









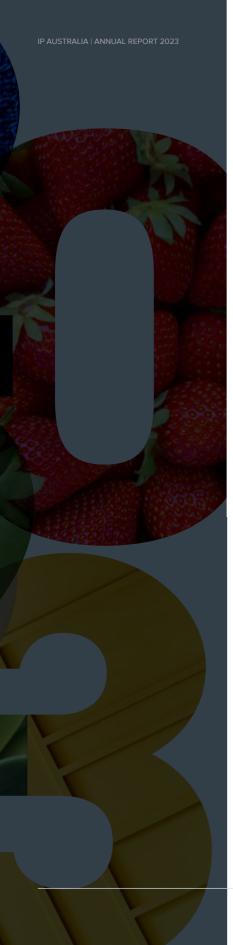




# ACKNOWLEDGMENT OF COUNTRY

We acknowledge the rich contributions to innovation that Aboriginal and Torres Strait Islander peoples have made through more than 60,000 years of continuing lore and history. We pay our respects to the Traditional Custodians of the lands on which our agency is based and where we conduct our business.





## **ABOUT THIS REPORT**

This report provides information on IP Australia's activities during the 2022–23 reporting period.

It addresses the annual reporting requirements of the <u>Public Governance</u>, <u>Performance and Accountability Act 2013</u> and the <u>Public Governance</u>, <u>Performance and Accountability Rule 2014</u>.

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#### Disclaimer

The information contained in this brief has been gathered from global intellectual property (IP) databases and represents a snapshot of IP rights at a particular point in time. It is provided for general information only and should not be relied upon for the purposes of any particular matter. It is not a report on patentability or freedom to operate and should not be relied upon for those purposes.





# THIS REPORT IS ORGANISED AS DESCRIBED BELOW:

Part One: Overview 2022-23

This includes an at-a-glance introduction to IP Australia and a summary of the year's results and achievements. It includes our Director General's review and four case study highlights.

#### Part Two: Report on performance

This includes our Annual Performance Statements and performance measures for our three programs. It also includes a report on our financial performance for the year.

#### Part Three: Financial statements

This includes our financial statements for the period ended 30 June 2023 that we are legally required to submit in our Annual Report, including the Independent Auditor's Report, the Statement by the Accountable Authority and Chief Financial Officer.

#### Part Four: Management and accountability

This includes summary and results related to our governance, our people, our procurement and the APS Net Zero 2030 Commitment.

#### **Part Five: Appendices**

These are appendices relating to certain parts of the report.

#### Part Six: Reporting requirements





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# LETTER OF TRANSMITTAL

The Hon. Ed Husic MP Minister for Industry and Science Parliament House CANBERRA ACT 2600 Dear Minister,

I am pleased to present IP Australia's Annual Report for the 2022–23 financial year.

This report has been prepared in accordance with all applicable obligations of the <u>Public Governance</u>, <u>Performance and Accountability Act 2013</u> (PGPA Act), including section 46, which requires that you table the report in Parliament. The report reflects the matters dealt with and legislation administered by IP Australia as at 30 June 2023.

The report includes IP Australia's Annual Performance Statements as required under section 39(1)(a) of the PGPA Act and the audited financial statements as required by section 43(4) of the PGPA Act.

As required by section 10 of the <u>Public Governance</u>, <u>Performance and Accountability Rule 2014</u>, I certify that:

- IP Australia has prepared fraud risk assessments and fraud control plans.
- IP Australia has in place appropriate fraud prevention, detection, investigation and reporting mechanisms.
- I have taken all reasonable measures to appropriately deal with fraud relating to IP Australia.

Yours sincerely,

Michael Schwager

Director General 13 October 2023



# PART ONE



# **OVERVIEW** 2022-23







#### Our role and functions

IP Australia is responsible for administering Australia's Intellectual Property (IP) rights system — specifically trade marks, patents, designs and plant breeder's rights — as well as regulating the IP attorney profession.

Our functions are set out in the <u>Patents Act 1990</u>, the <u>Plant Breeder's Rights Act 1994</u>, the <u>Trade Marks Act 1995</u>, the <u>Designs Act 2003</u> and the <u>Olympic Insignia</u> <u>Protection Act 1987</u>.

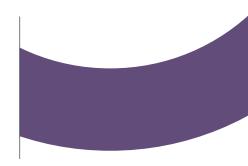
To achieve our purpose we grant exclusive IP rights for a period. This fosters innovation, investment and international competitiveness by:

- providing an effective legal framework for protecting products and brands
- contributing to an attractive environment for investment
- promoting the disclosure of discoveries and follow-on generation of ideas
- enabling firms to build brand value and business reputation, which helps improve consumer confidence
- providing incentives for undertaking research and development.

We also educate the community regarding IP and provide advice to the Government on the development of IP policy. We contribute to bilateral and multilateral negotiations and the development of cooperation programs to support the global IP system.

We recover almost all our costs by charging fees for the services we administer in accordance with the Australian Government Cost Recovery Policy.

IP Australia is a non-corporate Commonwealth entity within the Industry, Science and Resources portfolio.



#### **Our Purpose and Vision**

**Our Purpose:** Ensuring Australians benefit from great ideas.

**Our Vision:** Creating a world leading IP system building prosperity for Australia.

We are committed to delivering world leading IP services that are modern, effective, and efficient. We achieve this by administering the registrable IP rights system, regulating the IP attorney profession, promoting public awareness and industry engagement, and advising the Government.

By delivering these elements we provide an effective national framework to protect innovative Australian products and brands. This creates a secure environment for investment in innovation and enables firms to build brand value and business reputation. It also encourages people and businesses to disclose inventions and share knowledge and technology.

#### **Outcome and program structure**

We have one outcome and three programs that contribute to achieving this outcome.

#### **PORTFOLIO BUDGET STATEMENTS**



#### **PURPOSE**

Ensuring Australians benefit from great ideas



#### **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.

#### **PROGRAM 1**

IP Rights Administration and Professional Registration

#### **PROGRAM 2**

**Education and Awareness** 

#### **PROGRAM 3**

Advice to Government and International Engagement

#### **CORPORATE PLAN**



#### VISION

Create a world leading IP system building prosperity for Australia

#### 1. Impact

- 1.1 Maintain a high quality, customercentric IP rights system
- 1.2 Increase our reputation, influence and contribution to the IP eco-system

#### 2. Customer

- 2.1 Increase excellence in the delivery of IP rights services
- 2.2 Increase access to and benefits from IP rights ownership

#### 3. Capability

- 3.1 Create and customer experience maintain capabilities that meet the current and future needs of the IP rights system
  - 3.2 Build a workplace culture that is empowered, inclusive and riskengaging

#### 4. Innovation

- 4.1 Increase innovation and adaptiveness in our administration of the IP rights system
- 4.2 Provide continually improving contemporary digital customer services and staff experiences

#### **ANNUAL PERFORMANCE STATEMENTS**

#### Report against Program 1

- 1. IP Australia's timeliness, quality, satisfaction and availability commitments are met
- 2. Process trans-Tasman attorney registration applications within 15 working days from the date that the application complies with registration requirements

#### Report against Program 2

3. Improved awareness of the IP rights system

#### Report against Program 3

4. Provision of high-quality advice to the Australian Government on policy, legislation, ministerial correspondence, and briefs

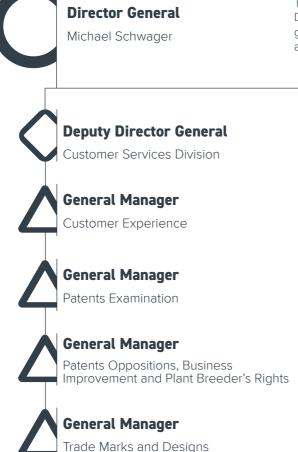
#### **Our Executive**

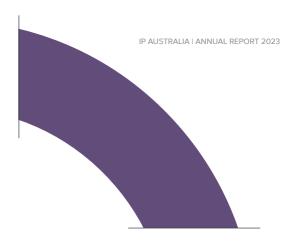
The Director General is our accountable authority. Table 1 provides details of the person who held this position during the reporting period.

Table 1: Our accountable authority

Name	Michael Schwager		
Position Title	Director General		
Date of commencement	20 September 2018		
Date of cessation	Not applicable		

Our organisational structure, 30 June 2023





#### **Our Structure**

During 2022–23 the Director General was assisted by two Deputy Directors General.

The Deputy Director General of the Customer Services Division held the statutory offices of Commissioner of Patents, Registrar of Trade Marks, Registrar of Designs and Registrar of Plant Breeder's Rights. She was also responsible for public education and awareness activities during the reporting period.

The Deputy Director General of the Policy and Corporate Division was responsible for policy advice, corporate governance and enabling services, economic and data analysis, and international engagement.



#### **Deputy Director General**

Policy and Corporate Division



#### General Manager and Chief Financial Officer

Finance and People Services



#### General Manager

Governance



## General Manager and Chief Information Officer

Innovation and Technology



#### General Manager

Policy and Stakeholders

## DIRECTOR GENERAL'S REVIEW

IP rights are vital for Australia's economic prosperity. They drive innovation, attract investments, create jobs, enable export opportunities, foster collaboration and strengthen the competitive advantage of Australian businesses in the global market. IP rights are a critical component of a modern knowledge-based economy. We have a responsibility to ensure this potential can be realised by administering the IP system in a way that is efficient, effective and accessible.

We began 2022–23 by reaffirming our purpose and vision in our Strategic Corporate Plan—ensuring Australians benefit from great ideas and creating a world leading IP system that builds prosperity for Australia. We committed to continuous improvement, adaptation, and innovation so that our customers have trust in the value of IP, have confidence in our ability to meet their needs, and all Australians are empowered to access and benefit from IP rights ownership.

The Strategic Corporate Plan set eight strategic objectives under the themes of: impact, customer, capability, and innovation and I am proud to share our progress and achievements to date.



#### 1. Impact

- 1.1 Maintain a high quality, customer-centric IP rights system
- 1.2 Increase our reputation, influence and contribution to the IP eco-system

#### 2. Customer

- 2.1 Increase customer experience excellence in the delivery of IP rights services
- 2.2 Increase access to and benefits from IP rights ownership

#### 3. Capability

- 3.1 Create and maintain capabilities that meet the current and future needs of the IP rights system
- 3.2 Build a workplace culture that is empowered, inclusive and risk-engaging

#### 4. Innovation

- 4.1 Increase innovation and adaptiveness in our administration of the IP rights system
- 4.2 Provide continually improving contemporary digital customer services and staff experiences

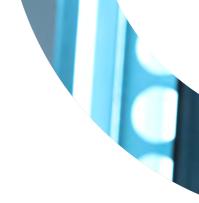


During 2022–23 we maintained our administration of high quality and customer-centric IP rights in support of Australian business and innovation. We also continued to increase our influence and contribution across the entire IP ecosystem.

In 2022–23, we saw a 1.3% increase in plant breeder's rights applications, while patent application numbers remained steady. Design and trade mark applications fell by 3.6% and 11.2% respectively. The decline in design and trade mark applications may be a correction from the growth experienced during the pandemic and the impact of increasing living costs and interest rates.

Table 2: Applications processed and rights enforced/registered during 2022–23

Rights	Patent	Trade Mark	Design	Plant Breeder's Rights
Applications processed to 30 June 2023	32,051	80,062 8,366		339
Applications processed to 30 June 2022	37,018	85,874 7,998 <b>846,314 55,839</b>		277
Total enforceable/ registered rights as at 30 June 2023	159,843			2,625
Total enforceable/ registered rights as at 30 June 2022	158,208	809,016	55,169	2,634
Definition	Provides exclusive rights for a device, substance, method or process that is new, inventive and useful.	Provides protection for brands (e.g., words, logos, images) when used in relation to specific products or services.	Protects the overall visual appearance of a product.	Provides exclusive commercial rights for a registered variety of plant along with its variety name.
Duration	Up to 20 years (standard) or 25 years (pharmaceuticals).	No limit (renewed every 10 years).	Up to 10 years.	Up to 20 years (standard) or 25 years for trees or vines.





#### Legislative reform and clarification of law

We continue to be instrumental in the development of key IP legislation. The Intellectual Property Laws Amendment (Regulator Performance) Bill 2023 was introduced into the House of Representatives on 22 June 2023. The Bill makes minor technical amendments to the Olympic Insignia Protection Act 1987, the Trade Marks Act 1995 and the Patents Act 1990. These changes will increase certainty, correct minor inconsistencies and enable users to engage with IP in a modern and flexible way.

In 2022–23, we were involved in court litigation that clarified key areas of patent law including pharmaceutical extensions of term matters and inventorship by artificial intelligence. We also continued with our ongoing legal engagement relating to the challenging area of computer-implemented inventions and patent law. Both pieces of litigation relate to the global IP landscape and issues around the protection of emerging technologies.



#### Indigenous Knowledge

We are committed to supporting Aboriginal and Torres Strait Islander peoples to benefit from and protect their Indigenous Knowledge (IK). IK is the traditional knowledge and traditional cultural expressions of Aboriginal and Torres Strait Islander peoples who have over 60,000 years of continuing culture, knowledge, and innovation in Australia. In our public consultations, we have heard first-hand how the IP system has gaps when it comes to Aboriginal and Torres Strait Islander peoples' expectations about protection of IK, especially considering the importance of consultation and consent when IK is being used. In September 2022, we published our *Enhance and Enable Consultation* report, which details the proposals we are developing in line with stakeholder feedback to enhance the considerations for IK in the IP System, including establishing an Indigenous Knowledge Panel within IP Australia.

In January, the Government released *Revive: a place for every story, a story for every place – our New Cultural Policy*, which includes a commitment to introduce stand-alone legislation to protect IK. We are working with other Government departments and agencies and considering how to establish an Indigenous led partnership with First Nations people in line with Closing the Gap priority reforms. We also recently released the Final Report in a scoping study on stand-alone legislation to protect and commercialise IK. This study sought views on possible elements of the legislation on IK, and the findings and recommendations will help inform future work in this area.

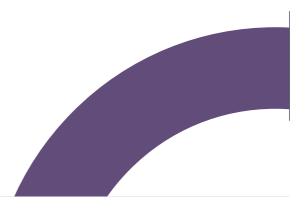
Another element of our IK work is raising awareness and providing education to support Indigenous and non-Indigenous owned businesses who want to work respectfully with IK. This includes encouraging use of principles like Free, Prior Informed Consent where an IP right application includes IK.

#### **Design systems improvements**

In June 2023, we launched public consultation on our proposals to improve our designs system. The consultation focused on three areas:

- Virtual designs the protection of non-physical designs (including virtual or augmented realities, screen icons and graphical user interfaces).
- Partial designs the protection of part of a product made in one piece.
- Incremental designs the protection of designs as designers improve them throughout the design lifecycle.

These proposals form the second part of IP Australia's two-stage designs reform program aimed at enhancing designs protection in Australia. It follows the first stage, which included introducing a grace period for design applications in March 2022 and ongoing improvements to the information and educational materials we offer. Applicants have been utilising the grace period provisions and we have refined the declaration requirements following feedback made to our Designs officers.





