



Australian Government

Department of Industry, Innovation and Science

IP Australia

COST RECOVERY IMPLEMENTATION STATEMENT

IP Australia

2016-17

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

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

1. INTRODUCTION

1.1 Purpose of the CRIS

This Cost Recovery Implementation Statement (CRIS) provides information on how IP Australia implements cost recovery in the administration of patents, trade marks, industrial designs and plant breeder's rights legislation. It also reports financial and non-financial performance information for IP Australia, and contains financial forecasts for 2016-17 and three forward years. IP Australia will maintain this CRIS on its website.

1.2 Description of the activity

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

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

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

Increased innovation, investment and trade in Australia, and by Australians overseas, through the administration of the registrable intellectual property rights system, promoting public awareness and industry engagement, and advising government.

To achieve its outcome, IP Australia grants exclusive IP rights, which fosters innovation, investment and international competitiveness through:

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

IP Australia also promotes awareness of IP, provides advice to Government on the development of IP policy, and contributes to bilateral and multilateral negotiations and development cooperation programs to support the global IP system for the benefit of the Australian economy and society.

IP Australia cost recovers against the following five activity groups:

1. **Patents:** A patent is a right that is granted for any device, substance, method or process that is new, inventive, and useful. A patent is legally enforceable and gives the owner exclusive rights to commercially exploit the invention for the life of the patent.
2. **Trade Marks:** A trade mark is a right that is granted for a letter, number, word, phrase, sound, smell, shape, logo, picture and/or aspect of packaging. A registered trade mark is legally enforceable and gives the owner exclusive rights to commercially use, license or sell it for the goods and services that it is registered under.
3. **Designs:** A design refers to the features of shape, configuration, pattern or ornamentation which give a product a unique appearance, and must be new and distinctive. Design registration is intended to protect designs which have an industrial or commercial use. Once examined and certified, a registered design gives the owner exclusive rights to commercially use it, licence or sell it.
4. **Plant Breeder's Rights (PBR):** PBR are used to protect new varieties of plants that are distinct, uniform and stable. A PBR is legally enforceable and gives the owner exclusive rights to commercially use it, sell it, direct the production, sale and distribution of it, and receive royalties from the sale of plants.
5. **Professional Standards Board (PSB):** The Professional Standards Board (PSB) administers the regulatory and disciplinary regimes for patent and trade marks attorneys in Australia.

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

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

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

Table 1: Average customer origin of IP rights filings in Australia

	Resident	Non-resident
Patents	10%	90%
Plant Breeder's Rights	40%	60%
Trade Marks	65%	35%
Designs	40%	60%

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

Cost recovery continues to be the appropriate funding model for IP Australia, given that IP right customers are clearly identifiable and fees, set to recover the costs of activities, can be attributed directly to these individuals. IP Australia's fees are set: to balance both innovation and cost recovery policy objectives (such as identifying and managing cross subsidies); safeguard the financial sustainability of the organisation; and ensure comparability to fees set by other IP Offices.

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

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

A good example of this is the process of costing and setting fee(s) charged for a patent renewal. Processing a patent renewal is a relatively inexpensive transaction. In the case of patents, applicants who wish to retain their rights over an invention must pay a renewal fee every year for the period of the patent (normally up to 20 years).

IP Australia charges more for the renewal than the cost of processing it. This is a key innovation promotion principle of the IP system in Australia and is common in other international jurisdictions. IP Australia charges less for the related cost of an application and examination and subsequently seeks to recover all related costs across the total life cycle of the IP right. By deferring some of the total transaction cost to the renewal phase of an IP right's lifecycle, fees can be kept lower in the formative years where most of the transaction costs are incurred, and at a time where the applicant may not have yet established an income

stream from their IP right. In addition, charging progressively higher renewal fees, in line with the increasing age of the granted IP right, forces applicants to make an economic decision about their intention to retain their monopoly rights. This fee structure encourages inventors to continue patent protection only when economically justified.

Outcome and Programs

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

IP Australia has three Programs as part of its one Outcome. These Programs represent IP Australia's structure for budget accountability to the Australian Government. While some funding is provided to IP Australia directly by Government, the bulk of funding is generated through fees charged under cost recovery arrangements (98% in 2014-15). IP Australia cost recovers against its activity group structure not the Program structure (as described below).

Program 1.1 – IP Rights Administration and Professional Registration encompasses the administration of patent, trade mark, design and plant breeder's IP rights legislation. It also includes the administration of the PSB for Patent and Trade Marks Attorneys and the Patent and Trade Marks Attorneys Disciplinary Tribunal.

All five of IP Australia's cost recovery activity groups are contained within Program 1.1.

Program 1.2 – Education, Awareness and International Engagement encompasses IP Australia's role in raising awareness and educating customers about IP and engaging with key international stakeholders and IP bodies.

This Program does not represent a separate cost recovery activity group. Costs of this Program are apportioned, using an activity based costing model, to the cost recovery activity groups in Program 1.1 because they support the delivery of the cost recovery activity groups.

Program 1.3 – Advice to Government encompasses IP Australia's role in providing advice on IP matters and supporting research into the current and future use of IP rights.

This Program does not represent a separate cost recovery activity group. Costs of this Program are apportioned, using an activity based costing model, to the cost recovery activity groups in Program 1.1 because they support the delivery of the cost recovery activity groups.

Where unrelated to the cost recovery activity groups, the deliverables against this Program are funded through the annual appropriation that IP Australia receives from Government in the form of an Interest Equivalency Payment against IP Australia's Special Account Balance (reserve). An Interest Equivalency Payment accounted for less than 2% of IP Australia's revenue in financial year 2014-15.

Further information on IP Australia's outcome and program structure can be found in the 2014-15 Department of Industry and Science Annual Report.

2. POLICY AND STATUTORY AUTHORITY TO COST RECOVER

2.1 Government policy approval to cost recover the activity

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

2.2 Statutory authority to charge

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

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

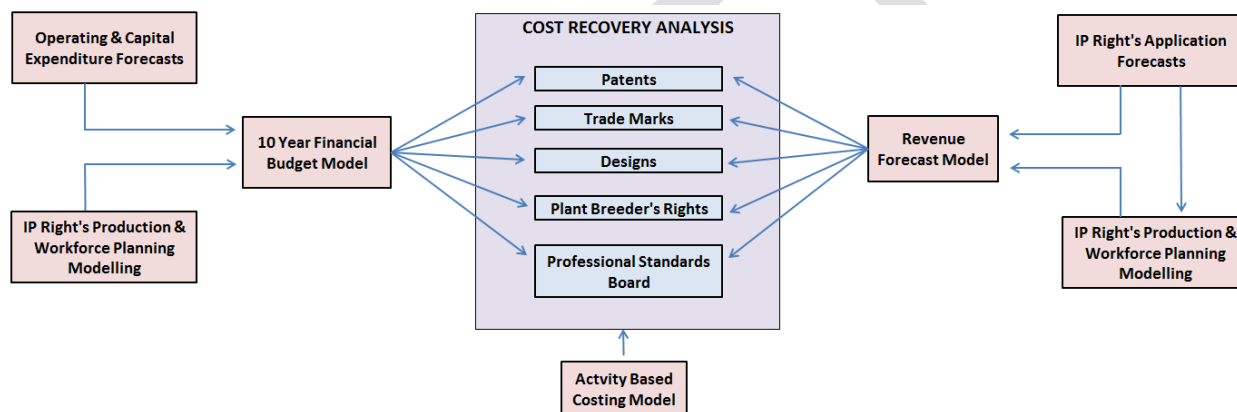
The PSB is established under section 227A of the *Patents Act 1990*.

