



Australian Government

Department of Industry, Science, Energy and Resources

IP Australia

COST RECOVERY IMPLEMENTATION STATEMENT

IP Australia

2020-21

Cost recovery involves government entities charging individuals or non-government organisations some or all of the efficient costs of a specific government activity. This may include goods, services or regulation, or a combination of them. The Australian Government Charging Framework, which includes the Cost Recovery Guidelines (the CRGs)¹, set out the overarching framework under which government entities design, implement and review cost recovered activities.

¹ The CRGs are available on the Department of Finance website (www.finance.gov.au).

1. INTRODUCTION

1.1 Purpose of the CRIS

This Cost Recovery Implementation Statement (CRIS) provides information on how IP Australia implements cost recovery in the administration of patents, trade marks, industrial designs and plant breeder's rights legislation, as well as the administration of the Trans-Tasman IP Attorneys system. It also reports IP Australia's financial and non-financial performance information and contains financial forecasts for 2020-21 and three forward years. IP Australia will maintain this CRIS on its website.

1.2 Description of the activity

IP Australia is a listed entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) in the Industry, Science, Energy and Resources portfolio, but operates independently and reports to the Minister for Industry, Science and Technology. The Director General of IP Australia is the Accountable Authority under the PGPA Act.

IP Australia is the entity responsible for administering Australia's intellectual property (IP) rights system, specifically trade marks, patents, designs and plant breeder's rights.

IP Australia has one Outcome under the Government's budget and accountability framework, namely:

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.

To achieve its outcome, IP Australia grants exclusive IP rights for a period of time. This fosters innovation, investment and international competitiveness by:

- Providing an effective legal framework for protection of innovative products and brands which creates a secure environment for investment
- Providing incentives for undertaking research and development
- Promoting the disclosure of discoveries and follow-on generation of ideas
- Enabling firms to build brand value and business reputation which in turn contributes to improved consumer confidence.

IP Australia also promotes awareness of IP, regulates the IP attorney profession, provides advice to Government on the development of IP policy and contributes to bilateral and multilateral negotiations and the development of cooperation programs to support the global IP system.

The IP Australia Corporate Plan guides the organisation's future direction in pursuit of its goal to deliver a world leading IP system and build prosperity for Australia. The plan provides an overview of IP Australia's priorities for the next four years to ensure all Australians benefit from great ideas, and the key strategies used to deliver those priorities.

IP Australia cost recovers against the following five activity groups:

1. **Patents:** A patent is a right that is granted for any device, substance, method or process that is new, inventive, and useful. A patent is legally enforceable and gives the owner exclusive rights to commercially exploit the invention for the life of the patent.
2. **Trade Marks:** A trade mark is a right that is granted for a letter, number, word, phrase, sound, smell, shape, logo, picture, movement, aspect of packaging, or a combination of these. A registered trade mark is legally enforceable and gives the owner exclusive rights to commercially use, license or sell the mark.
3. **Designs:** A design refers to the features of shape, configuration, pattern or ornamentation which give a product a unique appearance and must be new and distinctive. Design registration is intended to protect designs which have an industrial or commercial use. Once examined and certified, a registered design gives the owner exclusive rights to commercially use it, licence or sell it.
4. **Plant Breeder's Rights (PBR):** PBR are used to protect new varieties of plants that are distinct, uniform and stable. A PBR is legally enforceable and gives the owner exclusive rights to commercially use, sell, condition it for propagation, reproduce, import/export, and stock the variety.
5. **Trans-Tasman IP Attorneys (TTIPA) system:** IP Australia administers the Trans-Tasman IP Attorneys system and provides secretariat support for the Trans-Tasman IP Attorneys Board and the Trans-Tasman IP Attorneys Disciplinary Tribunal.

IP Australia's customers range from large national and international businesses and research companies through to small to medium enterprises (SMEs), individual self-filers and inventors. IP Australia's customer base also includes attorneys and other IP professionals. Customers seeking protection of their IP right will pay IP Australia fees for filing, examination, renewal, and hearings as required.

Most patent customers enter the Australian system via an international route, rather than filing directly with IP Australia, and utilise the services of a professional attorney firm to assist with their application. A large proportion of trade marks customers are SMEs, and a majority self-file as opposed to obtaining the services of a professional attorney to assist them with their application. Also, the majority of trade marks customers apply for their rights directly in Australia rather than as part of international arrangements.

The majority of patent and over half of PBR and design applications received by IP Australia originate from overseas, while over half of trade mark applications originate in Australia. Table 1 identifies the average customer origin of IP rights filings in Australia for each of the four IP rights.

Table 1: Customer origin of IP rights filings in Australia during 2019-20

| | Resident | Non-resident |
|------------------------|----------|--------------|
| Patents | 11% | 89% |
| Plant Breeder's Rights | 44% | 56% |
| Trade Marks | 60% | 40% |
| Designs | 33% | 67% |

Source: Department of Industry, Science, Energy and Resources Annual Report 2019-20

IP Australia's customers vary depending on the type of IP protection they are seeking. The activity groups correspond to the general customer/stakeholder groups and reflect that interactions with IP Australia tend to be separate in respect of each activity group. For example, an application for a trade mark is a distinct legal and financial transaction from an application for a patent.

Regulatory cost recovery charging continues to be the appropriate charging model for IP Australia, as:

- IP right customers are clearly identifiable, and
- fees are set to recover the costs of activities that can be directly attributed to these individuals.

Outcome and Programs

IP Australia delivers its Outcome through the administration of IP rights consistent with legislation and regulations.

IP Australia has three Programs as part of its one Outcome. These Programs represent IP Australia's structure for budget accountability to the Australian Government. While there are some components of IP Australia's costs which are funded directly by Government, the bulk of IP Australia's costs are recovered through regulatory fees (99% in 2019-20). IP Australia cost recovers against its activity group structure not the Program structure (as described below).

Program 1 – IP Rights Administration and Professional Registration encompasses the administration of patent, trade mark, design and plant breeder's IP rights legislation. It also includes the administration of the TTIPA Board for Patent and Trade Marks Attorneys and the TTIPA Disciplinary Tribunal.

All five of IP Australia's cost recovery activity groups are contained within Program 1.

Program 2 – Education and Awareness encompasses IP Australia's role in raising awareness and educating customers about IP.

This Program does not represent a separate cost recovery activity group. Costs of Program 2 are apportioned, using an activity-based costing model, to the cost recovery activity groups in Program 1 because they support the delivery of these activity groups.

Program 3 – Advice to Government and International Engagement encompasses IP Australia’s role in providing advice on IP matters, supporting research into the current and future use of IP rights and engaging with key international stakeholders and IP bodies.

This Program does not represent a separate cost recovery activity group. Costs of Program 3 are apportioned, using an activity-based costing model, to the cost recovery activity groups in Program 1 because they support the delivery of these activity groups.

IP Australia receives departmental appropriation from Government (\$0.4 million in 2020-21) for non-regulatory charging activities undertaken within Program 3.

Further information on IP Australia’s outcome and program structure can be found in the [2020-21 Department of Industry, Science, Energy and Resources Portfolio Budget Statements \(PBS\)](#).

2. POLICY AND STATUTORY AUTHORITY TO COST RECOVER

2.1 Government policy approval to cost recover the activity

The policy authority for cost recovery of IP Australia’s regulation of IP legislation was reaffirmed by Government in 2012 when it was agreed that IP Australia will continue to administer Australia’s IP rights’ systems, specifically patents, trade marks, industrial designs, PBR and TTIPA Board and Disciplinary Tribunal on a cost recovery basis.

IP Australia groups its individual activities into activity groups, aligned with the separate IP rights legislation, and then cost recovers at the activity group level. The reason for grouping at the activity level is because individual fee items, of which there are several hundred across all the IP rights legislation, represent sub-activities at a level where costing each one is neither efficient or cost effective, nor conducive to innovation policy objectives.

Due to the unique business model that IP Australia operates within (e.g. a patent normally has a lifecycle of 20 years as it provides protection for up to this period), it would be impractical to cost recover at the activity level, so IP Australia intends to continue to recover the full costs of each broader activity group (e.g. recover the costs associated with the examination activity over the life of the patent). This approach supports the government objective of supporting innovation, while allowing costing and setting fee(s) for a particular activity (e.g. examination) in an accurate and transparent manner.

IP Australia charges more for the renewal than the cost of processing it. This is a key innovation promotion principle of the IP system in Australia and is common in other international jurisdictions. IP Australia charges less for the related cost of an application and examination and subsequently seeks to recover all related costs across the total life cycle of the IP right. By deferring some of the total transaction cost to the renewal phase of an IP right’s lifecycle, fees can be kept lower in the formative years where most of the transaction costs are incurred, and at a time where the applicant may not have yet established an income stream from their IP right. In addition, charging progressively higher renewal fees, in line with the increasing age of the granted IP right, forces applicants to make an economic

decision about their intention to retain their exclusive rights. This fee structure encourages inventors to continue patent protection only when economically justified.

