



Australian Government

Department of Industry, Innovation and Science

IP Australia

## DRAFT COST RECOVERY IMPLEMENTATION STATEMENT

IP Australia

2020-21

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

<sup>1</sup> The CRGs are available on the Department of Finance website ([www.finance.gov.au](http://www.finance.gov.au)).

## 1. INTRODUCTION

### 1.1 Purpose of the CRIS

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

### 1.2 Description of the activity

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

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

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

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

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

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

IP Australia also administers the Trans-Tasman IP Attorney system, promotes awareness of IP, provides advice to Government on the development of IP policy, and contributes to bilateral and multilateral negotiations and development cooperation programs to support the global IP system. From time to time, this system will require adjustment to meet new demands or to keep up with economic, legal and business developments. IP Australia's role is to seek to ensure that these changes are in Australia's best interest and meet customers' needs.

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 the variety, sell it, condition it for propagation, reproduce it, import or export it and stock it.
5. **Trans-Tasman IP Attorneys (TTIPA) system:** IP Australia administers the Trans-Tasman IP Attorneys system and provides secretariat support for the Trans-Tasman IP Attorneys Board and the Trans-Tasman IP Attorneys Disciplinary Tribunal.

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

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	9%	91%
Plant Breeder's Rights	43%	57%
Trade Marks	58%	42%
Designs	40%	60%

Source: IP Report 2019

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

Regulatory cost recovery charging continues to be the appropriate charging model for IP Australia, as IP right customers are clearly identifiable, and the cost recovery fees set to recover the costs of activities can be directly attributed to these individuals.

### Outcome and Programs

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

IP Australia has three Programs as part of its one Outcome. These Programs represent IP Australia's structure for budget accountability to the Australian Government. While there are some components of IP Australia's costs which are funded directly by Government, the bulk of IP Australia's costs are recovered through regulatory fees (98% in 2018-19). IP Australia cost recovers against its activity group structure not the Program structure (as described below).

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

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

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

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

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

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

IP Australia receives departmental appropriation from Government (\$0.4 million in 2019-20) for non-regulatory charging activities undertaken within Program 3.

Further information on IP Australia's outcome and program structure can be found in the 2019-20 Department of Industry, Innovation and Science Portfolio Budget Statements (PBS).

## **2. POLICY AND STATUTORY AUTHORITY TO COST RECOVER**

### **2.1 Government policy approval to cost recover the activity**

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

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

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

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 exclusive rights. This fee structure encourages inventors to continue patent protection only when economically justified.

