mandatory
17AJ(e)	iii			Details of the contact officer	Mandatory
17AJ(f)	iii			The entity’s website address	Mandatory
17AJ(g)	iii			The electronic address of the report	Mandatory
17AD(a)	Review by accountable authority				
17AD(a)	3–8	173–176	283–285	Review by accountable authority	Review by accountable authority
17AD(b)	Overview of the entity				
17AE(1)(a)(i)	10–11	176	286	A description of the role and functions of the entity	Mandatory
17AE(1)(a)(ii)	11–12	176–177	286–287	A description of the organisational structure of the entity	Mandatory
17AE(1)(a)(iii)	13	177	287	A description of the outcomes and programs administered by the entity	Mandatory
17AE(1)(a)(iv)	11	180	290	A description of the purposes of the entity as included in the corporate plan	Mandatory
17AE(1)(aa)(i)	11	176	286	The name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	11	176	286	The position title of the accountable authority or each member of the accountable authority	Mandatory



PGPA Rule Reference	Page			Description	Requirements
	Department of Industry, Science, Energy and Resources	Geoscience Australia	IP Australia		
17AE(1)(aa)(iii)	11	176	286	The period as the accountable authority or member of the accountable authority within the reporting period	Mandatory
17AE(1)(b)	10	Not applicable	Not applicable	An outline of the structure of the portfolio of the entity	Portfolio departments—mandatory
17AE(2)	Not applicable	Not applicable	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, details of variation and reasons for change	If applicable, mandatory
<b>17AD(c)</b>	<b>Report on the performance of the entity</b>				
	<b><i>Annual performance statements</i></b>				
17AD(c)(i);16F	15–58	179–210	289–304	An annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule	Mandatory
17AD(c)(ii)	Report on financial performance				
17AF(1)(a)	59–60	211	302–304	A discussion and analysis of the entity's financial performance	Mandatory
17AF(1)(b)	80–86	267–268	346–347	A table summarising the total resources and total payments of the entity	Mandatory
17AF(2)	Not applicable	Not applicable	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
<b>17AD(d)</b>	<b>Management and accountability</b>				
	<b><i>Corporate governance</i></b>				
17AG(2)(a)	2	172	282	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	2	172	282	A certification by the accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory

PGPA Rule Reference	Page			Description	Requirements
	Department of Industry, Science, Energy and Resources	Geoscience Australia	IP Australia		
17AG(2)(b)(ii)	2	172	282	A certification by the accountable authority that appropriate mechanisms that meet the specific needs of the entity are in place for preventing, detecting incidents of, investigating or otherwise dealing with and recording or reporting fraud	Mandatory
17AG(2)(b)(iii)	2	172	282	A certification by the accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory
17AG(2)(c)	61-62	213	305	An outline of the structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory
17AG(2)(d)– (e)	62	214	307	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance	If applicable, mandatory
<b><i>Audit committee</i></b>					
17AG(2A)(a)	62	213	306	A direct electronic address of the charter determining the functions of the entity's audit committee	Mandatory
17AG(2A)(b)	169	279	306	The name of each member of the entity's audit committee	Mandatory
17AG(2A)(c)	169	279	306	The qualifications, knowledge, skills or experience of each member of the entity's audit committee	Mandatory
17AG(2A)(d)	169	279	306	Information about the attendance of each member of the entity's audit committee at committee meetings	Mandatory
17AG(2A)(e)	169	279	306	The remuneration of each member of the entity's audit committee	Mandatory
<b><i>External scrutiny</i></b>					
17AG(3)	62	214	307-308	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory
17AG(3)(a)	62	214	307, 345	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