2.2 Statutory authority to charge

IP Australia derives its legal authority to prescribe fees under the following Acts and associated regulations:

- *Patents Act 1990*
- *Patents Regulations 1991*
- *Trade Marks Act 1995*
- *Trade Marks Regulations 1995*
- *Plant Breeder's Rights Act 1994*
- *Plant Breeder's Rights Regulations 1994*
- *Designs Act 2003*
- *Designs Regulations 2004.*

The TTIPA Board is a statutory body established under section 227A of the *Patents Act 1990* and constituted under the *Patents Regulations 1991*. The TTIPA Disciplinary Tribunal is established under regulation 20.61 of the *Patents Regulations 1991*.

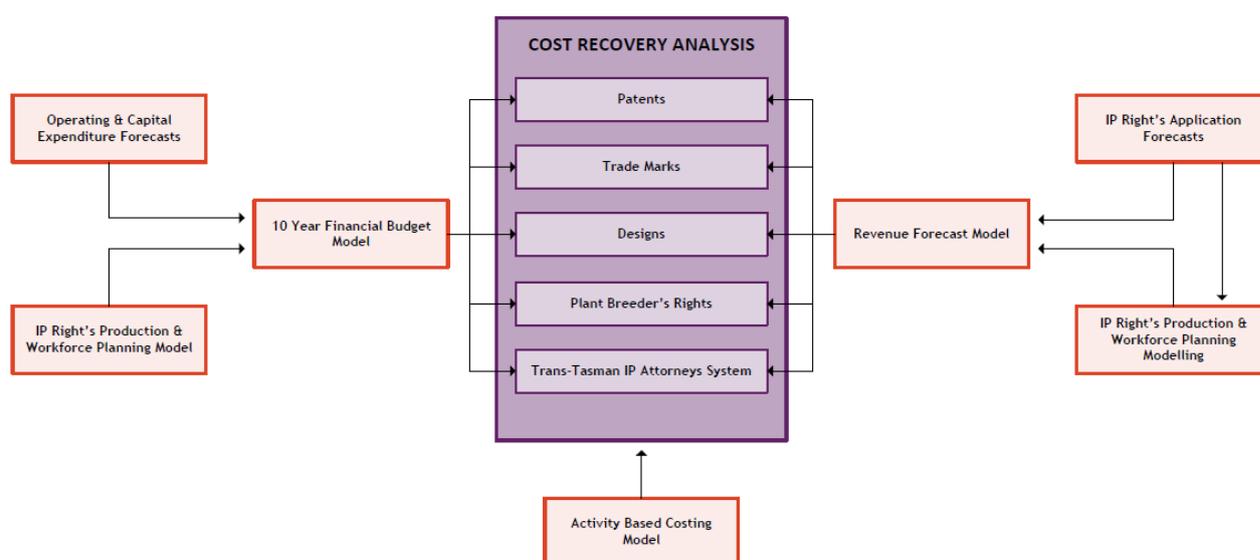
3. COST RECOVERY MODEL

IP Australia utilises several financial systems and models to monitor, forecast and report on IP Australia's cost recovered activities. These include:

- Financial Management Information System – SAP
- Activity Based Costing Model – SAP Business Objects Profitability and Cost Management (SAP PCM)
- 10 Year Financial Budget Model
- Revenue Forecast Model
- IP Right's Production Models

Figure 1 illustrates how each system and internal modelling tool feeds both financial and non-financial data into the one cost recovery model that then identifies the cost recovered position of each activity group.

Figure 1: IP Australia Cost Recovery Modelling



IP Australia forecasts all IP rights over a 10-year budget period to consider the various cycles that are legislatively attributed to each IP Right. For example, a standard patent gives protection for up to 20 years (or 25 years for pharmaceutical substances), whereas the initial registration of a trade mark provides protection for 10 years and longer when a renewal fee is paid on each 10-year anniversary. Despite the need to model and forecast the financial impacts to the organisation of longer cycles for IP rights, IP Australia must also ensure it meets its planning, budgeting and reporting obligations, under the PGPA Act over the shorter four-year period. IP Australia undertakes a major fee review every four years as per our commitment to stakeholders.

IP Australia's cost recovery model allows IP Australia to test scenarios around the financial variables including:

- revenue forecasts driven by projected demand for IP Australia's products and services,
- trends within the IP rights product lifecycle (for example changes in renewal activity),
- operational resource requirements (people, infrastructure and systems as well as external support) to meet forecast workloads and achieve customer service level standards (e.g. processing times),
- changes to input costs (such as labour costs, lease costs, and corporate overheads),
- plans for capital expenditure and related depreciation expense, in order to deliver important ICT modernisation programs linked to greater customer ease of use and access, as well as the efficient and reliable management of IP rights data during the application, examination/registration and renewals process, and
- external factors such as interest rates and foreign exchange movements.

IP Australia can model the impacts of workload drivers, resource requirements, cost impacts and the effect of different fee scenarios on IP Australia's financial position, cost recovery outcomes for activity groups, and possible impacts on the typical IP rights lifecycle for customers.

3.1 Outputs and business processes of the activity

The primary outputs of IP Australia's activity groups are listed below:

- **Receipt of Patent applications**

A patent application is for long-term protection and control over an invention. A patent can last for up to 20 years from the filing date of a complete application (or up to 25 years for pharmaceutical substances). Before a standard patent can be granted, the complete application must be examined by IP Australia.

The majority of patent applications lodged with IP Australia are National Phase Entries (NPE). The NPE volumes are forecast based on the number of international filings that have been lodged with the World Intellectual Property Organization (WIPO) and the historic percentage of those applications that go on to nominate for patent protection in Australia. The remaining applications are forecast on the base of historic trends, current economic conditions and any external influences i.e. legislation changes.

- **Receipt of Patent Cooperation Treaty (PCT) applications**

A PCT application is a way to apply for patents in a number of different countries simultaneously. IP Australia, acting as a Receiving Office, International Searching Authority and International Preliminary Examining Authority under the Patent Cooperation Treaty (PCT), issues International Search Reports (ISR) and Written Opinions (also called an International Search Opinion (ISO)). The ISO indicates the validity of a patent application and if there are any inventions that are similar.

The number of PCT applications is fairly stable. Forecast volumes are based on historic trends, including from countries that lodge PCT applications with Australia, and any other external influences.

- **Provision of Patent examination services**

A review and examination of the patent application is undertaken by an examiner to ensure a patent meets the requirements of the *Patents Act 1990*.

Operational planning within the patent business group identifies the expected number of first reports that will be issued in any given year based on: average staffing levels (ASL), employee attrition, application diversity (innovations, PCT, standard etc.), examiner performance expectations, and the timing and training of new examiners.

- **Receipt of Trade Mark applications**

A trade mark application, lodged with IP Australia, seeks exclusive rights to identify a unique product or service.

Trade mark applications are forecast based on: time series analysis, historic trends, volumes by application type (standard, Headstart, Madrid), current economic conditions, and any external influences such as stockpiles held by WIPO.

- **Provision of Trade Mark examination services**

A trade mark application is examined to ensure it contains all correct information and meets legislative requirements. Where a trade mark application meets these requirements, it will be registered and entered in the Australian Official Journal of Trade Marks and listed in the Australian Trade Mark Online Search System.

Operational planning within the trade mark business group identifies the expected number of first reports that will be issued in any given year based on: the ASL, employee attrition, examiner performance expectations, and the timing and training of new examiners.

- **Receipt of Design applications**

An application for a design seeks protection of a unique, new and distinctive visual appearance of a product.

Design applications are forecast based on time series analysis, historic trends, an analysis of high filing customers, current economic conditions and any further external influences.

- **Provision of Design examination services**

A review and examination of the design application is undertaken to ensure that the design is both new and distinctive.

Operational planning within the designs business group identifies the expected number of first reports that will be issued in any given year based on: ASL, employee attrition, examiner performance expectations, and the timing and training of new examiners.

- **Receipt of PBR applications**

A Plant Breeder's Right protects a breeder's plant variety for a period of up to 25 years and gives them a commercial monopoly, while encouraging plant breeding and innovation.

PBR applications tend to hold fairly stable with nominal growth and are forecast on the base of historic trends and any further external influences, for example flooding or widespread bushfires in growers' regions.

- **Provision of PBR examination services**

A PBR Examiner examines the plant variety under the PBR scheme to ensure that it is clearly distinct from all other varieties of common knowledge by at least one characteristic.

Operational planning within the PBR business group identifies the expected number of first reports that will be issued in any given year. The number of PBR examinations tends to hold fairly constant, with slow growth, as a result of stable application volumes and static ASL.

- **Receipt of TTIPA applications:**

Both the *Patents Act 1990* and the *Trade Marks Act 1995* provide that only registered individuals have the right to practice as either a patent attorney or a trade mark attorney. To apply for registration as a patent attorney or a trade marks attorney, the individual must provide detailed information of their academic qualifications and related knowledge.

The forecast volume of applications for TTIPA registration is based on a historical average number of applications over recent years.

- **Provision of TTIPA registration services:**

Each application for registration is assessed to determine whether the individual has the relevant qualifications, and specialised requirements and knowledge. Where this is determined, the attorney will be registered as a patent or trade mark attorney.