## 2.2 Statutory authority to charge

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

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

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

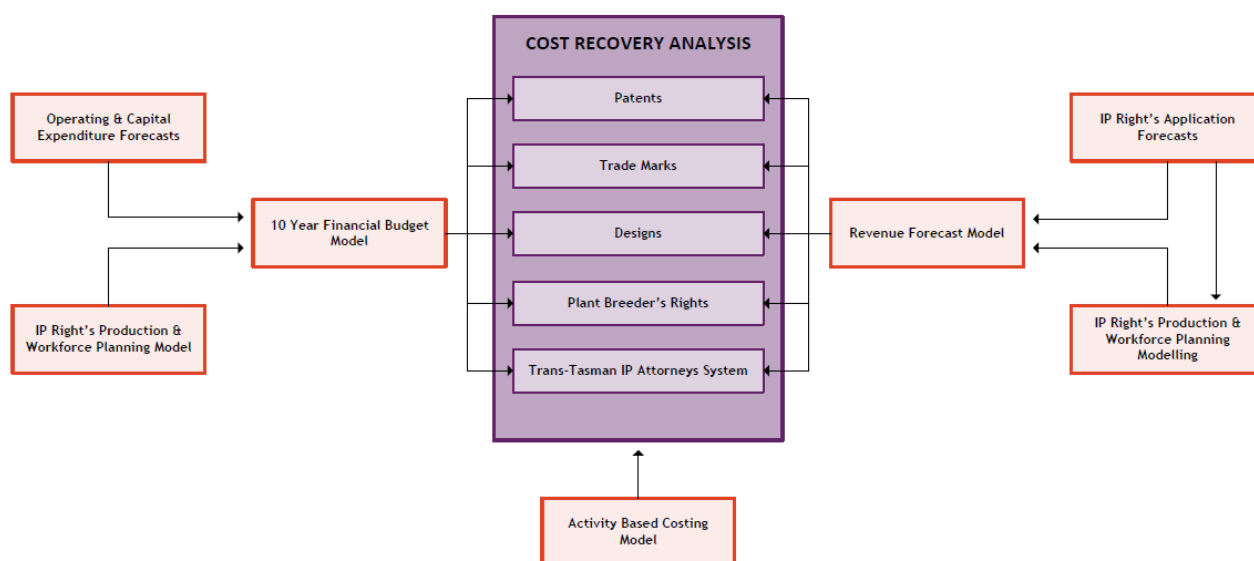
## 3. COST RECOVERY MODEL

IP Australia utilises 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

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

Figure 1: IP Australia Cost Recovery Modelling



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

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

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

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

### 3.1 Outputs and business processes of the activity

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

- **Receipt of Patent applications**

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

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

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

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

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

- **Provision of Patent examination services**

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

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

- **Receipt of Trade Mark applications**

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

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



- **Provision of Trade Mark examination services**

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

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

- **Receipt of Design applications**

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

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

- **Provision of Design examination services**

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

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

- **Receipt of PBR applications**

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

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

- **Provision of PBR examination services**

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

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

- **Receipt of TTIPA applications:**

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

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

- **Provision of TTIPA registration services:**

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

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

### Business Processes

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

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

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

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

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

Table 2: IP Australia Deliverables

	PBS	Forward estimate	Forward estimate	Forward estimate
	2019-20	2020-21	2021-22	2022-23
<b>Applications Received</b>				
Patents	32,216	30,023	30,136	29,154
Patent Cooperation Treaty (PCT)	3,075	3,107	3,137	3,157
Trade Marks	83,821	86,893	89,934	92,889
Designs	8,046	8,167	8,280	8,401
Plant Breeder's Rights	350	350	350	350
<b>Registration Service</b>				
Trans-Tasman IP Attorneys	1,640	1,670	1,700	1,720

Source: IP Australia Corporate Plan 2019-20

## 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 costed products and services. Below is a high-level summary of the nature of the costs and how they impact 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 approximately half the staff allocated to activities than patents. The four-year budget period covered by this CRIS reflects the ASL for patent and trade mark examiners to meet the demand volumes from customers (identified in Table 2). All non-examination ASL has been capped, as part of IP Australia's ongoing plan to reduce corporate overhead costs, as well as the organisation's commitment to leverage corporate shared service offerings.

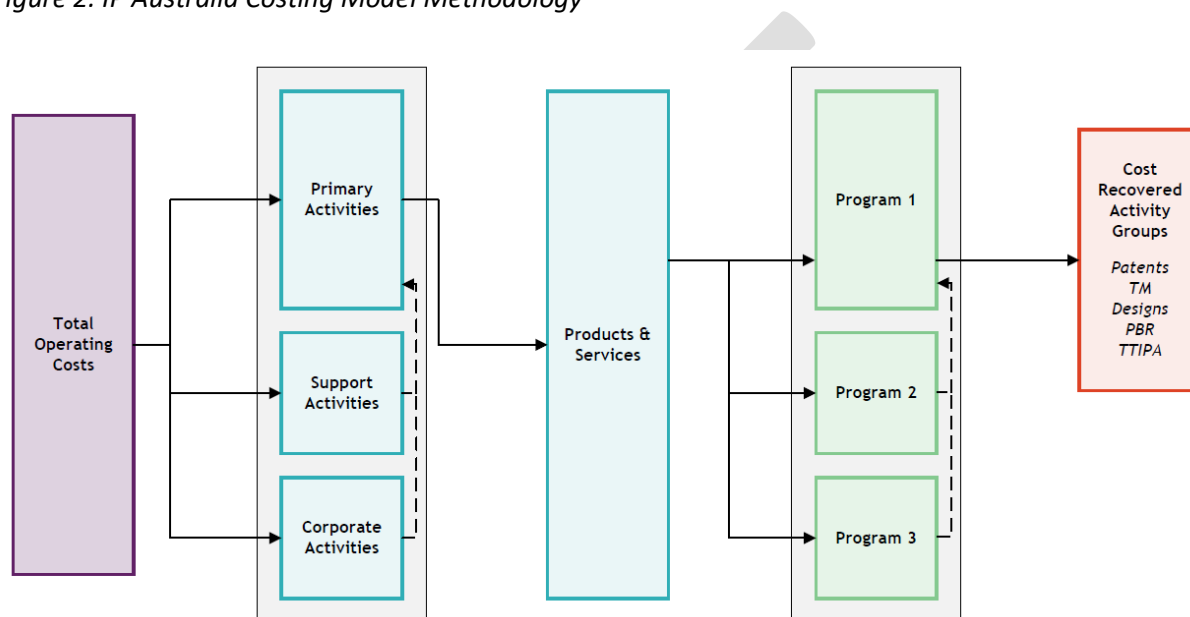
Capital investment is reflected in this CRIS through a forecast for depreciation in the financial estimates, based on an historic proportion of depreciation allocated to activity groups.

