



Budget

2016-17

Portfolio Budget Statements 2016-17
Budget Related Paper No. 1.12

Industry, Innovation and Science Portfolio

Budget Initiatives and Explanations of
Appropriations Specified by Outcomes
and Programs by Entity

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**THE HON CHRISTOPHER PYNE MP
MINISTER FOR INDUSTRY, INNOVATION
AND SCIENCE
LEADER OF THE HOUSE**

**THE HON JOSH FRYDENBERG MP
MINISTER FOR RESOURCES, ENERGY
AND NORTHERN AUSTRALIA**

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

We hereby submit Portfolio Budget Statements in support of the 2016-17 Budget for the Industry, Innovation and Science portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

We present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Chris Pyne'.

Christopher Pyne

A handwritten signature in blue ink, appearing to read 'Joshua Frydenberg'.

Josh Frydenberg

Abbreviations and conventions

The following notation may be used:

| | |
|---------|---|
| NEC/nec | not elsewhere classified |
| - | nil |
| .. | not zero, but rounded to zero |
| na | not applicable (unless otherwise specified) |
| nfp | not for publication |
| \$m | \$ million |
| \$b | \$ billion |

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

Enquiries

Should you have any enquiries regarding this publication please contact the Chief Financial Officer, Department of Industry, Innovation and Science on (02) 6213 6000.

Links to Portfolio Budget Statements (including Portfolio Additional Estimates Statements and Portfolio Supplementary Additional Statements) can be located on the Australian Government Budget website at: www.budget.gov.au.

**USER GUIDE
TO THE
PORTFOLIO BUDGET STATEMENTS**

USER GUIDE

The purpose of the *2016-17 Portfolio Budget Statements* (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by entities within the portfolio. Entities receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills (No. 1 and No. 2) 2016-17 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2016-17 for the parliamentary departments). In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, only entities within the general government sector are included as part of the Commonwealth general government sector fiscal estimates and produce PB Statements where they receive funding (either directly or via portfolio departments) through the annual appropriation acts.

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PORTFOLIO OVERVIEW

INDUSTRY, INNOVATION AND SCIENCE PORTFOLIO OVERVIEW

Ministers and portfolio responsibilities

The Hon Christopher Pyne MP is the Minister for Industry, Innovation and Science. The Hon Josh Frydenberg MP is the Minister for Resources, Energy and Northern Australia. Senator the Hon Matthew Canavan is the Minister for Northern Australia. The Hon Karen Andrews MP is the Assistant Minister for Science. The Hon Wyatt Roy MP is the Assistant Minister for Innovation.

The portfolio was established by the 21 and 30 September 2015 Administrative Arrangements Orders and comprises the:

- **Department of Industry, Innovation and Science**

The department works with Australian industry, businesses and other stakeholders to achieve its vision of enabling growth and productivity for globally competitive industries through supporting innovation, science and commercialisation, growing business investment and improving business capability, streamlining regulation and building a high performance organisation. The department's responsibilities also include Northern Australia policy and coordination, national issues relating to the digital economy and the operation of the Office of the Chief Scientist and the Anti-Dumping Commission.

- **Australian Institute of Marine Science (AIMS)**

AIMS' mission is to improve knowledge of the marine environment to inform decisions in support of sustainable growth of Australia's marine industries and protection of its marine estate.

- **Australian Nuclear Science and Technology Organisation (ANSTO)**

ANSTO is Australia's national nuclear research and development organisation and the custodian of Australia's nuclear capabilities and expertise.

- **Commonwealth Scientific and Industrial Research Organisation (CSIRO)**

CSIRO carries out scientific research to assist Australian industry and to further the interests of the Australian community and contribute to the national and international objectives and responsibilities of the Australian Government.

Portfolio overview

- **Geoscience Australia**

Geoscience Australia is Australia's pre-eminent public sector geoscience organisation and the nation's trusted advisor on the geology and geography of Australia. Geoscience Australia applies science and technology to describe and understand the Earth for the benefit of Australia.

- **IP Australia**

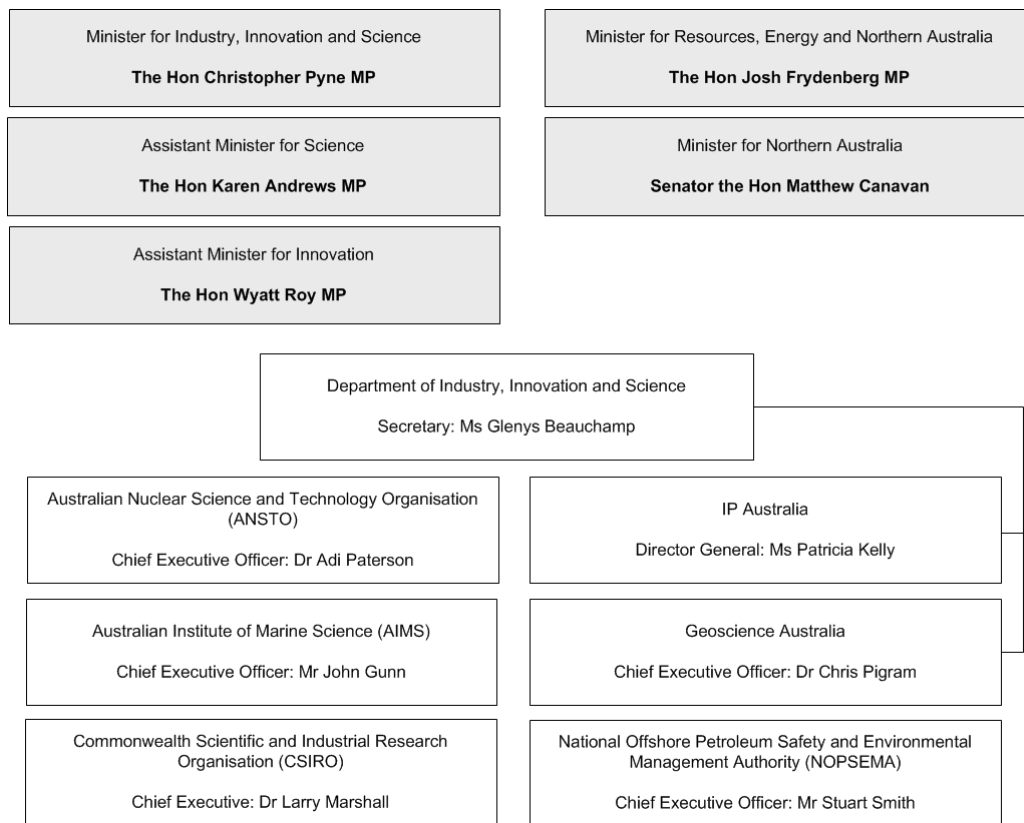
IP Australia is the Australian Government entity responsible for granting patent, trade mark, industrial design and plant breeder's rights.

- **National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA)**

NOPSEMA is responsible for regulating the occupational health and safety, well integrity and environmental management of petroleum activities in Commonwealth waters.

For information on resourcing across the portfolio, please refer to Part 1: Agency Financial Resourcing in *Budget Paper No. 4: Agency Resourcing*.

Figure 1: Industry, Innovation and Science portfolio structure and outcomes



ENTITY RESOURCES AND PLANNED PERFORMANCE

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Department of Industry, Innovation and Science

Entity resources and planned performance

DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

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DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Government's vision is for an agile economy, capitalising on Australia's commercial, innovative and scientific strengths. The Department of Industry, Innovation and Science contributes to this vision by facilitating the growth and productivity of globally competitive industries. It also supports business innovation and the commercialisation of new ideas and supports businesses in transition as critical requirements for productivity and economic growth.

Globally competitive industries are important contributors to our economic growth and productivity. It is only through competitive businesses and industries and opening new markets for Australian resources that the jobs and prosperity of the future can be secured. The Australian Government's approach continues to be to secure the jobs and prosperity of the future in a challenging environment where our population is ageing, the terms of trade have fallen from record highs, the Commonwealth budget needs repair and businesses face intense global competition and disruptive technological change.

By delivering the National Innovation and Science Agenda, the department encourages investment in innovative and entrepreneurial businesses, collaboration between industry and researchers and development of STEM skills and leads by example through encouraging innovative public procurement.

The department also has a key role in delivering on the initiatives announced in the Government's *Our North, Our Future: White Paper on Developing Northern Australia*, including through the establishment of the Northern Australia Infrastructure Facility headquartered in Cairns, the new headquarters for the Office of Northern Australia in Darwin and the establishment of the Northern Australian Cooperative Research Centre in Townsville.

In an environment of global competition, volatility in commodity prices and a changing energy market mix, the Australian Government is investing in productive resources and energy sectors of the future, including through the department's work under the National Energy Productivity Plan.

The department will continue to focus on the Entrepreneurs' Programme, Industry Growth Centres and Cooperative Research Centres, as well as on offering streamlined program delivery and service delivery arrangements, reflecting the department's key role in transitioning industry and business to the new economy.

Industry, Innovation and Science Budget Statements

Our programs:

- support businesses to collaborate with scientists and researchers in universities and other institutions to maximise commercial returns from the government's significant annual investment in science and research and development;
- promote the growth of internationally competitive industries by facilitating nationwide action on deregulation, collaboration, commercialisation and international engagement;
- facilitate competitive market places and business innovation by assisting adjustment in response to inevitable industrial transformation;
- support regulatory frameworks to sustainably expand our resource base and provide adequate, reliable and affordable energy to underpin our international competitiveness and economic growth;
- reduce business costs, including energy costs, through effective regulation and lead improvements in energy market governance through the Council of Australian Governments (COAG) Energy Council; and
- contribute to unlocking the potential of Northern Australia through coordination and implementation of the detailed plan for the development of the north reflected in the *White Paper on Developing Northern Australia*.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the Department of Industry, Innovation and Science for its operations and to deliver programs and services on behalf of the government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Industry, Innovation and Science resource statement — Budget estimates for 2016-17 as at Budget May 2016

| | <i>2015-16 Estimated actual \$'000</i> | <i>2016-17 Estimate \$'000</i> |
|---|--|--|
| Departmental | | |
| Annual appropriations - ordinary annual services | | |
| Prior year appropriations available ¹ | 79,227 | 131,198 |
| Departmental appropriations | 399,908 | 395,710 |
| s 74 retained revenue receipts ² | 67,170 | 62,862 |
| Departmental capital budget | 28,469 | 25,438 |
| Annual appropriations - other services - non-operating | | |
| Prior year appropriations available ¹ | 41,338 | 37,990 |
| Equity injection | 35,369 | 4,567 |
| <i>Total departmental annual appropriations</i> | <i>651,481</i> | <i>657,765</i> |
| Special accounts | | |
| Opening balance | 32,574 | 24,000 |
| Appropriation receipts | 4,000 | 4,000 |
| Non-appropriation receipts | 5,731 | 6,099 |
| <i>Total special accounts</i> | <i>42,305</i> | <i>34,099</i> |
| <i>less departmental appropriations drawn from annual appropriations and credited to special accounts</i> | <i>4,000</i> | <i>4,000</i> |
| Total departmental resourcing | 689,786 | 687,864 |

Table 1.1: Industry, Innovation and Science resource statement — Budget estimates for 2016-17 as at Budget May 2016 (continued)

| | <i>2015-16 Estimated actual \$'000</i> | 2016-17 Estimate \$'000 |
|---|--|-------------------------------|
| Administered | | |
| Annual appropriations - ordinary annual services | | |
| Outcome 1 | 596,391 | 547,292 |
| Payments to corporate entities | 947,464 | 1,012,153 |
| Annual appropriations - other services - non-operating | | |
| Prior year appropriations available ¹ | 24,177 | 45,684 |
| Administered assets and liabilities | 30,938 | 28,938 |
| Payments to corporate entities | 35,916 | 38,841 |
| <i>Total administered annual appropriations</i> | <i>1,634,886</i> | <i>1,672,908</i> |
| <i>Total administered special appropriations</i> ³ | <i>285,355</i> | <i>196,056</i> |
| Special accounts | | |
| Opening balance | 194,612 | 175,745 |
| Appropriation receipts | 33,925 | 54,510 |
| Non-appropriation receipts | 26,460 | 22,017 |
| <i>Total special account receipts</i> | <i>254,997</i> | <i>252,272</i> |
| <i>less administered appropriations drawn from annual appropriations and credited to special accounts</i> | <i>33,925</i> | <i>54,510</i> |
| <i>less payments to corporate entities from annual appropriations</i> | <i>983,380</i> | <i>1,050,994</i> |
| Total administered resourcing | 1,157,933 | 1,015,732 |
| Total resourcing for Industry, Innovation and Science | 1,847,719 | 1,703,596 |
| | <i>2015-16</i> | <i>2016-17</i> |
| Average staffing level (number) | 2,580 | 2,568 |

All figures are GST exclusive.

¹Estimated adjusted balance to be carried forward from previous year.

²Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability (PGPA) Act 2013*.

³The special appropriation figure includes payments to the National Offshore Petroleum Safety and Environment Management Authority (NOPSEMA) administered through the department. The funding is equal to the value of levies collected by NOPSEMA from the oil and gas industries.