We are proud of the strong reputation we have built amongst our international counterparts for collaborative and effective engagement on matters affecting the IP ecosystem. In November 2022 we launched the third phase of our ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) Trade Mark Quality Management Project. Funded by the Department of Foreign Affairs and Trade, this project aims to strengthen regional trade systems and increase certainty for exporters.

The project is helping ASEAN member states enhance their ability to design and implement sound quality management practices. This improves the efficiency of IP administration and registration systems across the ASEAN region. This work is part of a larger program to develop a strong regional trade framework across the ASEAN region that benefits regional businesses. This project continues to enhance and expand on the concepts established at the program's inception in 2021.

# Improving trans-Tasman regulation of patent and trade mark attorney professions

The IP attorney profession is regulated in Australia and New Zealand through a bilateral agreement (Arrangement relating to Trans-Tasman Regulation of Patent Attorneys) between the Governments of Australia and New Zealand. IP Australia is responsible under the agreement for the effective administration and regulation of the profession on behalf of both governments.

The regulation of the profession ensures that its members are appropriately qualified, knowledgeable and experienced, and are ethically bound by a Code of Conduct. This provides consumers with confidence in the knowledge and expertise of registered attorneys when engaging with the IP system.

In accordance with the agreement, in 2022–23 we collaborated with New Zealand's Ministry of Business, Innovation and Employment (MBIE) on a review of the effectiveness of the regulatory regime, including a public consultation process. A report on the review was published in May 2023 by both Governments. The review concluded there are no substantive issues with the performance of the regime but identified some minor administrative improvements. These improvements will be addressed across the next 18 months in consultation with the New Zealand Government.

We are proud of the strong reputation we have built amongst our international counterparts for collaborative and effective engagement on matters affecting the IP ecosystem.



### PLANT BREEDER'S RIGHTS REFORM: REACHING AND ENGAGING AGRICULTURE STAKEHOLDERS

The Plant Breeder's Rights (PBR) system encourages the introduction of new plant varieties to support innovation, productivity and profitability in agriculture and for the benefit of society. Using a human-centred design approach the PBR Reform Program supports research to ensure the PBR system is fit for purpose and continues to support plant breeding industries.

For PBR reform work to succeed there is a need to reach and build relationships with stakeholders who otherwise do not engage with traditional IP channels. Throughout 2022–23, the program has done this by raising the awareness and profile of PBR and its purpose across the Government and relevant industries. Our key achievements are:

- Publishing new research relating to the economic impact, costs, and benefits of PBR, and sharing these findings with the Government and industry. This research is the first economic analysis on the role and value of the PBR system since the introduction of the 1994 PBR Act. The research provides us with a detailed understanding of the value of PBR to the Australian economy, problems experienced across the PBR ecosystem, and highlights opportunities for the future of the PBR system.
- Developing targeted education materials focused on IP for agriculture, the specifics of the PBR process and how PBR connects with other IP systems. We have been able to meet customers' specific needs (for example, information about using PBR and trade marks to protect your new variety) and increased our engagement with current customers and those who may want to register PBR in the future.



- Releasing case studies showcasing the value of PBR in the wheat and almond industries, and videos explaining the role of growing trials and Qualified Persons (QPs) in PBR. Diversifying our education and awareness content with video case studies has increased the visibility of PBR and created meaningful connections with stakeholders.
- Tailoring content for industry-specific associations (such as the nursery and garden industries) for them to pick up and share with their members and networks. This has allowed us to address specific interests and reach a broader audience – those who work with and grow varieties that are PBR-protected by other people.

The program has also created new opportunities for PBR stakeholders to contribute to the reform process. For example, we developed and facilitated a series of workshops with QPs, who play a unique role in the IP ecosystem. These workshops provided space for dozens of QPs to connect with IP Australia and each other, share their experiences and challenges, and discuss potential solutions to help them perform their roles and support the PBR system.

Feedback from QPs about the workshop approach was overwhelmingly positive. We published findings online for transparency and to allow QPs to see and use the feedback. Evidence collected from the workshops is contributing directly to PBR reform initiatives underway across the agency.



# ENHANCING THE IP AUSTRALIA CORPORATE WEBSITE

We are committed to delivering modern, effective, and efficient services, listening to customers, and continuously delivering value-based products and initiatives based on their feedback and priorities.

Through feedback, we identified that our customers found it difficult to find what they were looking for on our corporate website and if they could find it, it was hard to understand. We completed further consultation with our customers to ensure we were clear about what they needed from the website, what their specific challenges were and how we could support them to make informed decisions when considering applying for an IP right.

Informed by this feedback we designed and delivered a contemporary digital experience and a single source of truth for our customers. This would help them understand how to protect their ideas and make informed decisions about their IP rights.

We replaced the technical platform with more modern, flexible, and future-proof technology, reducing the burden on staff to maintain and improve the web experience. We utilised fit-for-purpose website technologies to deliver an intuitive and consistent experience. These technologies

are underpinned by effective analytics that can influence behaviour and support ongoing improvements. This includes the ability to capture user engagement, and proactively surface information that might be relevant to a particular customer's journey with the IP system.

The team applied contemporary best practices to enable customers to find and understand information to complete tasks successfully and more easily. Whether it is task-based, educational or regulatory the information is clear, valuable, and accessible. This project has empowered our customers and is driving positive engagement – this was demonstrated by the increase in customer engagement with our new corporate website since the launch in late 2022. It is further demonstrated by the continued high proportion of customers who are satisfied with IP Australia (89%) and our products and services (88%).

Our corporate website is now modern, practical, and informative. It is simple to navigate and aligns with contemporary expectations. We will continue our customer-led and data-driven focus to ensure we further enhance the website experience for our customers.

#### **CUSTOMER**

Customer expectations and experiences lead our approach to how we deliver IP rights services. Information regarding IP rights should remain accessible, accurate and easily consumable by all Australians.

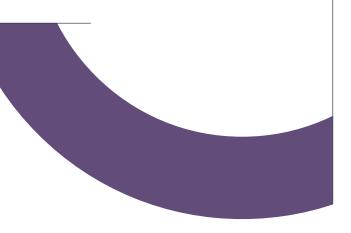
#### Improving stakeholder engagement

Our Quality, Practice and Customers project has focused on greater engagement with stakeholders through biannual Quality Workshops. The workshops involved stakeholders from the Institute of Patent and Trade Mark Attorneys of Australia, International Trademark Association, International Federation of Intellectual Property Attorneys and the Law Council of Australia. These engagements have seen improvements and positive changes to the Trade Marks Manual of Practice and Procedure, training practices and information published on IP Australia's website.

#### **Customer satisfaction maintained**

We continued to provide excellent experiences for our customers underpinned by contemporary and accessible products and systems. Our 2022–23 Customer Satisfaction results remain consistent with our 2021–22 results, with customers being satisfied with their interactions with us (89%), our administration of the IP system (87%) and with the quality of our products and services (88%).

We continued to provide excellent experiences for our customers underpinned by contemporary and accessible products and systems.





# **LEAP NETWORK - ACCESSIBILITY IN THE WORKPLACE**

Our employees are critical to our ability to deliver our purpose. To attract, recruit and retain people with the right skills, we may need to support their needs, be flexible and value their contributions throughout their employment at IP Australia.

With this in mind during 2022–23, we focused on increasing the number of members in our IP Learning, Equity and Accessibility Partnership (LEAP) Network. LEAP is for our staff with disability or caring responsibilities and their allies. Supported by our Disability Executive Champion, the LEAP Network and Diversity and Inclusion team's key initiative was the development of IP Australia's Access and Inclusion Plan (the Plan).

The Plan is closely aligned to the Australian Public Service Disability Employment Strategy. It ensures that our workplace, processes, and policies support a culture which celebrates and welcomes people from all backgrounds, and where people with disability are supported in their career. The Plan contains a range of practical and strategic initiatives to improve our business practices to ensure our services and systems are accessible for our staff and customers. These include inclusive recruitment, providing flexible work practices, raising awareness, providing training and career opportunities and ensuring that support services are consistently available to all employees. This Plan is a commitment to value our colleagues and customers with disability, allowing everyone to participate fully in the workplace and IP rights system.

#### **CAPABILITY**

Our workforce is our greatest asset, and the satisfaction, motivation, and retention of our workforce is a priority. Across 2022–23 we have focused our efforts on identifying, building and maintaining our workforce capabilities so we are positioned to meet the current and future needs of the IP rights system. This has included a strong focus on building an empowering workplace culture that embraces inclusivity and engages with risk.

#### Our risk maturity improves

We actively pursue the development of a positive risk culture where staff at all levels understand and manage risk as part of their day-to-day activities. 'Engage with Risk' is a core capability for all staff members and we assess the success of risk management culture improvements through our internal audit program and the Comcover Risk Management Benchmarking Program.

In 2022–23 we received confirmation that our efforts have improved our risk maturity: the program gave us an overall result of 'Embedded' (level four of five) and reported that we had increased performance in all areas of focus. Activities that contributed to our improved risk maturity include:

- the integration of risk management into our routine decision-making, governance procedures, and performance management processes
- staff capability uplift through implementation of our risk management policy and framework, ongoing learning and development and senior leaders championing risk within their areas of operation
- targeted education and awareness including presentations at committee meetings and workshops with business areas.

#### Improving our cultural competency

Our Innovate Reconciliation Action Plan (RAP) outlines our commitment to building stronger relationships with Indigenous communities and gaining deeper cultural understanding. We have implemented 71% of the commitments from the Innovate RAP, including:

- increasing Aboriginal and Torres Strait Islander workforce representation
- implementing an Indigenous Procurement Strategy
- supporting Indigenous participation in international policy discussion on IP Rights
- implementing new cultural competency learning resources for all staff.



#### An employer of choice in challenging times

Labour market conditions have continued to challenge our ability to attract and retain high-talent staff. We are dedicated to making our agency the best workplace it can be and becoming an employer of choice in the Australian jobs market. We are achieving this through our APS-leading flexible work offerings and by making most of our roles suitable for and available to people across Australia. This is demonstrated by 96% of staff accessing flexible work arrangements. This ensures we attract the right people for the right roles so we can continue to provide excellent services to customers regardless of their location.

#### Taking a LEAP forward in inclusion

We continue to foster a culture of inclusion. In 2022–23 we launched our Mental Health Network and our IP LEAP Network. We established the Mental Health Network to enable people with mental ill health to connect and talk about barriers in the workplace and ways we can help them remain at work. The LEAP network provides peer support to colleagues through learning, support and information sharing about living with disability and supporting people with disability.

#### Integrity matters

Integrity and stewardship are central to our role in administering the IP system. Following the release of the Commonwealth Integrity Maturity Framework in December 2022, we set about reviewing our processes and practices in preparation for the introduction of the National Anti-Corruption Commission. We focused efforts on raising awareness amongst staff of our existing policies promoting probity and ethical procurement, conflicts of interest management, and personnel, physical and information security practices. We also introduced mandatory anti-corruption training, issued a new Accountable Authority Instruction for staff to report corrupt conduct, appointed an integrity officer and issued a new Fraud and Corruption Control Plan.



# TM CHECKER: A CUTTING-EDGE TOOL FOR SME TRADE MARK PROTECTION

Small and medium-sized enterprises (SMEs) play a crucial role in the Australian economy, driving innovation and generating employment opportunities. IP supports SME growth and helps them to protect their innovations and long-term assets. Interestingly, SMEs with IP rights exhibit impressive statistics, employing 3.5 times more people and offering higher median wages than those without. Despite this, less than 4% of Australian businesses hold registered IP rights.<sup>1.2</sup>

IP Australia remains dedicated to understanding customer needs and supporting Australian SMEs on their journey through the IP system. In researching SME behaviour, we uncovered a significant lack of awareness about trade marks. In particular, it was noted by an internal survey conducted by the IPA Ventures team that 48% of small business have had to rebrand due to contested trade mark infringement (the global statistic for this is 46%) and 3 out of 4 trade mark infringements lead to costly litigation, on average costing \$100,000.

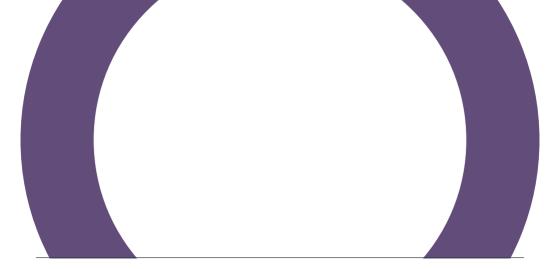
In response, we introduced the TM Checker Pilot tool in 2022–23. TM Checker was co-designed with small business to provide enhanced assistance and support to SMEs. Using cutting-edge machine learning, TM Checker reports if there are already trade marks that might be similar to a user's brand or name in the proposed classes of goods and services. It simplifies the registering of text or logo trade marks, making it more accessible for SMEs who otherwise might not engage with the IP system.

TM Checker serves as an accessible and relevant entry point into the IP system and is complemented by a comprehensive suite of education tools and resources. Throughout their business establishment journey, SMEs can be educated about trade marks through various touchpoints. We actively collaborate with a range of partners to saturate these touch points with trade mark content. This involves integrating TM Checker and educational information about trade marks into business and marketing podcasts, small business blogs, advisory and prominent small business events. SMEs can access case studies, fact sheets and a selection of short videos.

The combination of cutting-edge technology and innovative outreach approaches has led to increased awareness of trade marks and IP in the market. This helps SMEs better protect their brand so they can grow and prosper in the competitive landscape.

<sup>1</sup> Australian Intellectual Property Report 2022 | IP Australia - Pg 44

 $<sup>2\,</sup>$  IP Rights And Enterprise Growth I IP Australia - Pg  $3\,$ 



#### INNOVATION

We are committed to innovation as part of sustaining our adaptive, flexible and forward-thinking approach to how we administer the IP rights system. As part of that commitment, we continue to support and enhance a wide array of digital services that positively influence the customer and staff experience. Technology changes and innovates rapidly and we need to keep pace with those changes to monitor risks and take opportunities.

#### **Tech-led efficiencies**

In 2022–23 we continued to enhance our data holdings, make the best use of our customer research and use smart analytics to innovate and find efficiencies in our work. For example, we conducted research and discovered that many SMEs were either unaware, uncertain about or late in registering their trade marks. As a response to this situation, we are piloting a trade mark tool TM Checker to help small businesses make informed decisions about trade mark registration.

We also progressed the Plant Breeder's Rights (PBR) Reform with the launch of a new PBR Search tool that brings modern design and functionality to assist customers in searching the database. We are also laying technical foundations for the new PBR administration system, which will support examiners in assessing and granting PBRs. As these systems continue to develop, we will be able to provide PBR customers with an increasingly seamless experience when using our online services.

#### **Embracing Al**

We have responded to the rapid proliferation of artificial intelligence (AI) and generative AI. This has become an area of interest for the Government and presents significant potential for delivering services more efficiently. In 2022-23, our ventures team ran a three-month discovery process to explore the potential implications that generative AI (tools such as ChatGPT and Stable Diffusion) might have for the IP system. A series of 'provocation' papers were published to explore issues that might arise from the arrival of generative Al tools. These tools allow anyone to create novel content at scale, for example allowing users to flood the public domain with 'prior art' information. This has potentially significant implications for the administration and examination of IP rights which rely on assessment of the right against relevant 'prior art' to determine validity.