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

## Costing Methodology

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

Figure 2: IP Australia Costing Model Methodology



## IP Australia's internal organisational structure

IP Australia's internal organisational structure can be classified into direct and indirect business groups, due to the nature of the work 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, and designs. The work undertaken within these business groups can be directly aligned to one of the five activity groups and therefore, all operating expenses incurred are considered a direct cost of the cost recoverable activity. The support and corporate activities, such as finance, human resources, ICT, and property 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 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 trade marks 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 administering the TTIPA is attributed directly to the activity.

#### Indirect costs

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

The main cost drivers used to assign corporate type expenses are similar for each activity group. For example finance, human resources, and property and services are allocated based on ASL, while ICT services are allocated based on a combination of system usage and ASL. The cost of IP Australia's 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 increases to the overall cost base (Table 3 refers) of an average of 2.4% per annum. This is driven by a number of factors:

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

Table 3 – Projected Total Expenses for IP Australia

ITEM	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2020-21	2021-22	2022-23	2023-24
	\$'M	\$'M	\$'M	\$'M
ASL	1054.0	1054.0	1054.0	1054.0
Employee expenses	\$ 134.345	\$ 138.345	\$ 142.474	\$ 146.509
Supplier expenses	\$ 53.719	\$ 56.838	\$ 59.155	\$ 59.537
Depreciation and amortisation	\$ 34.971	\$ 35.554	\$ 33.721	\$ 33.571
<b>TOTAL EXPENSES</b>	<b>\$ 223.035</b>	<b>\$ 230.737</b>	<b>\$ 235.350</b>	<b>\$ 239.617</b>

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 of government goods, services or regulations should bear the cost of their provision. In IP Australia’s case, those causing the effort of registering the rights pays for the cost of the effort of issuing such rights. Each service can be mapped to the responsible individual or organisation and as a result a fee for service is the most appropriate charge. Direct charging of services to customers is the most efficient cost recovery mechanism, consistent with the 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, with the same effort, are charged at the same rate across product groups.

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

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

## Proposed Fee Changes

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

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

### **PATENTS**

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

#### RECOMMENDATION 7.4

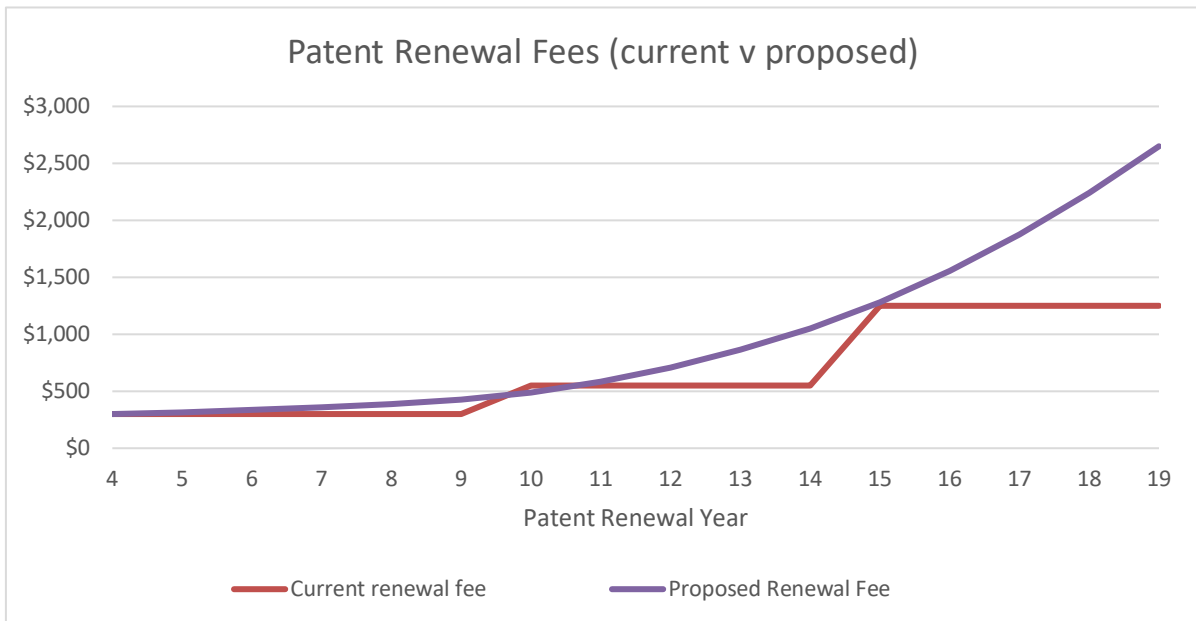
The Australian Government and IP Australia should set patent fees to promote broader intellectual property policy objectives, rather than the current primary objective of achieving cost recovery. To this end, the Australian Government, with input from IP Australia, should:

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

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

Specific fee changes proposed for patents include:

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



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



## TRADE MARKS

Specific fee changes proposed for Trade Marks include:

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

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

- **Trade Marks oppositions and hearings:** The changes to the Trade Mark hearing fees and the wording in the Regulations are intended to clarify the hearing action with the associated cost. The fee for filing a request for a hearing will be reduced from \$600 to \$400. Appearing and being heard at an oral hearing in person will increase from \$600 per day to \$800 per day (less the \$400 fee for filing a request for a hearing). Appearing and being heard at an oral hearing by means other than in person will attract a fee of \$600 per day (less the \$400 fee for filing a request for a hearing). For a determination outside of a hearing or being heard only on the base of written submissions, there is no additional fee.

## DESIGNS

Specific fee changes proposed for Designs include:

- **Application for more than one design:** The Advisory Council on Intellectual Property (ACIP) recommended in its 2015 report that the process for multiple design applications be improved by reducing the fees for each additional design added to the application. IP Australia is proposing to reduce the fee for filing a design application for either more than one design in relation to one product or more than one design in relation to more than one product, if each product belongs to the same Locarno Agreement class; the first Design will maintain the fee of \$250, however, the fee for each subsequent Design will be reduced to \$200 for each separate Design disclosed in the application.

- **Filing a design application by another means:** The fee for filing a design application by preferred means will remain unchanged at \$250. However, the fee for filing by another means will increase from \$350 to \$450. IP Australia is maintaining the current fee for filing by preferred means as it reflects the efficiencies gained through IT modernisation. In contrast, filing an application by another means rather than the preferred means requires labour intensive manual processing at a comparatively higher cost.
- **Design renewals:** IP Australia is proposing to increase the fee to file an application for renewal of the registration of a design from \$320 to \$400 when filed by the preferred means and from \$370 to \$450 when filed by another means. The increase to design renewal fees is to ensure closer alignment of expenses and revenue within the Design activity.

## **PBR**

Specific fee changes proposed for PBR include:

- **PBR renewals:** IP Australia is proposing to increase the fee for annual maintenance of a PBR from \$345 to \$400 when filed by the preferred means and from \$395 to \$450 when filed by another means. The increase to PBR renewal fees aims to moderate the under-recovered position of the overall PBR activity.
- **Qualified Persons:** IP Australia is proposing to increase the fee for designation of an approved person from \$50 to \$80 and increasing the renewal of designation of an approved person from a \$50 annual fee to a fee of \$240 for a period of 3 years. These fee increases aim to moderate the under-recovered position of the overall PBR activity.

## **TTIPA**

Specific fee changes proposed for TTIPA include:

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

The 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.

IP Australia is moving ahead to have the fee changes implemented by way of amendments to the associated IP Rights regulations. These changes are proposed to take effect from 12am AEDT, 1 October 2020, subject to outcomes of the consultation and amending regulations being made.

## 4. RISK ASSESSMENT

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

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

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

- 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
- Customers not having their internal systems updated in line with the updated fees.

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

IP Australia has controls in place across the organisation to mitigate risks associated with the unpredictability of demand. These are included on the corporate risk register and are reviewed quarterly for relevance and accountability. One of IP Australia's controls is to maintain a financial model used to forecast demand and revenue trends. This model 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.

Customers will be informed when the new fee changes are approved to allow time for implementation of any required internal system changes.