3. COST RECOVERY MODEL

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

- Financial Management Information System – SAP
- Activity Based Costing Model – SAP PCM
- 10 Year Financial Budget Model
- Revenue Forecast Model
- IP Right's Production Models

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



IP Australia forecasts for all IP rights over a 10 year budget period to take into account the various business cycles that are legislatively attributed to each IP Right. For example a standard patent gives protection for up to 20 years (or 25 years for pharmaceutical substances), whereas the initial registration of a trade mark provides protection for 10 years and longer when a renewal fee is paid on each 10 year anniversary. Despite the need to model and forecast the financial impacts to the organisation of longer business cycles for IP rights, IP Australia must also ensure it meets its planning, budgeting and reporting obligations, under the Commonwealth Resource Management Framework over the shorter four year period.

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

- revenue forecasts driven by projected demand for IP Australia's products and services
- trends within the IP rights product lifecycle (for example changes in renewal activity)
- operational resource requirements (people, infrastructure and systems as well as external support) to meet forecast workloads and achieve customer service level standards (e.g. processing times)
- changes to input costs (such as labour costs, lease costs, and corporate overheads)

- plans for capital expenditure and related depreciation expense, in order to deliver important ICT modernisation programs linked to greater customer ease of use and access, as well as the efficient and reliable management of IP rights data during the application, examination/registration and renewals process
- external factors such as interest rates and foreign exchange movements.

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

3.1 Outputs and business processes of the activity

The primary outputs of IP Australia's activity groups are listed below and identified in the Portfolio Budget Statements (PBS) under Program 1.1:

- **Receipt of Patent applications:** The majority of patent applications lodged with IP Australia are National Phase Entries (NPE). The NPE volumes are forecast based on the number of international filings that have been lodged with the World Intellectual Property Office (WIPO) and the historic percentage of those applications that go on to nominate for patent protection in Australia. The remaining applications are forecast on the base of historic trends, current economic conditions and any external influences i.e., legislation changes.
- **Receipt of Patent Cooperation Treaty (PCT) applications:** The number of PCT applications is fairly stable. Forecast volumes are based on historic trends, including from countries that lodge PCT applications with Australia, and any other external influences.
- **Provision of Patent examination services:** Operational planning within the patent business group identifies the expected number of first reports that will be issued in any given year based on: average staffing levels (ASL), employee attrition, application diversity (innovations, PCT, standard etc.), examiner performance expectations, and the timing and training of new examiners.
- **Receipt of Trade Mark applications:** trade mark applications are forecast based on time series analysis, historic trends, volumes by application type (standard, Headstart, Madrid), current economic conditions and any external influences such as stockpiles held by WIPO.
- **Provision of Trade Mark registration services:** Operational planning within the trade mark business group identifies the expected number of first reports that will be issued in any given year based on: the ASL, employee attrition, examiner performance expectations, and the timing and training of new examiners. The expected number of first reports is then modelled, based on historical averages and timeframes, to provide a forecast of the expected annual number of registrations.
- **Receipt of Design applications:** Design applications are forecast based on time series analysis, historic trends, an analysis of high filing customers, current economic conditions and any further external influences.

- **Provision of Design examination services:** Operational planning within the designs business group identifies the expected number of first reports that will be issued in any given year based on: ASL, employee attrition, examiner performance expectations, and the timing and training of new examiners.
- **Receipt of Plant Breeder's Rights applications:** PBR applications tend to hold fairly stable with nominal growth and are forecast on the base of historic trends and any further external influences, for example flooding or widespread bushfires in growers' regions.
- **Provision of Plant Breeder's Rights examination services:** Operational planning within the PBR business group identifies the expected number of first reports that will be issued in any given year. The number of PBR examinations tends to hold fairly constant, with slow growth, as a result of stable application volumes and static ASL.
- **Receipt of Professional Standards Boards applications:** The forecast volume of applications for PSB registration is based on a historical average number of applications over recent years.
- **Provision of Professional Standard's Board registration services:** The forecast volumes are based on new and current registrations, and the likelihood of an attorney maintaining their registration.

Business Processes

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

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

The business processes that support the PSB outputs are also staff-based. The PSB Secretariat is responsible for providing support to the Board for Patent and Trade Marks Attorneys to undertake the functions associated with individuals seeking to qualify for registration as Patent and/or Trade Marks Attorneys.

The forecasts for each of the primary outputs over the forward estimates are provided in Table 2. It is proposed that these estimates will be published in the 2016-17 Department of Industry, Innovation and Science's PBS.

Table 2: IP Australia Deliverables

Deliverables	2016-17	2017-18	2018-19	2019-20
	Budget estimate	Forward estimate	Forward estimate	Forward estimate
Receipt of Patent applications	30,012	30,413	30,692	31,018
Receipt of Patent Cooperation Treaty (PCT) applications	2,980	2,980	2,980	2,980
Provision of Patent examination services	28,723	27,378	26,948	25,305
Receipt of Trade Mark applications	133,590	136,400	139,270	142,205
Provision of Trade Mark registration services	70,150	76,095	77,085	74,675
Receipt of Design applications	7,350	7,605	7,870	8,145
Provision of Design examination services	1,385	1,430	1,480	1,530
Receipt of Plant Breeder's Rights applications	350	350	350	350
Provision of Plant Breeder's Rights examination services	280	285	290	295
Receipt of Professional Standards Boards applications	120	120	120	120
Provision of Professional Standard's Board registration services	1,490	1,505	1,520	1,530

It is important to note the relative increases in patents and trade marks activities projected across the budget and forward estimates period. When compared to the 2014-15 actuals, reported in the Department of Industry, Innovation and Science's Annual Report, the increases are as follows:

- 8% - increase in patent/PCT applications across the four year budget period
- 2% - increase in patent examination services peaking in 2016-17
- 15% - increase in trade mark applications and registrations over the four-year budget period.

3.2 Costs of the activity

Overview

IP Australia uses SAP Business Objects Profitability and Cost Management Model (PCM) to cost the organisation's five activity groups. SAP PCM is an activity based costing system specifically configured to assign the operating costs of the organisation, to the various business activities undertaken within each activity group, to produce IP Australia's products and services. Below is a high-level summary of the nature of the costs and how they affect each activity group.