We will continue to work with stakeholders, customers and the Government to explore the impacts of Al and generative Al on the IP Rights system. We are examining implications for the rules for protection of IP and how we might maximise the potential benefits for our customers and the Government, while effectively managing risks around transparency, accountability and ethical use.

#### Innovation framework

We are committed to innovation as a part of how we work. To achieve this, innovation must be integrated into our governance, our operational practices, our capability framework and in supporting staff to make it a part of their day-to-day. In March 2023, we launched our Innovation Framework, which sets out why innovation matters to us, how we support innovation, and how we govern innovation.

# PART TWO



# REPORT ON PERFORMANCE





#### **Introductory Statement**

I, as the accountable authority of IP Australia, present the Annual Performance Statements of IP Australia for 2022–23, 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.

In accordance with subsection 16F(1) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), these performance statements report on our performance for the year ended 30 June 2023, assessed against the purpose and measures published in:

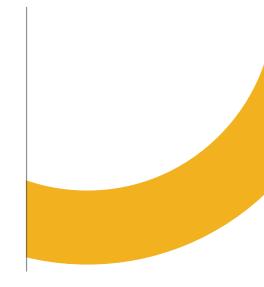
- IP Australia Strategic Corporate Plan 2022–23
- Portfolio Budget Statements 2022–23 Industry, Science and Resources Portfolio

Our performance measures demonstrate our performance against the three principles of regulator best practice, in line with the Australian Government's expectations for regulator performance under the *Regulator Performance Resource Management Guide (RMG 128)*.

Michael Schwager

Michael Elisap!

Director General
13 October 2023



### **PROGRAM 1:**

#### IP Rights Administration and Professional Registration

This program delivers robust intellectual property rights that satisfy our customers in terms of timeliness and quality, and by maintaining professional registration of persons wishing to qualify for registration as Patent and/or Trade Marks Attorneys.

#### Performance measure 1

#### **Objective**

IP Australia's timeliness, quality, satisfaction and availability commitments are met

#### **Source**

2022–23 Portfolio Budget Statements, page 166 IP Australia 2022–23 Corporate Plan, page 13

#### Regulator performance principles

Principle 1: Continuous improvement and building trust

Principle 2: Risk based and data driven

Principle 3: Collaboration and engagement

#### Results Criterion

The timeliness, quality, satisfaction and availability commitments are measured by:

- the timeliness of IP rights products and services
- customer satisfaction with the administration of the IP system
- customer satisfaction with the quality of our products and services
- the availability of online services portal for customers.

#### **Target**

Meet the key organisational performance metrics for timeliness, quality, satisfaction and availability.

#### Result

Met



Table 3: Key organisational performance metrics

	Target	2022-23 Results	Met / Not Met	2021-22 Results			
The t	The timeliness of IP rights						
1	Patents						
1.1	85% of international search reports (for one invention) in 10 weeks.		Met	96%			
1.2	95% of international search reports (for all search requests) in 12 weeks.	96%	Met	98%			
1.3	85% of international-type search reports (for one invention where the original request is compliant) in 6 weeks.		Met	94%			
1.4	95% of international-type search reports (for all search requests from receiving a compliant request) in 8 weeks.		Met	99%			
2	Trade Marks						
2.1	85% of first reports on new applications in 13 weeks.	93%	Met	99%			
2.2	95% of first reports on new applications in 18 weeks.	100%	Met	99%			
2.3	95% of TM Headstart Part 1 assessments in 5 days.	100%	Met	99%			
2.4	97% of TM Headstart Part 1 assessments in 7 days.	100%	Met	99%			
3	Designs						
3.1	85% of formalities report on new applications in 8 weeks.	95%	Met	83%			
3.2	95% of formalities on new applications in 9 weeks.	97%	Met	95%			
3.3	85% of first reports from examination requests in 13 weeks.	50%	Not Met	49%			
3.4	95% of first reports from examination requests in 16 weeks.	78%	Not Met	77%			
4	Plant Breeder's Rights (PBR)						
4.1	85% of initial examination in 8 weeks.	100%	Met	99%			
4.2	85% of further examination in 4 weeks.	97%	Met	92%			
	Customer satisfaction with the quality of our products and services		Met				
5	Greater than 80% of customers are satisfied with the quality of our products and services.	88%	Met	**			
	Customer satisfaction with the administration of the IP System		Met				
6	Greater than 80% of customers are satisfied overall with IP Australia.	89%	Met	**			
7	Greater than 85% of customers are satisfied with IP Australia's administration of the IP system.	87%	Met	87%			
	Availability of online services portal for customers		Met				
8	Greater than 98% of online services portal availability for customers.	100%	Met	**			

#### Notes:

 $<sup>^{*}</sup>$  all results in this table have been rounded to the nearest whole number. Where a result was greater than 0.5 it is rounded up and where less than 0.5 rounded down.

<sup>\*\*</sup> not included in 2021–22.

#### **Analysis**

In 2022–23, we met our quality, satisfaction, availability and timeliness commitments, giving us an overall result of **Met** for this performance measure.

As set out in our Strategic Corporate Plan, to meet the timeliness target overall we must meet 85% of the timeliness commitments. We met 12 of 14 timeliness commitments across all four IP rights (85.7%). We did not meet two timeliness commitments for examination of first reports for Designs.

#### **Designs**

In 2022–23 we met two of our four timeliness commitments, compared to only one of four in 2021–22. We have made a strategic effort to reduce the backlog of Designs examinations over the past two years. Our continued effort to increase the capability and capacity of our Designs workforce has resulted in improved performance against our timeliness commitments compared to 2021–22. This work is on-going, and we expect to achieve all four of the Designs timeliness commitments in 2023–24.

#### **Patents**

In 2022–23 we continued to exceed all our timeliness commitments for patents. There was a slight drop in timeliness compared to 2021–22 across all four targets, which is attributed to an increase in demand, amongst other factors.

During 2022–23 we received 38 international patent search reports and 43 international-type search reports above planned demand. There were also delays in issuing reports due to a new IT platform release. These factors contributed to delays in completing some reports. Impacted customers were notified and kept informed of the progress of their applications.

#### **Trade Marks**

In 2022–23 we continued to exceed our timeliness commitments for trade marks. 3 of the 4 measures were met at 99.5% and above. While there was a slight decline in our timeliness for first reports within 13 weeks compared to 2021–22, dropping from 99% to 93%, we still exceeded the target of 85%.

#### Plant Breeder's Rights

In 2022–23 we met our timeliness commitments for initial (100%) and further examination (97%) for PBR. During the year we increased our examination capability and capacity through the completion of training for additional examiners. Finalisation of the training also released further examination capacity amongst the training examiners. This boost in numbers has helped the examination team to successfully fulfil both office and field-based examination work.

In July 2022 we revised each of our two PBR timeliness commitments down to 85% (from 100% and 95% respectively), reflecting a more balanced and effective regulatory approach that acknowledges the unique characteristics of the PBR system. Compared to other IP rights the proportionately low volumes of PBR products means that even a single product issued beyond the given timeframe can have a large percentile impact on whether timeliness targets are met

This revision allows for a more realistic target that accounts for key influences such as:

- the practical challenges of managing of a small examination team
- ongoing disruptions to PBR customers due to environmental events that impact our ability to conduct field trials and complete examinations
- the overhead of implementing continuous improvements to examiner systems and processes, which can cause periodic disruption
- the need for the examination team to provide additional on-the-job support to trainee examiners.

Please note the data used to measure the PBR timeliness commitments is currently collected through a manual process. As with any manual process, there is risk of errors or inconsistencies in the collection process. Noting this risk, we have established quality assurance processes to ensure the completeness and accuracy of the data supporting the results reported above. We are taking steps to move to an automated data collection process in the future, reducing our reliance on manual data collection processes and decreasing the associated risk of errors or inconsistencies.

## Customer Satisfaction and Availability of our Online Services

In 2022–23 we met our target for customer satisfaction with the administration of the IP system (87%), overall customer satisfaction with IP Australia (89%), customer satisfaction with the quality of our products and services (88%) and our online services portal availability (99.8% up-time).

Our commitment to customer satisfaction is supported by customer insights. We analyse customer data to drive continual improvement and help us identify practical ways to improve our customer experience.

In 2022–23 we revised our Customer Service Charter (CSC) and moved our key performance metrics for timeliness, satisfaction, quality and availability into our Strategic Corporate Plan. This change removed our reliance on an annual Customer Satisfaction Survey to measure our performance and enabled us to use the broad suite of feedback mechanisms to report on customer satisfaction.

Regular monitoring of our performance was achieved through the delivery of a quarterly Customer Satisfaction Survey (CSS). The quarterly CSS was conducted as an online census of all IP Australia customers that had interacted with us through the online services portal in the previous three months. A total of 40,564 customers were invited to participate in 2022–23. 2,543 customers responded to the survey, an overall response rate of 6.3%. Noting this is the first year of adopting the quarterly CSS, we will continue to monitor and assess the response rate.

To manage and deliver the CSS, we moved from using an external provider (ORIMA) to internally managing the delivery of a quarterly survey using the Qualtrics platform. This platform is used to deploy our suite of surveys. The move to a quarterly survey in 2022–23 has allowed us to monitor our performance through more regular feedback and created more opportunities to improve the customer experience in real time. Before moving to a quarterly survey, some customers were being asked to provide feedback on their experience from up to 12 months prior.

We use our customer research to better inform decision making, achieve customer focused outcomes and drive continuous improvement in service delivery, satisfaction, and customer experience. Our customer research enables us to respond to trends that shape customer expectations and needs. By using various functions, tools, and channels we can understand the customer experience and surface opportunities to enhance satisfaction.

In 2022–23, we introduced a new performance sub-measure related to the availability of our online services portal. Our Online Services portal is a critical underlying enabler for the services provided to our customers.

Our online services portal availability was calculated manually throughout 2022–23. We acknowledge that there is increased risk of errors or inconsistencies using manual processes. To reduce this risk, we have established a modern reporting solution that automates calculation of availability. This modern solution will be leveraged from April 2024.

#### Performance measure 2

#### **Objective**

Process trans-Tasman attorney registration applications within 15 working days from the date that the application complies with registration requirements

#### Source

2022–23 Portfolio Budget Statements, page 166 IP Australia 2022–23 Corporate Plan, page 14

#### Regulator performance principles

Principle 1: Continuous improvement and building trust

Principle 2: Risk based and data driven

#### **Results Criterion**

Applications for trans-Tasman attorney registration are processed within 15 working days from the date that the application complies with registration requirements.

#### **Target**

100% of our applications are processed within the required timeframe.

#### Result

Not Met

 $99\,\%$  of applications for Trans-Tasman attorney registrations were processed within 15 working days from the date the application complied with registration requirements.

#### **Analysis**

In 2022–23 we processed 67 registrations for individuals and 13 registrations for incorporated attorneys. This reflects an increase in the number of applicants compared to 2021–22 where we processed 59 registrations for individuals and 11 registrations for incorporated attorneys.

We did not meet the target of 100% of applications processed within the 15 working day timeframe. One application was not processed within the 15 working day time frame following a request from the applicant after submission that their registration be delayed until the following financial year. The average processing time for applications during 2022–23 was 3.5 working days.

Please note the data used to measure the processing of attorney registrations is collected through a manual process. As with any manual process, there is a risk of errors or inconsistencies in the collection process. Noting this risk, we have established quality assurance processes to ensure the completeness and accuracy of the data supporting the results reported above. We have also commenced development of a new system that will modernise our current registration processes, improve the user experience for prospective attorneys and increase the efficiency and effectiveness of our registration processing and reporting.



## **PROGRAM 2:**

#### **Education and awareness**

This program delivers education and awareness activities to IP Australia's stakeholders, explaining and highlighting the value of IP. It also increases access to the domestic and international intellectual property system in line with Australia's interests.

#### Performance measure 3

#### **Objective**

Improved awareness of the IP rights system

#### **Source**

2022–23 Portfolio Budget Statements, page 167 IP Australia 2022–23 Corporate Plan, page 14

#### Regulator performance principles

Principle 1: Continuous improvement and building trust

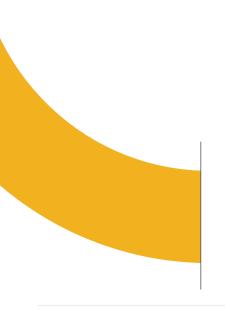
#### Results Criterion

Improved awareness of the IP rights system measured by:

- effective delivery of public education and awareness programs, which promote the importance of IP and provide Australians with the tools they require to make informed decisions
- an increase in the level of customer's knowledge of Australia's IP system.

#### **Target**

- Meet the key performance metrics for public education and awareness programs:
- Reach: increased volume of partners and multipliers.
- Engagement: increased number of participants engaging with online material (website, newsletter, and social media).
- Satisfaction: 80%+ of participants are satisfied with the education and awareness activity delivered.
- Knowledge: 80%+ of participants identify an increased understanding and awareness of the IP system
- An increase to the percentage of customers who
  respond that their level of knowledge of the IP system is
  either adequate or extensive from the 2021–22 result.



#### **Result**

Met

1.

#### Reach

- Increase in volume of partners by 73% (43 new partners) from 2021–22
- Increase in education sessions by 27% (10 additional sessions) from 2021–22

#### **Engagement**

- Increased engagement with website tools and resources page by 498% (24,722 additional page views) from 2021–22
- Increased newsletter subscribers by 2.1% (64 subscribers) from 2021–22
- Increased social media engagement by 41.2% from 2021–22

#### Satisfaction

 84% of participants were satisfied with the education and awareness activity delivered.

#### Knowledge

• 84% of participants identified an increased understanding and awareness of the IP system.

2.

2% increase to the percentage of customers who responded that their level of knowledge of the IP system is either adequate or extensive from the 2021–22 result (55% to 57%).

#### **Analysis**

The Public Education and Awareness function continues to mature. Through successful messaging, relevant and effective outreach activities and improved education materials we have seen an increase in growth through referrals.

We have seen an increase in education sessions and requests for education materials specific to research collaboration ventures from university acceleration hubs and industry led accelerators supporting the commercialisation journeys of SMEs.

We have established a strategic partnership approach which has seen SMEs benefit from collaborating with third-party networks including universities, peak industry associations and other government agencies (federal and state). This remains an effective and efficient way to reach target audiences, with a demonstrable increase in requests for information sessions and educational material across all networks. We have also seen feedback from sessions remain high at 84% satisfaction, with a 27% increase in session delivery compared to 2021–22.

Social media continues to be an effective and engaging medium, with an increase in followers and engagement across our four platforms: LinkedIn, Instagram, Facebook and Twitter.

In 2022–23 we refined and reduced content, taking a 'less is more' approach. Through this approach we saw a positive result reflected by a significant 41% increase in engagement. This approach will continue to be applied and closely monitored over the next 12 months.

Our updated website includes a newly designed 'tools and resources' page which has seen an increase in pageviews of 498% compared to 2021–22. The new platform and information architecture ensures that important information is more readily accessible to users, as reflected through the increase in pageviews.

Responses to our Customer Satisfaction Survey demonstrated a 2% increase in users' level of knowledge (either adequate or extensive) of the IP system. Session survey respondents also indicated an 84% satisfaction response when asked about the delivery and content from our delivered sessions.