Third party payments from and on behalf of other entities

| | <i>2015-16 Estimated actual \$'000</i> | <i>2016-17 Estimate \$'000</i> |
|---|--|--|
| Payments made to corporate entities within the Portfolio¹ | | |
| Ordinary Annual Services | | |
| Australian Institute of Marine Science | 40,483 | 41,552 |
| Australian Nuclear Science and Technology Organisation | 156,700 | 183,334 |
| Commonwealth Scientific and Industrial Research Organisation | 750,281 | 787,267 |
| Total ordinary annual services | 947,464 | 1,012,153 |
| Other services | | |
| Australian Nuclear Science and Technology Organisation | 35,916 | 28,841 |
| Commonwealth Scientific and Industrial Research Organisation | - | 10,000 |
| Total other services | 35,916 | 38,841 |
| Total payments to corporate entities within the Portfolio | 983,380 | 1,050,994 |

¹This excludes special appropriation payments to NOPSEMA.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Department of Industry, Innovation and Science are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Entity 2016-17 Budget measures

Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO)

| | Program | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|--|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expense measures | | | | | | |
| Australian Astronomical Observatory - extension | 1 | | | | | |
| Administered expenses | | - | - | - | - | 1,494 |
| Departmental expenses | | - | - | - | - | 11,106 |
| Total | | - | - | - | - | 12,600 |
| Country of Origin Labelling - information and compliance ¹ | | | | | | |
| Administered | | - | - | - | - | - |
| Departmental | | - | - | - | - | - |
| Total | | - | - | - | - | - |
| Cyber Security - implementation of Australia's Cyber Security Strategy | 2 | | | | | |
| Administered expenses | | - | 500 | 500 | 4,250 | 6,750 |
| Departmental expenses | | - | 197 | 80 | 1,169 | 1,450 |
| Total | | - | 697 | 580 | 5,419 | 8,200 |
| Enhanced Project By-law Scheme - changes to administrative expenses | 3 | | | | | |
| Administered expenses | | - | - | - | - | - |
| Departmental expenses | | - | (463) | (586) | (761) | (766) |
| Total | | - | (463) | (586) | (761) | (766) |
| Establishment of the Northern Australia Infrastructure Facility ² | 3 | | | | | |
| Administered expenses | | - | - | - | - | - |
| Departmental expenses | | - | (691) | (1,185) | (1,180) | (1,174) |
| Total | | - | (691) | (1,185) | (1,180) | (1,174) |
| Industry Programs - efficiencies | 1,2 | | | | | |
| Administered expenses | | (17,700) | (2,500) | - | - | - |
| Departmental expenses | | - | - | - | - | - |
| Total | | (17,700) | (2,500) | - | - | - |
| International Energy Agency's Oil Stockholding Requirements ³ | 2 | | | | | |
| Administered expenses | | - | - | - | 992 | 1,118 |
| Departmental expenses | | - | 2,456 | 2,464 | 2,179 | 2,201 |
| Total | | - | 2,456 | 2,464 | 3,171 | 3,319 |
| National Carp Control Plan | 1 | | | | | |
| Administered expenses | | - | - | - | 3,677 | - |
| Departmental expenses | | - | 221 | 223 | 113 | - |
| Total | | - | 221 | 223 | 3,790 | - |

Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO)(continued)

| | | | | | | |
|--|---|-----------------|----------------|--------------|----------------|---------------|
| National Radioactive Waste Management Project - community benefits package | 2 | | | | | |
| Administered expenses | | - | 2,000 | 2,000 | (5,514) | - |
| Departmental expenses | | - | 535 | 404 | 575 | - |
| Total | | - | 2,535 | 2,404 | (4,939) | - |
| Resources and Energy Programs - efficiencies | 2 | | | | | |
| Administered expenses | | (22,900) | (4,500) | - | - | - |
| Departmental expenses | | - | - | - | - | - |
| Total | | (22,900) | (4,500) | - | - | - |
| Rum Jungle Rehabilitation Project - extension | 2 | | | | | |
| Administered expenses | | - | 243 | - | - | - |
| Departmental expenses | | - | 414 | - | - | - |
| Total | | - | 657 | - | - | - |
| Total expense measures | | | | | | |
| Administered | | (40,600) | (4,257) | 2,500 | 3,405 | 9,362 |
| Departmental | | - | 2,669 | 1,400 | 2,095 | 12,817 |
| Total | | (40,600) | (1,588) | 3,900 | 5,500 | 22,179 |
| Capital measures | | | | | | |
| Trans-Pacific Partnership Agreement - Improved transparency of procurement reporting | 3 | | | | | |
| Administered capital | | - | - | - | - | - |
| Departmental capital | | - | 300 | - | - | - |
| Total | | - | 300 | - | - | - |
| Total capital measures | | | | | | |
| Administered | | - | - | - | - | - |
| Departmental | | - | 300 | - | - | - |
| Total | | - | 300 | - | - | - |

Prepared on a Government Finance Statistics (fiscal) basis.

¹This measure was announced following the 2015-16 Mid-Year Economic and Fiscal Outlook. It was reported in the Department's 2015-16 Portfolio Additional Estimates Statements. For further details refer to Budget Paper 2.

²This measure reflects the net impact on the department's resourcing. The full impact of this measure is recorded in Budget Paper No. 2. Funding for the Northern Australia Infrastructure Facility will be reported in subsequent Budget statements once the associated legislation has been passed.

³This reflects the net fiscal impact of this measure. The department's total resourcing is \$23.8 million over the forward estimates.

There are no measures not previously reported; therefore Part 2 is not presented.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Programs indicated as being 'closed or closing programs' in these tables are largely programs that are closed to further applications and are legacy programs.

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in annual reports from October 2016 - to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Enabling growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation.

Linked programs

| |
|--|
| <p><u>Portfolio Agencies</u></p> <p>Australian Institute of Marine Science Australian Nuclear Science and Technology Organisation Commonwealth Scientific and Industrial Research Organisation Geoscience Australia IP Australia National Offshore Petroleum Safety and Environmental Management Authority</p> |
| <p>Programs</p> <p><i>Australian Institute of Marine Science</i></p> <ul style="list-style-type: none"> • Program 1.1: Marine Research <p><i>Australian Nuclear Science and Technology Organisation</i></p> <ul style="list-style-type: none"> • Program 1.1: Science and Technology Solutions <p><i>Commonwealth Scientific and Industrial Research Organisation</i></p> <ul style="list-style-type: none"> • Program 1.1: Research – National Flagships, Science and Services • Program 1.2: National Research Infrastructure – National Facilities and Collections • Program 1.3: Science and Industry Endowment Fund <p><i>Geoscience Australia</i></p> <ul style="list-style-type: none"> • Program 1.1: Geoscientific and spatial information <p><i>IP Australia</i></p> <ul style="list-style-type: none"> • Program 1.1: IP Rights Administration and Professional Registration • Program 1.2: Education, Awareness and International Engagement • Program 1.3: Advice to Government <p><i>National Offshore Petroleum Safety and Environmental Management Authority</i></p> <ul style="list-style-type: none"> • Program 1: Regulatory oversight of Safety Cases, Well Operations Management Plans and Environment Plans coupled with effective monitoring, investigation and enforcement. |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>The portfolio agencies' programs contribute to enabling growth and productivity for globally competitive industries by supporting science and commercialisation, growing business investment and improving business capability, and streamlining</p> |

| |
|---|
| <p>regulation. Further information on the linked programs is available in the entity resources and planned performance of the agencies.</p> |
| <p>Department of the Treasury</p> |
| <p>Programs</p> <ul style="list-style-type: none"> • Program 1.3: Support for Markets and Business • Program 1.4: General Revenue Assistance • Program 1.9: National Partnership Payments to the States |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>The Department of the Treasury contributes to supporting science and commercialisation and growing business investment and improving business capability through: provision of funding to support markets and businesses; taxation benefits including the Research and Development (R&D) Tax Incentive, the Early Stage Venture Capital Limited Partnerships tax concession, Venture Capital Limited Partnerships tax concessions and Pooled Development Funds tax concessions; and payments for the Regional Infrastructure Program and environmental rehabilitation of the former Rum Jungle mine site. The Treasury also contributes to Industry's outcome by supporting the development of Northern Australia through the Australian Small Business Advisory Services Northern Australia Tourism Initiative.</p> |
| <p>Australian Taxation Office</p> |
| <p>Programs</p> <ul style="list-style-type: none"> • Program 1.1: Australian Taxation Office • Program 1.6: Exploration Development Incentive • Program 1.7: Fuel Tax Credit Scheme • Program 1.10: Research and Development Tax Incentive |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>The Australian Taxation Office contributes to supporting science and commercialisation, growing business investment and improving business capability through taxation benefits including the R&D Tax Incentive, Tax Incentives for Angel Investors, the Exploration Development Incentive, the Fuel Tax Credit Scheme, the Early Stage Venture Capital Limited Partnerships tax concession, Venture Capital Limited Partnerships tax concessions and Pooled Development Funds tax concessions.</p> |
| <p>Australian Competition and Consumer Commission</p> |
| <p>Programs</p> <ul style="list-style-type: none"> • Program 1.1: Australian Competition and Consumer Commission • Program 1.2: Australian Energy Regulator |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>The Australian Competition and Consumer Commission contributes to growing business investment and improving business capability by achieving compliance</p> |

| |
|---|
| <p>with the <i>Competition and Consumer Act 2010</i> and associated legislation in order to protect, strengthen and supplement the way competition works in Australian markets and industries to improve the efficiency of the economy and to increase the welfare of Australians. It also contributes through the Australian Energy Regulator by promoting efficient investment in, and efficient operation and use of, energy services for the long term interests of end users of energy with respect to price, quality, safety, reliability and security.</p> |
| <p>Department of Education and Training</p> |
| <p>Programs</p> <ul style="list-style-type: none"> • Program 2.1: Commonwealth Grant Scheme • Program 2.2: Higher Education Superannuation • Program 2.3: Higher Education Support • Program 2.4: Higher Education Loan Program • Program 2.5: Investment in Higher Education Research • Program 2.6: Research Capability • Program 2.7: International Education Support • Program 2.8: Building Skills and Capability |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>The Department of Education and Training contributes to supporting science and commercialisation and growing business investment and improving business capability through access to quality higher education, international education and international quality science infrastructure, research, skills and training.</p> |
| <p>Department of Agriculture and Water Resources</p> |
| <p>Programs</p> <ul style="list-style-type: none"> • Program 1.2: Sustainable Management – Natural Resources • Program 3.1: Water Reform |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>The Department of Agriculture and Water Resources contributes to supporting science and commercialisation and growing business investment and improving business capability by collaborating with Industry in the development of the planning phase of the National Carp Control Plan and aligning the implementation of the National Water Infrastructure Development Fund and the Northern Australian Infrastructure Facility.</p> |

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|--|
| <p>Department of the Environment</p> <p>Programs</p> <ul style="list-style-type: none"> • Program 2.1: Reducing Australia’s Greenhouse Gas Emissions • Program 4.1: Water Science and Wetlands • Program 4.2: Commonwealth Environmental Water |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>The Department of the Environment contributes to supporting science and commercialisation, growing business investment and improving business capability by collaborating with Industry in the development of the planning phase of the National Carp Control Plan, the implementation of the Australian Government’s Domestic Gas Strategy and the Environment portfolio’s implementation of the Emissions Reduction Fund.</p> |
| <p>Department of Foreign Affairs and Trade</p> <p>Programs</p> <ul style="list-style-type: none"> • Program 1.1: Foreign Affairs and Trade Operations |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>The Department of Foreign Affairs and Trade contributes to supporting science and commercialisation, growing business investment and improving business capability through its role in science diplomacy, assistance in administering the Australia-India Strategic Research Fund and advancement of Australia’s trade and investment interests.</p> |
| <p>Austrade</p> <p>Programs</p> <ul style="list-style-type: none"> • Program 1.1: Promotion of Australia’s export and other international economic interests • Program 1.2: Programs to promote Australia’s export and other international economic interest |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>Austrade contributes to growing business investment and improving business capability by promoting Australia’s export and other international economic interests through the provision of information, advice and services to business, associations, institutions and government, and working with Industry in the development and implementation of the Global Innovation Strategy.</p> |

| |
|---|
| Department of Health |
| Programs |
| <ul style="list-style-type: none"> • Program 1.1: Health Policy Research and Analysis |
| Contribution to Outcome 1 made by linked programs |
| <p>The Department of Health contributes to growing business investment and building business capability by working with Industry on the delivery of the Biomedical Translation Fund announced under the National Innovation and Science Agenda and on strategies aimed at making Australia more competitive in relation to clinical trials. It also contributes by working towards a more streamlined and harmonised system of national chemicals regulation.</p> |
| National Health and Medical Research Council |
| Programs |
| <ul style="list-style-type: none"> • Program 1.1: Health and Medical Research |
| Contribution to Outcome 1 made by linked programs |
| <p>The National Health and Medical Research Council contributes to growing business investment and building business capability by working with Industry to support the Australian pharmaceutical industry and medical research sector through simplifying and streamlining clinical trial processes.</p> |
| Department of Immigration and Border Protection |
| Programs |
| <ul style="list-style-type: none"> • Program 3.1: Border Revenue Collection • Program 3.2: Trade Facilitation and Industry Engagement |
| Contribution to Outcome 1 made by linked programs |
| <p>The Department of Immigration and Border Protection contributes to growing business investment and improving business capability through its role in administration of some anti-dumping related activities and provision of tariff and duty credits and concessions. The Department of Immigration and Border Protection is also working with Industry on the Significant Investor Visa (SIV) Complying Investment Framework which encourages the expansion of Australia's venture capital fund capacity, attracting investment into innovative early stage companies, particularly from new sources of foreign investment.</p> |

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| Outcome 1: | | | | | |
| Enabling growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation. | | | | | |
| Program 1: Supporting Science and Commercialisation | | | | | |
| Administered expenses | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 197,576 | 197,439 | 206,168 | 234,526 | 263,770 |
| Administered total | 197,576 | 197,439 | 206,168 | 234,526 | 263,770 |
| Total expenses for program 1 | 197,576 | 197,439 | 206,168 | 234,526 | 263,770 |
| Program 2: Growing Business Investment and Improving Business Capability | | | | | |
| Administered expenses | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 304,400 | 295,343 | 264,698 | 227,980 | 185,639 |
| Ordinary annual services (Appropriation Bill No. 1) credited to special accounts | 48,511 | 65,112 | 10,000 | 9,900 | - |
| Special appropriations | 241,699 | 142,728 | 52,728 | 42,115 | 36,276 |
| Special accounts | 30,741 | 30,486 | 25,479 | 11,000 | 11,000 |
| Expenses not requiring appropriation in the Budget year ¹ | 2,262 | 993 | 993 | 834 | 93 |
| Administered total | 627,613 | 534,662 | 353,898 | 291,829 | 233,008 |
| Total expenses for program 2 | 627,613 | 534,662 | 353,898 | 291,829 | 233,008 |
| Program 3: Program Support | | | | | |
| Departmental expenses | | | | | |
| Departmental appropriation | 399,908 | 395,710 | 390,160 | 404,141 | 401,549 |
| s 74 Retained revenue receipts ² | 67,170 | 62,862 | 60,282 | 57,939 | 52,143 |
| Special accounts | 14,305 | 7,144 | 6,503 | 6,503 | 5,803 |
| Expenses not requiring appropriation in the Budget year ³ | 35,233 | 42,478 | 43,642 | 43,651 | 43,659 |
| Departmental total | 516,616 | 508,194 | 500,587 | 512,234 | 503,154 |
| Total expenses for program 3 | 516,616 | 508,194 | 500,587 | 512,234 | 503,154 |

Table 2.1.1: Budgeted expenses for Outcome 1 (continued)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| Outcome 1 Totals by appropriation type | | | | | |
| Administered expenses | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 501,976 | 492,782 | 470,866 | 462,506 | 449,409 |
| Ordinary annual services (Appropriation Bill No. 1) credited to special accounts | 48,511 | 65,112 | 10,000 | 9,900 | - |
| Special appropriations | 241,699 | 142,728 | 52,728 | 42,115 | 36,276 |
| Special accounts | 30,741 | 30,486 | 25,479 | 11,000 | 11,000 |
| Expenses not requiring appropriation in the Budget year ¹ | 2,262 | 993 | 993 | 834 | 93 |
| Administered total | 825,189 | 732,101 | 560,066 | 526,355 | 496,778 |
| Departmental expenses | | | | | |
| Departmental appropriation | 399,908 | 395,710 | 390,160 | 404,141 | 401,549 |
| s 74 Retained revenue receipts ² | 67,170 | 62,862 | 60,282 | 57,939 | 52,143 |
| Special accounts | 14,305 | 7,144 | 6,503 | 6,503 | 5,803 |
| Expenses not requiring appropriation in the Budget year ³ | 35,233 | 42,478 | 43,642 | 43,651 | 43,659 |
| Departmental total | 516,616 | 508,194 | 500,587 | 512,234 | 503,154 |
| Total expenses for Outcome 1 | 1,341,805 | 1,240,295 | 1,060,653 | 1,038,589 | 999,932 |

Table 2.1.1: Budgeted expenses for Outcome 1 (continued)

| Movement of administered funds between years⁴ | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| Outcome 1: | | | | | |
| Program 1 | | | | | |
| Australia-China Science and Research Fund | (1,430) | 1,430 | - | - | - |
| Australia-India Strategic Research Fund | (1,196) | 1,196 | - | - | - |
| Program 2 | | | | | |
| Country of Origin Labelling Information Campaign | (5,200) | 5,200 | - | - | - |
| Victorian Innovation and Investment Fund - Ford assistance | (4,300) | 4,300 | - | - | - |
| <i>Clean Energy Initiative Special Account - s20 FMA Act Det 2009/21</i> | | | | | |
| Carbon Capture and Storage Flagships | (3,510) | 3,510 | - | - | - |
| Low Emissions Technology Demonstration Fund | (40,000) | 40,000 | - | - | - |
| Total movement of administered funds | (55,636) | 55,636 | - | - | - |
| | 2015-16 | 2016-17 | | | |
| Average staffing level (number) | 2,580 | 2,568 | | | |

¹Expenses not requiring appropriation are made up of depreciation expenses and amortisation expenses for the National Offshore Petroleum Titles Administrator and the Syntroleum Depreciation program.