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

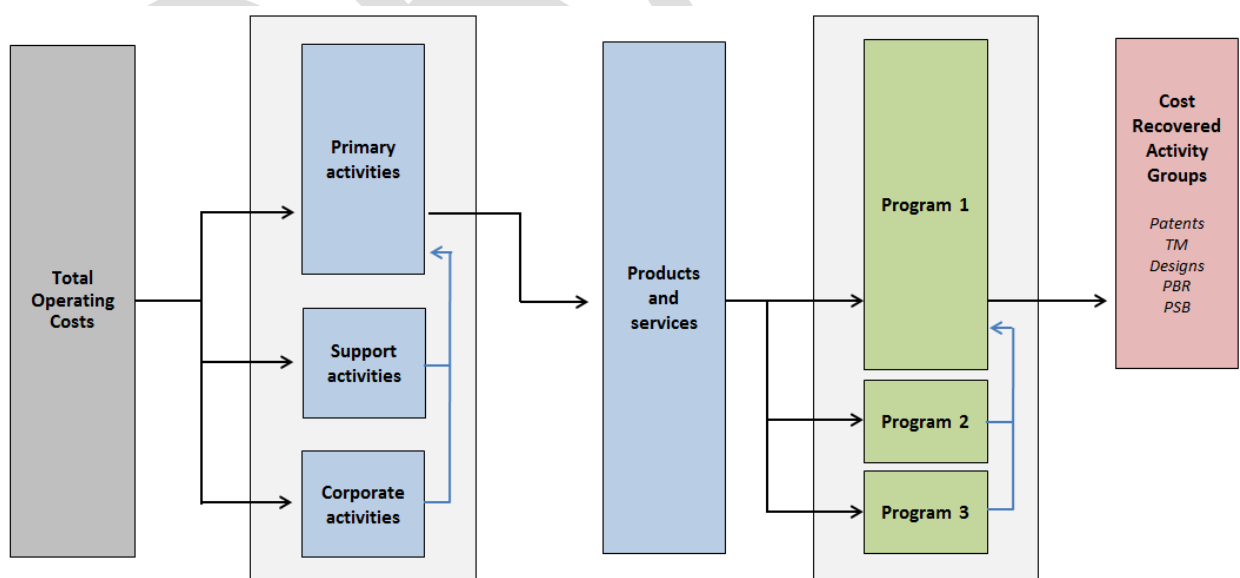
Both patents and trade marks activity groups have similar proportions of variable and fixed costs despite their differences in staffing numbers. Trade marks has less than half the staff allocated to activities than patents. The four-year budget period covered by this CRIS reflects the ASL for patent and trade mark examiners to meet the demand volumes from customers (identified in Table 4). All non-examination ASL has been capped, as part of IP Australia's plan to reduce corporate costs over the four-year budget period described in the CRIS.

Capital costs are reflected in this CRIS through a forecast for depreciation in the financial estimates. The one notable exception to this continues to be in fixed costs, attributed to the trade marks activity group, with respect of ICT capital investment over the period covered by this CRIS. This represents the finalisation of IP Australia’s investment in the Rights in One program for the designs and trade marks systems. Other ICT development costs, representing the normal short-term reinvestment cycle for assets (office machines and enabling software) are attributed proportionally over the patents and trade marks activity groups.

In respect of the remaining three smaller activity groups (designs, PBR and PSB), the main variable cost driver is staff costs, while the groups’ fixed costs are incidental to IP Australia’s total fixed costs and are considered sunk. That is, should these activity groups no longer be supported by IP Australia, building lease, depreciation, ongoing ICT support and corporate overhead costs would not be materially affected, and not in proportion to the decrease in direct costs. Since these three smaller activity groups have very little effect on the total fixed (overhead) costs, they do not present a significant cross-subsidisation issue for patents and trade marks.

Costing Methodology

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



IP Australia's internal organisational structure

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

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

Direct costs

The direct costs of the activity groups are employee, supplier and depreciation expenses stemming from the direct business groups. These direct costs are assigned to IP Australia's activities using cost drivers (contained within SAP PCM), such as time-sheeting data that provides volumes and time taken to complete an activity, or management estimates of staff effort against activities performed. It should be noted that the majority of expenditure for these groups is primarily staffing costs.

The direct costs of the patents and plant breeder's rights groups are allocated using time sheeting data that records the volume and time taken to undertake examination activities. Other expenses are driven using an ASL activity cost driver, except for the depreciation of assets which is attributed based on a percentage of usage.

The direct costs of the trademarks and designs groups are allocated using a management estimate of time taken to undertake the group's activities. This estimate is based on a combination of historical data and planned deliverables. Other expenses are driven using an ASL activity cost driver, except for the depreciation of assets which is attributed based on a percentage of usage.

All operating expenditure for the PSB is attributed directly to the activity.

Indirect costs

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

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

Projected costs

Over the four-year period covered by this CRIS, IP Australia will see minor increases to the overall cost base (Table 3 refers) driven by a number of factors:

- Employee costs will increase as a result of expected annual increases to salaries under a new Enterprise Agreement.
- Accommodation costs are set to rise in accordance with the existing profile of leases over the four-year budget period.
- Depreciation costs will increase up to 2017-18 as IP Australia continues to invest in replacement assets, and rolls-out new assets as part of the Right in One program to replace the existing designs and trade mark back-end systems.
- Supplier costs will remain stable across the four year period. This reflects the net impact of inflation on the price of some inputs offset by cost containment measures including increasing adoption of shared-services over the budget period.

Table 3 – Projected Total Expenses for IP Australia

ITEM	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2016-17	2017-18	2018-19	2019-20
	\$'M	\$'M	\$'M	\$'M
ASL	1054.0	1054.0	1054.0	1054.0
Employee expenses	\$ 127.230	\$ 130.468	\$ 132.751	\$ 136.728
Contractor & Consultant	\$ 15.633	\$ 15.020	\$ 13.733	\$ 12.469
Administration	\$ 28.976	\$ 28.235	\$ 28.262	\$ 28.623
Accommodation	\$ 13.600	\$ 13.700	\$ 13.900	\$ 14.100
Depreciation and amortisation	\$ 17.748	\$ 18.778	\$ 18.269	\$ 18.352
TOTAL EXPENSES	\$ 203.187	\$ 206.201	\$ 206.916	\$ 210.272

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

3.3 Design of cost recovery charges

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

The Government's Cost Recovery Guidelines state that the users or beneficiaries of government goods, services or regulations should bear the cost of their provision. In IP Australia's case, the beneficiary of the rights pays for the cost of issuing such rights. Each service can be readily traced to the responsible individual or organisation and as a result a fee for service is the most appropriate charge. Direct charging of services to customers is the most efficient cost recovery mechanism, consistent with the Cost Recovery Guidelines.