The forecast volumes are based on new and current registrations, and the likelihood of an attorney maintaining their registration.

Business Processes

There are several key business processes that are used to deliver the activity group outputs. The receipt and processing of applications is predominantly an electronic process utilising IP Australia's eServices platform. This platform provides a secure and convenient way for customers to access a broad range of transactions, including the lodgement of applications. Various internal electronic systems are then populated with details of any given application to create workflow tasks for examination.

The examination processes for each activity group are primarily staff-based. The examiner must search online material relevant to the application and issue a report on the application's merit based on the relevant IP legislation.

The business processes that support the TTIPA outputs are also staff-based. The TTIPA Secretariat is responsible for providing support to the TTIPA Board, and undertakes functions associated with individuals or companies seeking to qualify for registration as patent and/or trade mark Attorneys.

Each year IP Australia forecasts the demand for services across a four-year period (production forecast) based on historical application trends and economic outlook. The production forecast is used to determine the required workforce profile and capacity needed to meet our Customer Service Charter commitments. This process supports the planning and management of our workforce modelling, efficiencies in our cost recovery framework, and transparency in our internal and external reporting.

The forecasted number of applications for each of IP Australia's cost recovered activities over the forward estimates are provided in Table 2. These estimates are updated annually and published in IP Australia's Corporate Plan.

Table 2: IP Australia Deliverables

| | PBS | Forward estimate | Forward estimate | Forward estimate |
|---------------------------------|---------|------------------|------------------|------------------|
| | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Applications Received | | | | |
| Patents | 28,048 | 25,965 | 28,996 | 29,302 |
| Patent Cooperation Treaty (PCT) | 2,544 | 2,415 | 2,603 | 2,634 |
| Trade Marks | 63,863 | 65,741 | 68,141 | 70,380 |
| Designs | 7,123 | 7,301 | 7,479 | 7,610 |
| Plant Breeder's Rights | 275 | 300 | 325 | 350 |
| Registration Service | | | | |
| Trans-Tasman IP Attorneys | 1,363 | 1,363 | 1,363 | 1,363 |

Source: IP Australia Corporate Plan 2020-21

3.2 Costs of the activity

Overview

IP Australia uses SAP PCM to cost the organisation's five activity groups. SAP PCM is an activity-based costing system specifically configured to assign the operating costs of the organisation to the various business activities undertaken within each activity group and produce IP Australia's costed products and services.

IP Australia's variable costs (variable in respect of the IP rights workload drivers) are centred around the workforce which is directly employed in the receipt of applications and processing of examinations, registrations and renewals, including direct dealings with IP rights customers (approximately 70% of staff). The remaining staff and the costs of ongoing ICT and corporate support services are considered as fixed in respect to the normal reasonable variations in IP rights workloads. Fixed costs include building leases, depreciation costs, ongoing ICT costs (supporting licences for enabling systems used in common such as e-mail) and corporate overheads (payroll, insurance etc).

Both patents and trade marks activity groups have similar proportions of variable and fixed costs despite their differences in staffing numbers. Trade marks has approximately half the staff allocated to activities than patents. The four-year budget period covered by this CRIS reflects the ASL for patent and trade mark examiners to meet the demand volumes from customers (identified in Table 2). All non-examination ASL has been capped, as part of IP Australia's ongoing plan to reduce corporate overhead costs, as well as the organisation's commitment to leverage corporate shared service offerings.

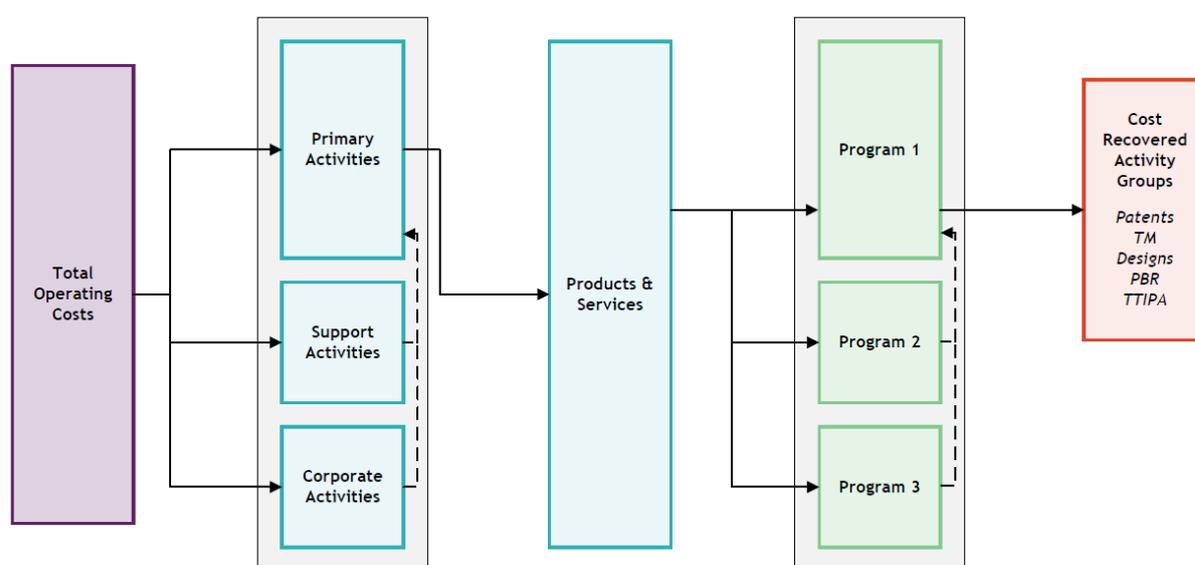
Capital investment is reflected in this CRIS through a forecast for depreciation in the financial estimates, based on an historic proportion of depreciation allocated to activity groups.

In respect of the remaining three smaller activity groups (designs, PBR and TTIPA), the main variable cost driver is staff costs, while the groups' fixed costs are incidental to IP Australia's total fixed costs and are considered sunk.

Costing Methodology

The cost of each activity group is based on its individual consumption of the various activities performed to deliver and provide related products and services. The activity groups are costed by allocating resources to activities performed, and then assigning the core primary activities to IP Australia's products and services. These outputs are mapped to one of IP Australia's three programs, outlined in the PBS, providing a total cost per program. The cost of programs 2 and 3 are then re-assigned to the cost recoverable activity groups within program 1, identifying the cost of each activity group.

Figure 2: IP Australia Costing Model Methodology



IP Australia's internal organisational structure

IP Australia's internal organisational structure can be classified into direct and indirect business groups, due to the nature of the work they undertake. This structure assists in costing the activity groups, but more so in helping to identify the various types of costs. The direct groups or sections are patents, PBR, trade marks, and designs. The work undertaken within these business groups can be directly aligned to one of the five activity groups and therefore, all operating expenses incurred are considered a direct cost of the cost recoverable activity. The support and corporate activities, such as finance, human resources, ICT, and property, are considered indirect as they support the outcomes of the direct groups.

The resource costs can therefore be classified as either direct or indirect.

Direct costs

The direct costs of the activity groups are employee, supplier and depreciation expenses stemming from the direct business groups. These direct costs are assigned to IP Australia's activities using cost drivers contained within SAP PCM. It should be noted that the majority of expenditure for these groups is staffing costs.

The direct costs of the patents and plant breeder's rights groups are allocated using the volumes for the various examination products or services provided. The volumes are then normalised to a number of examination hours which is used to drive direct costs to the activities.

The direct costs of the trade marks and designs groups are allocated using the number of exam reports issued against the different application types. The volumes are then converted to a percentage which is used to drive direct costs to the activities.

Other expenses are driven using an ASL activity cost driver, except for the depreciation of assets which is attributed based on a percentage of usage.

All operating expenditure for administering the TTIPA is attributed directly to the activity.

Indirect costs

The indirect costs include all operating expenses, such as employee, supplier, accommodation and depreciation, from the corporate areas of the organisation. Indirect costs are generally allocated to cost pools and then re-assigned to the core primary activities undertaken by the direct business groups.

The main cost drivers used to assign corporate type expenses are similar for each activity group. For example, finance, human resources, and property are allocated based on ASL, while ICT services are allocated based on a combination of system usage and ASL. The cost of IP Australia's customer contact centre, an outsourced service, is allocated directly to each activity group based on the actual number of calls received. This information is provided on a monthly basis by the external provider.

Projected costs

Over the four-year period covered by this CRIS, IP Australia will see increases to the overall cost base (Table 3 refers) of an average of 2.0% per annum. This is driven by a number of factors:

- Employee costs will increase as a result of expected annual increases to salaries under IP Australia's Enterprise Agreement.
- Supplier costs are forecast to rise over the forward estimates with a focus on transitioning ICT services to the Cloud, investment in software as a service, and the impact of general inflation.
- Depreciation costs will reach a peak in 2021-22 as a result of the significant investment phase the organisation has undergone in recent years, before lowering over the forward estimate years with the retirement of aging assets.
- The financial estimates below reflect the changes to lease accounting under Australian Accounting Standards Board (AASB) 16 Leases.