Overall, the Public Education and Awareness function is demonstrating success in achieving the objectives of Program 2 through effective delivery of programs and tools, effective identification and engagement with target audiences, and an increase in the level of customer knowledge of the IP system.

# **PROGRAM 3:**

#### Advice to government and international engagement

This program supports policy and legislative change to foster Australian innovation by shaping the development of the IP system domestically and abroad. IP Australia engages internationally to influence the development of effective IP systems in line with Australian interests.

#### Performance measure 4

#### **Objective**

Provision of high-quality advice to the Australian Government on policy, legislation, ministerial correspondence, and briefs

#### Source

2022–23 Portfolio Budget Statements, page 168 IP Australia 2022–23 Corporate Plan, page 15

#### Regulator performance principles

Principle 3: Collaboration and engagement

#### **Results Criterion**

High-quality advice measured by:

- the quality of ministerial briefs and correspondence delivered to the Minister's Office
- the timeliness of ministerial briefs and correspondence delivered to the Minister's Office.

#### **Target**

- Ministerial briefs and correspondence delivered to the Minister's Office are of a high quality with less than 10% resubmitted due to error or omission.
- 100% of ministerial briefs and correspondence requested by the Minister's Office are delivered within the agreed timeframes.

#### Result

Met

No items delivered to the Minister's Office were resubmitted due to error or omission.

100% of ministerial briefs and correspondence requested by the Minister's Office were delivered within the agreed timeframes.



#### **Analysis**

Across 2022–23 we prepared and submitted 89 ministerial briefs and correspondence. There were no items resubmitted due to error or omission. We continued to deliver high-quality and timely advice to the Australian Government, meeting both our targets in 2022–23. This year, we have had a lower quantity of ministerial briefs and correspondence compared to 2021–22, where we completed 160 ministerial briefs and correspondence.

A minor wording change was made to Target 1 for this performance measure after the 2022–23 Strategic Corporate Plan was issued in August 2022. The measure previously said: "Ministerial briefs and correspondence delivered to the Minister's Office are of a high quality, with less than 10% required to be redrafted". The amended wording, "Ministerial briefs and correspondence delivered to the Minister's Office are of a high quality with less than 10% resubmitted due to error or omission", more accurately reflects the circumstances in which a change would occur and our long-standing processes for preparing and submitting ministerial briefs or correspondence.

The 2022–23 Strategic Corporate Plan was not reissued noting the change was to a target rather than measure and no changes were made to our underlying measurement methodology.

Please note the data used to measure the submission of ministerial briefs and correspondence is collected through a manual process. As with any manual process, there is a risk of errors or inconsistencies in the collection process. Noting this risk, we have established quality assurance processes to ensure the completeness and accuracy of the data supporting the results reported above.





# FINANCIAL PERFORMANCE



#### **Report on Financial Performance**

We recorded a surplus of \$3.386 million (1.3% of revenue) for the financial year. This result reflects 0.7% growth in IP Rights applications and renewals receipts which was lower than the previous year. We also saw an increase in total expenses associated with rising staff costs and maintaining a modern and secure operating environment for our systems and data.

As a cost-recovered agency, we actively monitor our cash reserves to ensure we are meeting our financial sustainability obligations. This operating result and the ongoing careful management of our capital investment has seen our cash reserves remain steady at \$74.961 million as at 30 June 2023. This is equivalent to approximately three months of operating expenses.

We continue to assess our internal efficiency and performance to ensure that our services are effective, responsive and financially sustainable.

#### **Demand Forecast and Actual Performance**

Each year we forecast the expected demand for our services based on historical application trends. We use this information to determine the workforce profile and capacity required to meet our Strategic Corporate Plan commitments, in line with our cost-recovery framework.

Table 4 reports our actual performance against the estimated demand for examination and registration services for the year.

Table 4: Program 1 results, 2022-23

Deliverable	Estimated	Actual
Receipt of Applications		
Patents	31,019	32,051
Plant Breeder's Rights	350	339
Patent Cooperation Treaty	2,453	2,534
Trade Marks	87,180	80,062
Designs	8,265	8,366
Registration Service		
Trans-Tasman IP Attorney Regime	2,039	1,720

# F<sub>S</sub>

# FINANCIAL STATEMENTS





#### INDEPENDENT AUDITOR'S REPORT

#### To the Minister for Industry and Science

#### Opinion

In my opinion, the financial statements of IP Australia (the Entity) for the year ended 30 June 2023:

- (a) comply with Australian Accounting Standards Simplified Disclosures 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 2023 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 2023 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 – Simplified Disclosures 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 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

Colin Bienke Audit Principal

Delegate of the Auditor-General

Canberra 30 September 2023

#### IP Australia

#### STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2023 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

Muhadluzer.

29 September 2023

Doug Pereira Chief Financial Officer

September 2023

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# IP AUSTRALIA STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2023

<b>2023</b> 2022	Original
	Budget <sup>1</sup>
<b>\$'000</b> \$'000	\$'000
NET COST OF SERVICES	
Expenses	
Employee benefits 1.1A <b>143,771</b> 133,262	145,207
Suppliers 1.1B <b>72,447</b> 58,186	67,078
Depreciation and amortisation 2.2A <b>31,735</b> 32,748	32,942
Finance costs 1.1C <b>1,657</b> 1,721	1,591
Impairment loss on financial instruments 1.1D <b>11</b> -	-
Write-down and impairment of other assets 48 1,155	-
Losses from asset sales1	_
Total expenses         249,670         227,072	246,818
Own-Source Income	
Own-source revenue	
Revenue from contracts with customers 1.2A <b>248,885</b> 247,091	247,604
Other revenue 1.2B 155 166	160
Rental income 1.2C 3,656 659	3,694
Total own-source revenue         252,696         247,916	251,458
Gains	
Gains from sale of assets - Plant and equipment	
Total gains 3	
Total own-source income 252,696 247,919	251,458
Net (cost of)/contribution by services 3,026 20,847	4,640
Revenue from Government 360 356	360
Surplus/(Deficit) attributable to the Australian Government 3,386 21,203	5,000

The above statement should be read in conjunction with the accompanying notes.

The original budget was reported in the 2022-23 Portfolio Budget Statements published in October 2022.
 Explanations of major variances are provided in Note 1.

# IP AUSTRALIA STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

			Original
	2023	2022	Budget <sup>1</sup>
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents 2.1A	74,961	79,923	74,371
Trade and other receivables 2.1B	5,430	3,926	5,042
Total financial assets	80,391	83,849	79,413
Non-financial assets			
Prepayments	7,642	9,752	11,243
Leasehold improvements <sup>2</sup> 2.2A	140,849	154,153	138,922
Plant and equipment <sup>2</sup> 2.2A	5,789	2,316	5.881
Intangibles 2.2A		115,365	124,090
Total non-financial assets	278,978	281,586	280,136
Total assets	359,369	365,435	359,549
LIABILITIES			
Suppliers 2.3A	7,759	13,167	9,048
Other payables 2.3B	,	70,296	67,299
Total payables	80,034	83,463	76,347
Interest bearing liabilities			
Leases 2.4A	122,324	131,173	120,574
Total interest bearing liabilities	122,324	131,173	120,574
Provisions			_
Employee provisions 2.5A	47,692	45,199	52,028
Other provisions 2.5B	,	10,100	52,020
Total provisions	48.025	45.199	52,028
Total liabilities	250,383	259,835	248,949
Net assets	108,986	105,600	110,600
EQUITY			
Contributed equity	5,908	5,908	5,908
Reserves	2,950	2,950	2,950
Retained surplus	100,128	96,742	101,742
Total equity	108,986	000,000	110,000

The above statement should be read in conjunction with the accompanying notes.

2. Right-of-use assets are included in the following line items:

Leasehold improvements Note 2.2A
Plant and equipment Note 2.2A

<sup>1.</sup> The original budget was reported in the 2022-23 Portfolio Budget Statements published in October 2022. Explanations of major variances are provided in Note 1.

# IP AUSTRALIA STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2023

	Retained earnings		Asset revalu	ation rese	erve	Contributed equity		Total equity				
	2023	2022	Original Budget <sup>1</sup>	2023	2022	Original Budget <sup>1</sup>	2023	2022	Original Budget <sup>1</sup>	2023	2022	Original Budget <sup>1</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance												
Balance carried forward from previous period	96,742	75,539	96,742	2,950	2,950	2,950	5,908	5,908	5,908	105,600	84,397	105,600
Adjustment on changes in accounting policies			-					-	-			_
Adjusted opening balance	96,742	75,539	96,742	2,950	2,950	2,950	5,908	5,908	5,908	105,600	84,397	105,600
Comprehensive income												
Surplus/(Deficit) for the period	3,386	21,203	5,000	-	-	-	-	-	-	3,386	21,203	5,000
Other comprehensive income												
- changes in asset revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	3,386	21,203	5,000	-	-	-	-	-	-	3,386	21,203	5,000
Closing balance as at 30 June	100,128	96,742	101,742	2,950	2,950	2,950	5,908	5,908	5,908	108,986	105,600	110,600

The above statement should be read in conjunction with the accompanying notes.



The original budget was reported in the 2022-23 Portfolio Budget Statements published in October 2022.
 Explanations of major variances are provided in Note 1.

# IP AUSTRALIA CASH FLOW STATEMENT

for the period ended 30 June 2023

		2023	2022	Original Budget <sup>1</sup>
	_	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		360	356	360
Sale of goods and rendering of services GST received		251,889 9,510	248,831 7,113	251,267 (795)
Total cash received	-	261,759	256,300	250,832
Total Cash received	-	201,759	256,500	250,632
Cash used				
Employees		(140,337)	(134,553)	(142,013)
Suppliers		(75,823)	(52,555)	(72,182)
Interest payments on lease liabilities		(1,657)	(1,721)	(1,591)
GST Paid		(9,331)	(7,730)	
Total cash used		(227,148)	(196,559)	(215,786)
Net cash from operating activities	-	34,611	59,741	35,046
INVESTING ACTIVITIES Cash received				
Proceeds from sales of property, plant and equipment		24	1	
Proceeds from sales of property, plant and equipment	-	31	4	<u>-</u> _
Proceeds from sales of property, plant and equipment Total cash received	-	31 31	4 4	-
	-			-
Total cash received	2.2A			(300)
Total cash received  Cash used Purchase of leasehold improvements Purchase of property, plant and equipment	2.2A	(202) (4,689)	(1,660) (336)	(5,444)
Total cash received  Cash used  Purchase of leasehold improvements  Purchase of property, plant and equipment  Purchase of intangibles		(202) (4,689) (22,593)	(1,660) (336) (20,383)	(5,444) (24,256)
Total cash received  Cash used  Purchase of leasehold improvements Purchase of property, plant and equipment Purchase of intangibles  Total cash used	2.2A	(202) (4,689) (22,593) (27,484)	(1,660) (336) (20,383) (22,379)	(5,444) (24,256) (30,000)
Total cash received  Cash used  Purchase of leasehold improvements  Purchase of property, plant and equipment  Purchase of intangibles	2.2A	(202) (4,689) (22,593)	(1,660) (336) (20,383)	(5,444) (24,256)
Total cash received  Cash used  Purchase of leasehold improvements Purchase of property, plant and equipment Purchase of intangibles  Total cash used	2.2A	(202) (4,689) (22,593) (27,484)	(1,660) (336) (20,383) (22,379)	(5,444) (24,256) (30,000)
Total cash received  Cash used Purchase of leasehold improvements Purchase of property, plant and equipment Purchase of intangibles  Total cash used Net cash used by investing activities  FINANCING ACTIVITIES	2.2A	(202) (4,689) (22,593) (27,484) (27,453)	(1,660) (336) (20,383) (22,379) (22,375)	(5,444) (24,256) (30,000) (30,000) (10,598)
Total cash received  Cash used  Purchase of leasehold improvements Purchase of property, plant and equipment Purchase of intangibles  Total cash used Net cash used by investing activities  FINANCING ACTIVITIES Cash used Principal payments of lease liabilities  Total cash used	2.2A	(202) (4,689) (22,593) (27,484) (27,453) (12,120)	(1,660) (336) (20,383) (22,379) (22,375) (10,380) (10,380)	(5,444) (24,256) (30,000) (30,000) (10,598) (10,598)
Total cash received  Cash used Purchase of leasehold improvements Purchase of property, plant and equipment Purchase of intangibles  Total cash used Net cash used by investing activities  FINANCING ACTIVITIES Cash used Principal payments of lease liabilities	2.2A	(202) (4,689) (22,593) (27,484) (27,453)	(1,660) (336) (20,383) (22,379) (22,375)	(5,444) (24,256) (30,000) (30,000) (10,598)
Total cash received  Cash used Purchase of leasehold improvements Purchase of property, plant and equipment Purchase of intangibles  Total cash used Net cash used by investing activities  FINANCING ACTIVITIES Cash used Principal payments of lease liabilities  Total cash used Net cash used by financing activities	2.2A	(202) (4,689) (22,593) (27,484) (27,453) (12,120) (12,120) (12,120) (12,120) (4,962)	(1,660) (336) (20,383) (22,379) (22,375) (10,380) (10,380) (10,380) (10,380)	(5,444) (24,256) (30,000) (30,000) (10,598) (10,598) (10,598) (5,552)
Total cash received  Cash used  Purchase of leasehold improvements Purchase of property, plant and equipment Purchase of intangibles  Total cash used Net cash used by investing activities  FINANCING ACTIVITIES Cash used Principal payments of lease liabilities  Total cash used Net cash used Net cash used by financing activities	2.2A	(202) (4,689) (22,593) (27,484) (27,453) (12,120) (12,120) (12,120)	(1,660) (336) (20,383) (22,379) (22,375) (10,380) (10,380) (10,380)	(5,444) (24,256) (30,000) (30,000) (10,598) (10,598)

The above statement should be read in conjunction with the accompanying notes.

<sup>1.</sup> The original budget was reported in the 2022-23 Portfolio Budget Statements published in October 2022. Explanations of major variances are provided in Note 1.

# **OVERVIEW**



IP Australia's objectives are to support Australia's economic development through the administration of intellectual property (IP) rights and to contribute to the improvement of Australian and international IP systems.

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 IP rights system, promoting public awareness and industry engagement, and advising government.

IP Australia's activities 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.

The principal activities of IP Australia 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 IP services. IP Australia also receives departmental appropriation for the non-charging activities it undertakes. 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 IP services.

IP Australia's principal place of business is in Discovery House, 47 Bowes Street, Phillip, ACT.

#### 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 including simplified disclosures for Tier 2 Entities under AASB 1060 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 reported 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.

#### **New Accounting Standards**

Adoption of New Australian Accounting Standard Requirements

Two amending standards (AASB 2021-2 and AASB 2021-6) were adopted earlier than the application date as stated in the standard. These amending standards have been adopted for the 2022-23 reporting period.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2) and	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (AASB 2021-6)	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2.  The details of the changes in accounting policies and adjustments are disclosed in the relevant notes to the financial statements. These amending standards are not expected to have a material impact on IP Australia's financial statements for the current reporting period or future reporting periods.