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

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

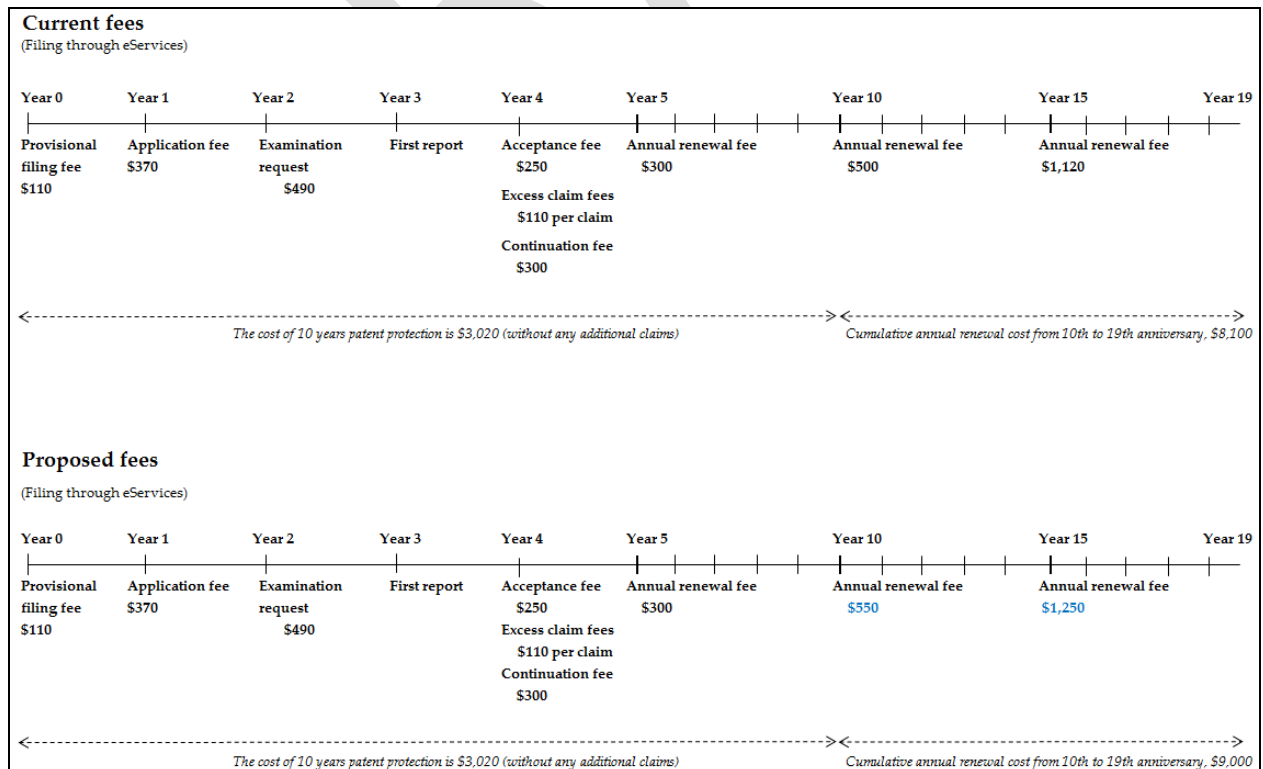
The current schedule of charges for each activity group can be located within the various IP rights regulations identified in Section 2.2. Fee information can also be located on IP Australia’s website.

Proposed Fee Changes

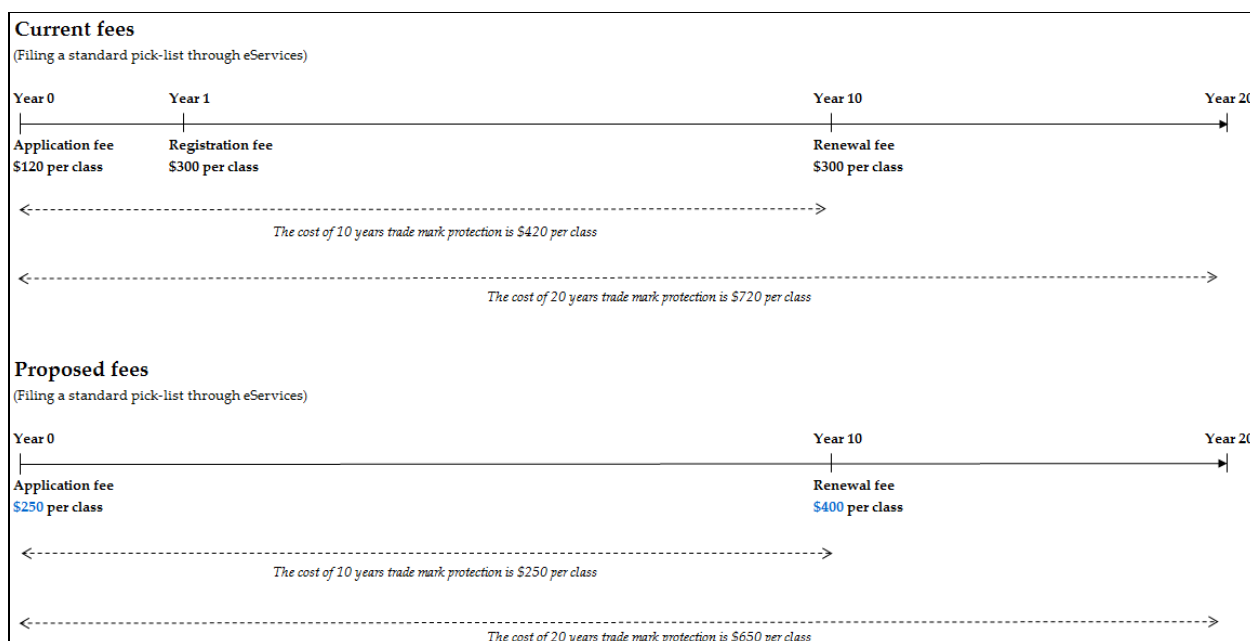
The proposed fee changes are designed to simplify and streamline the fee structure, minimise touch points for customers and align IP Australia with prevailing international practice. These changes will help IP Australia to address the over-recovery in fees currently paid by trade marks customers (compared to the costs of processing trade marks) against the projected under-recovery in fees paid by patent customers.

The proposed fees will see trade marks customers pay less under the new fee structures, and patent customers pay more, but only after they have held their right for 10 years. This is illustrated in the two diagrams below:

Patent fee cycle



Trade Mark fee cycle



Patents

Specific fee changes proposed for patents include:

- **International Type Search:** International type search requests are filed primarily by Australian customers, the proposed fee reduction is based on our innovation policy to support small business, and not-for-profit entities.
- **Renewals:** The renewal fees paid for years 10 to 24 will increase by approximately 11%. The renewal fees for years 4 to 9 will remain unchanged. The increase in later year renewal fees will reduce the projected cross-subsidy between the patent and trade mark activity groups, and address increasing patent expenses over the forward years.
- **Copies of documents:** The proposal is to streamline the fees charged for these services by removing the numerous specific fees for sale of documents and replacing them with two fees that are consistent across all IP Rights. In addition to a streamlined fee schedule the proposal facilitates greater efficiency in calculating and processing payments for the sale of documents.
- **Opposition & Hearings:** The fee changes are based on simplifying the fee structure and consistent with Government red-tape reduction initiatives.