Table 3 – Projected Total Expenses for IP Australia

| ITEM | Budget estimate | Forward estimate | Forward estimate | Forward estimate |
|-------------------------------|-----------------|------------------|------------------|------------------|
| | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | \$'M | \$'M | \$'M | \$'M |
| ASL | 1,054.0 | 1,054.0 | 1,054.0 | 1,054.0 |
| Employee benefits | 130.079 | 133.304 | 136.572 | 140.644 |
| Suppliers | 44.081 | 48.096 | 52.118 | 52.428 |
| Depreciation and amortisation | 33.637 | 34.068 | 31.660 | 32.262 |
| Finance costs | 1.851 | 1.722 | 1.614 | 1.454 |
| TOTAL EXPENSES | 209.648 | 217.190 | 221.964 | 226.788 |

The expense attributed to each activity group is provided in section 6 below.

3.3 Design of cost recovery charges

IP Australia undertakes regulatory activity through issuing exclusive rights and privileges to IP rights holders. Efficiency and cost effectiveness are maximised by charging discrete fees on individuals and organisations, rather than imposing broader based levies. The charging of fees is directly aligned to IP Australia’s innovation policy objectives.

The Australian Government Cost Recovery Guidelines state that the users of government goods, services or regulations should bear the cost of their provision. In IP Australia’s case, those seeking IP right protection pay for the cost of the effort of issuing such rights. Each service can be mapped to the responsible individual or organisation and as a result a fee for service is the most appropriate charge. Direct charging of services to customers is the most efficient cost recovery mechanism, consistent with the Australian Government Cost Recovery Guidelines.

IP Australia structures fees on a unit basis with a fee schedule for each activity group, including applications, examinations, registrations, hearings and renewals. Applications can be received on-line or lodged using a paper form, with lower costs for on-line transactions reflecting the lower regulatory effort associated with such transactions. Where possible, like services with the same effort are charged at the same rate across product groups.

The fee setting process takes account of international comparative rates and benchmarking to ensure that IP Australia’s costs are efficient, and IP Australia remains competitive in the international market.

The current schedule of charges for each activity group can be located within the various IP rights regulations identified in Section 2.2. Fee information can also be located on IP Australia’s website.

Summary of Fee Changes implemented from 12am AEST, 1 October 2020

The fee changes implemented from 1 October 2020 are designed to simplify fee structures, provide consistency to fees and regulations across similar services, balance costs with work effort, encourage the strategic assessment of the value of IP Rights, and streamline workflow. The fee changes have addressed some recommendations accepted by the Government, from the Productivity Commission's (PC) 2016 Report into Australia's IP arrangements.

The cost of entry into the IP system was carefully considered as part of the most recent fee review, with no increases to fees at the entry stage for applicants filing via the preferred channels at IP Australia. The fee increases are limited to later in the IP Rights lifecycle, mainly at the renewals point or relating to technical matters for IP Australia's improved efficiency.

PATENTS

The Productivity Commission's (PC) Inquiry Report into Intellectual Property Arrangements (No 78, 23 September 2016) recommended changes to patent renewal and excess claim fees. A summary of recommendation 7.4 is provided below.

RECOMMENDATION 7.4

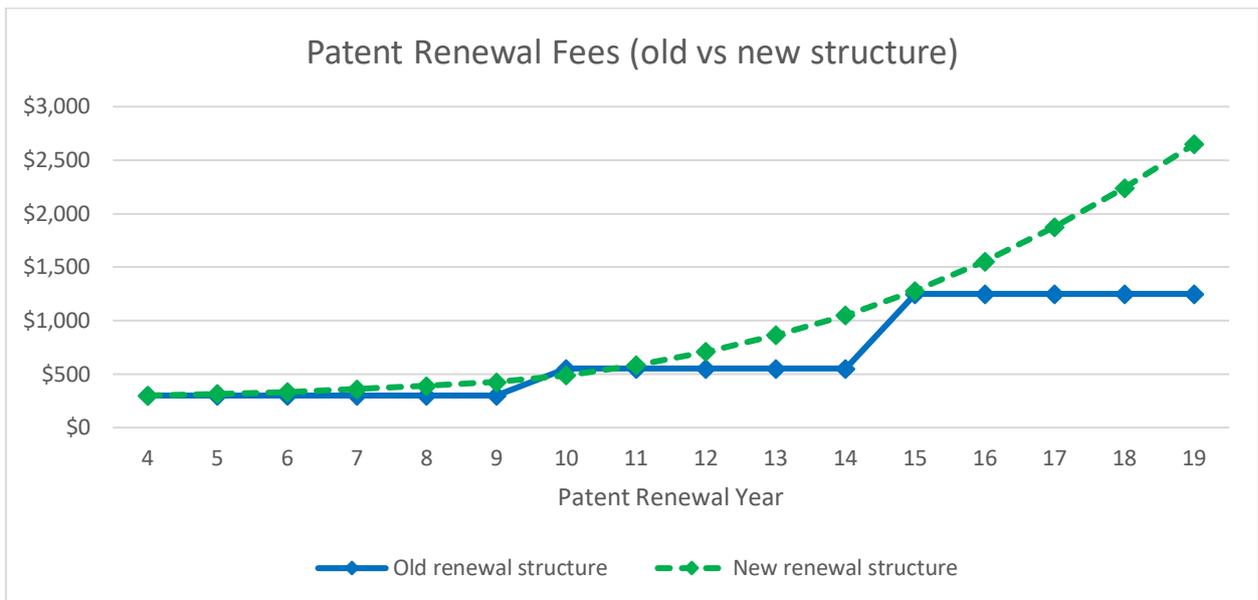
The Australian Government and IP Australia should set patent fees to promote broader intellectual property policy objectives, rather than the current primary objective of achieving cost recovery. To this end, the Australian Government, with input from IP Australia, should:

- restructure patent renewal fees such that they rise each year at an increasing rate (including years in which patents receive an extension of term) — fees later in the life of a patent would well exceed current levels
- reduce the initial threshold for claim fees, and increase claim fees for applications with a large number of claims.

These proposals were noted by the Government, which stated that IP Australia had enough scope within the Australian Government Charging Framework to effect these changes without needing to change IP Australia's cost recovery approach. Rather IP Australia would have regard to the recommendation when reviewing patent fees in future, including renewal and claim fees.

Specific fee changes for patents include:

- **Patent renewals:** IP Australia considered the PC recommendation and has adopted a patent renewal fee structure with annual increases to renewal fees. The annual fee increases are moderate for the 4th to 12th year renewal periods and then increase in scale later in the life of the patent (see chart below). The increase to renewal fees will ensure there is better alignment of expenses and revenue for the patent and trade mark activity groups, and address increasing patent expenses over the forward years. In considering this, an alternative 'staggered' renewal structure was considered, but it would be considerably costlier for patent holders in the early years when compared to the new annual increase structure.



- Patent excess claims:** IP Australia has maintained the current threshold at 20 claims before an excess claim fee is charged. However, the excess claim fee has increased from \$110 to \$125 for every claim over 20 claims but less than or equal to 30 claims at the point of acceptance, and to \$250 for every claim over 30 claims at the point of acceptance.
- Preliminary search and opinion:** The fee for a preliminary search and opinion has been reduced from \$2,200 to \$950 per search request. This fee adjustment aligns the service provided by a preliminary search and opinion with the service provided by filing a request under regulation 3.14A of the Patents Regulations 1991 for an international-type search.
- Filing a patent application by another means:** The fee for filing a request by preferred means for a standard patent accompanied by a complete specification remains unchanged at \$370. However, the fee for filing by another means has increased from \$470 to \$570. IP Australia is maintaining the current fee for filing by preferred means as it reflects the efficiencies gained through IT modernisation. In contrast, filing an application by another means rather than the preferred means requires labour intensive manual processing at a comparatively higher cost.

TRADE MARKS

Specific fee changes for Trade Marks include:

- **Restructure of Trade Mark application fees:**
 - Maintain the standard trade mark pick list application fee at \$250
 - Increase the standard trade mark non-pick list application fee from \$330 per class to \$400 per class. The fee increase reflects the additional workload in classifying a non-pick list application.
 - Maintain the TM Headstart application fees
 - Increase the Madrid import application fees from \$350 to \$400 per class*.
 - Increase the standard trade mark filing fee for an application filed by another means from \$350 to \$450 per class. Filing an application by another means rather than the preferred means requires labour intensive manual processing at a comparatively higher cost.

The increase to trade mark application fees will ensure there is better alignment of expenses and revenue for the trade mark and patent activity groups, and address increasing trade mark expenses over the forward years.

- **Trade Marks oppositions and hearings:** The changes to the trade mark hearing fees and the wording in the Regulations are intended to clarify the hearing action with the associated cost.

The fee for filing a request for a hearing has been reduced from \$600 to \$400. Appearing and being heard at an oral hearing in person has increased from \$600 to \$800 per day (less the \$400 fee for filing a request for a hearing). Appearing and being heard at an oral hearing by means other than in person will attract a fee of \$600 per day (less the \$400 fee for filing a request for a hearing).

There will be no additional fee for a determination made outside of a hearing or being heard only on the base of written submissions.