#### **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 the date of the statement of financial position that materially affect the financial statements.

#### Notes to the financial statements and other

#### **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 receivables are recognised at their nominal amounts.

#### **Significant Accounting Judgements and Estimates**

IP Australia has used accounting judgements and estimates when applying accounting policies. Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 2.2A leasehold improvements and plant & equipment 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, IP Australia's leasehold improvements that were purposed-built and some specialised plant and equipment may in fact realise more or less in the market.
- Note 2.5A employee provisions IP Australia uses judgements and estimates in determining the cost of future leave liabilities. The present value of the liability takes into account expected staff attrition rates and pay increases through promotion and inflation. The estimated value has been determined with reference to work of an actuarial assessment undertaken by Australian Government Actuary as at 31 January 2022.

#### **Contingent Liabilities and Contingent Assets**

IP Australia had no quantifiable or unquantifiable contingent liabilities or assets at 30 June 2023. (2021-22: nil).



#### IP AUSTRALIA

**Note 1: Budget Variance Commentary** *for the period ended 30 June 2023* 

IP Australia considers that major variances are those where:

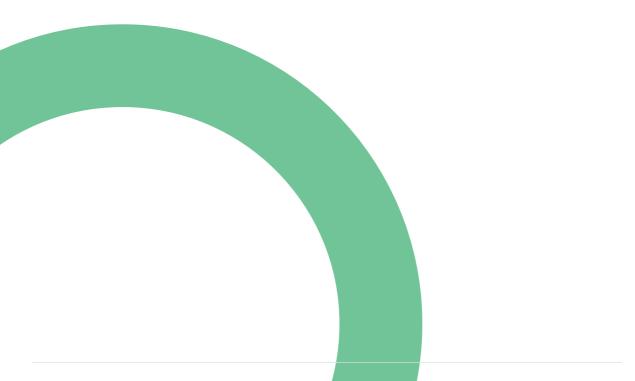
- A variance between budget and actual is greater than 10% of the original Portfolio Budget Statement (PBS) estimate or
- An item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of the performance of IP Australia.

Where a budget estimate has not been provided in the 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.

#### Note 1A: Departmental Major Budget Variances for 2023

Explanation of major variances	Affected line items
Suppliers expense was \$5.369 million (8%) higher than budgeted largely due to opportunities realised in-year on ICT projects and business as usual expenditures as we move from on-premises to cloud computing solutions.	Supplier expenses, supplier payables and prepayments
Other payables were \$4.976 million (7%) higher than budgeted due mainly to lower than planned patent acceptances in the 2022-23 financial year.	Other payables
Employee provisions were \$4.336 million (8%) lower than budget mainly due to the impact of long term bond interest rate movements on the discounting of long service leave liabilities.	Employee expenses and provisions



#### **Financial Performance**

Note 1.1: Expenses		
	2023	2022
	\$'000	\$'000
Note 1.1A: Employee Benefits		
Wages and salaries	109,442	105,236
Superannuation:		
Defined contribution plans	14,030	12,610
Defined benefit plans	5,617	5,599
Leave and other entitlements	13,932	9,379
Separation and redundancies	750	438
Total employee benefits	143,771	133,262

#### **Accounting Policy**

Accounting policies for employee related expenses are contained in note 2.5A.

#### Note 1.1B: Suppliers

Note I.Ib. Suppliers		
Goods and services supplied or rendered		
Contractors	25,106	16,702
Consultants	1,233	1,285
Travel	2,401	551
Communication & IT Services	27,025	21,566
Administrative Services	14,484	15,837
Audit fees	550	470
Subscription to World Intellectual Property Organisation	1,175	1,113
Total goods and services supplied or rendered	71,974	57,524
Goods supplied	347	208
Services rendered	71,627	57,316
Total goods and services supplied or rendered	71,974	57,524
Other suppliers		
Operating lease rentals	_	210
Workers compensation expenses	473	452
Total other suppliers	473	662
Total suppliers	72,447	58,186

Financial statement audit services were provided to IP Australia by the Australian National Audit Office free of charge, at a nominal cost of \$155,000 (2021-22: \$155,000). Internal audit services were provided by PriceWaterhouse Coopers Consulting (Australia) Pty Ltd under contract, at a cost of \$395,320 (2021-22: \$315,340).

### Note 1.1C: Finance costs

Interest on lease liabilities	1,657	1,721
Total finance costs	1,657	1,721

The above lease disclosures should be read in conjunction with the accompanying notes 2.2A and 2.4A.

#### **Accounting Policy**

All borrowing costs are expensed as incurred.

#### Note 1.1D: Impairment Loss on Financial Instruments

Impairment on trade and other receivables	11	-
Total impairment on financial instruments	11	-

#### **Accounting Policy**

Accounting policies relating to financial instruments are contained in notes 1.2A and 2.6.

Note 1.2: Own-Source Revenue and Gains		
	2023	2022
	\$'000	\$'000
Own-Source Revenue		
Note 1.2A: Revenue from contracts with customers		
Provision of goods	323	360
Rendering of services	248,562	246,731
Total revenue from contracts with customers	248,885	247,091
Major services and goods are made up of		
Patent fees	156,432	155,143
Trade Mark fees	84,628	84,717
Design fees	4,498	4,485
Plant Breeders Rights fees	1,503	1,477
Other goods and services	1,028	591
Trans-Tasman IP Attorney fees	796	678
	248,885	247,091
Tuto Tustium Attorney ices		

#### **Accounting Policy**

Revenue from the sale of goods and services is 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 all of the services provided by IP Australia, the performance obligation is satisfied at a point in time. IP Australia recognises revenue when it satisfies each performance obligation by transferring promised goods or services to the customer.

#### 1.2B: Other revenue

Resources received free of charge - Remuneration of auditors	155	155
Resources received free of charge - Plant and equipment	-	11
	155	166

#### **Accounting Policy**

#### 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.

#### 1.2C: Rental income

Sub-lease income	3,656	659
	3,656	659

IP Australia sub-leased part of its premises at Discovery House Phillip ACT to the Clean Energy Regulator (CER) 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 CER is required to perform "under sublease agreement". The leasing arrangement with CER is for 10 years commencing in April 2022 and will cease in September 2032.

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

Within 1 year	3,240	3,135
One to two years	3,348	6,588
Two to three years	3,460	7,036
Three to four years	3,576	7,513
Four to five years	3,695	8,022
More than 5 years	17,018	5,178
Total undiscounted lease payments receivable	34,337	37,472

#### **Financial Position**

Note 2.1: Financial Assets		
	2023	2022
	\$'000	\$'000
Note 2.1A: Cash and Cash Equivalents		
Cash in special accounts (held as cash in OPA)	73,125	73,625
Cash on hand or on deposit	1,836	6,298
Total cash and cash equivalents	74,961	79,923

The closing balance of Cash in special accounts does not include amounts held in trust: \$399,480 in 2023 and \$374,618 in 2022. See note 3.2 Special Accounts for more information.

#### Note 2.1B: Trade and Other Receivables

Trade receivable	1,635	1,339
GST receivable from the Australian Taxation Office	1,202	1,381
Lease incentive receivable	886	982
Rent receivable	632	111
Other receivables	1,075	113
Total trade and other receivables	5,430	3,926

#### **Accounting Policy**

Trade and other receivables are held for the purpose of collecting the contractual cash flows of principal and interest at market interest rates. These receivables 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 (2021-22: 30 days).

IP Australia assesses trade and other receivables for impairment losses, which is presented separately in the Statement of Comprehensive Income. IP Australia recognised an impairment loss of \$11,287 in 2022-23 (2021-22: Nil).

#### 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 2023

	Leasehold Improvements	Plant & equipment	Computer software internally developed	Computer software purchased	Total Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2022						
Gross book value	194,507	9,318	203,986	12,816	216,802	420,627
Adjustment to gross book value-Right-of-use assets <sup>1</sup>	-	1,252	-	-	-	1,252
Adjusted gross book value	194,507	10,570	203,986	12,816	216,802	421,879
Accumulated depreciation and impairment	(40,354)	(7,002)	(89,661)	(11,776)	(101,437)	(148,793)
Adjustment to accumulated depreciation-Right-of-use assets <sup>1</sup>	-	(1,252)	-	-	-	(1,252)
Adjusted accumulated depreciation and impairment	(40,354)	(8,254)	(89,661)	(11,776)	(101,437)	(150,045)
Total as at 1 July 2022	154,153	2,316	114,325	1,040	115,365	271,834
Additions - by purchase or Internally developed	535	4,698	21,413	1,398	22,811	28,044
Right-of-use assets	1,911	1,361	-	-	-	3,272
Depreciation/Amortisation expense	(3,388)	(2,011)	(13,270)	(191)	(13,461)	(18,860)
Depreciation on right-of-use assets	(12,362)	(513)	-	-	-	(12,875)
Disposals and write down of assets	-	(62)	(17)	-	(17)	(79)
Total as at 30 June 2023	140,849	5,789	122,451	2,247	124,698	271,336
Total as at 30 June 2023 represented by:						
Gross book value	196,953	15,378	223,035	14,167	237,202	449,533
Accumulated depreciation and impairment	(56,104)	(9,589)	(100,584)	(11,920)	(112,504)	(178,197)
Total as at 30 June 2023 represented by:	140,849	5,789	122,451	2,247	124,698	271,336
Carrying amount of right-of-use assets	112,406	848	-	-	-	113,254

<sup>1.</sup> Right-of-use plant and equipment asset was de-recognised at the end of initial lease term, now re-recognised due to lease extension/modification made at the end of lease term

No property, plant and equipment and intangibles are expected to be sold or disposed within the next 12 months.

All revaluations were conducted in accordance with the revaluation policy. IP Australia performs a formal revaluation every four years. The previous formal revaluation was undertaken in June 2021.

#### Capital commitments

As at 30 June 2023 IP Australia had capital commitments with respect to property, plant and equipment and software enhancements.

Commitments payable on non-financial asset purchases by maturity:	2023
	\$'000
Within 1 year	1,406
Between 1 to 5 years	-
Total capital commitments <sup>1</sup>	1,406

<sup>1.</sup> Total capital commitments exclude 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 with a cost of less than \$20,000 (2021-22: \$20,000) and computer equipment with a cost of less than \$1,000 (2021-22: \$1,000). Purchases of other plant and equipment are also recognised initially at cost in the statement of financial position, except for purchases with a cost of less than \$5,000 (2021-22: \$5,000).

Where purchases do not meet the threshold for capitalisation, these items are expensed in the year of purchase.

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

Leased ROU assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. IP Australia accounts for these assets as separate asset classes to corresponding assets of leasehold improvements and plant and equipment, but included in the same column where the corresponding underlying assets would be presented if these items were owned.

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.

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:

	2023	2022
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 2023. Where indications of impairment existed, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount was 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 the disposal of assets are recognised when control of the asset has passed to the buyer.

#### Note 2.2: Non- Financial Assets

#### 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 by class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent 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 these amounts 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. The 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.

#### Intangibles

IP Australia's intangible assets comprise internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment lesses.

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 (2021-22: 3 to 10 years).

Purchases of software are recognised initially at cost in the statement of financial position, except for purchases with the cost of less than \$5,000 (2021-22: \$5,000). Dependent on the stage of development, internally developed software is recognised at cost in the statement of financial position, except for purchases with the cost of less than \$200,000 (2021-22: \$200,000).

Note 2.3: Payables		
	2023	2022
	\$'000	\$'000
Note 2.3A: Suppliers		
Trade creditors and accruals	7,759	13,167
Total suppliers	7,759	13,167
Settlement is usually made within 30 days.		
Note 2.3B: Other Payables		
Unearned revenues		
Patents fees	21,280	19,060
Trade Marks fees	43,419	44,981
Designs fees	421	262
Plant Breeders Rights fees	2,136	2,150
Total unearned revenues	67,256	66,453
Other unearned income	905	557
Salary and wages	3,581	2,855
Superannuation	533	431
Total other payables	72,275	70,296

#### **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.

Note 2.4: Interest bearing liabilities		
	2023	2022
	\$'000	\$'000
Note 2.4A: Leases		
Lease Liabilities	122,324	131,173
Total leases	122,324	131,173

Total cash outflow for leases for the year ended 30 June 2023 was \$13.777m (2022: \$12.101m).

Maturity analysis - contractual undiscounted cash flows		
Within 1 year	13,128	12,165
Between 1 to 5 years	54,716	51,091
More than 5 years	63,227	76,982
Total leases	131,071	140,238

IP Australia in its capacity as lessee holds significant leasing arrangements for office space at Phillip in the ACT and at Southbank in Victoria.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1C and 2.2A.

#### **Accounting Policy**

For all new contracts entered into, IP Australia considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or IP Australia's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

2023	2022
\$'000	\$'000
43,199	41,088
4,132	3,995
361	116
47,692	45,199
	\$'000 43,199 4,132 361

#### **Accounting Policy**

#### **Employee Benefits**

Liabilities for 'short-term employee benefits' and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as the 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 2022. 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 plan.

#### 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 the defined benefits schemes 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 disclosure 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 these amounts were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2023 represents outstanding employer contributions.

#### Note 2.5: Provisions

Note 2.5B: Other Provisions

	Provision for restoration <sup>1</sup> \$'000	Total \$'000
As at 1 July 2022	-	-
Additional provision	333	333
Total as at 30 June 2023	333	333

<sup>1.</sup> IP Australia has one lease agreement which requires the premises to be restored to their original condition at the conclusion of the lease.



Note 2.6: Financial Instruments			
		2023	2022
	Notes	\$'000	\$'000
Note 2.6A: Categories of Financial Instruments			
Financial assets at amortised cost			
Cash and cash equivalents	2.1A	74,961	79,923
Trade and other receivables	2.1B	2,710	1,452
Total financial assets	_	77,671	81,375
Financial Liabilities			
Financial liabilities measured at amortised cost			
Trade creditors	2.3A	7,759	13,167
Total financial liabilities	_	7,759	13,167

#### Note 2.6: Financial Instruments

#### **Accounting Policy**

#### Financial assets

IP Australia classifies its financial assets at amortised cost in accordance with AASB 9 *Financial Instruments* .

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 lease.

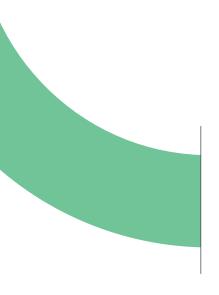
A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

#### **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**

Trade creditors 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).