Trade Marks

Specific fee changes proposed for trade marks include:

- **Registration fee:** IP Australia is proposing to remove the registration fee in order to bring IP Australia into line with other international IP Offices and provide a reduction in the cost of obtaining trade mark protection for up to 20 years. There is also a red-tape reduction benefit since there is one less point of interaction between IP Australia and the customer.

- **Standard and Headstart Applications:** Trade mark application fees will increase per class to partially offset the removal of the registration fee.
- **Madrid Applications:** The Madrid filing fee will be reduced as a result of the proposed removal of the trade mark registration fee, and consistent with IP Australia's international obligations to charge the same cost for both national and international customers seeking 10 year trade mark protection.
- **Renewals:** The trade mark renewal fee will increase to allow for a smaller increase to the application fee. This supports our innovation policy to provide a cheaper up-front trade mark.
- **Copies of documents:** The proposal is to streamline the fees charged for these services by removing the numerous specific fees for sale of documents and replacing them with two fees that are consistent across all IP Rights. In addition to a streamlined fee schedule the proposal facilitates greater efficiency in calculating and processing payments for the sale of documents.
- **Opposition & Hearings:** The fee changes are based on simplifying the fee structure and consistent with Government red-tape reduction initiatives.

Designs and PBR

The changes proposed for these activity groups are to simplify the fee structures in oppositions, hearings and administration.

PSB

There are no changes proposed for PSB fees.

The above proposed fee changes will also maintain IP Australia's current competitiveness, when compared with international IP offices.

The full list of proposed fee changes can be found in Attachment A and will be subject to public consultation and feedback prior to the CRIS being finalised, endorsed by Government and certified by the Director General of IP Australia. The relevant IP regulations will also be updated to reflect the approved changes to fees.

Fee changes are scheduled to come into effect in the final quarter of the 2016 calendar year.

4. RISK ASSESSMENT

IP Australia has undertaken a risk assessment, using the Charging Risk Assessment (CRA) template provided by the Department of Finance, to identify areas of implementation risk stemming from the proposed fee changes outlined in this CRIS. The assessment of each of the implementation risks from the CRA is provided in Attachment C. IP Australia has identified the overall risk rating as Medium.

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

- Difficulties in forecasting national and international demand.
- Risk of a change in demand (and revenue) resulting from the introduction of the proposed fee changes.
- Risk of an unforeseen and major global event that impacts demand.
- Possible delays with the passage of regulation changes.
- Risks associated with not updating IP Australia's internal fee processing systems in line with the approved legislative changes.
- Risk to customers through system changes required to accommodate fee changes.

IP Australia has controls in place across the organisation to mitigate risks associated with the unpredictability of demand. These are included on the corporate risk register and are reviewed quarterly for relevance and accountability. IP Australia will review all feedback and again assess if any potential risks exist that may be associated with the proposed fee changes.

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

IP Australia will manage the single implementation risk identified as high on the CRA (implementation risk number 2), through the following measures:

- Maintenance of a healthy balance sheet and sufficient levels of reserves to accommodate foreseeable sales volume variations, of +/- 5%
- Cost control mechanisms where any downturn or upswing in activity levels can be offset through the normal rates of turnover in staffing levels and acceptable customer service levels.

IP Australia will adopt a transition strategy to assist customers to comprehend the revised fee structures and impacts on individual needs, and provide advance notification to attorney firms enabling them to make related changes to their own internal fee setting systems.

5. STAKEHOLDER ENGAGEMENT

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

The consultation and communication process for the current fee review commenced with notifications to the Patents Consultation Group (PCG) and the Trade Marks and Designs Consultation Group (TM&DCG) on 23 July 2015. These Groups are the principal forums for consultation, discussion and information exchange on issues relating to the IP system which could impact on IP policy, practice and legislation in Australia.

Members of these consultation groups include:

- Institute of Patent and Trade Mark Attorneys of Australia (IPTA)
- International Federation of Intellectual Property Attorneys of Australia
- Law Council of Australia
- The Australian Manufacturers' Patents, Industrial Designs, Copyright and Trade Mark Association (AMPICTA)
- The ANU Office of Commercialisation.

An official notice was posted on IP Australia's web site on 31 July 2015 (Attachment B) informing stakeholders that IP Australia was undertaking a fee review. This notice invited stakeholders to provide feedback on ideas and suggestions on IP Australia's current fee structures, and where improvements could be made. In addition to the above mentioned consultation groups, IP Australia also directly contacted a number of other stakeholders such as:

- Licensing Executives Society Australia and New Zealand (LESANZ)
- The International Association for the Protection of Intellectual Property (AIPPI)
- Universities Australia
- Engineers Australia

IP Australia received a large number of ideas from both external stakeholders and staff, related to:

- The high price charged for a patent international type search
- Fees charged for late trade mark renewal payments

- The removal of the trade mark registration fee consistent with other international IP offices
- Fees charged for trade mark multi-class applications
- The patent excess claim fee and structure
- Potential fee discounts to support Australian small businesses
- Other minor administrative charges such as fees charged for copies of documents.

All suggestions were considered by IP Australia and a number of these have been included in this CRIS.

Other Consultation

IP Australia is providing a further opportunity for stakeholders to provide feedback on IP Australia's fees and proposed fee changes, with the release of the draft CRIS for public consultation in April 2016.

IP Australia continues to provide ongoing mechanisms for stakeholders to provide feedback on IP Australia's fees and cost recovery arrangements. IP Australia maintains a transparent Customer Service Charter and reports regularly against its service delivery standards. IP Australia has open channels for customer feedback including a customer feedback database that captures customer compliments, complaints and suggestions for improvement. IP Australia has also invested in redeveloping its website, with a go live date of April 2016, enabling a greater distribution of information to the public, consistent with the organisation's objectives against Program 1.2.

As an entity of the Australian Government, IP Australia's primary accountability is to the Australian public through the Minister for Industry, Innovation and Science. In addition to IP Australia's direct customers, their agents and representatives are important stakeholders. IP Australia maintains an active involvement with industry, business groups, the IP attorney profession, Government policy makers, academic and research bodies, and the wider legal community.

IP Australia is also an active participant in the proceedings of WIPO which administers the international IP rights system on behalf of member states.

6. FINANCIAL ESTIMATES

IP Australia is proposing fee changes (detailed in Attachment A) which are forecast to result in the projected financial outcomes for IP Australia detailed in Table 4.

Table 4 – Projected Financial Outcomes for IP Australia

ITEM	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2016-17 \$'M	2017-18 \$'M	2018-19 \$'M	2019-20 \$'M
Income	202.110	200.808	202.675	205.593
Revenue from Government	1.907	1.905	1.786	1.715
Expense	203.187	206.201	206.916	210.272
Surplus attributable to the Australian Government	0.831	(3.487)	(2.455)	(2.964)

The fee changes outlined in this CRIS are almost revenue neutral. It is the increases in demand which will primarily drive the growth in revenue over the budget period. Likewise the effect of additional examination staff needed to meet this demand will be offset by reductions in corporate ASL so that IP Australia's total forecasted ASL will not change over the forward estimates.