DESIGNS

Specific fee changes for Designs include:

- **Application for more than one design:** The Advisory Council on Intellectual Property (ACIP) recommended in its 2015 report that for multiple design applications, the fees for each additional design added to an application be reduced.

IP Australia has reduced the fee for filing a design application where there is either:

- more than one design in relation to the one product, or
- more than one design in relation to more than one product, if each product belongs to the same Locarno Agreement class.

The first Design will maintain a fee of \$250, however the fee for each subsequent Design disclosed in the application will be reduced to \$200.

- **Filing a design application by another means:** The fee for filing a design application by preferred means will remain unchanged at \$250, whereas the fee for filing by another means will increase from \$350 to \$450.

IP Australia is maintaining the current fee for filing by preferred means as it reflects the efficiencies gained through IT modernisation. In contrast, filing an application by another means rather than the preferred means requires labour intensive manual processing at a comparatively higher cost.

- **Design renewals:** IP Australia has increased the fee to file an application for renewal of the registration of a design from \$320 to \$400 when filed by the preferred means and from \$370 to \$450 when filed by another means.

The increase to design renewal fees is to ensure closer alignment of expenses and revenue within the Design activity.

PBR

Specific fee changes for PBR include:

- **PBR renewals:** IP Australia has increased the fee for annual maintenance of a PBR from \$345 to \$400 when filed by the preferred means, and from \$395 to \$450 when filed by another means.

The increase to PBR renewal fees aims to moderate the under-recovered position of the overall PBR activity.

- **Qualified Persons:** IP Australia has increased the fee for designation of an approved person from \$50 to \$80 and increasing the renewal of designation of an approved person from a \$50 annual fee to a fee of \$240 for a period of 3 years.

These fee increases aim to moderate the under-recovered position of the overall PBR activity.

TTIPA

Specific fee changes for TTIPA include:

- **TTIPA application and renewal of registration fees:** IP Australia has increased the TTIPA application and renewal fees by \$50, to recover most of the costs associated with administering the Board, the Disciplinary Tribunal, and regulating the profession.

A full list of the fee changes that took effect from 12am AEST, 1 October 2020 can be found in Attachment A.

* Please note, changes to Madrid Import Application fees occurred from 12am AEST, 7 November 2020.

4. RISK ASSESSMENT

IP Australia has undertaken a charging risk assessment, using the Charging Risk Assessment (CRA) template provided by the Department of Finance, to identify areas of implementation risk that could stem from the new fee changes as outlined in this CRIS.

IP Australia has assessed the overall risk rating as **Medium** because the amount to cost recover exceeds \$20 million and the proposed change in annual cost recovery revenue is greater than 10%.

When undertaking the risk assessment, IP Australia identified a number of additional implementation risks consistent across all IP activity groups. These risks included:

- Risk of an unforeseen and major global event that impacts demand, such as the COVID-19 pandemic
- Difficulties in forecasting national and international demand
- Risk of a change in demand (and revenue) resulting from the introduction of the new fee changes
- Possible delays with the passage of regulation changes
- Risks associated with not updating IP Australia's internal fee processing systems in line with the approved legislative changes
- Customers not having their internal systems updated in line with the updated fees.

IP Australia has a comprehensive risk management framework, enabling the entity to effectively manage risks in accordance with its risk appetite. IP Australia monitors and reports on risks via a series of risk registers across the entity which IP Australia's Executive Board and Audit Committee regularly review as well as the entity's risk management framework.

IP Australia has controls in place across the organisation to mitigate risks associated with the unpredictability of demand. These are included on the corporate risk register and are reviewed quarterly for relevance and accountability.

One of IP Australia's controls is to maintain a financial model used to forecast demand and revenue trends. This model assists with providing valuable and timely information that is used for the planning and decision making of IP Australia's Executive Board and has the capability to carry out sensitivity (what-if) analysis on proposed fee changes. IP Australia has also used this model to identify various scenarios, taking into consideration the risks identified above, and to ascertain the impact of viable fee changes on IP Australia's financial management strategy, financial sustainability and cost recovered arrangements. The CRIS will be updated where necessary to reflect changes.

Customers will be given advance notice of when the fee changes have been approved and of their effective date. This will provide time for customers that may need to update their internal systems in line with the new fees.

IP Australia will manage the two implementation risks identified as high on the CRA through the following measures:

- Maintenance of a healthy balance sheet, and the monitoring and management of the organisation's cash reserve in accordance with IP Australia's cash reserve policy (refer to Section 6)
- Cost control mechanisms where any downturn or upswing in activity levels can be offset through the normal rates of turnover in staffing levels and acceptable customer service levels.

5. STAKEHOLDER ENGAGEMENT

Achieving IP Australia's purpose involves engaging effectively with customers and stakeholders.

By providing appropriate advice and systems to support effective engagement, IP Australia fulfils the role of raising awareness and educating customers about IP. Success includes the delivery of public education and awareness programs that promote the importance of IP and provide Australians with the tools they require to make informed decisions regarding IP.

IP Australia actively engages with a diverse range of stakeholders, through various channels, in order to canvas ideas, suggestions, and feedback in relation to IP Australia's fees and fee structure.

IP Australia is involved in various external forums including:

- IP Stakeholders Forum (IPSF)
- Patents Consultation Group (PCG)
- Trade Marks and Designs Consultation Group (TM&DCG)
- Plant Breeder's Rights Consultation Group (PBRCG)
- [Trans-Tasman IP Attorneys Board](#)

These Groups are the principal forums for consultation, discussion and information exchange on issues relating to the IP system which could impact on IP policy, practice and legislation in Australia. Information updates on the current fee review has been provided to these forums, including consultation with Intellectual Property Office of New Zealand and the Trans-Tasman IP Attorneys Board on IP attorney regulated fees. These forums usually meet two to three times a year.

Members of these consultation groups include:

Members of IPSF

- the Institute of Patent and Trade Marks Attorneys (IPTA) of Australia
- the Australian Federation of Intellectual Property Attorneys (FICPI)
- the Law Council of Australia (LCA) Intellectual Property Committee
- the Licensing Executive Society of Australia and New Zealand (LESANZ)
- the International Association for the Protection of Intellectual Property (AIPPI)
- the Australian Chamber of Commerce and Industry (ACCI)
- the Australian Industry Group (Ai Group)
- Knowledge Commercialisation Australasia (KCA)
- Universities Australia (UA)
- the Department of Industry, Science, Energy and Resources
- a non-IPTA attorney

Members of PCG

- IPTA
- FICPI
- LCA
- New Zealand Institute of Patent Attorneys (NZIPA)

Members of TMDCG

- IPTA
- FICPI
- LCA
- NZIPA
- International Trademark Association (INTA)

Members of PBRCG

- Australian Centre for Intellectual Property in Agriculture (ACIPA)
- Australian Cultivar Registration Authority (ACRA)
- Australian Seed Federation (ASF)
- Horticulture Innovation Association (HIA)
- IPTA
- LCA
- Nursery and Garden Industry Australia (NGIA)
- Commonwealth Scientific and Industrial Research Organisation (CSIRO)
- Australian Government Department of Agriculture
- National Farmers Federation (NFF)
- International Community of Breeders of Asexually Reproduced Ornamental and Fruit Varieties (CIOPORA)
- Two Qualified Persons

The consultation and communication process for the current fee review commenced with an official notice posted on IP Australia's website on 4 April 2019. This notice invited stakeholders to provide ideas and suggestions on IP Australia's current fee structures, and where improvements could be made.

Over 80 submissions were received and each one was triaged to determine their initial feasibility. From these initial triage workshops, several common themes were identified including:

- Simplifying fee structures - reduce confusion and complexities around fee structures for customers.
- Alignment across IP Rights - provide consistency to fees and regulations across similar services that IP Australia delivers.
- Balancing costs with work effort - aligning the cost of examination with the associated fees. For example, weighing the cost of the number of claims in a patent application with the work required of an examiner.
- Encourage strategic assessment of the value of IP Rights - encourage IP owners to be considered more when it comes to renewing their rights.
- Streamline workflow and improve efficiency - adjusting fees and communication channels to further support our preferred filing methods and online services, and increase usage of self-help items such as the trade mark pick-list.

Several of the suggestions received were identified as feasible and have been included in this CRIS.

IP Australia provided a further opportunity for stakeholders to provide final feedback with the release of the draft CRIS on 17 December 2019. This draft CRIS, published on IP Australia's website, included the proposed fee changes as identified in Attachment A. IP Australia considered all issues raised and determined no further revisions to the proposed fees were required.

IP Australia continues to provide ongoing mechanisms for stakeholders to provide feedback on IP Australia's fees and cost recovery arrangements. These include:

- the maintenance of a transparent Customer Service Charter against which IP Australia reports regularly against its service delivery standards, and
- a customer feedback database that captures customer compliments, complaints and suggestions for improvement.

As an entity of the Australian Government, IP Australia's primary accountability is to the Australian public through the Minister for Industry, Science and Technology. In addition, the agents and representatives of IP Australia's direct customer are important stakeholders. IP Australia maintains an active involvement with industry, business groups, the IP attorney profession, Government policy makers, academic and research bodies, and the wider legal community. IP Australia is also an active participant in the proceedings of WIPO which administers the international IP rights system on behalf of all member states.