²Estimated expenses incurred in relation to receipts retained under section 74 of the *Public Governance, Performance and Accountability (PGPA) Act 2013*.

³Expenses not requiring appropriation are made up of depreciation expenses, amortisation expenses and audit fees.

⁴Figures displayed as a negative (-) represent a decrease in funds; a positive reflects an increase in funds.

Table 2.1.2: Program components of Outcome 1

| |
|---|
| <p>Outcome 1: Enabling growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation.</p> |
| <p>Program 1: Supporting Science and Commercialisation</p> <p>Sub-program 1.1: Science awareness, infrastructure and international engagement</p> <ul style="list-style-type: none">▪ Australia-China Science and Research Fund▪ Australia-India Strategic Research Fund▪ Australian Astronomical Observatory▪ Global Innovation Strategy▪ Inspiring all Australians in STEM▪ National Carp Control Plan▪ Square Kilometre Array Radio Telescope Project <p>Sub-program 1.2: Business research, development and commercialisation</p> <ul style="list-style-type: none">▪ Business Research and Innovation Initiative▪ Cooperative Research Centres Programme▪ Digital Productivity▪ Early Stage Venture Capital Limited Partnerships⁽¹⁾▪ Innovation Investment Fund (Venture Australia)▪ Quantum Computing▪ Research and Development Tax Incentive⁽¹⁾▪ Venture Capital Limited Partnerships⁽¹⁾ <p><i>Closed/closing programs</i></p> <ul style="list-style-type: none">▪ Clean Technology Innovation Program▪ Commercialisation Australia▪ Innovation Investment Fund⁽²⁾▪ Pooled Development Funds⁽¹⁾▪ Pre-Seed Fund⁽²⁾ |

¹Revenue forgone.

²Capital

Table 2.1.2: Program components of Outcome 1 (continued)

| Program 1: Supporting Science and Commercialisation | | | | | |
|--|--|-----------------------------|--|--|--|
| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
| <i>Sub-program 1.1: Science awareness, infrastructure and international engagement</i> | | | | | |
| Annual administered expenses: | | | | | |
| Australia-China Science and Research Fund | 206 | 5,133 | 2,538 | 2,204 | 2,204 |
| Australia-India Strategic Research Fund | 2,844 | 3,743 | 2,213 | 1,040 | - |
| Australian Astronomical Observatory | 1,498 | 1,497 | 1,495 | 1,494 | 1,494 |
| Global Innovation Strategy | - | 5,036 | 6,536 | 6,536 | 6,536 |
| Inspiring all Australians in STEM | 26,089 | 14,239 | 12,239 | 12,225 | 9,405 |
| National Carp Control Plan | - | - | - | 3,677 | - |
| Square Kilometre Array Radio Telescope Project | 6,933 | 4,000 | 3,600 | 39,000 | 39,000 |
| Closed/closing programs | | | | | |
| Establishment of an ICT-enabled research laboratory | | | | | |
| – Commonwealth assistance | 2,720 | - | - | - | - |
| Total annual administered expenses | 40,290 | 33,648 | 28,621 | 66,176 | 58,639 |
| Total sub-program 1.1 expenses | 40,290 | 33,648 | 28,621 | 66,176 | 58,639 |
| <i>Sub-program 1.2: Business research, development and commercialisation</i> | | | | | |
| Annual administered expenses: | | | | | |
| Business Research and Innovation Initiative | - | 2,453 | 9,207 | 3,560 | 9,214 |
| Cooperative Research Centres Programme | 141,148 | 149,839 | 159,651 | 156,095 | 187,217 |
| Digital Productivity | 2,192 | 2,396 | 1,500 | 1,500 | 1,500 |
| Quantum Computing | - | 5,000 | 5,000 | 5,000 | 5,000 |
| Research and Development Tax Incentive | 4,773 | 2,073 | 2,073 | 2,073 | 2,073 |
| Closed/closing programs | | | | | |
| Clean Technology Innovation Program | 1,897 | 375 | - | - | - |
| Commercialisation Australia | 7,171 | 1,545 | - | - | - |
| Innovation Investment Fund | 105 | 110 | 116 | 122 | 127 |
| Total annual administered expenses | 157,286 | 163,791 | 177,547 | 168,350 | 205,131 |
| Total sub-program 1.2 expenses | 157,286 | 163,791 | 177,547 | 168,350 | 205,131 |
| Total program 1 expenses | 197,576 | 197,439 | 206,168 | 234,526 | 263,770 |

Table 2.1.2: Program components of Outcome 1 (continued)

| |
|--|
| <p>Program 2: Growing Business Investment and Improving Business Capability</p> <p>Sub-program 2.1: Competitive marketplace</p> <ul style="list-style-type: none"> ▪ Australian Business Number and Business Names Registration System – expansion ▪ Certain Inputs to Manufacture⁽¹⁾ ▪ Country of Origin Labelling Information Campaign ▪ Space Concession⁽¹⁾ ▪ Support for Industry Services Organisations program ▪ Textile, Clothing and Footwear – Register of Approved Occupational Clothing⁽¹⁾ ▪ Tradex⁽¹⁾ <p><i>Closed/closing programs</i></p> <ul style="list-style-type: none"> ▪ Bindaree Beef – assistance ▪ Clean Technology Investment – Food and Foundries Program ▪ Clean Technology Investment – General Program ▪ Enhanced Project By-law Scheme⁽¹⁾ <p>Sub-program 2.2: Business and market development</p> <ul style="list-style-type: none"> ▪ Asialink Business ▪ Entrepreneurs’ Programme ▪ Industry Growth Centres Initiative <p><i>Closed/closing programs</i></p> <ul style="list-style-type: none"> ▪ Expediting Clinical Trial Reform in Australia ▪ Leveraging Australia’s Global Expat Platform - Advance <p>Sub-program 2.3: Economic transition</p> <ul style="list-style-type: none"> ▪ Automotive Transformation Scheme ▪ Cyber Security – implementation of Australia’s Cyber Security Strategy ▪ Next Generation Manufacturing Investment Programme ▪ Tasmanian Jobs and Investment Fund <p><i>Closed/closing programs</i></p> <ul style="list-style-type: none"> ▪ Australian Government Innovation and Investment Fund (Tasmania) ▪ Automotive Diversification Programme ▪ Manufacturing Transition Programme ▪ Toyota Major Facelift Vehicle and Supplier Grant ▪ Victorian Innovation and Investment Fund – Ford assistance <p>Sub-program 2.4: Resources</p> <ul style="list-style-type: none"> ▪ Carbon Capture and Storage Flagships⁽²⁾ ▪ Low Emissions Technology Demonstration Fund⁽²⁾ ▪ Maralinga Maintenance ▪ National Low Emissions Coal Initiative⁽²⁾ ▪ National Offshore Petroleum Titles Administrator ▪ Northern Territory (NT) Uranium Royalty (Ranger Project Area) Administration (including SPP) |
|--|

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- *Offshore Minerals Act 1994*
- Petroleum Royalties Administration
- Radioactive Waste Management
- Royalty Payments WA - *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (SPP)
- Rum Jungle Mine Site - Environment Rehabilitation (SPP)

Sub-program 2.5: Energy

- Energy Efficiency Programs
- GEMS National Legislative Framework
- International Energy Agency's oil stockholding requirements

Closed/closing programs

- Coal Mining Abatement Technology Support Package

Sub-program 2.6: Northern Australia Infrastructure Facility

- Northern Australia Infrastructure Facility⁽³⁾

¹Revenue forgone

²These closed or closing programs are funded through the ongoing Clean Energy Initiative Special Account

³A provision for loan funding under the Northern Australia Infrastructure Facility (NAIF) has been made in the contingency reserve pending passage of the NAIF legislation through Parliament.

Table 2.1.2: Program components of Outcome 1 (continued)

| Program 2: Growing Business Investment and Improving Business Capability | | | | | |
|---|--|-----------------------------|--|--|--|
| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
| <i>Sub-program 2.1: Competitive marketplace</i> | | | | | |
| Annual administered expenses: | | | | | |
| Australian Business Number and Business Names Registration System - expansion | 50 | 50 | 50 | 50 | 50 |
| Country of Origin Labelling Information Campaign | 9,300 | 5,200 | - | - | - |
| Support for Industry Service Organisations program | 4,085 | 4,086 | 4,042 | 4,043 | 4,120 |
| Closed/closing programs | | | | | |
| Bindaree Beef - assistance | 11,077 | 5,525 | - | - | - |
| Clean Technology Investment Programs | 21,553 | 7,736 | 150 | - | - |
| Total annual administered expenses | 46,065 | 22,597 | 4,242 | 4,093 | 4,170 |
| Total sub-program 2.1 expenses | 46,065 | 22,597 | 4,242 | 4,093 | 4,170 |
| <i>Sub-program 2.2: Business and market development</i> | | | | | |
| Annual administered expenses: | | | | | |
| Asialink Business | 3,392 | 3,467 | 3,259 | 3,183 | 3,138 |
| Entrepreneurs' Programme | 79,151 | 106,227 | 116,501 | 118,217 | 117,028 |
| Industry Growth Centres | 36,930 | 60,730 | 93,980 | 56,398 | 39,380 |
| Closed/closing programs | | | | | |
| Enterprise Connect | 1,703 | - | - | - | - |
| Expediting Clinical Trial Reform in Australia | 500 | 100 | - | - | - |
| Leveraging Australia's Global Expat Platform - Advance | 750 | 500 | - | - | - |
| Total annual administered expenses | 122,426 | 171,024 | 213,740 | 177,798 | 159,546 |
| Total sub-program 2.2 expenses | 122,426 | 171,024 | 213,740 | 177,798 | 159,546 |
| <i>Sub-program 2.3: Economic transition</i> | | | | | |
| Annual administered expenses: | | | | | |
| Cyber Security – implementation of Australia's Cyber Security Strategy | - | 500 | 500 | 4,250 | 6,750 |
| Automotive Transformation Scheme | 24,302 | 9,330 | 1,642 | - | - |
| Home Insulation Program Industry Payment Scheme | nfp | - | - | - | - |
| Next Generation Manufacturing Investment Programme ¹ | 11,800 | 21,000 | 21,184 | 8,600 | 1,124 |
| Tasmanian Jobs and Investment Fund | 5,000 | 5,500 | 5,500 | - | - |
| Closed/closing programs | | | | | |
| Australian Government Innovation and Investment Fund (Tasmania) | 5,005 | 3,000 | - | - | - |
| Automotive Diversification Programme ¹ | 8,873 | 5,062 | 1,839 | - | - |
| Automotive New Markets Initiative | 400 | - | - | - | - |
| Manufacturing Transition Programme | 23,100 | 21,100 | - | - | - |
| Toyota Major Facelift Vehicle and Supplier Grant | 5,125 | 1,000 | 1,250 | - | - |
| Victorian Innovation and Investment Fund - Ford assistance | 5,700 | 4,300 | - | - | - |
| Total annual administered expenses | 89,305 | 70,792 | 31,915 | 12,850 | 7,874 |

Table 2.1.2: Program components of Outcome 1 (continued)

| Program 2: Growing Business Investment and Improving Business Capability | | | | | |
|---|--|-----------------------------|--|--|--|
| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
| Special appropriations: | | | | | |
| <i>Automotive Transformation Scheme Act 2009</i> | 203,099 | 142,668 | 52,668 | 42,055 | 36,216 |
| Closed/closing programs | | | | | |
| <i>Textile, Clothing and Footwear Investment and Innovation Programs Act 1999</i> | 23,869 | - | - | - | - |
| Total special appropriations | 226,968 | 142,668 | 52,668 | 42,055 | 36,216 |
| Special account expenses: | | | | | |
| <i>Services for Other Entities and Trust Moneys - s20 FMA Act Det 2011/09</i> | 16,441 | 19,486 | 14,479 | - | - |
| Total special account expenses | 16,441 | 19,486 | 14,479 | - | - |
| Total sub-program 2.3 expenses | 332,714 | 232,946 | 99,062 | 54,905 | 44,090 |
| <i>Sub-program 2.4: Resources</i> | | | | | |
| Annual administered expenses: | | | | | |
| Maralinga Maintenance | 239 | 239 | 239 | 239 | 239 |
| Petroleum Royalties Administration | 40 | 40 | 40 | 40 | 40 |
| Radioactive Waste Management | 5,410 | 10,220 | 8,070 | 19,316 | - |
| Rum Jungle Mine Site - Environmental Rehabilitation | 158 | 243 | - | - | - |
| Total annual administered expenses | 5,847 | 10,742 | 8,349 | 19,595 | 279 |
| Special appropriations: | | | | | |
| <i>Offshore Minerals Act 1994</i> | 60 | 60 | 60 | 60 | 60 |
| Total special appropriations | 60 | 60 | 60 | 60 | 60 |
| Special account expenses: | | | | | |
| <i>Clean Energy Initiative Special Account - s20 FMA Act Det 2009/21</i> | | | | | |
| Carbon Capture and Storage Flagships Low Emissions Technology Demonstration Fund | 44,090 | 24,510 | 10,000 | 9,900 | - |
| National Low Emissions Coal Initiative | - | 40,000 | - | - | - |
| National Offshore Petroleum Titles Administrator | 4,421 | 602 | - | - | - |
| | 14,300 | 11,000 | 11,000 | 11,000 | 11,000 |
| Total special account expenses | 62,811 | 76,112 | 21,000 | 20,900 | 11,000 |
| Expenses not requiring appropriation in the Budget year | | | | | |
| National Offshore Petroleum Titles Administrator ² | 2,183 | 993 | 993 | 834 | 93 |
| Syntroleum Depreciation | 79 | - | - | - | - |
| Total expenses not requiring appropriation in the Budget year | 2,262 | 993 | 993 | 834 | 93 |
| Total sub-program 2.4 expenses | 70,980 | 87,907 | 30,402 | 41,389 | 11,432 |