IP Australia has sufficient financial reserves, to accommodate small losses on the balance sheet over the budget period. The reserves were predominantly built up from surpluses in 2004 to 2008, where there was higher than expected demand for IP protection, which was able to be accommodated within existing resources. This reserve consists of funds previously contributed by customers toward future requirements related to staff liabilities, emergency operating capacity (equal to approximately three months of operating costs) and capital investments. The need to maintain the bulk of this reserve reflects the cyclical nature of significant ICT investment by IP Australia whereby funds are retained (through the recovery of the depreciation costs of past and current ICT investments) and built up towards the next investment peak in the cycle. These investment peaks can be decades apart depending on the useful lives of assets on hand.

IP Australia's strategy is to manage the financial risks over the budget period without the need for fee increases, and to reassess the situation in four years' time when the organisation is next scheduled to review fees. If warranted, a new fee review could be brought forward but this should only be done with a view to the cyclical nature of the business and the overall state of the balance sheet at that time.

This CRIS is based on an assumption that IP Australia can best support the Australian Government's overall efficiency and innovation agendas by proactively engaging with risk. Planned and judicious use of cash reserves will deliver lower fees for customers and ensure IP Australia can more effectively manage a demand-driven business cycle over the coming years.

IP Australia's longer-term strategy is to provide a more business-like financial operating arrangement for the organisation.

Tables 5 to 9 below illustrate the financial estimates for each of IP Australia's activity groups.

Table 5 – Financial Estimates – Patent Activity Group

	2016-17 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2018-19 (\$'000)	2019-20 (\$'000)
Expenses = X	\$128,190	\$	\$129,227	\$129,122	\$130,875
Revenue = Y	\$125,128	\$	\$126,531	\$127,521	\$128,204
Balance = Y – X	(\$3,062)	\$	(\$2,696)	(\$1,601)	(\$2,671)
Cumulative balance	(\$1,509)	\$	(\$4,205)	(\$5,806)	(\$8,477)

Table 6 – Financial Estimates – Trade Marks Activity Group

	2016-17 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2018-19 (\$'000)	2019-20 (\$'000)
Expenses = X	\$67,307	\$	\$69,199	\$69,965	\$71,414
Revenue = Y	\$73,217	\$	\$70,340	\$70,974	\$73,017
Balance = Y – X	\$5,910	\$	\$1,141	\$1,009	\$1,603
Cumulative balance	\$31,461	\$	\$32,602	\$33,611	\$35,214

Table 7 – Financial Estimates – Designs Activity Group

	2016-17 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2018-19 (\$'000)	2019-20 (\$'000)
Expenses = X	\$4,612	\$	\$4,663	\$4,684	\$4,769
Revenue = Y	\$3,622	\$	\$3,778	\$3,888	\$4,000
Balance = Y – X	(\$990)	\$	(\$885)	(\$796)	(\$769)
Cumulative balance	(\$4,381)	\$	(\$5,266)	(\$6,062)	(\$6,831)

Table 8 – Financial Estimates – Plant Breeder's Rights Activity Group

	2016-17 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2018-19 (\$'000)	2019-20 (\$'000)
Expenses = X	\$2,144	\$	\$2,164	\$2,181	\$2,224
Revenue = Y	\$1,344	\$	\$1,351	\$1,360	\$1,365
Balance = Y – X	(\$800)	\$	(\$813)	(\$821)	(\$859)
Cumulative balance	(\$3,463)	\$	(\$4,276)	(\$5,097)	(\$5,956)

Table 9 – Financial Estimates – Professional Standards Board Activity Group

	2016-17 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2018-19 (\$'000)	2019-20 (\$'000)
Expenses = X	\$933	\$	\$947	\$965	\$990
Revenue = Y	\$706	\$	\$713	\$719	\$722
Balance = Y – X	(\$227)	\$	(\$234)	(\$246)	(\$268)
Cumulative balance	(\$897)	\$	(\$1,131)	(\$1,377)	(\$1,645)

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7A. FINANCIAL PERFORMANCE

Tables 10 to 14 illustrate the historic financial performance of each of IP Australia's activity groups. These tables will be updated annually following the publication of IP Australia's financial results. The 2015-16 financial performance information is a forecast only and will be updated at the end of the current financial year.

Table 10 – Patents Activity Group

	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16* (\$'000)
Expenses = X	\$109,045	\$117,397	\$115,865	\$125,209
Revenue = Y	\$108,709	\$115,374	\$120,214	\$124,773
Balance = Y – X	(\$336)	(\$2,023)	\$4,349	(\$437)
Cumulative balance	(\$336)	(\$2,359)	\$1,990	\$1,553

Table 11 – Trade Marks Activity Group

	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16* (\$'000)
Expenses = X	\$54,019	\$55,318	\$56,143	\$60,671
Revenue = Y	\$58,206	\$60,267	\$65,375	\$67,854
Balance = Y – X	\$4,187	\$4,949	\$9,232	\$7,183
Cumulative balance	\$4,187	\$9,136	\$18,368	\$25,551

Table 12 – Designs Activity Group

	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16* (\$'000)
Expenses = X	\$4,008	\$4,046	\$4,731	\$5,113
Revenue = Y	\$3,649	\$3,454	\$3,633	\$3,771
Balance = Y – X	(\$359)	(\$592)	(\$1,098)	(\$1,342)
Cumulative balance	(\$359)	(\$951)	(\$2,049)	(\$3,391)

Table 13 – Plant Breeder's Rights Activity Group

	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16* (\$'000)
Expenses = X	\$1,859	\$2,107	\$1,978	\$2,138
Revenue = Y	\$1,305	\$1,353	\$1,355	\$1,406
Balance = Y – X	(\$554)	(\$754)	(\$623)	(\$732)
Cumulative balance	(\$554)	(\$1,308)	(\$1,931)	(\$2,663)

Table 14 – Professional Standards Board Activity Group

	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16* (\$'000)
Expenses = X	\$684	\$707	\$881	\$952
Revenue = Y	\$580	\$531	\$708	\$735
Balance = Y – X	(\$104)	(\$176)	(\$173)	(\$217)
Cumulative balance	(\$104)	(\$280)	(\$453)	(\$670)

* Estimated actual forecast for 2015-16.