6. FINANCIAL ESTIMATES

The fee changes listed in Attachment A are forecast to result in the projected financial outcomes for IP Australia.

Table 4 – Projected Financial Outcomes for IP Australia

| ITEM | Budget estimate | Forward estimate | Forward estimate | Forward estimate |
|--|-----------------|------------------|------------------|------------------|
| | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | \$'M | \$'M | \$'M | \$'M |
| Income | 204.290 | 219.835 | 226.608 | 231.431 |
| Revenue from Government | 0.358 | 0.355 | 0.356 | 0.357 |
| Expense | 209.648 | 217.190 | 221.964 | 226.788 |
| Total comprehensive income/(loss) attributed to the Australia Government | (5.000) | 3.000 | 5.000 | 5.000 |
| Capital Expenditure | 15.000 | 20.000 | 20.000 | 20.000 |
| Official Public Account Balance | 20.009 | 28.638 | 37.425 | 46.596 |

Since the last fee change in 2016, IP Australia has undertaken its largest business transformation initiative with the release of the 'Rights in One' (RIO) administration system for trade marks and designs.

RIO introduced modern technologies, machine learning and automation capabilities to transform examination, research and administration systems from dated mainframe legacy systems to a responsive, agile and modern platform.

The RIO system has also delivered advanced digital IP services that are adaptable to meet future opportunities, and efficiently support outcomes for Australian innovators and business in trade marks and designs.

IP Australia has undergone a significant program of cultural change and investment through our Future Way of Working Program, which aims to provide an efficient, adaptable and sustainable workplace and a mobile workforce.

In 2018-19, significant works began at our offices to increase collaboration and productivity among our staff in activity-based working environments. This work was completed in early 2020 which also included the roll out of new technology to support our staff to work flexibly in our contemporary office space.

Work continues with the Transactional Digital Services (TDS) program to rebuild our current transactional channels with a focus on optimising the experience for our customers and obtaining more structured and reliable data for IP Australia. The program is building platforms and services which will modernise our offerings, open our transactional systems to the private sector using APIs, and encourage innovation in the IP services market.

In line with IP Australia's ICT Strategy 2022, the organisation moved its ICT hardware offsite to improve the reliability of our data centre facilities, enhance our disaster recovery capabilities, and allow for data centre scalability and flexibility. In addition, this move will support the organisation's progression to cloud based applications and provide improved 24/7 services to customers.

These strategically planned investments have been funded entirely from the organisation's cash reserves that had been built up over time. The strategy of IP Australia's last fee review in 2016 was to fund these major initiatives and further utilise the reserve by reporting three years of operating losses, rather than impose overall fee increases on our customers. As such, IP Australia's cash reserves have reduced from approximately \$100 million at the end of 2015-16 to \$23 million at the end of 2019-20, reflecting the value of assets purchased.

IP Australia is closely monitoring the impact on customer demand for IP Rights services stemming from the COVID-19 economic downturn that may have a direct negative impact on IP Australia's forecast revenue streams. Prior to the COVID-19 economic down-turn, IP Australia was budgeting for a return to surplus of \$3.5 million in 2020-21 in accordance with the 2019-20 Portfolio Budget Statements. IP Australia is now forecasting an operating loss of \$5.0 million in 2020-21.

The impact of the COVID-19 pandemic on IP Australia's demand for services is estimated to be approximately 10% in financial year 2020-21, with a trailing impact on revenue forecasts into the forward estimates. It is anticipated that IP Australia can adequately manage existing operations with limited impacts on customer services through the careful management of existing cash reserves, operating expenditure and the anticipated introduction of the fee changes detailed in Attachment A.

The strategy of the recent fee review is to manage and rebuild the organisation's cash reserve over the forward estimates in accordance with thresholds outlined in IP Australia's cash reserve policy. This will be achieved through reporting moderate surpluses from 2021-22 onwards and a return to trend for lower capital investment over the next four financial years (*refer to Table 4*).

Table 5 illustrates both the historic financial performance and financial estimates of each of IP Australia's activity groups. These tables will be updated annually following the publication of IP Australia's financial results and budget updates.

Table 5 – IP Australia Cost Recovered Activities - Financial Performance & Forecast

| Patent Activity Group | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------|------------|------------|------------|------------|------------|------------------|------------------|------------------|
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| | Actual | Actual | Actual | Actual | Budget | Forward estimate | Forward estimate | Forward estimate |
| Revenue = Y | \$ 125.016 | \$ 127.253 | \$ 123.344 | \$ 124.325 | \$ 135.404 | \$ 146.847 | \$ 151.324 | \$ 153.217 |
| Expenses = X | \$ 130.004 | \$ 132.443 | \$ 132.581 | \$ 132.827 | \$ 133.438 | \$ 137.285 | \$ 139.873 | \$ 142.886 |
| Balance = Y - X | -\$ 4.988 | -\$ 5.190 | -\$ 9.237 | -\$ 8.501 | \$ 1.966 | \$ 9.562 | \$ 11.452 | \$ 10.330 |
| Cumulative Balance | -\$ 4.988 | -\$ 10.178 | -\$ 19.415 | -\$ 27.916 | -\$ 25.950 | -\$ 16.388 | -\$ 4.936 | \$ 5.394 |

| Trade Marks Activity Group | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|------------------|------------------|------------------|
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| | Actual | Actual | Actual | Actual | Budget | Forward estimate | Forward estimate | Forward estimate |
| Revenue = Y | \$ 80.616 | \$ 80.063 | \$ 71.312 | \$ 72.294 | \$ 63.880 | \$ 67.743 | \$ 69.979 | \$ 72.861 |
| Expenses = X | \$ 68.227 | \$ 70.679 | \$ 77.079 | \$ 70.203 | \$ 67.950 | \$ 71.273 | \$ 73.248 | \$ 74.836 |
| Balance = Y - X | \$ 12.389 | \$ 9.384 | -\$ 5.767 | \$ 2.091 | -\$ 4.070 | -\$ 3.530 | -\$ 3.270 | -\$ 1.975 |
| Cumulative Balance | \$ 12.389 | \$ 21.773 | \$ 16.006 | \$ 18.097 | \$ 14.027 | \$ 10.496 | \$ 7.227 | \$ 5.252 |

| Designs Activity Group | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------------|-----------|-----------|-----------|-----------|-----------|------------------|------------------|------------------|
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| | Actual | Actual | Actual | Actual | Budget | Forward estimate | Forward estimate | Forward estimate |
| Revenue = Y | \$ 3.867 | \$ 3.996 | \$ 3.729 | \$ 3.636 | \$ 3.503 | \$ 3.694 | \$ 3.755 | \$ 3.806 |
| Expenses = X | \$ 4.799 | \$ 5.160 | \$ 5.795 | \$ 5.177 | \$ 5.051 | \$ 5.260 | \$ 5.391 | \$ 5.527 |
| Balance = Y - X | -\$ 0.932 | -\$ 1.164 | -\$ 2.066 | -\$ 1.541 | -\$ 1.548 | -\$ 1.567 | -\$ 1.636 | -\$ 1.721 |
| Cumulative Balance | -\$ 0.932 | -\$ 2.095 | -\$ 4.162 | -\$ 5.703 | -\$ 7.251 | -\$ 8.818 | -\$ 10.453 | -\$ 12.175 |

| PBR Activity Group | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--------------------|-----------|-----------|-----------|-----------|-----------|------------------|------------------|------------------|
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| | Actual | Actual | Actual | Actual | Budget | Forward estimate | Forward estimate | Forward estimate |
| Revenue = Y | \$ 1.365 | \$ 1.419 | \$ 1.503 | \$ 1.319 | \$ 1.207 | \$ 1.211 | \$ 1.211 | \$ 1.211 |
| Expenses = X | \$ 2.095 | \$ 2.374 | \$ 2.452 | \$ 2.425 | \$ 2.395 | \$ 2.532 | \$ 2.592 | \$ 2.658 |
| Balance = Y - X | -\$ 0.730 | -\$ 0.954 | -\$ 0.949 | -\$ 1.106 | -\$ 1.188 | -\$ 1.321 | -\$ 1.381 | -\$ 1.447 |
| Cumulative Balance | -\$ 0.730 | -\$ 1.684 | -\$ 2.633 | -\$ 3.739 | -\$ 4.928 | -\$ 6.248 | -\$ 7.630 | -\$ 9.076 |

| TTIPA Activity Group | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------|----------|-----------|-----------|-----------|-----------|------------------|------------------|------------------|
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| | Actual | Actual | Actual | Actual | Budget | Forward estimate | Forward estimate | Forward estimate |
| Revenue = Y | \$ 0.792 | \$ 0.581 | \$ 0.834 | \$ 0.580 | \$ 0.654 | \$ 0.695 | \$ 0.695 | \$ 0.694 |
| Expenses = X | \$ 0.759 | \$ 0.716 | \$ 0.915 | \$ 0.869 | \$ 0.814 | \$ 0.840 | \$ 0.860 | \$ 0.881 |
| Balance = Y - X | \$ 0.032 | -\$ 0.135 | -\$ 0.080 | -\$ 0.288 | -\$ 0.160 | -\$ 0.145 | -\$ 0.165 | -\$ 0.187 |
| Cumulative Balance | \$ 0.032 | -\$ 0.103 | -\$ 0.183 | -\$ 0.471 | -\$ 0.631 | -\$ 0.776 | -\$ 0.942 | -\$ 1.128 |