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

- Maintenance of a healthy balance sheet, and the monitoring and management of the organisation's cash reserve in accordance with IP Australia's cash reserve policy (refer to Section 6)

- Cost control mechanisms where any downturn or upswing in activity levels can be offset through the normal rates of turnover in staffing levels and acceptable customer service levels.

## 5. STAKEHOLDER ENGAGEMENT

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

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

IP Australia is involved in various external forums including:

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

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

Members of these consultation groups include:

### Members of IPSF

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

### **Members of PCG**

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

### **Members of TMDCG**

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

### **Members of PBRCCG**

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

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

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

- Simplifying fee structures - Reduce confusion and complexities around fee structures for customers.
- Alignment across IP Rights - Provide consistency to fees and regulations across similar services IP Australia delivers.
- Balancing costs with work effort - Aligning the cost of examination with the associated fees. For example, weighing the cost of the number of claims in a patent application with the work required of an examiner.
- Encourage strategic assessment of the value of IP Rights - Encourage IP owners to be more considered when it comes to renewing their rights.

- Streamline workflow and improve efficiency - Adjusting fees and communication channels to further support our preferred filing methods and online services, and increase usage of self-help items such as the Trade Marks pick-list.

All suggestions were considered by IP Australia and a number of these have been included in this CRIS. IP Australia will provide a further opportunity for stakeholders to provide feedback with the [release of this draft CRIS](#) for public consultation in December 2019.

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.

As an entity of the Australian Government, IP Australia's primary accountability is to the Australian public through the Minister for Industry, Science and Technology. In addition 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.

## 5.1 Draft CRIS Consultation Feedback

*This section will be updated following the public consultation period on the draft CRIS. It will summarise the feedback received from stakeholders.*

## 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
	2020-21 \$'M	2021-22 \$'M	2022-23 \$'M	2023-24 \$'M
Income	226.176	239.378	244.488	248.753
Revenue from Government	0.359	0.359	0.362	0.364
Expense	223.035	230.737	235.350	239.617
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>3.500</b>	<b>9.000</b>	<b>9.500</b>	<b>9.500</b>
Capital Expenditure	25.000	20.000	20.000	20.000
Official Public Account Balance	26.706	40.513	52.454	63.602

Since the last fee change in 2016, IP Australia has undertaken its largest business transformation initiative with the release of the 'Rights in One' (RIO) administration system for trade marks and designs. RIO has introduced modern technologies, machine learning and automation capabilities to transform examination, research and administration systems from dated mainframe legacy systems to a responsive, agile and modern platform. The RIO system has delivered advanced digital IP services that are adaptable to meet future opportunities, and efficiently support outcomes for Australian innovators and business in trade marks and designs.

IP Australia has undergone a significant program of cultural change and investment through our Future Way of Working Program, which aims to provide an efficient, adaptable and sustainable workplace and a mobile workforce. In 2018-19, significant works began at our offices to increase collaboration and productivity among our staff in activity-based working environments. This work that is scheduled for completion in early 2020 has also included the roll out of new technology to support our staff to work flexibly in our contemporary office space.

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

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

These strategically planned investments have been funded entirely from the organisation's cash reserves that had been built up over time. The strategy of IP Australia's last fee review in 2016 was to fund these major initiatives, and further utilise the reserve by reporting three years of operating losses, rather than impose overall fee increases on our customers. As such, IP Australia's cash reserves have reduced from approximately \$100 million at the end of 2015-16 to \$45 million at the end of 2018-19, reflecting the value of assets purchased.

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

Table 5 illustrates both the historic financial performance and financial estimates of each of IP Australia's activity groups. These tables will be updated annually following the publication of IP Australia's financial results and budget updates. The 2019-20 estimated actual forecasts will be updated following the release of the audited financial statements.