Table 2.1.2: Program components of Outcome 1 (continued)

| Program 2: Growing Business Investment and Improving Business Capability | | | | | |
|---|--|-----------------------------|--|--|--|
| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
| <i>Sub-program 2.5: Energy</i> | | | | | |
| Annual administered expenses: | | | | | |
| Energy Efficiency Programs | 620 | 620 | 620 | 620 | 620 |
| GEMS National Legislative Framework | 5,546 | 5,832 | 5,832 | 5,832 | 5,832 |
| International Energy Agency's Oil Stockholding Requirements | - | - | - | 7,192 | 7,318 |
| Closed/closing programs | | | | | |
| Clean Energy Future - Low Carbon Communities | 23,780 | - | - | - | - |
| Coal Mining Abatement Technology Support Package | 10,811 | 13,736 | - | - | - |
| Total annual administered expenses | 40,757 | 20,188 | 6,452 | 13,644 | 13,770 |
| Special appropriations: | | | | | |
| <i>Australian Renewable Energy Agency Act 2011 - Payments to ARENA</i> | 14,671 | - | - | - | - |
| Total special appropriations | 14,671 | - | - | - | - |
| Total sub-program 2.5 expenses | 55,428 | 20,188 | 6,452 | 13,644 | 13,770 |
| <i>Sub-program 2.6: Northern Australia Infrastructure Facility</i> | | | | | |
| Northern Australia Infrastructure Facility ³ | - | - | - | - | - |
| Total sub-program 2.6 expenses | - | - | - | - | - |
| Total program 2 expenses | 627,613 | 534,662 | 353,898 | 291,829 | 233,008 |

¹This is a component of the Growth Fund.

²Expenses not requiring appropriation are made up of depreciation expenses and amortisation expenses for the National Offshore Petroleum Titles Administrator.

³A provision for loan funding under the Northern Australia Infrastructure Facility (NAIF) has been made in the contingency reserve pending passage of the NAIF legislation through Parliament.

Table 2.1.2: Program components of Outcome 1 (continued)

| |
|---|
| Program 3: Program Support |
| Sub-program 3.1: Streamlining regulation |
| Sub-program 3.2: Building a high performance organisation |

| Program 3: Program Support | | | | | |
|---|--|-----------------------------|--|--|--|
| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
| Annual departmental expenses: | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 399,908 | 395,710 | 390,160 | 404,141 | 401,549 |
| s74 Retained revenue receipts ¹ | 67,170 | 62,862 | 60,282 | 57,939 | 52,143 |
| Special Accounts | 14,305 | 7,144 | 6,503 | 6,503 | 5,803 |
| Expenses not requiring appropriation in the Budget year ² | 35,233 | 42,478 | 43,642 | 43,651 | 43,659 |
| Total program expenses | 516,616 | 508,194 | 500,587 | 512,234 | 503,154 |

¹Estimated expenses incurred in relation to receipts retained under section 74 of the *PGPA Act 2013*.

²Expenses not requiring appropriation are made up of depreciation expenses, amortisation expenses and audit fees.

Table 2.1.3: Performance criteria for Outcome 1

Table 2.1.3 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 Budget measures have created new programs or materially changed existing programs.

| | |
|--|---|
| Outcome 1 – Enabling growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation. | |
| Program 1: Supporting Science and Commercialisation | |
| <p>The objective of Program 1 is to facilitate the development and uptake of new ideas and technology and translate them into commercial activity. It will increase productivity, improve Australia's competitiveness and drive economic growth by delivering better scientific and economic outcomes for Australia.</p> <p>The components of Program 1 are grouped under the following sub-programs:</p> <ul style="list-style-type: none"> • Sub-program 1.1: Science awareness, infrastructure and international engagement – this sub-program is designed to improve science awareness, infrastructure and international engagement to support the creation and dissemination of scientific and technical information as an input to the economic process. • Sub-program 1.2: Business research, development and commercialisation – this sub-program is designed to provide incentives for business research, development and commercialisation to drive innovation and thus contribute to improved productivity. | |
| Delivery | <ul style="list-style-type: none"> • Supporting the creation and sharing of scientific and technological information as an input to commercial activity • Encouraging collaboration between the research sector and business to generate solutions that lead to improved productivity and international competitiveness and address national and international challenges • Maintaining a strong science based focused on meeting Australia's priorities • Promoting the innovative adoption and diffusion of digital technologies. |
| Performance information | |
| Intended results | Performance criteria |
| Growth in the proportions of small, medium and large firms engaging in innovative activity | <ul style="list-style-type: none"> • Proportion of Australia's businesses that are innovation active |
| Increased investment by businesses in intangible assets—i.e. the knowledge assets of an organisation | <ul style="list-style-type: none"> • Private gross fixed capital formation - intellectual property products • Business R&D expenditure as a percentage of GDP |
| Growth in the value-add of knowledge-intensive industries | <ul style="list-style-type: none"> • Gross value add and employment by knowledge-intensive industries |
| Improved returns from the commercialisation of research | <ul style="list-style-type: none"> • Number and value of research contracts, consultancies and collaborations entered into by research institutions |
| Improvement in Australia's performance in scientific research | <ul style="list-style-type: none"> • Share of world's top one per cent of highly cited publications |

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| Sub-program 1.1: Science awareness, infrastructure and international engagement | | | | | | |
|---|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <ul style="list-style-type: none"> • Increased science awareness • Improved research infrastructure • Enhanced international engagement. | | | | | | |
| Contributing components | Performance criteria | 2015-16 targets | 2016-17 targets | 2017-18 targets | 2018-19 targets | 2019-20 targets |
| Australia-China Science and Research Fund; Australia-India Strategic Research Fund | Number of collaborative research projects completed that reported strengthened international relationships | 26 | 33 | 6 | 12 | 8 |
| Australian Astronomical Observatory (AAO) | Number of research students supervised or funded by the AAO | 39 | 35 | 35 | 35 | 35 |
| | Number of users accessing AAO research facilities to facilitate and support research activities: (1) AAO Telescope (Australian) | 180 | | 200 | 200 | 200 |
| | (2) international 8 metre access (Overseas) | 65 | 50 | 50 | 50 | 50 |
| | Number of international visitors supported by the AAO Distinguished Visitor Scheme | 5 | 4 | 4 | 4 | 4 |
| | Number of international conferences and workshops supported by AAO | 3 | 3 | 3 | 3 | 3 |
| Global Innovation Strategy | Number of activities completed that reported strengthened international relationships | - | 0 | 64 | 64 | 72 |
| Inspiring all Australians in STEM (Science for Australia's Future – Inspiring Australia) | Number of direct engagements supported by Inspiring Australia activities | 1,585 | 1,600 | 1,700 | 1,800 | 1,900 |
| | Number of institutions participating in the Science in Australia Gender Equity process | - | 32 | 40 | 50 | 60 |
| Square Kilometre Array Radio Telescope Project | Number of Australian companies/research institutions participating in the SKA Pre-Construction Work Programme | 6 | 6 | - | - | - |

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| Sub-program 1.2: Business research, development and commercialisation | | | | | | |
|---|--|------------------------|---|------------------------|------------------------|------------------------|
| <ul style="list-style-type: none"> Increased R&D in business Increased commercialisation. | | | | | | |
| Contributing components | Performance criteria | 2015-16 targets | 2016-17 targets | 2017-18 targets | 2018-19 targets | 2019-20 targets |
| Business Research and Innovation Initiative | To be developed following finalisation of program design and consultation with stakeholders | | | | | |
| Cooperative Research Centres (CRCs) Programme | Number of commercialisation agreements reported by the CRCs | 211 | 195 | 183 | 183 | 156 |
| | Number of patents held/maintained by the CRCs | 840 | 793 | 748 | 748 | 635 |
| | Number of applications for patents filed by the CRCs | 69 | 63 | 60 | 60 | 51 |
| Quantum Computing | To be developed following finalisation of program design and consultation with stakeholders | | | | | |
| R&D Tax Incentive | R&D expenditure registered with AusIndustry in order to claim the tax incentive through their annual tax returns (\$'000) | 19,890,000 | The number of entities includes R&D-performing subsidiaries of head companies. The registered R&D is reported against the income year in which it is registered. This is the year following the year in which the companies undertake the R&D activity. | | | |
| | Number of entities registering R&D expenditure with AusIndustry in order to claim the tax incentive through their annual tax returns | 14,000 | | | | |
| Purposes | Purpose 1: Supporting Science and Commercialisation – Facilitating the development and uptake of new ideas and technology and translating them into commercial activity. | | | | | |
| Material changes to Program 1 resulting from the following measures: | | | | | | |
| <ul style="list-style-type: none"> Measures announced under the National Innovation and Science Agenda were reflected in the Department of Industry, Innovation and Science's 2015-16 Portfolio Additional Estimates Statements, which noted that performance information for these measures would be reflected in the 2016-17 Portfolio Budget Statements | | | | | | |

| | |
|--|--|
| <p>Program 2: Growing Business Investment and Improving Business Capability</p> <p>The objective of Program 2 is to build a diversified, flexible, resilient and dynamic economic base that can identify and adapt to new markets and emerging opportunities. It will drive Australia's future prosperity and continued jobs growth by supporting the transformation of existing industries and the growth of new ones, enabling access to new markets and improving competition in existing markets.</p> <p>The components of Program 2 are grouped under the following sub-programs:</p> <ul style="list-style-type: none"> • Sub-program 2.1: Competitive marketplace – this sub-program is designed to create a more competitive marketplace to achieve profitable and sustainable industry futures. • Sub-program 2.2: Business and market development – this sub-program is designed to enhance business leadership, management and entrepreneurial skills and open up international export markets to Australian businesses. • Sub-program 2.3: Economic transition – this sub-program is designed to encourage innovation and investment that will underpin industry transition. • Sub-program 2.4: Resources – this sub-program is designed to support the sustainable development of the resources sector, attract private sector investment and encourage innovative technologies. • Sub-program 2.5: Energy – this sub-program is designed to support the safe and sustainable operations of energy markets and improve Australia's energy efficiency performance and productivity. • Sub-program 2.6: Northern Australia Infrastructure Facility – this sub-program is designed to encourage private sector investment in economic infrastructure in Northern Australia. | |
| <p>Delivery</p> | <ul style="list-style-type: none"> • Working with industry to support businesses to build the capability (including digital) necessary to achieve profitable and sustainable futures • Encouraging innovation and investment in growth sectors to underpin industry transformation and drive new and innovative opportunities for growth • Supporting economic development in Northern Australia • Working collaboratively across government to open up resources and other export markets • Working nationally and internationally to attract private sector investment • Being an exemplar of innovation, embracing digital solutions to improve the efficiency and business experience of our program delivery. |
| <p>Performance information</p> | |
| <p>Intended results</p> | <p>Performance criteria</p> |
| <p>Growth in new private sector investment</p> | <ul style="list-style-type: none"> • Annual private business investment growth |
| <p>Increased foreign direct investment in Australia</p> | <ul style="list-style-type: none"> • Foreign direct investment as a share of annual GDP |
| <p>Improvement in Australia's ranking in international performance indices</p> | <ul style="list-style-type: none"> • Australia's ranking in World Bank ease of doing business index • Australia's ranking in Global Innovation Index • Australia's ranking in the GEM indicator of total early-stage entrepreneurship activity (TEA) |

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| Sub-program 2.1: Competitive marketplace | | | | | | |
|---|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <ul style="list-style-type: none"> Improved market competitiveness | | | | | | |
| Contributing components | Performance criteria | 2015-16 targets | 2016-17 targets | 2017-18 targets | 2018-19 targets | 2019-20 targets |
| Certain Inputs to Manufacture (CIM); Enhanced Project By Law Scheme (EPBS); Space Concession (SC) | Number of new duty and/or tax registrations for CIM, EPBS and SC | 13 | 4 | 4 | 4 | 4 |
| | Total value of duty and/or tax concessions to eligible firms (\$'000) | 277,500 | 79,929 | 6,440 | 3,300 | 3,300 |
| Support for Industry Service Organisations | Memberships of key international standardisation and conformity assessment bodies maintained | | | | | |
| Textile Clothing and Footwear — Register of Approved Occupational Clothing | Proportion of registrations within 30 days of complete information being provided (%) | 90 | 90 | 90 | 90 | 90 |
| Tradex | Number of active Tradex Order users | 615 | 580 | 550 | 530 | 530 |
| | Value of duty and/or tax concessions to eligible firms (\$'000) | 195,000 | 195,000 | 148,000 | 135,000 | 133,000 |
| Sub-program 2.2: Business and market development | | | | | | |
| <ul style="list-style-type: none"> Improved business management and capability Development of new markets | | | | | | |
| Contributing components | Performance criteria | 2015-16 targets | 2016-17 targets | 2017-18 targets | 2018-19 targets | 2019-20 targets |
| Asialink Business | Number of courses run on Asia Capability Development | 5 | 5 | 5 | 5 | - |
| | Number of events held promoting and building Asia capabilities | 50 | 50 | 50 | 50 | - |
| Entrepreneurs' Programme | Number of services provided to strengthen business management and networks, enhance research collaborations and facilitate commercialisation of novel products, processes and services | 5,360 | 6,512 | 6,932 | 6,932 | 6,832 |
| Industry Growth Centres Initiative | Established Industry Growth Centres are undertaking strategic activities to improve the innovation, productivity and competitiveness of their respective sectors | | | | | |