#### Funding

#### Note 3.1: Appropriations

#### Table 3.1A: Annual Appropriations (Recoverable GST exclusive)

**Annual Appropriations for 2023** 

	Appropriation Act			
			Appropriation	
		а	pplied in 2023	
		Total	(current and	
	Annual Appropriation	appropriation	prior years)	Variance
	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL				
Ordinary annual services	360	360	360	-
Total departmental	360	360	360	-

Annual Appropriations for 2022

	Appropriation Act			
	Annual Appropriation	Total appropriation	Appropriation applied in 2022 (current and prior years)	Variance
	\$'000	\$'000	. , ,	\$'000
DEPARTMENTAL				
Ordinary annual services	356	356	356	-
Total departmental	0	0	0	_

Appropriations received under ordinary annual services are sourced from Appropriation Acts (Nos. 1 & 3)

#### Table 3.1B: Unspent Annual Appropriations (Recoverable GST exclusive)

	2023 \$'000	2022 \$'000
DEPARTMENTAL	\$ 000	Ψ000
Ordinary Annual Services of the Government - Supply Act (No.1) 2022-23	-	
Ordinary Annual Services of the Government - Appropriation Act (No.1) 2022-23	-	
Ordinary Annual Services of the Government - Supply Act (No.1) 2021-22		-
Ordinary Annual Services of the Government - Appropriation Act (No.1) 2021-22		-
	-	-

[Recoverable GST Exclusive]	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>	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	79,923	52,937	385	357	71	65	-	-
Increases:								
Appropriation credited to special account	360	356	-	-	-	-	-	-
Costs recovered	251,889	248,831	-	-	_	-	_	-
Receipts on behalf of WIPO	-	-	3,900	3,608	-	-	-	-
Other receipts	31	4	-	-	37	23	383	50
Total increases	252,280	249,191	3,900	3,608	37	23	383	50
Available for payments	332,203	302,128	4,285	3,965	108	88	383	50
Decreases:								
Payments made to suppliers	(117,084)	(87,035)	-	-	-	-	_	-
Payments made to employees	(140,337)	(134,553)	-	-	-	-	-	-
Adjustments to special account	179	(617)	-	-	-	-	-	-
Money held for non-Commonwealth Party	-	-	(3,969)	(3,580)	(25)	(17)	(383)	(50)
Total decreases	(257,242)	(222,205)	(3,969)	(3,580)	(25)	(17)	(383)	(50)
Total balance carried to the next period	74,961	79,923	316	385	83	71	-	-
Balance represented by:								
Cash held in entity bank accounts	1,836	6,298	316	385	83	71	-	-
Cash held in the Official Public Account	73,125	73,625	-	-	-	-	-	-
	74,961	79,923	316	385	83	71	-	-

<sup>1.</sup> 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, Trade Marks, designs and plant breeders rights.

2. Appropriation: Public Governance and Performance, Accountability Act 2013: s78

Establishing Instrument: PGPA Act Determination- Establishment of IP Australia SOETM Special Account 2021 [1 July 2021].

Purpose: For the Services for Other Entities and Trust Moneys-IP Australia (Special Public Money) - For expenditure of money temporarily 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, other Commonwealth entities and Commonwealth companies.

Note 3.3: Regulatory Charging Summary		
	2023	2022
Amounts applied	\$'000	\$'000
Departmental Annual appropriations	360	356
Own source revenue	251,889	248,831
Total amounts applied	252,249	249,187
Expenses		
Departmental	249,670	227,072
Total Expenses	249,670	227,072
External Revenue		
Departmental	248,885	247,091
Total External Revenues	248,885	247,091

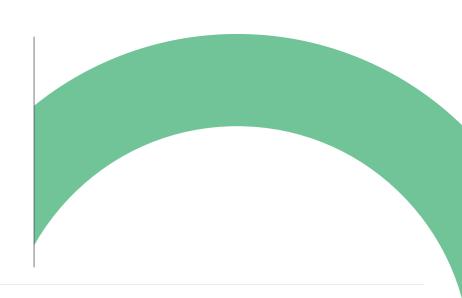
#### Regulatory charging activities:

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 - approved 24 Nov 2020) for the above activities is available at

 $\frac{https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/publications-and-reports/2022/12/13/02/24/Cost-recovery-implementation-statement-2020-2021$ 



#### Other Items

#### Note 4.1: Key Management Personnel Remuneration

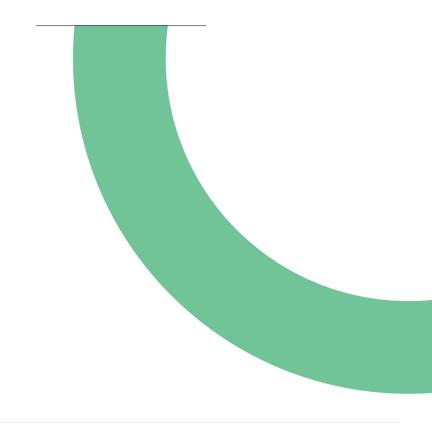
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. IP Australia has determined the key management personnel to be the Director General and the Deputy Director Generals. Key management personnel remuneration is reported in the table below:

	2023	2022
	\$	\$
Short-term employee benefits	967,898	949,404
Post-employment benefits	181,360	166,981
Other long-term employee benefits	29,267	49,173
Termination benefits	196,613	-
Total key management personnel remuneration expenses	1,375,138	1,165,558

#### Notes:

The total number of key management personnel that are included: three individuals. (2022: There were three key management personnel).

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.



#### 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 (2021-22: NiI).



#### Other Items

Note 4.3: Current/Non-Current Distinction for Assets and Liabilities		
	2023	2022
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	74,961	79,923
Trade and other receivables	4,008	2,929
Prepayments	7,247	9,336
Total no more than 12 months	86,216	92,188
More than 12 months	<del></del>	
Trade and other receivables	1,422	997
Prepayments	395	416
Leasehold improvements	140,849	154,153
Plant and equipment	5,789	2,316
Intangibles	124,698	115,365
Total more than 12 months	273,153	273,247
Total Assets	359,369	365,435
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	7,759	13,167
Other payables	62,593	60,903
Leases	11,582	10,598
Employee provisions	15,852	15,704
Total no more than 12 months	97,786	100,372
More than 12 months		
Other payables	9,682	9,393
Leases	110,742	120,575
Employee provisions	31,840	29,495
Other provisions	333	
Total more than 12 months	152,597	159,463
Total Liabilities	250,383	259,835



# MANAGEMENT AND ACCOUNTABILITY

We are required to provide information on our management and accountability practices for the reporting period. This includes information about our corporate governance, human resources, emissions, procurement and health and safety.







#### Introduction

Our key governing committee is the Executive Board. The Executive Board supports the Director General in delivering our strategic and operational outcomes. It considers all issues that affect our strategic direction, corporate governance, risk environment, performance or reputation.

The Executive Board is supported by four governance committees:

- Strategic Policy and International Committee.
- Information and Data Committee.
- Investment, ICT and Property Committee.
- · Workforce Strategy Committee.

A vital element of our corporate governance is our strategic risk framework which establishes our risk appetites and tolerances. The Executive Board is key to establishing and monitoring strategic and emerging risks with the potential to impact our strategic objectives, and dynamically reviews our risk environment. Our governance committees provide a mechanism for the escalation and delegation of risks and controls and help to achieve our risk maturity objectives.

We have established clear targets for risk maturity, which are independently assessed through our internal audit function and the Comcover Risk Management Benchmarking Program. Our current risk maturity has been assessed as 'Embedded'. Activities to continue to build our risk maturity are monitored by the Executive Board.





#### **Audit Committee**

Our Audit Committee was established by the Director General in accordance with section 17 of the PGPA Rule. This Committee provides independent advice to support the Director General in meeting his obligations as an accountable authority, relating to financial and performance reporting, systems of risk oversight and management, and systems of internal control. The functions of the Committee are set out in our Audit Committee Charter and available on our website.

In 2022–23 our Audit Committee comprised three independent members. In January 2023, we appointed Ms Cath Ingram as Audit Committee Chair following the departure of Ms Anne O'Donnell in December 2022.

Members are selected based on their expertise and ability to discharge the functions of the Committee in line with the Charter. During 2022–23, the Committee met in September and December 2022 and March and June 2023.

Independent members are engaged as contractors according to the Commonwealth Procurement Rules.



Table 5: 2022–23 Audit Committee members

Member	Qualifications, Knowledge, Skills and Experience	Number of Meetings Attended	Total Remuneration for 2022–23 (GST inc.)
Ms Anne O'Donnell  Ms O'Donnell's term expired on 31 December	Ms O'Donnell has more than 40 years' experience in the finance sector and is an experienced Executive and Non-Executive Director in the listed, not-for-profit and mutual sectors.  She holds a Master of Business Administration and	2 of 4	\$11,766
2022	a Bachelor of Arts in Banking and Finance, and is a Senior Fellow of FINSIA and a Fellow of AICD.		
Dr David Bryant	Dr Bryant is a Senior ACS Certified Professional (PCP), AIPM Certified Practising Project Director (CPPD) and specialises in IT governance and project management.	4 of 4	\$23,532
	He also holds roles as an independent member of other Commonwealth department audit and investment committees.		
Mr Stephen Sheehan	Mr Sheehan's key capabilities include managerial finance and accounting, and strategic governance and planning. Throughout his 40-year career he has served as a Chief Financial Officer to Australian public service agencies and undertaken various financial management and accounting roles across the private sector. He is now an audit committee member for various Commonwealth agencies.	4 of 4	\$23,532
	Mr Sheehan is a Fellow of CPA Australia and holds a Bachelor of Commerce.		
Ms Cath Ingram Ms Ingram was appointed as Chair on 3 January 2023	Ms Ingram FCA FIPAA B. Acc is a Chartered Accountant and was a Registered Company Auditor for over 20 years, leading financial statements audits in the financial services and public sector. She has over 37 years professional services experience in governance, risk and internal audit over large complex programs and is an independent member on several non-for-profit Boards and Australian Government Audit Committees.	2 of 4	\$19,325

#### Fraud control

IP Australia maintains a fraud control framework that meets the requirements of the <u>Commonwealth Fraud Rule</u>. It is made up of Accountable Authority Instructions, Fraud and Corruption Control Plan and Fraud Risk Register and Treatment Plan. Our framework ensures appropriate systems of fraud prevention, detection, investigation, reporting, and data collection procedures to ensure reasonable measures are taken to appropriately deal with any fraud relating to the entity.

Our Fraud Risk Register and Treatment Plan is linked to our risk management framework and brings together key fraud prevention and detection controls.

As required under the *Commonwealth Fraud Control Framework* we review our systems periodically to consider changes to our operating environment. Oversight for the appropriateness of our fraud control environment is provided by the Audit Committee, as outlined in its Charter.

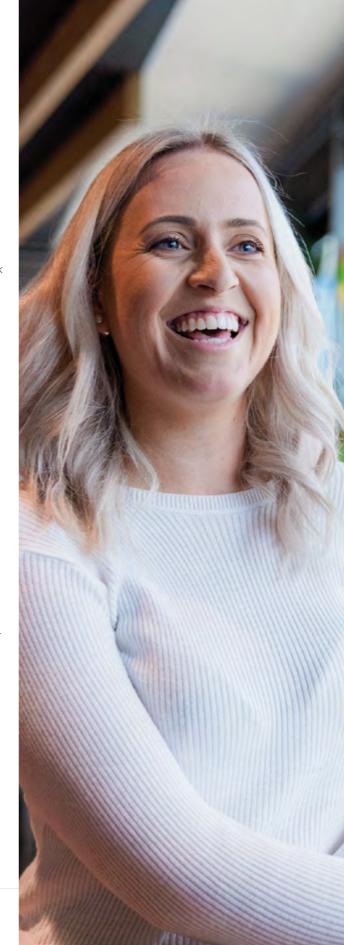
#### Compliance with finance law

Our compliance responsibilities under the finance law relating to the governance, performance and resource management require that we notify our responsible Minister of any significant issue that has affected IP Australia.

A significant issue, under section 19 of the PGPA Act, includes significant non-compliance with the finance law.

There were no significant instances of non-compliance with finance law reported to the responsible Minister as part of our internal compliance reporting process for 2022–23.







#### **External scrutiny**

We are subject to external scrutiny in the form of appeals or applications for judicial reviews 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 has jurisdiction over appeals. However, in some cases, an application for review may be made to the Administrative Appeals Tribunal. Decisions of the Registrar of Trade Marks and the Registrar of Designs are also appealable in the Federal Circuit Court. Appendix C1: Appeals of decisions summarises the appeals and applications for judicial review IP Australia received in 2022–23.

During 2022–23 there were no reports on our operations by the Auditor General, a committee of either or both Houses of Parliament or the Commonwealth Ombudsman. There were also no capability reviews.

#### Information Publication Scheme

As an Australian Government agency subject to the *Freedom of Information Act 1982* (FOI Act) we must publish a range of information on our website as part of the Information Publication Scheme (IPS). This includes our structure, functions, appointments, annual reports, consultation arrangements and contact details of our FOI officer. Information routinely released through FOI requests and provided to Parliament must also be published online.

Where possible, we publish information that has been released in response to an FOI request in the FOI disclosure log. However, an agency is not required to publish personal or business affairs information. Most FOI requests we receive are for documents containing business affairs information, as submitted by trade mark applicants, and are not routinely published in our FOI disclosure log.

The IPS also requires an agency to publish its Information Publication Scheme explaining what information it proposes to publish, how it intends to publish the information and what else it intends to do to comply with the IPS. Our Information Publication Scheme is published on our <u>website</u> and routinely reviewed.

### **OUR PEOPLE**

#### Management of human resources

We attract talent from both the private 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. Our Executive team, managers and employees are committed to the APS Values and Code of Conduct.

Our human resources (HR) management function is critical to the delivery of 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 focus our People Strategy and HR programs on building organisational capability and capacity in five areas:

- Strategic Leadership
   Investing in our agency, vision and values.
- 2. **Employee Engagement** Investing in our people.
- 3. **Organisational Capability** Investing in our future.
- 4. **Collaboration, Innovation and Inclusivity** Investing in our culture.
- Workforce Planning
   Investing in our workforce data analytics capability.

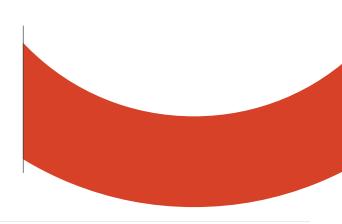
Workforce information is provided in Appendix C3: Workforce statistics.

In 2022–23, we continued our efforts to provide a contemporary HR framework, positioning IP Australia for future workforce and organisational success.

As part of our program to enable IP Australia's future workforce, we:

- developed the Patent's Attraction and Retention Strategy resulting in implementation of a refreshed recruitment approach for Patent Examiners
- set foundations to target key capabilities as identified in our workforce strategy, providing a pathway for Aboriginal and Torres Strait Islander people through Indigenous Careers programs
- committed to the APSC regionalising APS employment by participating in the Data and Digital Professional Streams (APS Campuses)
- continued to deliver workforce planning to all business groups, tailoring initiatives to their distinct priorities.

Our employees have a passion for creating a world leading IP system and are focused on driving growth and prosperity in the Australian economy.



#### **Executive remuneration**

Key management personnel (KMP) include those who have direct or indirect authority and responsibility for planning, directing, and controlling the activities of the entity. This includes any Director (whether executive or otherwise) of that entity. Our KMP includes the Director General (SES Band 3) and the Deputy Director Generals (SES Band 2). For 2022–23 our remuneration for KMP was determined by the Secretary of the Department of Industry, Science and Resources, or her delegate, in accordance with the conditions set out in their common law contract.

During the reporting period ended 30 June 2023 we had three executives who met the definition of KMP, as shown in Table 6.

Table 7 details the total remuneration paid to KMP, as shown in the notes to the financial statements for 2022–23. Further detail on Executive remuneration and other highly paid employees in Appendix C4.