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Patent Activity Group	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
	Actual	Actual	Actual	Estimated actual	Budget	Forward estimate	Forward estimate	Forward estimate
Revenue = Y	\$ 125.016	\$ 127.253	\$ 123.344	\$ 125.229	\$ 144.467	\$ 154.601	\$ 157.775	\$ 159.266
Expenses = X	\$ 130.004	\$ 132.443	\$ 132.581	\$ 133.069	\$ 140.026	\$ 144.744	\$ 147.651	\$ 150.235
Balance = Y - X	-\$ 4.988	-\$ 5.190	-\$ 9.237	-\$ 7.840	\$ 4.442	\$ 9.857	\$ 10.124	\$ 9.031
Cumulative Balance	-\$ 4.988	-\$ 10.178	-\$ 19.415	-\$ 27.255	-\$ 22.813	-\$ 12.956	-\$ 2.832	\$ 6.199

Trade Marks Activity Group	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
	Actual	Actual	Actual	Estimated actual	Budget	Forward estimate	Forward estimate	Forward estimate
Revenue = Y	\$ 80.616	\$ 80.063	\$ 71.312	\$ 75.096	\$ 75.909	\$ 78.836	\$ 80.764	\$ 83.529
Expenses = X	\$ 68.227	\$ 70.679	\$ 77.079	\$ 71.449	\$ 74.126	\$ 76.774	\$ 78.290	\$ 79.773
Balance = Y - X	\$ 12.389	\$ 9.384	-\$ 5.767	\$ 3.647	\$ 1.783	\$ 2.061	\$ 2.474	\$ 3.756
Cumulative Balance	\$ 12.389	\$ 21.773	\$ 16.006	\$ 19.654	\$ 21.437	\$ 23.498	\$ 25.972	\$ 29.728

Designs Activity Group	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
	Actual	Actual	Actual	Estimated actual	Budget	Forward estimate	Forward estimate	Forward estimate
Revenue = Y	\$ 3.867	\$ 3.996	\$ 3.729	\$ 3.699	\$ 3.889	\$ 3.972	\$ 3.984	\$ 3.995
Expenses = X	\$ 4.799	\$ 5.160	\$ 5.795	\$ 5.184	\$ 5.413	\$ 5.612	\$ 5.727	\$ 5.849
Balance = Y - X	-\$ 0.932	-\$ 1.164	-\$ 2.066	-\$ 1.485	-\$ 1.523	-\$ 1.640	-\$ 1.742	-\$ 1.854
Cumulative Balance	-\$ 0.932	-\$ 2.095	-\$ 4.162	-\$ 5.647	-\$ 7.170	-\$ 8.810	-\$ 10.552	-\$ 12.406

PBR Activity Group	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
	Actual	Actual	Actual	Estimated actual	Budget	Forward estimate	Forward estimate	Forward estimate
Revenue = Y	\$ 1.365	\$ 1.419	\$ 1.503	\$ 1.401	\$ 1.452	\$ 1.457	\$ 1.456	\$ 1.456
Expenses = X	\$ 2.095	\$ 2.374	\$ 2.452	\$ 2.481	\$ 2.568	\$ 2.667	\$ 2.723	\$ 2.780
Balance = Y - X	-\$ 0.730	-\$ 0.954	-\$ 0.949	-\$ 1.080	-\$ 1.116	-\$ 1.210	-\$ 1.267	-\$ 1.324
Cumulative Balance	-\$ 0.730	-\$ 1.684	-\$ 2.633	-\$ 3.713	-\$ 4.829	-\$ 6.039	-\$ 7.306	-\$ 8.630

TTIPA Activity Group	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
	Actual	Actual	Actual	Estimated actual	Budget	Forward estimate	Forward estimate	Forward estimate
Revenue = Y	\$ 0.792	\$ 0.581	\$ 0.834	\$ 0.706	\$ 0.817	\$ 0.871	\$ 0.871	\$ 0.871
Expenses = X	\$ 0.759	\$ 0.716	\$ 0.915	\$ 0.886	\$ 0.903	\$ 0.939	\$ 0.959	\$ 0.980
Balance = Y - X	\$ 0.032	-\$ 0.135	-\$ 0.080	-\$ 0.181	-\$ 0.086	-\$ 0.069	-\$ 0.088	-\$ 0.110
Cumulative Balance	\$ 0.032	-\$ 0.103	-\$ 0.183	-\$ 0.364	-\$ 0.450	-\$ 0.518	-\$ 0.607	-\$ 0.716

TOTAL IP AUSTRALIA	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
	Actual	Actual	Actual	Estimated actual	Budget	Forward estimate	Forward estimate	Forward estimate
Revenue = Y	\$ 211.656	\$ 213.312	\$ 200.723	\$ 206.130	\$ 226.535	\$ 239.737	\$ 244.850	\$ 249.117
Expenses = X	\$ 205.884	\$ 211.371	\$ 218.823	\$ 213.069	\$ 223.035	\$ 230.737	\$ 235.350	\$ 239.617
Balance = Y - X	\$ 5.772	\$ 1.941	-\$ 18.099	-\$ 6.938	\$ 3.500	\$ 9.000	\$ 9.500	\$ 9.500
Cumulative Balance	\$ 5.772	\$ 7.713	-\$ 10.386	-\$ 17.325	-\$ 13.825	-\$ 4.825	\$ 4.675	\$ 14.174