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| Sub-program 2.3: Economic transition | | | | | | |
|---|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <ul style="list-style-type: none"> Increased capital and innovation investment Increased job opportunities. | | | | | | |
| Contributing components | Performance criteria | 2015-16 targets | 2016-17 targets | 2017-18 targets | 2018-19 targets | 2019-20 targets |
| Australian Government Innovation and Investment Fund (Tasmania) | Induced private sector investment in new or expanded business activity (\$'000) | 5,005 | 3,300 | - | - | - |
| Automotive Diversification Programme | Induced private sector investment in new or expanded activity by the Australian automotive supply chain (\$'000) | 20,000 | 14,300 | 5,200 | - | - |
| Automotive Transformation Scheme | Total value of plant and equipment and innovation investment by Australian automotive industry induced by the Automotive Transformation Scheme (\$'000) | 547,616 | 312,032 | 179,659 | 143,207 | 134,298 |
| Manufacturing Transition Programme | Induced private sector investment in new or expanded business activity (\$'000) | 105,200 | 63,000 | - | - | - |
| Next Generation Manufacturing Investment Programme | Induced private sector investment in new or expanded business activity (\$'000) | 19,000 | 36,800 | 50,400 | 17,200 | 2,200 |
| Tasmanian Jobs and Investment Fund | Induced private sector investment in new or expanded business activity (\$'000) | 10,000 | 19,000 | 19,000 | - | - |
| Toyota Major Facelift Vehicle Grant; Toyota Supplier Development Program Grant | Total amount of investment by Toyota induced by the grants (\$'000) | 15,100 | 2,000 | 2,530 | - | - |
| Victorian Innovation and Investment Fund—Ford assistance | Number of jobs created from projects | 800 | 770 | - | - | - |
| | Amount of private sector investment induced by the Victorian Innovation and Investment Fund - Ford assistance (\$'000) | 130,000 | 112,000 | - | - | - |

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| Sub-program 2.4: Resources | | | | | | |
|--|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <ul style="list-style-type: none"> • Sustainable development of the resources sector • Uptake of innovative technologies | | | | | | |
| Contributing components | Performance criteria | 2015-16 targets | 2016-17 targets | 2017-18 targets | 2018-19 targets | 2019-20 targets |
| Carbon Capture and Storage Flagships | Number of companies supported for the development of Carbon Capture and Storage | 5 | 8 | 5 | 5 | - |
| Low Emissions Technology Demonstration Fund | Number of companies investing in innovation supported through the Low Emission Technology Demonstration Fund | 1 | 1 | - | - | - |
| Maralinga Maintenance | Effective management of Maralinga section 400 in line with obligations under the 2009 Handback Deed | | | | | |
| National Low Emissions Coal Initiative | Number of projects supported for the development and deployment of low emission coal technologies | 2 | 1 | - | - | - |
| National Offshore Petroleum Titles Administrator | Titles administration is effective and delivered on a full cost recovery basis, in accordance with regulatory requirements | | | | | |
| NT Uranium Royalty (Ranger Project Area) Administration (including SPP) | Efficient and effective biannual collection, payment and reconciliation of uranium royalties | | | | | |
| <i>Offshore Minerals Act 1994</i> | Percentage of Offshore Minerals Act 1994 fees received paid to States/ Northern Territory for administration (%) | 100 | 100 | 100 | 100 | 100 |
| Petroleum Royalties Administration | Timely and accurate delivery of audit and monthly administration and verification of royalties | | | | | |
| Radioactive Waste Management | Effective delivery of activities supporting the government's radioactive waste management strategy | | | | | |
| Royalty Payments WA - <i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i> (SPP) | Timely and accurate calculation, verification and advice to the Commonwealth Treasury of the amount payable to Western Australia | | | | | |
| Rum Jungle Mine Site - Environmental Rehabilitation Project (SPP) | Effective delivery of scheduled activities for the Rum Jungle Mine Site Rehabilitation Project | | | - | - | - |

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| Sub-program 2.5: Energy | | | | | | |
|---|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <ul style="list-style-type: none"> Improved energy efficiency. | | | | | | |
| Contributing components | Performance criteria | 2015-16 targets | 2016-17 targets | 2017-18 targets | 2018-19 targets | 2019-20 targets |
| Coal Mining Abatement Technology Support Package | Number of co-funded projects developing and demonstrating technologies funded under the Coal Mining Abatement Technology Support Package | 6 | 5 | - | - | - |
| Energy Efficiency Programs | Effective delivery of activities to support improved energy productivity of Australia's residential and commercial building stock | | | | | |
| | Maintaining Commonwealth contribution to the ongoing development and improvement of the National Australian Built Environment Rating System (NABERS) which underpins the Commercial Building Disclosure Program | | | | | |
| Greenhouse and Energy Minimum Standards National Legislative Framework | Number of new Consultation Regulatory Impact Statements published | 5 | 5 | 3 | 3 | 3 |
| | Number of new products registered under the <i>Greenhouse and Energy Minimum Standards (GEMS) Act 2012</i> | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 |
| | Effective implementation of the Equipment Energy Efficiency Program under the GEMS Act 2012 | | | | | |

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| Sub-program 2.6: Northern Australia Infrastructure Facility | | | | | | |
|---|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <ul style="list-style-type: none"> Increased private sector investment in economic infrastructure in Northern Australia. | | | | | | |
| Contributing components | Performance criteria | 2015-16 targets | 2016-17 targets | 2017-18 targets | 2018-19 targets | 2019-20 targets |
| Northern Australia Infrastructure Facility (NAIF) | To be developed following finalisation of program design and consultation with stakeholders | | | | | |
| Purposes | Purpose 2: Growing Business Investment and Improving Business Capability – Building a diversified, flexible, resilient and dynamic economic base that can identify and adapt to new markets and emerging opportunities. | | | | | |

| | | | | | | |
|--|---|------------------------|---|------------------------|------------------------|------------------------|
| Program 3: Program Support | | | | | | |
| The objectives of Program 3 are to streamline regulatory settings to reduce the cost of doing business and facilitate innovation, provide effective and efficient administrative services and support to the department, government, industry and other stakeholders. | | | | | | |
| The components of Program 3 are grouped under the following sub-programs: | | | | | | |
| <ul style="list-style-type: none"> Sub-program 3.1: Streamlining regulation – this sub-program aims to reduce the burden on industry from inefficient regulation, which can lower the cost to businesses and facilitate innovation, and ensure that the regulatory environment strikes the right balance between efficient markets and community expectations. Sub-program 3.2: Building a high performance organisation – this sub-program aims to provide effective and efficient operational and administrative support and specific services to the department, government, industry and other stakeholders. | | | | | | |
| Delivery | <ul style="list-style-type: none"> Contributing to economy-wide regulatory reforms that reduce business costs, including responding to digital disruption and eliminate both duplication and impediments between jurisdictions Creating a conducive and highly effective operating environment for Australian businesses Promoting the operation of efficient markets, particularly in sectors such as energy Being recognised as a leader (and collaborator) in policy development and value for money programme delivery on matters relevant to Australia's industries Fostering a strong and collaborative development culture that builds employee capabilities and creates career opportunities Supporting the delivery of programs that positively impact on Australian industry Continually improving the delivery of internal enabling and support services through reviewing key processes regularly to remove internal red tape and increase efficiencies, and being a leader in the use of digital technologies and flexible work arrangements Becoming an agency of choice for new employees. | | | | | |
| Performance information | | | | | | |
| Intended results | | | Performance criteria | | | |
| The quality of regulation (measured via domestic and international reviews) | | | <ul style="list-style-type: none"> Australia's ranking by the OECD product market regulation index | | | |
| Business and government satisfaction with delivery of regulation reform | | | <ul style="list-style-type: none"> Portfolio net regulatory reduction for business | | | |
| Sub-program 3.1: Streamlining regulation | | | | | | |
| <ul style="list-style-type: none"> Reducing the cost of doing business in Australia. | | | | | | |
| Contributing components | Performance criteria | 2015-16 targets | 2016-17 targets | 2017-18 targets | 2018-19 targets | 2019-20 targets |
| Regulatory policy advice | Provision of high-quality, timely and strategic industry policy advice to support the Government's deregulation agenda | | | | | |
| Portfolio Regulatory Reform | Successful implementation of Portfolio Regulatory Reform | | | | | |

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| Sub-program 3.2: Building a high performance organisation | | | | | | |
|--|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <ul style="list-style-type: none"> • Effective and efficient provision of general operational and administrative support • Effective and efficient provision of specific services. | | | | | | |
| Contributing components | Performance criteria | 2015-16 targets | 2016-17 targets | 2017-18 targets | 2018-19 targets | 2019-20 targets |
| General policy advice on matters impacting on industry, innovation and science | Provision of high-quality, timely and strategic policy advice to Ministers | | | | | |
| General program delivery designed to have a positive impact on industry, innovation and science | Effective and efficient delivery of programs that support government policy | | | | | |
| Corporate, financial and ICT services | Effective and efficient provision of corporate, financial and ICT services | | | | | |
| Purposes | <p>Purpose 1: Supporting Science and Commercialisation – Facilitating the development and uptake of new ideas and technology and translating them into commercial activity.</p> <p>Purpose 2: Growing Business Investment and Improving Business Capability – Building a diversified, flexible, resilient and dynamic economic base that can identify and adapt to new markets and emerging opportunities.</p> <p>Purpose 3: Streamlining Regulation – Streamlining regulatory settings to reduce the cost of doing business and facilitate innovation and ensuring that the regulatory environment strikes the right balance between efficient markets and community expectations.</p> | | | | | |

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material variances between the entity resources table and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

Budgeted Departmental Income Statement

The statement shows the estimated net cost of services for the department.

The budgeted net cost of services to the department for delivering its programs in 2016-17 is \$438.5 million.

Expenses

Total departmental expenses budgeted for in 2016-17 are \$508.2 million, comprising \$315.0 million for employee expenses, \$148.8 million for suppliers, \$43.5 million for depreciation and amortisation, \$0.2 million for grants and \$0.7 million for other expenses.

Income

Total departmental own-source income budgeted for in 2016-17 is \$69.7 million, comprising \$62.9 million from sale of goods and rendering of services, \$6.1 million from other independent sources and \$0.7 million in resources received free of charge.

Revenue from Government for 2016-17 is budgeted at \$395.7 million.

Budgeted Departmental Balance Sheet

The statement shows the estimated end of year position for departmental assets and liabilities.

Assets

Total departmental assets budgeted for 2016-17 are \$422.4 million, comprising \$252.4 million in non-financial assets and \$170.0 million in financial assets.

Non-financial assets include \$119.5 million for land and buildings, \$70.9 million for property, plant and equipment, \$51.7 million for intangibles, \$2.2 million for inventories and \$8.1 million in other assets. Financial assets consist of \$162.1 million for receivables, \$5.3 million for cash, and \$2.6 million in other assets.

Liabilities

Total departmental liabilities budgeted for in 2016-17 are \$186.2 million, comprising \$96.5 million in provisions and \$89.7 million in payables.

Statement of Changes in Equity – Summary of movement

The statement shows the expected movement of equity during the budget year.

Budgeted Departmental Statement of Cash Flows

The statement provides information on estimates of the extent and nature of cash flows by categorising the expected cash flows against operating, investing and financing activities.

Administered Financial Statements Schedule

of Budgeted Income and Expenses

The schedule shows the estimated income and expenses for programs administered by the department on behalf of the Australian Government.

Income

Total administered income budgeted for in 2016-17 is \$847.1 million, represented by \$700.1 million in royalties, \$25.3 million in dividends and interest, \$119.2 million in other revenue and \$2.5 million for the sale of goods and services.

Expenses

Total administered expenses budgeted for in 2016-17 are \$1.8 billion, represented by \$509.8 million in grants, \$1.0 billion in payments to corporate Commonwealth entities, \$152.0 million in subsidies, \$95.1 million in suppliers and depreciation and \$7.5 million in employee benefits.

Schedule of Budgeted Assets and Liabilities

The schedule shows the estimated end of year position for assets and liabilities administered by the department on behalf of the Australian Government.

Industry, Innovation and Science Budget Statements

Assets

Total administered assets budgeted for in 2016-17 are \$4.2 billion, represented by \$3.9 billion in investments, \$220.3 million in cash and receivables, \$64.7 million in other financial assets and \$1.9 million in non-financial assets.

Liabilities

Total administered liabilities budgeted for in 2016-17 are \$98.3 million, represented by \$97.2 million in payables and \$1.1 million in provisions.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 312,535 | 314,957 | 318,226 | 322,805 | 308,648 |
| Suppliers | 160,925 | 148,813 | 138,414 | 145,464 | 150,752 |
| Grants | 2,370 | 210 | 210 | 210 | - |
| Depreciation and amortisation | 40,058 | 43,486 | 43,009 | 43,027 | 43,026 |
| Other expenses | 728 | 728 | 728 | 728 | 728 |
| Total expenses | 516,616 | 508,194 | 500,587 | 512,234 | 503,154 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Sale of goods and rendering of services | 67,170 | 62,862 | 60,282 | 57,939 | 52,143 |
| Other revenue | 5,731 | 6,099 | 6,108 | 6,148 | 4,708 |
| Total own-source revenue | 72,901 | 68,961 | 66,390 | 64,087 | 56,851 |
| Gains | | | | | |
| Other gains | 728 | 728 | 728 | 728 | 728 |
| Total gains | 728 | 728 | 728 | 728 | 728 |
| Total own-source income | 73,629 | 69,689 | 67,118 | 64,815 | 57,579 |
| Net cost of/(contribution by) services | 442,987 | 438,505 | 433,469 | 447,419 | 445,575 |
| Revenue from Government | 399,908 | 395,710 | 390,160 | 404,141 | 401,549 |
| Deficit attributable to the Australian Government | (43,079) | (42,795) | (43,309) | (43,278) | (44,026) |
| Total comprehensive loss | (43,079) | (42,795) | (43,309) | (43,278) | (44,026) |
| Total comprehensive loss attributable to the Australian Government | (43,079) | (42,795) | (43,309) | (43,278) | (44,026) |
| Note: Impact of net cash appropriation arrangements | | | | | |
| Total comprehensive loss excluding depreciation/amortisation expenses previously funded through revenue appropriations | (3,021) | 691 | (300) | (251) | (1,000) |
| less depreciation/amortisation expenses previously funded through revenue appropriations ¹ | (40,058) | (43,486) | (43,009) | (43,027) | (43,026) |
| Total comprehensive loss - as per the Statement of Comprehensive Income | (43,079) | (42,795) | (43,309) | (43,278) | (44,026) |

Prepared on Australian Accounting Standards basis.