| TOTAL IP AUSTRALIA | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--------------------|------------|------------|------------|------------|------------|------------------|------------------|------------------|
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| | Actual | Actual | Actual | Actual | Budget | Forward estimate | Forward estimate | Forward estimate |
| Revenue = Y | \$ 211.656 | \$ 213.312 | \$ 200.723 | \$ 202.154 | \$ 204.648 | \$ 220.190 | \$ 226.964 | \$ 231.788 |
| Expenses = X | \$ 205.884 | \$ 211.371 | \$ 218.823 | \$ 211.500 | \$ 209.648 | \$ 217.190 | \$ 221.964 | \$ 226.788 |
| Balance = Y - X | \$ 5.772 | \$ 1.941 | -\$ 18.099 | -\$ 9.346 | -\$ 5.000 | \$ 3.000 | \$ 5.000 | \$ 5.000 |
| Cumulative Balance | \$ 5.772 | \$ 7.713 | -\$ 10.386 | -\$ 19.733 | -\$ 24.733 | -\$ 21.733 | -\$ 16.734 | -\$ 11.734 |

7. NON-FINANCIAL PERFORMANCE

IP Australia reports against its non-financial performance targets in the Department of Industry, Science, Energy and Resources PBS, Annual Report and IP Australia's Corporate Plan. IP Australia's Customer Service Charter (CSC) sets out our key commitments and provides an overview of how we will meet customer expectations for IP rights administration.

Below are our high-level service commitments; Doing Business With Us captures overall satisfaction with our business and information services; Quality refers to the standard of our substantive search and examination products; and Timeliness outlines response times across the four IP Rights.

We will report on our performance against the CSC on an annual basis.

Doing Business with us

- 90% or more of customers are satisfied with IP Australia's administration of the Australian intellectual property registration system.
- 85% or more of customers agree that IP Australia helps them make informed business decisions.

Quality

- 80% or more of customers have confidence that the decisions IP Australia has taken in granting their IP right/s meet the applicable legal framework.
- 80% or more of customers agree that IP Australia's decisions are consistent and demonstrate a professional approach.
- 80% or more of customers agree that IP Australia provides sufficient detail in reports to explain our decisions.

Timeliness

- Patents: IP Australia will issue: 85% of international search reports (for one invention) in 10 weeks, and 95% in 12 weeks; 85% of international-type search reports (for one invention) in 6 weeks from receiving a compliant request, and 95% in 8 weeks.
- Trade marks: IP Australia will issue: 85% of first reports on new applications in 13 weeks, and 95% in 18 weeks; 95% of Headstart Part 1 assessments in 5 days, and 97% in 7 days.
- Designs: IP Australia will issue: 85% of formalities reports on new applications in 8 weeks, and 95% in 9 weeks; 85% of first reports on new applications in 13 weeks; and 95% in 16 weeks.
- Plant Breeder's Rights: IP Australia will conduct: 100% of initial examination in 8 weeks; 95% of further examination in 4 weeks.

8. KEY FORWARD DATES AND EVENTS

| Date | Event |
|--------------|---|
| 2020-21 | Portfolio Charging Review, as part of the Industry, Science, Energy and Resources portfolio |
| May 2021 | Budget update |
| October 2021 | Update of actual financial results |
| May 2022 | Budget update |
| October 2022 | Update of actual financial results |
| May 2023 | Budget update |
| October 2023 | Update of actual financial results |

9. CRIS APPROVAL AND CHANGE REGISTER

| Date of CRIS change | CRIS change | Approver | Basis for change |
|---------------------|-----------------------------------|--|----------------------|
| 27/06/2012 | Certification of the CRIS 2012-16 | Philip Noonan, Director General, IP Australia | Scheduled Fee Review |
| 4/05/2016 | Agreement to the CRIS 2016-17 | Minister of Industry, Innovation and Science | Scheduled Fee Review |
| 24/05/2016 | Certification of the CRIS 2016-17 | Patricia Kelly, Director General, IP Australia | Scheduled Fee Review |
| 3/07/2020 | Agreement to the CRIS 2020-21 | Minister of Industry, Science and Technology | Scheduled Fee Review |
| 24/11/2020 | Certification of the CRIS 2020-21 | Michael Schwager, Director General, IP Australia | Scheduled Fee Review |

ATTACHMENT A

The following provides a summary of the fee changes IP Australia implemented from 12am AEST, 1 October 2020.

| Fee Description | Old Fee | New Fee |
|--|---------|-----------|
| PATENTS | | |
| Increased differential between Another Means and Preferred Means | | |
| Standard Complete Patent Application - <i>Another Means</i> | \$470 | \$570 |
| Standard National Phase Entry Patent Application - <i>Another Means</i> | \$470 | \$570 |
| Innovation Patent Application - <i>Another Means</i> | \$280 | \$380 |
| Change to Patent Excess Claims Fees | | |
| Amend Standard Complete Patent After Acceptance - Greater than 20 claims | \$110 | \$250 |
| Standard Patent - Greater than 20 claims & equal to or less than 30 claims | New Fee | \$125 |
| Standard Patent - Greater than 30 claims | New Fee | \$250 |
| Standard Patent - Greater than 20 claims | \$110 | Abolished |
| Change to Patent Renewal Fees | | |
| Standard Patent - 5th Year Renewal - <i>Another Means</i> | \$350 | \$365 |
| Standard Patent - 6th Year Renewal - <i>Another Means</i> | \$350 | \$385 |
| Standard Patent - 7th Year Renewal - <i>Another Means</i> | \$350 | \$410 |
| Standard Patent - 8th Year Renewal - <i>Another Means</i> | \$350 | \$440 |
| Standard Patent - 9th Year Renewal - <i>Another Means</i> | \$350 | \$475 |
| Standard Patent - 10th Year Renewal - <i>Another Means</i> | \$600 | \$540 |
| Standard Patent - 11th Year Renewal - <i>Another Means</i> | \$600 | \$635 |
| Standard Patent - 12th Year Renewal - <i>Another Means</i> | \$600 | \$760 |
| Standard Patent - 13th Year Renewal - <i>Another Means</i> | \$600 | \$915 |
| Standard Patent - 14th Year Renewal - <i>Another Means</i> | \$600 | \$1,100 |
| Standard Patent - 15th Year Renewal - <i>Another Means</i> | \$1,300 | \$1,330 |
| Standard Patent - 16th Year Renewal - <i>Another Means</i> | \$1,300 | \$1,605 |
| Standard Patent - 17th Year Renewal - <i>Another Means</i> | \$1,300 | \$1,925 |
| Standard Patent - 18th Year Renewal - <i>Another Means</i> | \$1,300 | \$2,290 |
| Standard Patent - 19th Year Renewal - <i>Another Means</i> | \$1,300 | \$2,700 |
| Pharmaceutical Patent -20th Year Renewal - <i>Another Means</i> | \$2,600 | \$4,050 |
| Pharmaceutical Patent -21st Year Renewal - <i>Another Means</i> | \$2,600 | \$5,050 |
| Pharmaceutical Patent -22nd Year Renewal - <i>Another Means</i> | \$2,600 | \$6,050 |
| Pharmaceutical Patent -23rd Year Renewal - <i>Another Means</i> | \$2,600 | \$7,050 |
| Pharmaceutical Patent -24th Year Renewal - <i>Another Means</i> | \$2,600 | \$8,050 |
| Standard Patent - 5th Year Renewal - <i>Preferred Means</i> | \$300 | \$315 |
| Standard Patent - 6th Year Renewal - <i>Preferred Means</i> | \$300 | \$335 |
| Standard Patent - 7th Year Renewal - <i>Preferred Means</i> | \$300 | \$360 |
| Standard Patent - 8th Year Renewal - <i>Preferred Means</i> | \$300 | \$390 |
| Standard Patent - 9th Year Renewal - <i>Preferred Means</i> | \$300 | \$425 |
| Standard Patent - 10th Year Renewal - <i>Preferred Means</i> | \$550 | \$490 |
| Standard Patent - 11th Year Renewal - <i>Preferred Means</i> | \$550 | \$585 |
| Standard Patent - 12th Year Renewal - <i>Preferred Means</i> | \$550 | \$710 |
| Standard Patent - 13th Year Renewal - <i>Preferred Means</i> | \$550 | \$865 |