## 7. NON-FINANCIAL PERFORMANCE

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

- 90%+ overall customer satisfaction with IP Australia as an agency
- All IP rights applications are processed in accordance with IP Australia's Acceptable Quality Levels and Standards which are reviewed and set in consultation with stakeholders
- All IP Rights applications are processed in line with the undertakings set out in the Customer Service Charter which is reviewed and set in consultation with stakeholders
- 90% of customers were satisfied with IP Australia's education and awareness services
- 85%+ of customers are satisfied with the quality of tools to support self-service
- 85%+ of customers are satisfied with the reliability and effectiveness of externally facing ICT systems
- Meet or exceed all CSC commitments for external support services
- Provision of high quality, timely and strategic policy advice to the Minister
- IP Australia's International Engagement Strategy is progressed in line with agreed schedule.

IP Australia is currently undertaking a review of its performance targets to ensure the measures and targets we adopt continue to drive outcomes that meet customer needs. These performance targets will be modified as a result of the Customer Service Charter Review.

## 8. KEY FORWARD DATES AND EVENTS

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

## 9. CRIS APPROVAL AND CHANGE REGISTER

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

## ATTACHMENT A

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

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

Fee Description	Current Fee	Proposed Fee
<b>PATENTS</b>		
Standard Patent - 12th Year Renewal - <i>Preferred Means</i>	\$550	\$710
Standard Patent - 13th Year Renewal - <i>Preferred Means</i>	\$550	\$865
Standard Patent - 14th Year Renewal - <i>Preferred Means</i>	\$550	\$1,050
Standard Patent - 15th Year Renewal - <i>Preferred Means</i>	\$1,250	\$1,280
Standard Patent - 16th Year Renewal - <i>Preferred Means</i>	\$1,250	\$1,555
Standard Patent - 17th Year Renewal - <i>Preferred Means</i>	\$1,250	\$1,875
Standard Patent - 18th Year Renewal - <i>Preferred Means</i>	\$1,250	\$2,240
Standard Patent - 19th Year Renewal - <i>Preferred Means</i>	\$1,250	\$2,650
Pharmaceutical Patent -20th Year Renewal - <i>Preferred Means</i>	\$2,550	\$4,000
Pharmaceutical Patent -21st Year Renewal - <i>Preferred Means</i>	\$2,550	\$5,000
Pharmaceutical Patent -22nd Year Renewal - <i>Preferred Means</i>	\$2,550	\$6,000
Pharmaceutical Patent -23rd Year Renewal - <i>Preferred Means</i>	\$2,550	\$7,000
Pharmaceutical Patent -24th Year Renewal - <i>Preferred Means</i>	\$2,550	\$8,000
<b>Preliminary Search &amp; Opinion (PSO) Fee Reduction</b>		
Patent voluntary Preliminary Search & Opinion (PSO)	\$2,200	\$950
<b>Expedited Post Option for Document Requests</b>		
Expedited post option for urgent document requests	New Fee	\$20

Fee Description	Current Fee	Proposed Fee
<b>TRADE MARKS</b>		
<b>Restructure Trade marks Application Fees</b>		
Standard TM Application - First Class - <i>Another Means</i>	\$350	\$450
Standard TM Application - Additional Classes - <i>Another Means</i>	\$350	\$450
Standard TM Add Prescribed Goods - First Class - <i>Another Means</i>	\$350	\$450
Standard TM Add Prescribed Goods - Additional classes - <i>Another Means</i>	\$350	\$450
Madrid Import Application - First Class	\$350	\$400
Madrid Import Application - Additional Classes	\$350	\$400
Standard TM Application - First Class - No Pick List - <i>Preferred Means</i>	\$330	\$400
Standard TM Application - Additional Classes - No Pick List - <i>Preferred Means</i>	\$330	\$400
Series TM Application - First Class - <i>Another Means</i>	\$500	\$600
Series TM Application - Additional Classes - <i>Another Means</i>	\$500	\$600
Series TM Add Prescribed Goods - First Class - <i>Another Means</i>	\$500	\$600
Series TM Add Prescribed Goods - Additional classes - <i>Another Means</i>	\$500	\$600
Series TM Application - First Class - No Pick List - <i>Preferred Means</i>	\$480	\$550
Series TM Application - Additional Classes - No Pick List - <i>Preferred Means</i>	\$480	\$550
Renewal of registration (registration delayed for 10 or more years after filing date) - <i>Preferred Means</i>	\$450	\$400
Renewal of registration (registration delayed for 10 or more years after filing date) - <i>Another Means</i>	\$450	\$450