¹The variance from the depreciation and amortisation expense is recovered via section 74 receipts.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|-----------------------------------|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 5,973 | 5,328 | 5,033 | 4,778 | 3,783 |
| Trade and other receivables | 166,818 | 162,053 | 160,250 | 160,245 | 160,240 |
| Other financial assets | 2,846 | 2,635 | 2,628 | 2,628 | 2,628 |
| Total financial assets | 175,637 | 170,016 | 167,911 | 167,651 | 166,651 |
| Non-financial assets | | | | | |
| Land and buildings | 122,669 | 119,498 | 117,693 | 113,858 | 112,648 |
| Property, plant and equipment | 81,487 | 70,924 | 59,837 | 51,161 | 39,992 |
| Intangibles | 47,690 | 51,683 | 52,535 | 49,362 | 46,282 |
| Inventories | 2,198 | 2,198 | 2,198 | 2,198 | 2,198 |
| Other non-financial assets | 8,302 | 8,112 | 8,106 | 8,106 | 8,106 |
| Total non-financial assets | 262,346 | 252,415 | 240,369 | 224,685 | 209,226 |
| Total assets | 437,983 | 422,431 | 408,280 | 392,336 | 375,877 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 47,169 | 47,169 | 47,169 | 47,169 | 47,169 |
| Grants | 1,983 | 1,983 | 1,983 | 1,983 | 1,983 |
| Other payables | 40,556 | 40,556 | 40,556 | 40,556 | 40,556 |
| Total payables | 89,708 | 89,708 | 89,708 | 89,708 | 89,708 |
| Provisions | | | | | |
| Employee provisions | 82,729 | 79,967 | 80,081 | 80,081 | 80,081 |
| Other provisions | 16,557 | 16,557 | 16,557 | 16,557 | 16,557 |
| Total provisions | 99,286 | 96,524 | 96,638 | 96,638 | 96,638 |
| Total liabilities | 188,994 | 186,232 | 186,346 | 186,346 | 186,346 |
| Net assets | 248,989 | 236,199 | 221,934 | 205,990 | 189,531 |
| EQUITY¹ | | | | | |
| Contributed equity | 452,052 | 482,057 | 511,101 | 538,435 | 566,002 |
| Asset revaluation reserve | 8,499 | 8,499 | 8,499 | 8,499 | 8,499 |
| Accumulated deficit | (211,562) | (254,357) | (297,666) | (340,944) | (384,970) |
| Total Equity | 248,989 | 236,199 | 221,934 | 205,990 | 189,531 |

Prepared on Australian Accounting Standards basis.

¹Equity is the residual interest in assets after the deduction of liabilities.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)

| | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|--|-----------------------------|-------------------------------------|---------------------------------------|------------------------|
| Opening balance as at 1 July 2016 | | | | |
| Balance carried forward from previous period | (211,562) | 8,499 | 452,052 | 248,989 |
| Adjusted opening balance | (211,562) | 8,499 | 452,052 | 248,989 |
| Comprehensive income | | | | |
| Deficit for the year | (42,795) | - | - | (42,795) |
| Total comprehensive loss | (42,795) | - | - | (42,795) |
| of which: | | | | |
| Attributable to the Australian Government | (42,795) | - | - | (42,795) |
| Transactions with owners | | | | |
| Contributions by owners | | | | |
| Equity Injection - Appropriation | - | - | 4,567 | 4,567 |
| Departmental Capital Budget (DCB) | - | - | 25,438 | 25,438 |
| Sub-total transactions with owners | - | - | 30,005 | 30,005 |
| Estimated closing balance as at 30 June 2017 | (254,357) | 8,499 | 482,057 | 236,199 |
| Closing balance attributable to the Australian Government | (254,357) | 8,499 | 482,057 | 236,199 |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations | 388,317 | 400,475 | 391,963 | 404,146 | 401,554 |
| Sale of goods and rendering of services | 67,170 | 62,862 | 60,282 | 57,939 | 52,143 |
| Net GST received | 16,402 | 14,949 | 13,913 | 14,603 | 15,148 |
| Other | 5,740 | 6,310 | 6,115 | 6,148 | 4,708 |
| Total cash received | 477,629 | 484,596 | 472,273 | 482,836 | 473,553 |
| Cash used | | | | | |
| Employees | 314,718 | 317,719 | 318,112 | 322,805 | 308,648 |
| Suppliers | 162,201 | 148,408 | 137,680 | 144,736 | 150,024 |
| Grants | 2,370 | 210 | 210 | 210 | - |
| Net GST paid | 16,402 | 14,949 | 13,913 | 14,603 | 15,148 |
| Other | 728 | 215 | 728 | 728 | 728 |
| Total cash used | 496,419 | 481,501 | 470,643 | 483,082 | 474,548 |
| Net cash from/(used by) operating activities | (18,790) | 3,095 | 1,630 | (246) | (995) |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | 47,273 | 33,745 | 30,969 | 27,343 | 27,567 |
| Total cash used | 47,273 | 33,745 | 30,969 | 27,343 | 27,567 |
| Net cash from/(used by) investing activities | (47,273) | (33,745) | (30,969) | (27,343) | (27,567) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | 63,838 | 30,005 | 29,044 | 27,334 | 27,567 |
| Total cash received | 63,838 | 30,005 | 29,044 | 27,334 | 27,567 |
| Net cash from/(used by) financing activities | 63,838 | 30,005 | 29,044 | 27,334 | 27,567 |
| Net increase/(decrease) in cash held | (2,225) | (645) | (295) | (255) | (995) |
| Cash and cash equivalents at the beginning of the reporting period | 8,198 | 5,973 | 5,328 | 5,033 | 4,778 |
| Cash and cash equivalents at the end of the reporting period | 5,973 | 5,328 | 5,033 | 4,778 | 3,783 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| NEW CAPITAL APPROPRIATIONS | | | | | |
| Capital budget - Act No.1 (DCB) | 28,469 | 25,438 | 25,775 | 26,001 | 26,230 |
| Equity injections - Act No. 2 | 35,369 | 4,567 | 3,269 | 1,333 | 1,337 |
| Total new capital appropriations | 63,838 | 30,005 | 29,044 | 27,334 | 27,567 |
| Provided for: | | | | | |
| <i>Purchase of non-financial assets</i> | 40,356 | 30,005 | 29,044 | 27,334 | 27,567 |
| <i>Other Items</i> ¹ | 23,482 | - | - | - | - |
| Total Items | 63,838 | 30,005 | 29,044 | 27,334 | 27,567 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriations ² | 14,033 | 7,316 | 5,194 | 1,333 | 1,336 |
| Funded by capital appropriation - DCB ³ | 29,706 | 25,438 | 25,775 | 26,001 | 26,231 |
| Funded internally from departmental resources ⁴ | 3,534 | 991 | - | 9 | - |
| TOTAL | 47,273 | 33,745 | 30,969 | 27,343 | 27,567 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 47,273 | 33,745 | 30,969 | 27,343 | 27,567 |
| Total cash used to acquire assets | 47,273 | 33,745 | 30,969 | 27,343 | 27,567 |

Prepared on Australian Accounting Standards basis.

¹This amount was appropriated to the department following the repeal of prior year appropriation acts under the *Omnibus Repeal Day (Autumn 2014) Act 2014*.

²Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

³Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

⁴Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- internally developed assets; and
- section 74 Retained revenue receipts.

Table 3.6: Statement of asset movements (Budget year 2016-17)

| | Buildings \$'000 | Other property, plant and equipment \$'000 | Computer software and intangibles \$'000 | Total \$'000 |
|---|---------------------|---|---|-----------------|
| As at 1 July 2016 | | | | |
| Gross book value | 170,615 | 168,296 | 136,524 | 475,435 |
| Accumulated depreciation and impairment | (47,946) | (86,809) | (88,834) | (223,589) |
| Opening net book balance | 122,669 | 81,487 | 47,690 | 251,846 |
| Capital asset additions | | | | |
| Estimated expenditure on new or replacement assets | | | | |
| By purchase - appropriation ordinary annual services | 8,660 | 11,348 | 13,737 | 33,745 |
| Total additions | 8,660 | 11,348 | 13,737 | 33,745 |
| Other movements | | | | |
| Depreciation/amortisation expense | (11,831) | (21,911) | (9,744) | (43,486) |
| Total other movements | (11,831) | (21,911) | (9,744) | (43,486) |
| As at 30 June 2017 | | | | |
| Gross book value | 179,275 | 179,644 | 150,261 | 509,180 |
| Accumulated depreciation and impairment | (59,777) | (108,720) | (98,578) | (267,075) |
| Closing net book balance | 119,498 | 70,924 | 51,683 | 242,105 |

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 6,700 | 7,500 | 7,500 | 7,500 | 7,500 |
| Suppliers | 115,979 | 94,070 | 89,009 | 108,574 | 88,975 |
| Subsidies | 227,401 | 151,998 | 54,310 | 42,055 | 36,216 |
| Grants | 568,336 | 509,796 | 445,940 | 405,083 | 401,690 |
| Depreciation and amortisation | 2,262 | 993 | 993 | 834 | 93 |
| Payments to corporate entities | 947,464 | 1,012,153 | 1,038,221 | 1,084,843 | 1,100,290 |
| Total expenses administered on behalf of Government | 1,868,142 | 1,776,510 | 1,635,973 | 1,648,889 | 1,634,764 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Taxation revenue | | | | | |
| Income tax | 171 | 171 | 171 | 171 | 171 |
| Indirect tax | 1,350 | 800 | 750 | 550 | 550 |
| Total taxation revenue | 1,521 | 971 | 921 | 721 | 721 |
| Non-taxation revenue | | | | | |
| Fees from regulatory services | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| Sale of goods and rendering of services | 2,508 | 2,508 | 2,508 | 2,508 | 2,508 |
| Interest | 3,347 | 3,206 | 3,066 | 2,927 | 2,790 |
| Dividends | 24,700 | 22,100 | 23,400 | 24,700 | 26,000 |
| Royalties | 1,048,545 | 700,063 | 673,063 | 608,877 | 617,670 |
| Other non-taxation revenue | 51,105 | 101,580 | 89,809 | 83,664 | 83,684 |
| Unwind concessional loan discount | 5,357 | 5,665 | 5,990 | 6,338 | 6,707 |
| Total non-taxation revenue | 1,146,562 | 846,122 | 808,836 | 740,014 | 750,359 |
| Total own-source revenue administered on behalf of Government | 1,148,083 | 847,093 | 809,757 | 740,735 | 751,080 |
| Total own-source income administered on behalf of Government | 1,148,083 | 847,093 | 809,757 | 740,735 | 751,080 |
| Net cost of/(contribution by) services | 720,059 | 929,417 | 826,216 | 908,154 | 883,684 |
| Deficit | (720,059) | (929,417) | (826,216) | (908,154) | (883,684) |
| Total comprehensive loss | (720,059) | (929,417) | (826,216) | (908,154) | (883,684) |

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 112,965 | 106,979 | 103,943 | 103,943 | 103,943 |
| Trade and other receivables | 112,655 | 113,350 | 116,840 | 120,678 | 124,885 |
| Other investments | 3,961,967 | 3,916,230 | 3,842,482 | 3,792,699 | 3,721,293 |
| Accrued revenue | 94,010 | 64,725 | 60,037 | 54,041 | 54,012 |
| Total financial assets | 4,281,597 | 4,201,284 | 4,123,302 | 4,071,361 | 4,004,133 |
| Non-financial assets | | | | | |
| Leasehold improvements | 192 | 126 | 60 | - | - |
| Property, plant and equipment | 501 | 365 | 229 | 93 | - |
| Intangibles | 2,220 | 1,429 | 638 | - | - |
| Total non-financial assets | 2,913 | 1,920 | 927 | 93 | - |
| Total assets administered on behalf of Government | 4,284,510 | 4,203,204 | 4,124,229 | 4,071,454 | 4,004,133 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 7,259 | 7,197 | 7,197 | 7,197 | 7,197 |
| Subsidies | 53,419 | 29,224 | - | 9,109 | 9,036 |
| Grants | 60,814 | 60,814 | 60,814 | 60,814 | 60,814 |
| Total payables | 121,492 | 97,235 | 68,011 | 77,120 | 77,047 |
| Provisions | | | | | |
| Employee provisions | 1,113 | 1,113 | 1,113 | 1,113 | 1,113 |
| Total provisions | 1,113 | 1,113 | 1,113 | 1,113 | 1,113 |
| Total liabilities administered on behalf of Government | 122,605 | 98,348 | 69,124 | 78,233 | 78,160 |
| Net assets | 4,161,905 | 4,104,856 | 4,055,105 | 3,993,221 | 3,925,973 |

Prepared on Australian Accounting Standards basis.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Sales of goods and rendering of services | 2,508 | 2,508 | 2,508 | 2,508 | 2,508 |
| Interest | - | 2,576 | 991 | 793 | 594 |
| Dividends | 24,700 | 22,100 | 23,400 | 24,700 | 26,000 |
| Royalties | 1,086,211 | 729,347 | 677,751 | 614,873 | 617,699 |
| Net GST received | 60,996 | 43,789 | 34,764 | 37,295 | 150 |
| Other | 65,586 | 115,568 | 103,805 | 97,519 | 97,601 |
| Total cash received | 1,240,001 | 915,888 | 843,219 | 777,688 | 744,552 |
| Cash used | | | | | |
| Grants | 627,753 | 509,796 | 445,940 | 405,083 | 401,690 |
| Subsidies paid | 240,954 | 176,193 | 83,533 | 45,588 | 36,289 |
| Suppliers | 122,566 | 94,070 | 89,009 | 108,574 | 88,975 |
| Employees | 6,700 | 7,500 | 7,500 | 7,500 | 7,500 |
| Net GST paid | 60,996 | 43,789 | 34,764 | 37,295 | 150 |
| Payments to corporate entities | 947,464 | 1,012,153 | 1,038,221 | 1,084,843 | 1,100,290 |
| Total cash used | 2,006,433 | 1,843,501 | 1,698,967 | 1,688,883 | 1,634,894 |
| Net cash from/(used by) operating activities | (766,432) | (927,613) | (855,748) | (911,195) | (890,342) |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Repayments of advances and loans | - | 5,000 | 2,500 | 2,500 | 2,500 |
| Total cash received | - | 5,000 | 2,500 | 2,500 | 2,500 |

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June) (continued)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| Cash used | | | | | |
| Investments | 43,164 | 30,273 | 5,200 | 1,240 | 1,240 |
| Corporate entity investments | 35,916 | 38,841 | 31,037 | 38,461 | 10,000 |
| Total cash used | 79,080 | 69,114 | 36,237 | 39,701 | 11,240 |
| Net cash used by investing activities | (79,080) | (64,114) | (33,737) | (37,201) | (8,740) |
| FINANCING ACTIVITIES | | | | | |
| Cash from the Official Public | | | | | |
| Account for: | | | | | |
| Appropriations Capital | 1,866,185 | 1,704,114 | 1,628,724 | 1,630,688 | 1,623,744 |
| Appropriations | | | | | |
| - Non-corporate entities | 43,164 | 30,273 | 5,200 | 1,240 | 1,240 |
| Capital Appropriations | | | | | |
| - Corporate entities | 35,916 | 38,841 | 31,037 | 38,461 | 10,000 |
| Special Accounts | 79,252 | 95,598 | 35,479 | 20,900 | 11,000 |
| GST Appropriations | 60,996 | 43,789 | 34,764 | 37,295 | 150 |
| Total cash received | 2,085,513 | 1,912,615 | 1,735,204 | 1,728,584 | 1,646,134 |
| Cash to the Official Public | | | | | |
| Account for: | | | | | |
| Appropriations | (1,118,620) | (800,572) | (781,880) | (719,859) | (733,706) |
| GST Appropriations | (60,996) | (43,789) | (34,764) | (37,295) | (150) |
| Special Accounts | (60,385) | (76,527) | (29,075) | (23,034) | (13,196) |
| Total cash used | (1,240,001) | (920,888) | (845,719) | (780,188) | (747,052) |
| Net cash from (used by) financing activities | 845,512 | 991,727 | 889,485 | 948,396 | 899,082 |
| Net increase (decrease) in cash held | - | - | - | - | - |
| Cash and cash equivalents at end of reporting period | - | - | - | - | - |

Prepared on Australian Accounting Standards basis.