7B. NON-FINANCIAL PERFORMANCE

IP Australia reports against its non-financial performance targets in the Department of Industry, Innovation and Science's PBS, and IP Australia's Corporate Plan. These include:

- All IP Rights applications are processed within the average timeframes of the Customer Service Charter
- At least 93.5% of all IP Rights applications conform to the highest quality standard
- At least 90% of the participants of the Regional Patent Examination Training program are satisfied with the training provided.
- Provision of high quality, timely and strategic policy advice to the Minister

8. KEY FORWARD DATES AND EVENTS

Date	Event
May 2017	Budget update
October 2017	Update of actual financial results
May 2018	Budget update
October 2018	Update of actual financial results
May 2019	Budget update
October 2019	Update of actual financial results
2020	Portfolio Charging Review, as part of the Industry, Innovation and Science portfolio

9. CRIS APPROVAL AND CHANGE REGISTER

Date of CRIS change	CRIS change	Approver	Basis for change
27/06/2012	Certification of the CRIS 2012-16	Philip Noonan, Director General, IP Australia	Scheduled Fee Review
TBA	Certification of the CRIS 2016-17	Patricia Kelly, Director General, IP Australia	Scheduled Fee Review
TBA	Agreement to the CRIS 2016-17	Minister of Industry, Innovation and Science	Scheduled Fee Review

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ATTACHMENT A

The following provides a summary of the proposed fee changes for IP Australia.

Proposed Fee Changes for Patents				
Fee Item	Current Fee		Proposed Fee	
	Fee using eServices	Fee by other means	Fee using eServices	Fee by other means
International Type Search & Opinion Art.15(5)		\$ 2,200		\$ 950
Exam search fee relating to standard complete application		\$ 1,400		\$ 950
Request for Dismissal Patent Opposition*		\$ 600		
Objection to Proposed Amend Patent*		\$ 600		
Objection to Granting a Patent or any other action*		\$ 600		
Commissioners Discretionary Powers*		\$ 600		
Copy of Patent Specification*		\$ 50		
Copy of Document other than Patent Specification*		\$ 50		
Copy of 6 Documents From the Same File*		\$ 200		
Photocopy of Pages (Beyond 6 Documents)*		\$ 1		
Certified Copy of a Document*		\$ 50		
Filing a request under subregulation 3.25 (1) for the certification referred to in Rule 11.3 (a) of the Budapest Treaty		\$ 550		\$ 600
Patent Annuity Fee-10th Anniversary	\$ 500	\$ 550	\$ 550	\$ 600
Patent Annuity Fee-11th Anniversary	\$ 500	\$ 550	\$ 550	\$ 600
Patent Annuity Fee-12th Anniversary	\$ 500	\$ 550	\$ 550	\$ 600
Patent Annuity Fee-13th Anniversary	\$ 500	\$ 550	\$ 550	\$ 600
Patent Annuity Fee-14th Anniversary	\$ 500	\$ 550	\$ 550	\$ 600
Patent Annuity Fee-15th Anniversary	\$ 1,120	\$ 1,170	\$ 1,250	\$ 1,300
Patent Annuity Fee-16th Anniversary	\$ 1,120	\$ 1,170	\$ 1,250	\$ 1,300
Patent Annuity Fee-17th Anniversary	\$ 1,120	\$ 1,170	\$ 1,250	\$ 1,300
Patent Annuity Fee-18th Anniversary	\$ 1,120	\$ 1,170	\$ 1,250	\$ 1,300
Patent Annuity Fee-19th Anniversary	\$ 1,120	\$ 1,170	\$ 1,250	\$ 1,300
Pharmaceutical Annuity-20th Anniversary	\$ 2,300	\$ 2,350	\$ 2,550	\$ 2,600
Pharmaceutical Annuity-21st Anniversary	\$ 2,300	\$ 2,350	\$ 2,550	\$ 2,600
Pharmaceutical Annuity-22nd Anniversary	\$ 2,300	\$ 2,350	\$ 2,550	\$ 2,600
Pharmaceutical Annuity-23rd Anniversary	\$ 2,300	\$ 2,350	\$ 2,550	\$ 2,600
Pharmaceutical Annuity-24th Anniversary	\$ 2,300	\$ 2,350	\$ 2,550	\$ 2,600
PCT Late Payment Fee*		Calculated		
NEW FEE - Copy of a Document				\$ 50
NEW FEE - Copy of a Complete File				\$ 200

* These fees will be removed from Schedule 7 of the Patent Regulations 1991.

Proposed Fee Changes for Trade Marks

Fee Item	Current Fee		Proposed Fee	
	Fee using eServices	Fee by other means	Fee using eServices	Fee by other means
Filing Electronic Application for TM - Pick List	\$ 120		\$ 250	
Filing Electronic TM Application - Pick List - Additional Classes	\$ 120		\$ 250	
Filing Electronic Application for TM - No Pick List	\$ 200		\$ 330	
Filing Electronic Application for TM - No Pick List Add Classes	\$ 200		\$ 330	
Trade Mark Application - First Class		\$ 220		\$ 350
Trade Mark Application - Additional Classes		\$ 220		\$ 350
AFS TM New Request - Single Class	\$ 120		\$ 200	
AFS TM New Request - Additional Class	\$ 120		\$ 200	
Filing Electronic Series TM - Pick List	\$ 270		\$ 400	
Filing Electronic Series TM - Pick List Add classes	\$ 270		\$ 400	
Filing Electronic Series TM - No Pick List	\$ 350		\$ 480	
File Electronic Series TM - No Pick List - Additional Classes	\$ 350		\$ 480	
Filing Series TM - Other Means - 1 Class		\$ 370		\$ 500
Filing Series TM - Other Means - Additional Classes		\$ 370		\$ 500
Amend TM Series - s51 - 1 Class		\$ 370		\$ 500
Amend TM Series - s51 - Add Classes		\$ 370		\$ 500
TM Additional Prescribed Class of Goods		\$ 220		\$ 350
TM Additional Prescribed Goods - Add classes		\$ 220		\$ 350
Notice to Oppose Removal of TM from Register*		\$ 150		
TM Registration - Single Class*		\$ 300		
TM Registration - Additional Classes*		\$ 300		
Trade Mark Renewal - Single Class	\$ 300	\$ 350	\$ 400	\$ 450
Trade Mark Renewal - Additional Classes	\$ 300	\$ 350	\$ 400	\$ 450
Late Fee for TM Renewal**		\$ 100		\$ 100
Special Renewal of a TM - First Class*		\$ 350		\$ 450
Special Renewal of a TM -Additional Classes*		\$ 350		\$ 450
TM Hearing - Written Submission Fee*		\$ 100		
Certif. by the Registrar of Trade Marks*		\$ 50		
Supply of Duplicate TM Certificate*		\$ 250		
Copy of an extract from the Register or the Record of Int Reg*		\$ 50		
TM Document requiring a Search*		\$ 100		
AFS TM Part 2 Fee - Single Class	\$ 80		\$ 130	
AFS TM Part 2 Fee - Additional Class	\$ 80		\$ 130	
Headstart TM New Representation - Single Class	\$ 120		\$ 150	
Headstart TM New Representation - Additional Class	\$ 120		\$ 150	
Headstart TM Additional Class Fee - Single Class	\$ 120		\$ 200	
Headstart TM Additional Class Fee - Additional Class	\$ 120		\$ 200	
Copy of a File 20 Pages or Less*		\$ 30		
Copy of a File More than 20 Pages*		\$30 + \$1 per page		
Madrid Import Application	\$ 420		\$ 350	
Madrid Import Application (Additional Classes)	\$ 420		\$ 350	
Madrid Import Renewal	\$ 300		\$ 400	
Madrid Import Renewal (Additional Classes)	\$ 300		\$ 400	
NEW FEE - Ext of Time - Beyond Applicants Control				\$ 100
NEW FEE - Copy of a Document				\$ 50
NEW FEE - Copy of a Complete File				\$ 200

* These fees will be removed from Schedule 9 of the Trade Mark Regulations 1995.