Fee Description	Current Fee	Proposed Fee
<b>TRADE MARKS</b>		
Late renewal of registration (registration delayed for 10 or more years after filing date) - <i>Preferred Means</i>	\$450	\$400
Late renewal of registration (registration delayed for 10 or more years after filing date) - <i>Another Means</i>	\$450	\$450
<b>Amend Schedule 9 of Trade marks Reg 1995 for Hearing Fees</b>		
Request for a hearing under regulation 5.17, 6.9, 9.17, 9.20, 17A.34M, 17A.48S, 17A.48V or 21.20E	\$600	Replaced by new Item
Request for an oral hearing in relation to any other matter	\$400	Replaced by new Item
Attendance at an oral hearing under regulation 5.17, 6.9, 9.17, 9.20, 17A.34M, 17A.48S, 17A.48V or 21.20E	\$600 for each day, or part of a day, less any amount paid under item 14 in relation to the hearing	Replaced by new Item
Attendance at an oral hearing to which item 16 does not apply	\$400 less any amount paid under item 15 in relation to the hearing	Replaced by new Item
Filing a request for a hearing	New Item	\$400
Appearing and being heard at an oral hearing in person: (a) for the first day (b) if the hearing runs for more than a day	New Item	\$800 less any amount paid under item [14] in relation to the hearing \$800 for each day, or part of a day, after the first day

Fee Description	Current Fee	Proposed Fee
<b>TRADE MARKS</b>		
Appearing and being heard at an oral hearing in by means other than in person: (a) for the first day (b) if the hearing runs for more than a day	New Item	\$600 less any amount paid under item [14] in relation to the hearing \$600 for each day, or part of a day, after the first day
Being heard on the basis of written submissions only	New Item	\$400 less any amount paid under item [14] in relation to the hearing
Decision with reasons issued in accordance with section 55, section 101, regulation 17A.34N or 17A.48D	New Item	\$400 less any amount paid under items [14], [15], [16] or [17].
<b>Expedited Post Option for Document Requests</b>		
Expedited post option for urgent document requests	New Fee	\$20

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

Fee Description	Current Fee	Proposed Fee
<b>DESIGNS</b>		
Expedited post option for urgent document requests	New Fee	\$20

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

Fee Description	Current Fee	Proposed Fee
<b>TRANS-TASMAN IP ATTORNEY BOARD</b>		
<b>TTIPAB Application</b>		
Apply for registration as a Patent Attorney	\$300	\$350
Apply for registration as a TM attorney	\$200	\$250
Apply for registration as an Inc Patent Attorney	\$300	\$350
Apply for registration as an Inc TM Attorney	\$300	\$350
<b>TTIPAB Registration</b>		
Renew Patent Attorney annual registration	\$350	\$400
Restore Patent Attorney name to the register	\$250	\$300
Renew combined Trade marks and Patent Attorney annual registration	\$550	\$600
Renew combined Patent and Trade marks Attorney annual registration	\$550	\$600
Renew Trade marks Attorney annual registration	\$350	\$400
Restore Trade marks Attorney name to the register as authorised by Reg 20.14	\$250	\$300
Renew Inc Patent Attorney annual registration	\$350	\$400
Renew combined Inc Patent and Inc Trade marks Attorney annual registration	\$550	\$600
Restore Patent Attorney name to the register	\$250	\$300
Renew Inc Trade marks Attorney annual registration	\$350	\$400
Annual Registration Combined Inc Trade marks and Patent Attorney	\$550	\$600
Apply to Restore to Register of Trade marks Attorney as authorised by Reg 20A.22	\$250	\$300



Fee Description	Current Fee	Proposed Fee
<b>OLYMPIC INSIGNIA PROTECTION</b>		
<b>Olympic Insignia Protection - Fee Alignment</b>		
Olympic Design Application	\$250	\$450
Olympic Design Renewal	\$90	\$450

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