| Fee Description | Old Fee | New Fee |
|---|---------|---------|
| PATENTS | | |
| Standard Patent - 14th Year Renewal - <i>Preferred Means</i> | \$550 | \$1,050 |
| Standard Patent - 15th Year Renewal - <i>Preferred Means</i> | \$1,250 | \$1,280 |
| Standard Patent - 16th Year Renewal - <i>Preferred Means</i> | \$1,250 | \$1,555 |
| Standard Patent - 17th Year Renewal - <i>Preferred Means</i> | \$1,250 | \$1,875 |
| Standard Patent - 18th Year Renewal - <i>Preferred Means</i> | \$1,250 | \$2,240 |
| Standard Patent - 19th Year Renewal - <i>Preferred Means</i> | \$1,250 | \$2,650 |
| Pharmaceutical Patent -20th Year Renewal - <i>Preferred Means</i> | \$2,550 | \$4,000 |
| Pharmaceutical Patent -21st Year Renewal - <i>Preferred Means</i> | \$2,550 | \$5,000 |
| Pharmaceutical Patent -22nd Year Renewal - <i>Preferred Means</i> | \$2,550 | \$6,000 |
| Pharmaceutical Patent -23rd Year Renewal - <i>Preferred Means</i> | \$2,550 | \$7,000 |
| Pharmaceutical Patent -24th Year Renewal - <i>Preferred Means</i> | \$2,550 | \$8,000 |
| Preliminary Search & Opinion (PSO) Fee Reduction | | |
| Patent voluntary Preliminary Search & Opinion (PSO) | \$2,200 | \$950 |
| Expedited Post Option for Document Requests | | |
| Expedited post option for urgent document requests | New Fee | \$20 |

| Fee Description | Old Fee | New Fee |
|---|---------|----------------------|
| TRADE MARKS | | |
| Restructure Trade marks Application Fees | | |
| Standard TM Application - First Class - <i>Another Means</i> | \$350 | \$450 |
| Standard TM Application - Additional Classes - <i>Another Means</i> | \$350 | \$450 |
| Standard TM Add Prescribed Goods - First Class - <i>Another Means</i> | \$350 | \$450 |
| Standard TM Add Prescribed Goods - Additional classes - <i>Another Means</i> | \$350 | \$450 |
| Madrid Import Application - First Class | \$350 | \$400 |
| Madrid Import Application - Additional Classes | \$350 | \$400 |
| Standard TM Application - First Class - No Pick List - <i>Preferred Means</i> | \$330 | \$400 |
| Standard TM Application - Additional Classes - No Pick List - <i>Preferred Means</i> | \$330 | \$400 |
| Series TM Application - First Class - <i>Another Means</i> | \$500 | \$600 |
| Series TM Application - Additional Classes - <i>Another Means</i> | \$500 | \$600 |
| Series TM Add Prescribed Goods - First Class - <i>Another Means</i> | \$500 | \$600 |
| Series TM Add Prescribed Goods - Additional classes - <i>Another Means</i> | \$500 | \$600 |
| Series TM Application - First Class - No Pick List - <i>Preferred Means</i> | \$480 | \$550 |
| Series TM Application - Additional Classes - No Pick List - <i>Preferred Means</i> | \$480 | \$550 |
| Renewal of registration (registration delayed for 10 or more years after filing date) - <i>Preferred Means</i> | \$450 | \$400 |
| Renewal of registration (registration delayed for 10 or more years after filing date) - <i>Another Means</i> | \$450 | \$450 |
| Late renewal of registration (registration delayed for 10 or more years after filing date) - <i>Preferred Means</i> | \$450 | \$400 |
| Late renewal of registration (registration delayed for 10 or more years after filing date) - <i>Another Means</i> | \$450 | \$450 |
| Amend Schedule 9 of Trade marks Reg 1995 for Hearing Fees | | |
| Request for a hearing under regulation 5.17, 6.9, 9.17, 9.20, 17A.34M, 17A.48S, 17A.48V or 21.20E | \$600 | Replaced by new Item |

| Fee Description | Old Fee | New Fee |
|--|---|---|
| TRADE MARKS | | |
| Request for an oral hearing in relation to any other matter | \$400 | Replaced by new Item |
| Attendance at an oral hearing under regulation 5.17, 6.9, 9.17, 9.20, 17A.34M, 17A.48S, 17A.48V or 21.20E | \$600 for each day, or part of a day, less any amount paid under item 14 in relation to the hearing | Replaced by new Item |
| Attendance at an oral hearing to which item 16 does not apply | \$400 less any amount paid under item 15 in relation to the hearing | Replaced by new Item |
| Filing a request for a hearing | New Item | \$400 |
| Appearing and being heard at an oral hearing in person: (a) for the first day (b) if the hearing runs for more than a day | New Item | \$800 less any amount paid under item [14] in relation to the hearing \$800 for each day, or part of a day, after the first day |
| Appearing and being heard at an oral hearing in by means other than in person: (a) for the first day (b) if the hearing runs for more than a day | New Item | \$600 less any amount paid under item [14] in relation to the hearing \$600 for each day, or part of a day, after the first day |
| Being heard on the basis of written submissions only | New Item | \$400 less any amount paid under item [14] in relation to the hearing |
| Decision with reasons issued in accordance with section 55, section 101, regulation 17A.34N or 17A.48D | New Item | \$400 less any amount paid under items [14], [15], [16] or [17]. |

| Fee Description | Old Fee | New Fee |
|--|---------|---------|
| TRADE MARKS | | |
| Expedited Post Option for Document Requests | | |
| Expedited post option for urgent document requests | New Fee | \$20 |

| Fee Description | Old Fee | New Fee |
|--|---------|-----------|
| DESIGNS | | |
| Design Paper Applications & Align Renewal Fees | | |
| Design Application - <i>Another Means</i> | \$350 | \$450 |
| Renewal of Design Registration - <i>Another Means</i> | \$370 | \$450 |
| Renewal of Design Registration - <i>Preferred means</i> | \$320 | \$400 |
| File a request for a further Design - <i>Another Means</i> | \$350 | \$450 |
| Introduce More than One Design Application | | |
| More than one design within the same category - <i>Preferred Means</i> | New Fee | \$200 |
| More than one design within the same category - <i>Another Means</i> | New Fee | \$400 |
| Removal from Regs the renewals under the old Act | | |
| First Renewal Fee under the old Act - <i>Item 6(a)</i> | \$55 | Abolished |
| Second Renewal Fee under the old Act - <i>Item 6(b)</i> | \$90 | Abolished |
| Third Renewal Fee under the old Act - <i>Item 6(c)</i> | \$135 | Abolished |
| Expedited Post Option for Document Requests | | |
| Expedited post option for urgent document requests | New Fee | \$20 |

| Fee Description | Old Fee | New Fee |
|--|--------------|---------------|
| PLANT BREEDER'S RIGHTS | | |
| PBR increase to general fees & align renewal fees | | |
| PBR Application - <i>Another Means</i> | \$445 | \$545 |
| PBR Renewal - <i>Preferred Means</i> | \$345 | \$400 |
| PBR Renewal - <i>Another Means</i> | \$395 | \$450 |
| PBR change to Qualified Person (QP) fee | | |
| Designation of an approved person (QP) under section 8 - 3 Years | \$50 per 1yr | \$240 per 3yr |
| Renewal of designation of an approved person (QP) - 3 Years | \$50 per 1yr | \$240 per 3yr |
| Expedited Post Option for Document Requests | | |
| Expedited post option for urgent document requests | New Fee | \$20 |

| Fee Description | Old Fee | New Fee |
|--|---------|---------|
| TRANS-TASMAN IP ATTORNEY BOARD | | |
| TTIPAB Application | | |
| Apply for registration as a Patent Attorney | \$300 | \$350 |
| Apply for registration as a TM attorney | \$200 | \$250 |
| Apply for registration as an Inc Patent Attorney | \$300 | \$350 |
| Apply for registration as an Inc TM Attorney | \$300 | \$350 |
| TTIPAB Registration | | |

| Fee Description | Old Fee | New Fee |
|--|---------|---------|
| TRANS-TASMAN IP ATTORNEY BOARD | | |
| Renew Patent Attorney annual registration | \$350 | \$400 |
| Restore Patent Attorney name to the register | \$250 | \$300 |
| Renew combined Trade marks and Patent Attorney annual registration | \$550 | \$600 |
| Renew combined Patent and Trade marks Attorney annual registration | \$550 | \$600 |
| Renew Trade marks Attorney annual registration | \$350 | \$400 |
| Restore Trade marks Attorney name to the register as authorised by Reg 20.14 | \$250 | \$300 |
| Renew Inc Patent Attorney annual registration | \$350 | \$400 |
| Renew combined Inc Patent and Inc Trade marks Attorney annual registration | \$550 | \$600 |
| Restore Patent Attorney name to the register | \$250 | \$300 |
| Renew Inc Trade marks Attorney annual registration | \$350 | \$400 |
| Annual Registration Combined Inc Trade marks and Patent Attorney | \$550 | \$600 |
| Apply to Restore to Register of Trade marks Attorney as authorised by Reg 20A.22 | \$250 | \$300 |

| Fee Description | Old Fee | New Fee |
|--|---------|---------|
| OLYMPIC INSIGNIA PROTECTION | | |
| Olympic Insignia Protection - Fee Alignment | | |
| Olympic Design Application | \$250 | \$450 |
| Olympic Design Renewal | \$90 | \$450 |