** Change from \$100 per class, per month to \$100 per application, per month.

Proposed Fee Changes for Designs

Fee Item	Current Fee		Proposed Fee	
	Fee using eServices	Fee by other means	Fee using eServices	Fee by other means
Filing a notice of opposition		\$ 550		\$ 600
Registrar's Discretionary Power*		\$ 500		
Revoke Registration of a Design*		\$ 500		
Dup Certificate of Registration or Exam*		\$ 250		
Copy of an Extract*		\$ 100		
Copy of Document other than an Extract*		\$ 50		
Filing a request for certification of a document*		\$ 50		
NEW FEE - Copy of a Document				\$ 50
NEW FEE - Copy of a Complete File				\$ 200

* These fees will be removed from Schedule 4 of the Designs Regulations 2004.

Proposed Fee Changes for Plant Breeder's Rights

Fee Item	Current Fee		Proposed Fee	
	Fee using eServices	Fee by other means	Fee using eServices	Fee by other means
For the undertaking, on request of a person, by the Secretary or the Registrar of any work required or authorised under the Act and for which a fee is not prescribed under any other item*		\$75 per hr		
On making a request for a copy of an entry in the register under subsection 62 (2)*		\$ 50		
On making a request for a copy of an application, an objection or a detailed description under subsection 36 (2)*		\$ 50		
Amendment of the register on notification of assignment under section 21*		\$ 100		
On making a request for a variation of an application under subsection 31 (1)*		\$ 100		
Discounted examination**		\$ 1,380		\$ 1,380
NEW FEE - Copy of a Document				\$ 50
NEW FEE - Copy of a Complete File				\$ 200

* These fees will be removed from the Plant Breeder's Rights 1994 - Schedule of Fees.

** Discount applies regardless of type of species.

ATTACHMENT B

Have your say on our fee structure

31 Jul 2015



We are seeking your feedback on our current fee structure and areas where efficiencies could be made.

Why are we doing this?

The purpose of our fee review is to assess our cost recovery arrangements in accordance with the Australian Government Cost Recovery Guidelines 2014, and to ensure that we are setting fees that are consistent, transparent and cover the costs associated with administering the intellectual property (IP) rights system.


Further objectives of the 2015/16 fee review are to:

- maximise innovation in Australia through a fee structure that promotes the economic value of IP rights
- explore options to simplify and streamline IP Australia's current fee structure by:
 - evaluating the purpose of specific fees, and their future validity
 - simplifying fee schedules with a view to reducing the administrative burden on customers while achieving improvements in operational efficiency within IP Australia
 - reducing the ambiguity and uncertainty customers may experience with deciphering fee descriptions listed in the regulations
 - increasing fee consistency across IP product lines.
- ensure fees remain internationally competitive, and explore options to harmonise our fee structure with other IP offices globally
- maintain the financial sustainability of IP Australia, with a focus to delivering cost effective IP products and services.

As part of this fee review, we welcome any ideas or suggestions that you may have on our current fee structures, and where improvements could be made.

Please send your feedback to us by **4 September 2015** to: feereview@ipaaustralia.gov.au, or by mail to: Fee Review, IP Australia, PO Box 200 Woden ACT 2606.

Following our review, a draft Cost Recovery Implementation Statement (CRIS) will be made available around December 2015 for further feedback. It is anticipated that any proposed fee changes would take effect during the 2016-17 financial year.

- Find other [public consultations](#) open to our customers for feedback
- [Join IP Australia on Facebook](#) to get the latest IP updates delivered straight to your news feed
- On Twitter? Follow us [@IPAustralia](#) 
- Stay informed - [sign up to our free email updates](#), to receive our latest news directly to your inbox.

ATTACHMENT C



Australian Government
Department of Finance

IP Australia – Charging Risk Assessment (CRA)

Implementation risks	Low	Medium	High
1. What is the proposed change in annual cost recovery revenue for the activity?	<input checked="" type="checkbox"/> <5%	<input type="checkbox"/> 5 < 10 %	<input type="checkbox"/> >10% Or New
2. What is the total proposed annual cost recovery revenue for the activity?	<input type="checkbox"/> 0 - \$10m	<input type="checkbox"/> \$10m < \$20m	<input checked="" type="checkbox"/> \$20m +
3. What does the policy proposal or change in the cost recovered activity involve?	<input checked="" type="checkbox"/> Change in the level of existing cost recovery charges	<input type="checkbox"/> Change in the structure of existing cost recovery charges and/or composition of payers	<input type="checkbox"/> Introduction of cost recovery for a new activity or for an existing activity (or its components) that has not been cost recovered previously
4. What type of cost recovery charges will be used?	<input type="checkbox"/> Levies only	<input checked="" type="checkbox"/> Fees only or fees and levies	<input type="checkbox"/> Fees, levies and other charges
5. What legislative requirements are necessary for imposition of cost recovery charges?	<input checked="" type="checkbox"/> Does not involve an Act of Parliament (e.g. Regulations, Determinations etc)	<input type="checkbox"/> Involves an Act of Parliament (e.g. enabling Act or levy imposition Act)	<input type="checkbox"/> Requires State/Territory legislative changes or referral of powers to the Commonwealth
6. Does the proposal involve working with other Commonwealth, State/Territory and/or local government entities?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes - with Commonwealth entities only	<input type="checkbox"/> Yes – with Commonwealth and State/Territory entities
7. What will be the expected impact of cost recovery on payers? <i>This may depend on, among other things:</i> <ul style="list-style-type: none"> • the change in the level of charges • the number of people affected • the cumulative effect from other government charges/regulation • the economic conditions etc. 	<input checked="" type="checkbox"/> Low	<input type="checkbox"/> Medium	<input type="checkbox"/> High
8. What consultation has occurred with payers and other stakeholders about the proposed cost recovery?	<input type="checkbox"/> Consulted - no significant issues raised	<input type="checkbox"/> Consulted – significant issues raised but can be addressed	<input type="checkbox"/> Not consulted <u>or</u> consulted and significant issues raised but ongoing sensitivities

Overall CRA rating:	<input type="checkbox"/> LOW	<input checked="" type="checkbox"/> MEDIUM	<input type="checkbox"/> HIGH
Supporting analysis:			
Entity sign-off:	Date	Finance comment	Date

This tool is part of the [Australian Government Charging Framework](#). It should be read in conjunction with Resource Management Guide 302, available on the Department of Finance web site (www.finance.gov.au).