Table 3.10: Administered capital budget statement (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| NEW CAPITAL APPROPRIATIONS | | | | | |
| Administered Assets and Liabilities - Bill 2 | 30,938 | 28,938 | 3,000 | - | - |
| Total new capital appropriations | 30,938 | 28,938 | 3,000 | - | - |
| <i>Provided for:</i> | | | | | |
| <i>Other Items</i> | 30,938 | 28,938 | 3,000 | - | - |
| Total Items | 30,938 | 28,938 | 3,000 | - | - |

Prepared on Australian Accounting Standards basis.

Table 3.11: Statement of administered asset movements (Budget year 2016-17)

| | Buildings \$'000 | Other property, plant and equipment \$'000 | Computer software and intangibles \$'000 | Total \$'000 |
|---|---------------------|---|---|-----------------|
| As at 1 July 2016 | | | | |
| Gross book value | 258 | 637 | 9,766 | 10,661 |
| Accumulated depreciation/amortisation and impairment | (66) | (136) | (7,546) | (7,748) |
| Opening net book balance | 192 | 501 | 2,220 | 2,913 |
| CAPITAL ASSET ADDITIONS | | | | |
| Other movements | | | | |
| Depreciation/amortisation expense | (66) | (136) | (791) | (993) |
| Total other movements | (66) | (136) | (791) | (993) |
| As at 30 June 2017 | | | | |
| Gross book value | 258 | 637 | 9,766 | 10,661 |
| Accumulated depreciation/amortisation and impairment | (132) | (272) | (8,337) | (8,741) |
| Closing net book balance | 126 | 365 | 1,429 | 1,920 |

Prepared on Australian Accounting Standards basis.

Australian Institute of Marine Science

Entity resources and planned performance

AUSTRALIAN INSTITUTE OF MARINE SCIENCE

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AUSTRALIAN INSTITUTE OF MARINE SCIENCE

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Institute of Marine Science (AIMS) is a Commonwealth statutory authority established by the *Australian Institute of Marine Science Act 1972*. Its mission is to provide research and knowledge of Australia's tropical marine estate required to support growth in its sustainable use, effective environmental management and protection of its unique ecosystems. Operating under a consistent legislative framework, mission and outcome, AIMS generates knowledge that directly contributes to national priorities and to a better understanding of issues facing global marine environments.

By 2025, Australia's oceans are expected to contribute \$100 billion per annum to our economy, up from \$47.2 billion reported for 2012. This contribution includes existing industries such as tourism, ports, transport, shipbuilding, mining and offshore oil and gas, aquaculture and wild fisheries. Opportunities in biotechnology, wind, wave and tide energy and other innovations will also contribute to this economy, although the level of contributions of these emerging industries is difficult to estimate due to a lack of data. This represents growth in the blue economy of 7.5 per cent per annum, far outstripping the projected 2.5 per cent growth rate of Australia's GDP. These trends and priorities are reflected globally in the emerging blue economy.

In 2015 AIMS released a 10 year strategic plan articulating that AIMS will apply its broad scale, multidisciplinary capability to achieve three high priority outcomes for Australia's tropical marine estate within the context of a growing blue economy:

- A healthy resilient Great Barrier Reef
- Sustainable coastal ecosystems and industries across tropical Australia
- Environmentally sustainable offshore oil and gas development.

These outcomes will be accomplished utilising principles that guide AIMS' research, internal and external relationships and organisational ethos;

- Trusted adviser - Delivering independent, evidence-based scientific advice to our stakeholders for the economic, environmental and social good of Australia

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- Focused research - Executing focused plans aligned to national research priorities and with identified pathways to impact
- Knowledge transfer - Documenting and widely disseminating findings through a variety of mechanisms and formats
- Excellence and innovation - Undertaking high-calibre research and technology development
- Return on investment - Maximising investment in marine science through collaborations, co-investment and industry-funded research
- Health, safety and environment - Leading the way in providing safe and low environmental impact marine research.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to AIMS for its operations and to deliver programs and services on behalf of the government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: AIMS resource statement — Budget estimates for 2016-17 as at Budget May 2016

| | <i>2015-16 estimated actual \$'000</i> | <i>2016-17 estimate \$'000</i> |
|---|--|--|
| Opening balance/cash reserves at 1 July¹ | 34,529 | 35,840 |
| Funds from Government | | |
| Annual appropriations - ordinary annual services ² | | |
| Outcome 1 | 40,483 | 41,552 |
| <i>Total annual appropriations</i> | <i>40,483</i> | <i>41,552</i> |
| Total funds from Government | 40,483 | 41,552 |
| Funds from other sources | | |
| Interest | 1,365 | 1,200 |
| Sale of goods and services | 20,362 | 18,219 |
| Other | 562 | 625 |
| Total funds from other sources | 22,289 | 20,044 |
| Total net resourcing for AIMS | 97,301 | 97,436 |
| | <i>2015-16</i> | <i>2016-17</i> |
| Average staffing level (number) | 208 | 207 |

¹Includes cash at bank and cash on deposit.

²Appropriation Bill (No.1 2016-17).

AIMS is not directly appropriated as it is a corporate Commonwealth entity. Appropriations are made to the Department of Industry, Innovation and Science and are then paid to AIMS and are considered 'departmental' for all purposes.

All figures are GST exclusive.

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1.3 Budget measures

There are no Budget measures relating to AIMS detailed in Budget Paper No. 2; therefore Table 1.2 is not presented.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in annual reports from October 2016 - to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Growth of knowledge to support sustainable development and protection of Australia's marine resources through innovative marine science and technology.

Linked programs

| |
|---|
| Department of Industry, Innovation and Science |
| Programs <ul style="list-style-type: none">• Program 1: Supporting science and commercialisation• Program 3: Program support |
| Contribution to Outcome 1 made by linked programs <p>The department contributes to Outcome 1 through its policies and programs supporting science and commercialisation and through the operation of the Office of the Chief Scientist and the Office of Innovation and Science Australia.</p> |

AIMS will continue to work with its partners in industry and government to deliver excellent science that meets the needs of stakeholders. During the 2015 to 2020 period AIMS is focusing its research efforts on nine outcome-focused research goals:

- Develop and test predictive models of reef resilience related to global and local pressures on reef systems in north-west Australia and the Great Barrier Reef
- Play a key role in the development and implementation of a fully integrated monitoring program and adaptive management framework for the Great Barrier Reef World Heritage Area (GBRWHA)
- Develop a risk assessment and decision support system for the GBRWHA to identify the most effective options for management interventions
- Develop ecosystem function-based approaches to identify and document the impacts of human activity on the health and resilience of coastal systems
- Develop risk assessments and models of the impacts of coastal development, including ports, based on empirical data
- Establish and commence implementation of a coordinated regional assessment framework for north-west Australia's reefs and shoals
- Identify the location and significance of critical sites and habitats for key threatened and endangered species (sharks, turtles, whales)
- Expand the range of autonomous and automated observing and assessment methods throughout Australia's tropical marine estate

- Develop a cross-platform electronic knowledge delivery system for Australia's tropical marine estate directly informing industry, government and the public.

Underpinning these outcomes will be a continued emphasis on the development of innovative technology and growth in collaborations with research and industry partners.

Budgeted expenses for Outcome 1

This table shows how much AIMS intends to spend (on an accrual basis) on achieving the outcome, broken down by program.

Table 2.1.1: Budgeted expenses for Outcome 1

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| Outcome 1: Growth of knowledge to support protection and sustainable development of Australia's marine resources through innovative marine science and technology. | | | | | |
| Program 1.1: Marine Research | | | | | |
| Revenue from Government | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 40,483 | 41,552 | 42,128 | 44,655 | 45,218 |
| Expenses not requiring appropriation in the budget year ¹ | 3,680 | 4,117 | 4,502 | 4,669 | 4,494 |
| Revenues from industry sources | 22,302 | 19,303 | 23,159 | 21,547 | 22,246 |
| Total expenses for Program 1.1 | 66,465 | 64,972 | 69,789 | 70,871 | 71,958 |
| Outcome 1 totals by resource type | | | | | |
| Revenue from Government | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 40,483 | 41,552 | 42,128 | 44,655 | 45,218 |
| Expenses not requiring appropriation in the budget year ¹ | 3,680 | 4,117 | 4,502 | 4,669 | 4,494 |
| Revenues from industry sources | 22,302 | 19,303 | 23,159 | 21,547 | 22,246 |
| Total expenses for Outcome 1 | 66,465 | 64,972 | 69,789 | 70,871 | 71,958 |
| Average staffing level (number) | | | | | |
| | 2015-16 | 2016-17 | | | |
| | 208 | 207 | | | |

¹Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and amortisation expenses.

Table 2.1.2: Program components of Outcome 1

AIMS has only one program and outcome; therefore Table 2.1.2 is not presented.

Table 2.1.3: Performance criteria for Outcome 1

Table 2.1.3 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 Budget measures have created new programs or materially changed existing programs.

| Outcome 1 – Growth of knowledge to support sustainable development and protection of Australia’s marine resources through innovative marine science and technology. | | |
|---|---|---|
| Program 1.1 – Marine Research: Research services focussed on supporting the sustainable development by industry of Australia’s marine estate while ensuring the protection of high value marine and coastal ecosystems through effective environmental management. | | |
| Delivery | Program 1.1 will be achieved through: <ul style="list-style-type: none"> • Focussed research and monitoring throughout Australia’s tropical regions • The provision of data, information, decision support tools and innovative solutions to key government regulators and policy makers, and to a range of industry stakeholders • Engagement with national and international collaborative marine science programs to maximise leverage of investment, ensure uptake of research and promote outcomes • Partnerships with universities in Australia and internationally that contribute to the development of capability in tropical marine science, in particular in the STEM disciplines • Development of innovative data and underwater sensing technologies • Maintenance of world-class research infrastructure (vessels, aquaria, ocean monitoring equipment and laboratories) to support innovative research conducted by AIMS and collaborators and deployment of these capabilities into national programs designed to build critical mass to address complex large-scale scientific problems of relevance to Australia. | |
| Performance information | | |
| Year | Performance criteria | Targets |
| 2015-16 | Achieving the specific 2015-16 research priorities described in AIMS’ Corporate Plan | On track to achieve goals |
| | Successful transfer of new knowledge to users of marine science by maintaining or increasing in the number of publications and other data and knowledge products, and uptake, use and application of AIMS’ advice, data holdings, decision support tools, practices and processes | On track to achieve targeted performance target |
| | Maintain or increase scientific excellence, innovation and impact as measured by the number of peer reviewed publications and expert peer review of activities | On track to achieve targeted performance target |
| | Increase research capability, capacity and impact by maintaining or increasing the number of formal national and international collaborations, joint ventures, partnerships, strategic alliances and collaborative research papers and grants | On track to achieve targeted performance target |

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| | | |
|---------------------|---|--|
| 2015-16 (continued) | Enhance Australia's future capability in marine science by maintaining or increasing the number of post-doctoral researchers and supervised post-graduate students | On track to achieve targeted performance target |
| | Enhance Australia's marine research capability by effective delivery of new research infrastructure capacity provided by facilities such as the National Sea Simulator | On track to achieve targeted performance target |
| 2016-17 | Achieve the specific 2016-17 research priorities described in AIMS' 2016-17 Corporate Plan | Successful design and delivery of a portfolio of research that addresses the priorities |
| | Successful transfer of new knowledge to users of marine science by maintaining or increasing in the number of publications and other data and knowledge products, and uptake, use and application of AIMS' advice, data holdings, decision support tools, practices and processes | Maintain or increase the trend in: <ul style="list-style-type: none"> • publications and other products • provision of advice to key industry and government partners through formal mechanisms such as Boards, Advisory Committees and Services Agreements • uptake, use and application of AIMS' advice, data holdings, decision support tools, practices and processes |
| | Scientific excellence, innovation and impact as measured by the number of publications (peer-reviewed and industry-commissioned) and expert assessment of activities | Maintain or increase the number of: <ul style="list-style-type: none"> • Peer reviewed publications • Industry Reports and Services Undergo a rolling program of expert peer review of activities and impacts |
| | Increase research capability, capacity and impact by maintaining or increasing the number of formal national and international collaborations, joint ventures, partnerships, strategic alliances and collaborative research papers and grants | Maintain or increase the number of: <ul style="list-style-type: none"> • Formal national and international collaborations, joint ventures, partnerships or strategic alliances • Collaborative research papers and grants |

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| | | |
|---------------------|---|--|
| 2016-17 (continued) | Enhance Australia's marine research capability by effective delivery of new research infrastructure capacity provided by facilities such as the National Sea Simulator | Maintain or increase: <ul style="list-style-type: none"> • Usage of research infrastructure • The number of scientific outputs derived from the use of research infrastructure |
| 2017-18 and beyond | As per 2016-17 | As per 2016-17 |
| Purposes | To provide the research and knowledge of Australia's tropical marine estate required to support growth in its use, effective environmental management and protection of its unique ecosystems | |

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material variances between the entity resources table and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

AIMS' budget statements have been prepared on an accrual accounting basis, having regard to the Statement of Accounting concepts, and in accordance with:

- Finance Reporting Rules (FRR)
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

Budgeted comprehensive income statement

The income statement shows the estimated net cost of services for AIMS.