Table 6: Key management personnel, 2022-23

Name	Position	Term
Michael Schwager	Director General	Full year
Margaret Tregurtha	Deputy Director General	Full year
Paula Adamson	Deputy Director General	Full year

Table 7: Total remuneration of key management personnel, 2022–23

KMP remuneration	2022–23
Short-term benefits:	
Base salary	\$955,520
Bonus	\$0
Other benefits and allowances	\$12,378
Total short-term benefits	\$967,898
Superannuation	\$181,360
Total post-employment benefits	\$181,360
Other long-term benefits:	
Long service leave	\$29,267
Total other long-term benefits	\$29,267
Termination benefits	\$196,613
Total KMP remuneration	\$1,375,138

## Work health and safety

We are committed to providing a healthy and safe working environment for all workers and visitors — including employees, contractors, and others — and have prioritised matters related to work health and safety (WHS).

In December 2022 we developed and launched our new WHS Strategy (2022–2025). This is supported by a WHS Strategy Action Plan, detailing actions over the next three years to promote the vision of a healthy, safe, and resilient workforce. Achievements against the plan to date include:

- promoting Healthy and Safe Job design through incorporation of WHS Risk Assessment
- enhancing Health and Safety Capabilities through review of the WHS Risk Assessment systems and delivery of WHS training and psychosocial risk education materials
- supporting Leadership and Culture through the publication of the refreshed IP Australia Mental Health Framework and release of the Director General Commitment Statements on Work Health and Safety and Recovery and Adaptation.

We offered our employees a range of health and wellbeing initiatives, including annual flu vaccinations and support for COVID vaccinations. Health promotion was strengthened by the continuation of *Thriving@IP*, which is a holistic, evidence-based wellbeing program to empower our workforce to improve physical and psychological health.

We continue to promote and support flexible working, providing effective mitigations for physical and psychosocial risks arising from remote and hybrid working. We continue to promote our ongoing offer of free counselling services to all employees and their immediate families through the Employee Assistance Program.

One incident, deemed notifiable under section 35 of the *Work Health and Safety Act 2011*, was reported to Comcare, with no investigation or regulatory action required.

#### Disability reporting mechanisms

Australia's <u>National Disability Strategy 2021–31</u> is a national framework that all governments in Australia have signed up to. It sets out a plan for continuing to improve the lives of people with disability in Australia over the next ten years.

The strategy replaces and builds on the first <u>Disability Strategy 2010–20</u>. Disability reporting is included in the <u>State of the Service Report</u> and the <u>APS Statistical Bulletin of the Australian Public Service Commission</u> (APSC). Both reports are available on the APSC website.

In 2022–23 we began developing our Access and Inclusion Plan 2023–26. This plan sets out a roadmap of practical actions for creating an environment that embraces accessibility and removes barriers for our employees and customers. By implementing this plan and working collaboratively we can create a workplace where everyone feels valued, respected, and empowered to thrive. This plan will be launched in August 2023.

We continue to partner with organisations, such as the Australian Network on Disability, with the joint aim of building a disability confident workforce. Our IP Learning Equity and Accessibility Partnership (LEAP) Network is a peer support network that aids people with a disability and raises issues about barriers and other experiences in the workforce. It also celebrates events such as the International Day of People with Disability.

## OUR PROCUREMENT

#### **Purchasing**

During 2022–23, our Procurement and Contracts team continued to ensure our commitments remained consistent with the <u>Commonwealth Procurement Rules</u> and authorised delegates achieved value for money for the Australian Government.

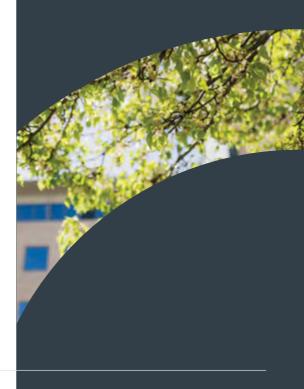
Our Accountable Authority Instructions require the use of purchase orders for all purchases valued at more than \$10,000. This assists in tracking commitments and meeting accountability requirements.

As necessary, we publish our annual procurement plan on <u>AusTender</u> to give prospective suppliers advance knowledge of anticipated procurement opportunities for the next 12 months.

We support small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance website - Statistics on Australian Government Procurement Contracts.

IP Australia supports SMEs through the following measures:

- complying with the Commonwealth Procurement Rules
- using credit cards for procurements valued under \$10,000
- using standardised contracts for low-risk procurement valued under \$200,000
- implementing the Indigenous Procurement Policy, as many Indigenous business are also SME
- dedicated procurement guidance and training material for procuring officers
- complying with the Government's Supplier Pay on Time or Pay Interest policy.



#### **Consultants**

During 2022–23, nine new reportable consultancy contracts were entered into, involving total actual expenditure of \$0.340 million (including GST). In addition, 17 ongoing reportable consultancy contracts were active during this period, involving total actual expenditure of \$1.788 million (including GST).

Decisions to engage consultants during 2022–23 were made in accordance with the PGPA Act and related regulations, including the Commonwealth Procurement Rules and relevant internal policies. We select consultants using panel arrangements or by making an open approach to market.

The Director General did not exempt any contract during 2022–23 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 (including GST) during 2022–23 allowed for the Auditor General to have access to the contractor's premises.

Annual reports contain information about our actual expenditure on reportable consultancy contracts. Information on the value of our reportable consultancy contracts is available on the AusTender website.

Table 8: Expenditure on reportable consultancy contracts, 2022–23

Reportable consultancy contracts 2022–23	<b>N</b> umber	Expenditure (\$)
New contracts entered into during the reporting period	9	\$339,616
Ongoing contracts entered into during a previous reporting period	17	\$1,787,799
Total	26	\$2,127,415

Table 9: Organisations receiving a share of reportable consultancy contract expenditure, 2022–23

Organisations receiving a share of reportable consultancy contract expenditure 2022–23	Expenditure (\$)
PricewaterhouseCoopers Consulting	\$471,873
Swinburne University of Technology	\$205,864
Nous Group Pty Ltd	\$189,475
Blend Studio Pty Ltd	\$175,682
Callida Pty Ltd	\$135,156

#### **Non-consultancy contracts**

During 2022–23, 232 new non-consultancy contracts were entered into, involving a total actual expenditure of \$25.205 million (including GST). In addition, 319 ongoing reportable non-consultancy contracts were active during this period, involving total actual expenditure of \$88.060 million (including GST).

Information on the value of reportable non-consultancy contracts is available on the <u>AusTender website</u>.

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.

#### **Grant programs**

We did not administer any grants during 2022–23.

Table 10: Expenditure on reportable non-consultancy contracts, 2022–23

Reportable non-consultancy contracts 2022–23	Number	Expenditure (\$)
New contracts entered into during the reporting period	232	\$25,205,263
Ongoing contracts entered into during a previous reporting period	319	\$88,059,996
Total	551	\$113,265,259

Table 11: Organisations receiving a share of reportable non-consultancy contract expenditure, 2022–23

Organisations receiving a share of reportable non-consultancy contract expenditure 2022–23	Expenditure (\$)
Jones Lang Lasalle Pty Ltd	\$16,263,855
The Boston Consulting Group Pty Ltd	\$6,050,000
HP PPS Australia Pty Ltd	\$5,042,112
Amazon Web Services Australia Pty Ltd	\$4,548,343
MTP Services Pty Ltd	\$3,231,643

#### Advertising and market research

During 2022–23, we made payments to two market research entities above the reporting threshold of \$15,200 per payment, totalling \$83,591 (including GST).

We did not conduct any advertising campaigns in 2022–23.

Table 12: Payments associated with advertising and market research, 2022–23

Name of recipient	Services	Total (\$)
Advertising Agencies		
Nil		0
Direct Mail		
Nil		0
Market Research		
Askable Pty Ltd t/a Askable	Recruitment Services for User Research Participant	\$18,946
Orima Research Pty Ltd	Detailed Analysis of State of the Service Results	\$64,645
Media Advertising		
Nil		0
Polling Organisations		
Nil		0



#### Net Zero 2030

APS Net Zero 2030 is the Government's policy for the Australian Public Service to reduce its greenhouse gas emissions to net zero by 2030, and transparently report on its emissions. As part of this, non-corporate and corporate Commonwealth entities are required to report on their operational greenhouse gas emissions.

The Greenhouse Gas Emissions Inventory presents greenhouse gas emissions over the 2022–23 period. Results are presented on the basis of Carbon Dioxide Equivalent (CO2-e) emissions. Greenhouse gas emissions reporting has been developed with methodology that is consistent with the Whole-of-Australian Government approach as part of the APS Net Zero 2030 policy. Not all data sources were available at the time of the report and adjustments to baseline data may be required in future reports.

Table 13: Net Zero - Location Based Approach

The electricity emissions reported below are calculated using the location-based approach.

Emission Source	Scope 1 kg CO2-e	Scope 2 kg CO2-e	Scope 3 kg CO2-e	Total kg CO2-e
Electricity (Location Based Approach)	N/A	840,372	69,079	909,451
Natural Gas		N/A		
Fleet Vehicles		N/A		
Domestic Flights	N/A	N/A	213,912	213,912
Other Energy		N/A		
Total kg CO2-e		840,372	282,991	1,123,363

#### Table 14: Net Zero - Market-Based Method

When applying the market-based method, which accounts for activities such as Greenpower, purchased LGCs and/or being located in the ACT, the total emissions for electricity, are below:

Emission Source	Scope 1 kg CO2-e	Scope 2 kg CO2-e	Scope 3 kg CO2-e	Total kg CO2-e
Electricity (Market Based Approach) *	N/A	96,978	12,835	109,813
Natural Gas		N/A		
Fleet Vehicles		N/A		
Domestic Flights	N/A	N/A	213,912	213,912
Other Energy		N/A		
Total kg CO2-e		96,978	226,747	323,725

<sup>\*</sup> Electricity emissions includes IP Australia usage from the Canberra and Melbourne offices and data centres

## **APPENDICES**

## APPENDIX C1: APPEALS OF DECISIONS



#### **Commissioner of Patents**

In 2022–23, five appeals were filed with the Federal Court from decisions originating with the Commissioner of Patents. As at 30 June 2023, two of the five matters have been finalised and three remain open.

#### **Registrar of Trade Marks and Designs**

In 2022–23 there were 18 new appeals from decisions of the Registrar of Trade Marks involving 25 IP rights. There was one appeal to the Full Bench of the Federal Court involving one trade mark. As at 30 June 2023, 16 of the 18 appeals went to the Federal Court, two to the Federal Circuit Court and Family Court of Australia and none to the Administrative Appeals Tribunal. A total of 11 appeals were finalised before the Federal Court and three de novo appeals were finalised before the Federal Circuit Court and Family Court of Australia during the financial year. Thirteen of those appeals were initiated before July 2022. There were no new de novo Design appeals filed and no designs matters were finalised during 2022–23.



# **APPENDIX C2:** FINANCIAL SUMMARY

### **Entity Resource Statement Subset Summary Current Report Period (2022–23)**

Table 15: Entity resource statement 2022-23

	Actual available appropriation for 2022–23	Payments made 2022–23	Balance remaining 2022–23
		\$'000	
	(a)	(b)	(a) – (b)
Ordinary annual services <sup>1</sup>			
Departmental appropriation	360	360	0
Total	360	360	0
Total ordinary annual services A	360	360	0
Total available annual appropriations and payments	360	360	0
Special accounts <sup>2</sup>			
Opening balance	79,923		
Appropriation receipts <sup>3</sup>	360		
Non-appropriation receipts to special accou	ints 251,920		
Payments made		257,242	
Total special accounts B	332,203	257,242	74,961
Total resourcing and payments			
A+B	332,563	257,602	
Less appropriations drawn from annual or spappropriations above and credited to special accounts <sup>3</sup>		360	
Total net resourcing and payments	300	300	
for IP Australia	332,203	257,242	

<sup>1.</sup> Appropriation Act (No. 1) 2022–23 and Supply Act (No.1) 2022-23.

<sup>2.</sup> Does not include 'special public money' held in accounts such as 'services for other entities and trust moneys' special accounts.

<sup>3.</sup> Appropriation receipts from IP Australia annual appropriations for 2022–23 included above.

### **Expenses and resources for Outcome 1**

Table 16: Expenses and resources for 2022–23

Expenses for Outcome 1			
Outcome 1: Increased innovation, investment and trade in Australia, and by Australians overseas, through the administration of the registrable intellectual property rights system, promoting public awareness and industry engagement, and advising Government.	Budget* 2022–23 \$'000 (a)	Actual expenses 2022–23 \$'000 (b)	Variation 2022–23 \$'000 (a) - (b)
Program 1: IP Rights Administration and Professional Registration			
Departmental expenses			
Special accounts	225,185	227,248	-2,063
Expenses not requiring appropriation in the budget year	160	155	5
Total for Program 1	225,345	227,403	-2,058
Program 2: Education and Awareness			
Departmental expenses			
Special accounts	2,715	2,906	-191
Total for Program 2	2,715	2,906	-191
Program 3: Advice to Government and International Engagement			
Program 3: Advice to Government and International Engagement Departmental expenses			
	360	360	0
Departmental expenses	360 18,398	360 18,999	0 -601
Departmental expenses  Departmental appropriation <sup>1</sup>			
Departmental expenses  Departmental appropriation <sup>1</sup> Special accounts	18,398	18,999	-601
Departmental expenses  Departmental appropriation¹  Special accounts  Total for Program 3	18,398	18,999	-601
Departmental expenses  Departmental appropriation¹  Special accounts  Total for Program 3  Outcome 1 totals by appropriation type	18,398	18,999	-601
Departmental expenses  Departmental appropriation¹ Special accounts  Total for Program 3  Outcome 1 totals by appropriation type  Departmental expenses	18,398 <b>18,758</b>	18,999 <b>19,359</b>	-601 - <b>601</b>
Departmental expenses  Departmental appropriation¹  Special accounts  Total for Program 3  Outcome 1 totals by appropriation type  Departmental expenses  Departmental appropriation¹	18,398 <b>18,758</b> 360	18,999 <b>19,359</b>	-601 - <b>601</b>
Departmental expenses  Departmental appropriation¹ Special accounts  Total for Program 3  Outcome 1 totals by appropriation type  Departmental expenses  Departmental appropriation¹ Special accounts	18,398 18,758 360 246,298	18,999 19,359 360 249,153	-601 - <b>601</b> 0 -2,855

<sup>\*</sup> Full-year budget, including any subsequent adjustment made to the 2022–23 budget at Additional Estimates.

<sup>1.</sup> Departmental appropriation combines ordinary annual services (Appropriation Act numbers 1,3 and 5 and Supply Act (No.1) 2022-23) and retained revenue receipts under section 74 of the PGPA Act.

# APPENDIX C3: WORKFORCE STATISTICS

#### All employees

The data presented in tables 17-33 includes staff on leave and staff acting at a higher level as at 30 June.