PGPA Rule Reference	Page			Description	Requirements
	Department of Industry, Science, Energy and Resources	Geoscience Australia	IP Australia		
17AG(3)(b)	62	214	307–308	Information on any reports on operations of the entity by the Auditor General (other than reports under section 43 of the Act), a parliamentary committee or the Commonwealth Ombudsman	If applicable, mandatory
17AG(3)(c)	62	Not applicable	Not applicable	Information on any capability reviews on the entity that were released during the period	If applicable, mandatory
<b><i>Management of human resources</i></b>					
17AG(4)(a)	63–66	214–215	308–309	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory
17AG(4)(aa)	67–68	269–270	348	Statistics on the entity's employees on an ongoing and non-ongoing basis, including statistics on: <ul style="list-style-type: none"> <li>(a) full-time employees</li> <li>(b) part-time employees</li> <li>(c) gender</li> <li>(d) staff location</li> </ul>	Mandatory
17AG(4)(b)	69–73	271–274	349–352	Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including statistics on: <ul style="list-style-type: none"> <li>(a) staffing classification level</li> <li>(b) full-time employees</li> <li>(c) part-time employees</li> <li>(d) gender</li> <li>(e) staff location</li> <li>(f) employees who identify as Indigenous</li> </ul>	Mandatory
17AG(4)(c)	73	275	352	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)	73	275	352	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4) (c)	Mandatory
17AG(4)(c)(ii)	74	275	353	Salary ranges available for APS employees by classification level	Mandatory
17AG(4)(c)(iii)	74	275	353	A description of non-salary benefits provided to employees	Mandatory
17AG(4)(d)(i)	75	275	354	Information on the number of employees at each classification level who received performance pay	If applicable, mandatory

PGPA Rule Reference	Page			Description	Requirements
	Department of Industry, Science, Energy and Resources	Geoscience Australia	IP Australia		
17AG(4)(d)(ii)	75	Not applicable	354	Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory
17AG(4)(d)(iii)	75	Not applicable	354	Information on the average amount of performance payment and range of such payments at each classification level	If applicable, mandatory
17AG(4)(d)(iv)	75	Not applicable	354	Information on aggregate amount of performance payments	If applicable, mandatory
<b><i>Asset management</i></b>					
17AG(5) 17AG(5)	Not applicable	Not applicable	Not applicable	An assessment of the effectiveness of asset management where asset management is a significant part of the entity's activities	If applicable, mandatory
<b><i>Purchasing</i></b>					
17AG(6)	87	216	311	An assessment of entity performance against the Commonwealth Procurement Rules	Mandatory
<b><i>Consultants</i></b>					
17AG(7)(a)	88–89	216	311	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)	88	216	311	A statement that “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].”	Mandatory
17AG(7)(c)	89	216	311	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	Requirements
	Department of Industry, Science, Energy and Resources	Geoscience Australia	IP Australia		
17AG(7)(d)	89	216	311	A statement that “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.”	Mandatory
<b><i>Australian National Audit Office access clauses</i></b>					
17AG(8)	87	216	311	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 Auditor General with access to the contractor’s premises, the report must include the name of the contractor, the purpose and value of the contract, and the reason why a clause allowing access was not included in the contract	If applicable, mandatory
<b><i>Exempt contracts</i></b>					
17AG(9)	87	216	311	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 on AusTender because it would disclose exempt matters under the Freedom of Information 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
<b><i>Small business</i></b>					
17AG(10)(a)	87	216	311	A statement that “[Name of entity] 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.”	Mandatory
17AG(10)(b)	87	216	311	An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory

PGPA Rule Reference	Page			Description	Requirements
	Department of Industry, Science, Energy and Resources	Geoscience Australia	IP Australia		
17AG(10)(c)	87	216	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
<b>Financial statements</b>					
17AD(e)	91–149	219–265	313–343	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory
<b>Executive remuneration</b>					
17AD(da)	75–79	215, 276–278	309–310, 355	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule	Mandatory
<b>17AD(f)</b>	<b>Other mandatory information</b>				
17AH(1)(a)(i)	Not applicable	Not applicable	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 website.”	If applicable, mandatory
17AH(1)(a)(ii)	89	217	312	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory
17AH(1)(b)	89	217	312	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, mandatory
17AH(1)(c)	65	216	311	An outline of mechanisms for disability reporting, including reference to a website for further information	Mandatory
17AH(1)(d)	63	214	308	Reference to a website where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory
17AH(1)(e)	168	280	356	Correction of material errors in the previous annual report	If applicable, mandatory
17AH(2)	151–161	Not applicable	Not applicable	Information required by other legislation	Mandatory

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