Table 17: All ongoing employees, 2022–23, at 30 June 2023 (actual positions)

	Man/Male			Woman/Female			Non-binary/Other			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Vic	48	2	50	26	9	35	1	0	1	86
ACT	550	12	562	442	84	526	2	Ο	2	1,090
Total	598	14	612	468	93	561	3	0	3	1,176

Table 18: All non-ongoing employees, 2022–23, at 30 June 2023 (actual positions)

	Man/Male			Woman/Female			Non-binary/Other			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Vic	2	0	2	0	0	0	0	0	0	2
ACT	13	0	13	12	6	18	0	0	0	31
Total	15	0	15	12	6	18	0	0	0	33

Table 19: All ongoing employees, 2021–22, at 30 June 2022 (actual positions)

	Male				Female			Non-binary/Other		
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Vic	41	2	43	22	10	32	0	0	0	75
ACT	548	17	565	390	87	477	0	0	0	1,042
Total	589	19	608	412	97	509	0	0	0	1,117

Table 20: All non-ongoing employees, 2021–22, at 30 June 2022 (actual positions)

		Male		Female			Non-binary/Other			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Vic	1	0	1	0	2	2	0	0	0	3
ACT	7	2	9	15	5	20	0	0	0	29
Total	8	2	10	15	7	22	0	0	0	32

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Table 21: APS ongoing employees, 2022–23, at 30 June 2023 (actual positions)

		Man/Male		Wo	oman/Fem	ale	Nor	-binary/Ot	:her	Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	1	0	1	0	0	0	2
SES 2	1	0	1	1	0	1	0	0	0	2
SES 1	2	0	2	5	0	5	0	0	0	7
EL 2	56	0	56	50	2	52	0	0	0	108
EL 1	183	3	186	134	22	156	1	0	1	343
APS 6	296	10	306	188	48	236	1	0	1	543
APS 5	42	0	42	63	13	76	1	0	1	119
APS 4	16	1	17	26	7	33	0	0	0	50
APS 3	1	0	1	0	1	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
Total	598	14	612	468	93	561	3	0	3	1,176

Table 22: APS non-ongoing employees, 2022–23, at 30 June 2023 (actual positions)

		Man/Male		Wo	man/Fem	ale	Nor	ı-binary/Ot	her	Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	1	0	1	0	0	0	0	0	0	1
EL 2	1	0	1	2	0	2	0	0	0	3
EL 1	1	0	1	1	0	1	0	0	0	2
APS 6	2	0	2	2	3	5	0	0	0	7
APS 5	6	0	6	3	1	4	0	0	0	10
APS 4	2	0	2	4	2	6	0	0	0	8
APS 3	2	0	2	0	0	0	0	0	0	2
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	15	0	15	12	6	18	0	0	0	33

Table 23: APS ongoing employees, 2021–22, at 30 June 2022 (actual positions)

		Male			Female		Non	ı-binary/Ot	:her	Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	0	0	0	0	0	0	1
SES 2	0	0	0	2	0	2	0	0	0	2
SES 1	3	0	3	6	0	6	0	0	0	9
EL 2	61	0	61	41	3	44	0	0	0	105
EL 1	167	3	170	105	29	134	0	0	0	304
APS 6	287	14	301	177	43	220	0	0	0	521
APS 5	46	0	46	55	13	68	0	0	0	114
APS 4	21	2	23	26	8	34	0	0	0	57
APS 3	3	0	3	0	1	1	0	0	0	4
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	589	19	608	412	97	509	0	0	0	1,117

Table 24: APS non-ongoing employees, 2021–22, at 30 June 2022 (actual positions)

		Male			Female		Nor	ı-binary/Ot	her	Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	1	0	1	0	0	0	0	0	О	1
EL 2	0	0	0	3	0	3	0	0	0	3
EL 1	1	1	2	4	1	5	0	0	О	7
APS 6	2	0	2	1	2	3	0	0	0	5
APS 5	1	0	1	2	1	3	0	0	0	4
APS 4	3	1	4	5	2	7	0	0	О	11
APS 3	0	0	0	0	1	1	0	0	0	1
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	8	2	10	15	7	22	0	0	0	32

Table 25: APS employees by full-time and part-time status, 2022–23, at 30 June 2023 (actual positions)

		Ongoir	ng		Total		
	Full-time	Part-time	<b>Total Ongoing</b>	Full-time	Part-time	Total Non-ongoing	
SES 3	2	0	2	0	0	0	2
SES 2	2	0	2	0	0	0	2
SES 1	7	0	7	1	0	1	8
EL 2	106	2	108	3	0	3	111
EL1	318	25	343	2	0	2	345
APS 6	485	58	543	4	3	7	550
APS 5	106	13	119	9	1	10	129
APS 4	42	8	50	6	2	8	58
APS 3	1	1	2	2	0	2	4
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	1,069	107	1,176	27	6	33	1,209

Table 26: APS employees by full-time and part-time status, 2021–22, at 30 June 2022 (actual positions)

		Ongoir	ng		Total		
	Full-time	Part-time	<b>Total Ongoing</b>	Full-time	Part-time	Total Non-ongoing	
SES 3	1	0	1	0	0	0	1
SES 2	2	0	2	0	0	0	2
SES 1	9	0	9	1	0	1	10
EL 2	102	3	105	3	0	3	108
EL1	272	32	304	5	2	7	311
APS 6	464	57	521	3	2	5	526
APS 5	101	13	114	3	1	4	118
APS 4	47	10	57	8	3	11	68
APS 3	3	1	4	0	1	1	5
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	1,001	116	1,117	23	9	32	1,149

Table 27: APS employment type by location, 2022–23, at 30 June 2023 (actual positions)

Location	Ongoing	Non-ongoing	Total
VIC	86	2	88
ACT	1,090	31	1,121
Total	1,176	33	1,209

Table 28: APS employment type by location, 2021–22, at 30 June 2022 (actual positions)

Location	Ongoing	Non-ongoing	Total
VIC	75	3	78
ACT	1,042	29	1,071
Total	1,117	32	1,149

Table 29: APS Indigenous employment, 2022–23, at 30 June 2023 (actual positions)

Employment type	Number
Ongoing	14
Non-ongoing	1
Total	15

Table 30: APS Indigenous employment, 2021–22, at 30 June 2022 (actual positions)

Employment type	Number
Ongoing	12
Non-ongoing	1
Total	13



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

Table 31: APS employment arrangements, 2022-23, at 30 June 2023 (substantive positions)

Arrangement	SES	Non-SES	Total
Enterprise Agreement	0	1,013	1,013
Individual Flexibility Arrangement	0	185	185
Common Law Agreement	11	0	11
Total	11	1,198	1,209

#### Salary Ranges by Classification Level

Table 32: APS employment salary ranges by classification level, 2022–23. at 30 June 2023

	(\$)	
Classification	Minimum salary	Maximum salary
SES 3	397,989	397,989
SES 2	284,907	311,110
SES 1	216,127	279,675
EL 2	135,875	210,942
EL 1	110,917	153,242
APS 6	88,368	119,878
APS 5	80,916	105,284
APS 4	72,669	79,836
APS 3	65,308	70,873
APS 2	58,094	63,609
APS 1	50,512	56,036
Other	0	0

#### **Non-salary Benefits**

IP Australia provided employees with a number of non-salary benefits, which are not included under the provisions of the enterprise agreement, such as:

- 1. Annual influenza immunisation and annual health and skin checks.
- 2. Early intervention for case management.
- 3. A return-to-work program for noncompensable injuries and illnesses.
- 4. Mentoring programs.
- 5. Access to capability development programs.
- 6. Contributions to relevant professional memberships.
- 7. Mental health and wellbeing support, including wellbeing seminars.
- 8. Internal and external mobility/ secondment opportunities.



### Performance pay by classification level

Table 33: APS employment performance pay by classification level, 2022–23, at 30 June 2023

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	0	0	0	0	0
EL 1	0	0	0	0	0
APS 6	0	0	0	0	0
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
Total	0	0	0	0	0

# APPENDIX C4: EXECUTIVE REMUNERATION DETAIL

Table 34: Information about remuneration for key management personnel, 2022–23

		Short	t-term bene	efits (\$)	Post-employment benefits (\$)	Other lo benef		Termination benefits (\$)	Total remuneration (\$)
Name	Position title	Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Michael Schwager	Director General	379,994	0	4,126	73,568	7,823	0	C	465,511
Margaret Tregurtha	Deputy Director General	308,518	0	4,126	57,115	11,398	0	C	) 381,157
Paula Adamson	Deputy Director General	267,008	0	4,126	50,677	10,046	0	196,613	3 528,470

Table 35: Information about remuneration for senior executives, 2022-23

		Short-	term benef		Post-employment benefits (\$)			Termination benefits (\$)	Total remuneration (\$)
Total remuneration bands (\$)	Number of Senior Executives		Average bonuses a	Average other benefits and llowances	Average superannuation contributions	service	Average other long-term benefits		Average total remuneration
0 – 220,000									
220,001 – 245,000	1	7,057	0	0	3,417	5,136	0	222,476	238,086
245,001 – 270,000	2	216,107	0	4,204	34,826	5,985	0	0	261,122
270,001 – 295,000	4	227,323	0	4,169	39,806	8,187	0	0	279,485
295,001 – 320,000	2	256,952	0	4,126	41,182	14,243	0	0	316,503

Table 36: Information about remuneration for other highly paid staff, 2022–23

		Short-	term benefi		Post-employment benefits (\$)		ng-term its (\$)	Termination benefits (\$)	Total remuneration (\$)
Total remuneration bands (\$)	Number of Senior Executives		Average bonuses al	Average other benefits and lowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination	Average total remuneration
270,001 – 295,000	1	242,836	0	0	21,832	3,744	0	0	268,412

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## **REQUIREMENTS**

PART SIX: REQUIREMENTS PAGE 100



## **LIST OF REQUIREMENTS**

PGPA Rule Reference	Description	Requirement	Page
17AD(g)	Letter of Transmittal		
17Al	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	8
17AD(h)	Aids to access		
17AJ(a)	Table of contents (print only).	Mandatory	6
17AJ(b)	Alphabetical index (print only).	Mandatory	109-112
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	108
17AJ(d)	List of requirements.	Mandatory	101-107
17AJ(e)	Details of contact officer.	Mandatory	3
17AJ(f)	Entity's website address.	Mandatory	3
17AJ(g)	Electronic address of report.	Mandatory	3
17AD(a)	Review by accountable authority		
17AD(a)	A review by the accountable authority of the entity.	Mandatory	15
17AD(b)			
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	12
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	14
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	12-13
17AE(1)(a)(iv)	A description of the purposes of the entity as included in the corporate plan.	Mandatory	12
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority.	Mandatory	14
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority.	Mandatory	14

PGPA Rule Reference	Description	Requirement	Page
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	14
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory	14
17AE(2)	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, including details of variation and reasons for change.	If applicable, mandatory	N/A
17AD(c)	Report on the Performance of the Entity		
Annual Perfor	rmance Statements		
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	29
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	41
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	90
17AF(2)	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	N/A
17AD(d)	Management and Accountability		
Corporate Go	vernance		
17AG(2)(a)	Information on compliance with section 10 (fraud systems).	Mandatory	78
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	8
17AG(2)(b)(ii)	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating, or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	8
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	8
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	75

PGPA Rule Reference	Description	Requirement	Page
17AG(2)(d) — (e)	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	N/A
Audit Commi	ittee		
17AG(2A)(a)	A direct electronic address of the Charter determining the functions of the entity's audit committee.	Mandatory	76
17AG(2A)(b)	The name of each member of the entity's audit committee.	Mandatory	77
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	77
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	77
17AG(2A)(e)	The remuneration of each member of the entity's audit committee.	Mandatory	77
External Scru	ıtiny		
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	79
17AG(3)(a)	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	79
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory	N/A
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	N/A
Management	t of Human Resources		
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	80
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following:	Mandatory	92-96
	a) statistics on full-time employees		
	b) statistics on part-time employees		
	c) statistics on gender		
	d) statistics on employee location.		

PGPA Rule Reference	Description	Requirement	Page
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:	Mandatory	92-96
	<ul> <li>Statistics on employee classification level</li> <li>Statistics on full-time employees</li> <li>Statistics on part-time employees</li> <li>Statistics on gender</li> <li>Statistics on employee location</li> <li>Statistics on employees who identify as Indigenous.</li> </ul>		
17AG(4)(c)	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</i> 1999.	Mandatory	97
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory	97
17AG(4)(c)(ii)	Salary ranges available for APS employees by classification level.	Mandatory	97
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	97
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	98
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	N/A
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	N/A
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, mandatory	N/A
Asset Manag	rement		
17AG(5)	An assessment of effectiveness of asset management, where asset management is a significant part of the entity's activities.	If applicable, mandatory	N/A
Purchasing			
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	83

PGPA Rule Reference	Description	Requirement	Page
Reportable C	Consultancy Contracts		
17AG(7)(a)	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	84
17AG(7)(b)	A statement that "During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$ [specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".	Mandatory	84
17AG(7)(c)	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	84
17AG(7)(d)	A statement that "Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website."	Mandatory	84
Reportable N	Ion-Consultancy Contracts		
17AG(7A)(a)	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).		85
17AG(7A)(b)	A statement that "Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website."	Mandatory	85

PGPA Rule Reference	Description	Requirement	Page		
17AD(daa)	Additional Information about Organisations Re Reportable Consultancy Contracts or Reportab Contracts	ceiving Amount ble Non-Consulta	s under ancy		
17AGA	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory	84		
Australian N	lational Audit Office Access Clauses				
17AG(8)	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, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	N/A		
Exempt Con	tracts				
If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.					
Small Busine	ess				
17AG(10)(a)	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory	83		
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	83		
17AG(10)(c)	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	N/A		
Financial Sta	atements				
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	42		
Executive Re	emuneration				
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory	81		

PGPA Rule Reference	Description	Requirement	Page
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that "During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."	If applicable, mandatory	N/A
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	86
17AH(1)(b)	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	N/A
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	82
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of the FOI Act can be found.	Mandatory	79
17AH(1)(e)	Correction of material errors in previous annual report.	If applicable, mandatory	N/A
17AH(2)	Information required by other legislation.	mandatory	N/A

## **ACRONYM/ABBREVIATION**

Acronym/Abbreviation	Description
AANZFTA	ASEAN-Australia-New Zealand Free Trade Area
AASB	Australian Accounting Standards Board
APS	Australian Public Service
APSC	Australian Public Service Commission
ASEAN	The Association of Southeast Asian Nations
CCBY4.0	Creative Commons Attribution 4.0 International Licence
CER	Clean Energy Regulator
CSC	Customer Service Charter
CSS	Customer Satisfaction Survey
FBT	Fringe Benefits Tax
FOI	Freedom of Information
GST	Goods and Services Tax
HR	Human Resources
IK	Indigenous Knowledge
IP	Intellectual Property
IPS	Information Publication Scheme
KMP	Key Management Personnel
LEAP	Learning Equity and Accessibility Partnership
OPA	Official Public Account
PBR	Plant Breeder's Rights
PBS	Portfolio Budget Statement
PGPA Act	Public Governance, Performance and Accountability Act 2013
QPs	Qualified Persons
RAP	Reconciliation Action Plan
ROU	Right of Use
SES	Senior Executive Services
SME	Small and Medium-sized Enterprise
SOETM	Services for Other Entities and Trust Moneys
TM	Trade Mark
WHS	Work Health and Safety

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