AIMS is projecting losses of \$4.117 million in 2016-17, \$4.502 million in 2017-18, \$4.669 million in 2018-19 and \$4.494 million in 2019-20. The operating losses are predominantly due to unfunded depreciation expenses relating to assets for which capital was previously provided by the Government through the Education Infrastructure Fund (EIF) and the National Collaborative Research Infrastructure Strategy (NCRIS). The operating losses have been approved by the Government.

Sales of goods and rendering of services represent co-investments and fees for services contracts with external organisations and companies. The figures provided for sales of goods and services are estimates based on thorough market analysis; however, these may vary with changes to economic conditions.

Budgeted departmental balance sheet

This statement shows the estimated financial position for AIMS at the end of each financial year.

The total value of non-financial assets is declining in the forward years due to the asset replacement program for each year being lower than depreciation expenses.

Budgeted departmental statement of cash flows

The budgeted statement of cash flows provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

AIMS' level of cash flow over the years remains fairly static. However, much of the cash is committed for capital expenditure and research initiatives.

Budgeted capital budget statement

The budgeted internal funded capital expenditure relates to expenditure occurring in construction of new buildings, infrastructure and purchase of plant and equipment, including information technology related assets.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 26,783 | 27,551 | 28,362 | 29,171 | 30,129 |
| Suppliers | 27,481 | 25,283 | 28,836 | 29,010 | 29,314 |
| Depreciation and amortisation | 12,201 | 12,138 | 12,591 | 12,690 | 12,515 |
| Total expenses | 66,465 | 64,972 | 69,789 | 70,871 | 71,958 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Sale of goods and rendering of services | 20,703 | 17,953 | 21,819 | 20,197 | 20,896 |
| Interest | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Other | 399 | 150 | 140 | 150 | 150 |
| Total own-source revenue | 22,302 | 19,303 | 23,159 | 21,547 | 22,246 |
| Total own-source income | 22,302 | 19,303 | 23,159 | 21,547 | 22,246 |
| Net (cost of)/contribution by services | (44,163) | (45,669) | (46,630) | (49,324) | (49,712) |
| Revenue from Government | 40,483 | 41,552 | 42,128 | 44,655 | 45,218 |
| Surplus/(deficit) attributable to the Australian Government | (3,680) | (4,117) | (4,502) | (4,669) | (4,494) |
| Total comprehensive income/(loss) | (3,680) | (4,117) | (4,502) | (4,669) | (4,494) |
| Total comprehensive income/(loss) attributable to the Australian Government | (3,680) | (4,117) | (4,502) | (4,669) | (4,494) |

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 400 | 250 | 250 | 250 | 250 |
| Trade and other receivables | 5,378 | 4,700 | 5,654 | 5,254 | 5,102 |
| Other investments | 35,440 | 34,513 | 34,705 | 35,742 | 38,505 |
| Total financial assets | 41,218 | 39,463 | 40,609 | 41,246 | 43,857 |
| Non-financial assets | | | | | |
| Land and buildings | 90,321 | 90,100 | 89,444 | 89,047 | 85,575 |
| Property, plant and equipment | 59,346 | 57,071 | 53,822 | 49,350 | 46,861 |
| Intangibles | 2,432 | 2,473 | 2,181 | 1,896 | 2,135 |
| Inventories | 213 | 186 | 223 | 229 | 233 |
| Other non-financial assets | 2,060 | 2,297 | 2,576 | 2,952 | 3,013 |
| Total non-financial assets | 154,372 | 152,127 | 148,246 | 143,474 | 137,817 |
| Total assets | 195,590 | 191,590 | 188,855 | 184,720 | 181,674 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 3,259 | 3,039 | 3,529 | 3,569 | 4,205 |
| Other payables | 3,989 | 3,598 | 4,205 | 3,988 | 5,681 |
| Total payables | 7,248 | 6,637 | 7,734 | 7,557 | 9,886 |
| Provisions | | | | | |
| Employee provisions | 9,569 | 10,297 | 10,967 | 11,678 | 10,797 |
| Total provisions | 9,569 | 10,297 | 10,967 | 11,678 | 10,797 |
| Total liabilities | 16,817 | 16,934 | 18,701 | 19,235 | 20,683 |
| Net assets | 178,773 | 174,656 | 170,154 | 165,485 | 160,991 |
| EQUITY* | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 86,607 | 86,607 | 86,607 | 86,607 | 86,607 |
| Reserves | 68,266 | 68,266 | 68,266 | 68,266 | 68,266 |
| Retained surplus (accumulated deficit) | 23,900 | 19,783 | 15,281 | 10,612 | 6,118 |
| Total parent entity interest | 178,773 | 174,656 | 170,154 | 165,485 | 160,991 |
| Total equity | 178,773 | 174,656 | 170,154 | 165,485 | 160,991 |

*Equity is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)

| | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|--|-----------------------------|-------------------------------------|--|------------------------|
| Opening balance as at 1 July 2016 | | | | |
| Balance carried forward from previous period | 23,900 | 68,266 | 86,607 | 178,773 |
| Adjusted opening balance | 23,900 | 68,266 | 86,607 | 178,773 |
| Comprehensive income | | | | |
| Surplus/(deficit) for the period | (4,117) | | | (4,117) |
| Total comprehensive income | (4,117) | - | - | (4,117) |
| of which: | | | | |
| Attributable to the Australian Government | (4,117) | - | - | (4,117) |
| Estimated closing balance as at 30 June 2017 | 19,783 | 68,266 | 86,607 | 174,656 |
| Closing balance attributable to the Australian Government | 19,783 | 68,266 | 86,607 | 174,656 |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations | 40,483 | 41,552 | 42,128 | 44,655 | 45,218 |
| Sale of goods and rendering of services | 20,362 | 18,219 | 21,446 | 20,354 | 22,622 |
| Interest | 1,365 | 1,200 | 1,200 | 1,200 | 1,306 |
| Other | 400 | 150 | 140 | 150 | 150 |
| Total cash received | 62,610 | 61,121 | 64,914 | 66,359 | 69,296 |
| Cash used | | | | | |
| Employees | 26,737 | 26,801 | 27,665 | 28,434 | 30,997 |
| Suppliers | 26,218 | 25,713 | 28,662 | 29,351 | 28,742 |
| Total cash used | 52,955 | 52,514 | 56,327 | 57,785 | 59,739 |
| Net cash from/(used by) operating activities | 9,655 | 8,607 | 8,587 | 8,574 | 9,557 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of property, plant and equipment | 162 | 475 | 262 | 164 | 479 |
| Investments ¹ | - | 1,077 | - | - | - |
| Total cash received | 162 | 1,552 | 262 | 164 | 479 |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | 8,504 | 10,159 | 8,656 | 7,700 | 7,272 |
| Investments ¹ | 1,313 | - | 193 | 1,038 | 2,764 |
| Total cash used | 9,817 | 10,159 | 8,849 | 8,738 | 10,036 |
| Net cash from/(used by) investing activities | (9,655) | (8,607) | (8,587) | (8,574) | (9,557) |
| Net increase/(decrease) in cash held | | | | | |
| Cash and cash equivalents at the beginning of the reporting period | 400 | 250 | 250 | 250 | 250 |
| Cash and cash equivalents at the end of the reporting period | 400 | 250 | 250 | 250 | 250 |

¹Relates to the movement in excess funds that are held in term deposit for more than three months.
Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| NEW CAPITAL APPROPRIATIONS PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded internally from departmental resources ¹ | 8,504 | 10,159 | 8,656 | 7,700 | 7,272 |
| TOTAL | 8,504 | 10,159 | 8,656 | 7,700 | 7,272 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 8,504 | 10,159 | 8,656 | 7,700 | 7,272 |
| Total cash used to acquire assets | 8,504 | 10,159 | 8,656 | 7,700 | 7,272 |

Prepared on Australian Accounting Standards basis.

¹Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- gifts;
- internally developed assets;
- s 74 Retained revenue receipts;
- proceeds from the sale of assets.

Table 3.6: Statement of asset movements (Budget year 2016-17)

| | Buildings \$'000 | Other property, plant and equipment \$'000 | Computer software and intangibles \$'000 | Total \$'000 |
|---|---------------------|---|---|-----------------|
| As at 1 July 2016 | | | | |
| Gross book value | 95,646 | 81,093 | 2,857 | 179,596 |
| Accumulated depreciation/amortisation and impairment | (5,326) | (21,748) | (424) | (27,498) |
| Opening net book balance | 90,320 | 59,345 | 2,433 | 152,098 |
| Capital asset additions | | | | |
| Estimated expenditure on new or replacement assets | | | | |
| By purchase - other | 4,083 | 5,616 | 460 | 10,159 |
| Total additions | 4,083 | 5,616 | 460 | 10,159 |
| Other movements | | | | |
| Depreciation/amortisation expense | (4,303) | (6,542) | (420) | (11,265) |
| Disposals | - | (1,348) | - | (1,348) |
| Total other movements | (4,303) | (7,890) | (420) | (12,613) |
| As at 30 June 2017 | | | | |
| Gross book value | 99,729 | 85,361 | 3,317 | 188,407 |
| Accumulated depreciation/amortisation and impairment | (9,629) | (28,290) | (844) | (38,763) |
| Closing net book balance | 90,100 | 57,071 | 2,473 | 149,644 |

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

AIMS does not administer any income or expenses on behalf of Government; therefore Table 3.7 is not presented.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

AIMS does not administer any assets or liabilities on behalf of Government; therefore Table 3.8 is not presented.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

AIMS does not administer any cash flows on behalf of Government; therefore Table 3.9 is not presented.

Table 3.10: Administered capital budget statement (for the period ended 30 June)

AIMS does not administer any capital budgets on behalf of Government; therefore Table 3.10 is not presented.

Table 3.11: Statement of administered asset movements (Budget year 2016-17)

AIMS does not administer any asset movements on behalf of Government; therefore Table 3.11 is not presented.

Australian Nuclear Science and Technology Organisation

Entity resources and planned performance

AUSTRALIAN NUCLEAR SCIENCE AND TECHNOLOGY ORGANISATION

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AUSTRALIAN NUCLEAR SCIENCE AND TECHNOLOGY ORGANISATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Nuclear Science and Technology Organisation (ANSTO) is Australia's national nuclear research and development organisation, and the custodian of Australia's nuclear capabilities and expertise. Consistent with the core functions mandated by the *Australian Nuclear Science and Technology Organisation Act 1987* and ANSTO's outcome statement, ANSTO applies its capabilities and expertise to radiopharmaceutical production and supply, research into areas of national priority including human health, the environment and the nuclear fuel cycle, food security, national security and water resource management, and helping Australian industries solve complex problems in areas such as materials engineering. ANSTO also carries out its mandate by providing expert advice to Government and other stakeholders on all matters relating to nuclear science, technology and engineering.

ANSTO is the custodian of Australia's most significant landmark and national research infrastructure, including the OPAL research reactor, the Australian Synchrotron and the Centre for Accelerator Science, and operates it for the benefit of industry, the Australian and international research communities and all Australians.

In March 2016, the Australian Government announced that it has agreed to support the transfer of ownership of the Australian Synchrotron to ANSTO from 1 July 2016. This announcement followed the Government's commitment of \$520 million in funding to operate the Australian Synchrotron over the next 10 years as part of the National Innovation and Science Agenda. The Australian Synchrotron is a world-class research facility that uses accelerator technology to produce a powerful source of light (a million times brighter than the sun) for a wide variety of research purposes, including human health, agriculture and manufacturing. The techniques used at the Australian Synchrotron are complementary to those used at ANSTO's neutron scattering and accelerator research facilities. Over the year ahead, ANSTO will be working to achieve the full integration of the Australian Synchrotron into ANSTO, delivering a national approach to Australian landmark research infrastructure.

ANSTO produces 10,000 potentially lifesaving doses of radioisotopes each week using the OPAL research reactor. These radioisotopes are used in nuclear medicine procedures across Australia for the diagnosis and treatment of heart disease and a range of cancers, and on average will be required by one in two Australians during their lifetime. Construction of the new export-scale ANSTO Nuclear Medicine (ANM) facility is well advanced and will position Australia as a global leader in the

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manufacture of nuclear medicine. The facility will enable ANSTO to triple its nuclear medicine production, guaranteeing ongoing access to these important nuclear medicines for all Australians and significantly increasing Australia's ability to help meet global demand.

ANSTO's strategic priorities, as set out in its current Corporate Plan, are:

- World class research outcomes and partnerships in nuclear science and technology
- Full utilisation of our landmark infrastructure: realising new opportunities, serving users and creating value
- Nuclear businesses and specialised services that respond to the needs of government, industry and the people of Australia
- Build responsiveness to create opportunities with our people and partners to meet the growing nuclear science and technology needs of Australia and the planet.

The major activities that underpin ANSTO's strategy are:

- Engage in innovative research, with a focus on the nuclear fuel cycle, the environment and human health, which has scientific and commercial impact for the benefit of Australia
- Build strategic partnerships and collaborations to leverage more effective research and innovation outcomes for Australia
- Continue the effective and reliable operation of ANSTO's landmark and national research infrastructure, including Australia's OPAL research reactor, the Australian Synchrotron and the Centre for Accelerator Science, for the benefit of industry, scientific research and the Australian health sector
- Routine operation of ANSTO's existing nuclear medicine production facilities, and the construction of the new ANSTO Nuclear Medicine facility and co-located Synroc waste treatment plant, to ensure a secure and reliable domestic supply of nuclear medicines
- Provide expert trusted science and technology based advice and specialised services to government and engage with key international nuclear organisations to strengthen Australia's position in the international nuclear community
- Work in partnership with the academic and student communities to develop a new generation of nuclear science and technology researchers, engineers and technicians

- Drive engagement and raise awareness of nuclear science and technology in Australia through the provision of timely, relevant and accessible information for multiple stakeholders and audiences, including the education sector
- Encourage and support an engaged, flexible, and empowered workforce, with a focus on diversity and gender equity initiatives.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to ANSTO for its operations and to deliver programs and services on behalf of the government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: ANSTO resource statement — Budget estimates for 2016-17 as at Budget May 2016

| | <i>2015-16 estimated actual \$'000</i> | 2016-17 estimate \$'000 |
|---|--|-------------------------------|
| Opening balance/cash reserves at 1 July | 6,680 | 6,680 |
| Funds from Government | | |
| Annual appropriations - ordinary annual services ¹ | | |
| Outcome 1 | 156,700 | 183,334 |
| Annual appropriations - other services ² | | |
| Equity injection | 35,916 | 28,841 |
| <i>Total annual appropriations</i> | <i>192,616</i> | <i>212,175</i> |
| Total funds from Government | 192,616 | 212,175 |
| Funds from other sources | | |
| Interest | 3,104 | 2,500 |
| Sale of goods and services | 75,238 | 82,491 |
| Other | 34,842 | 26,842 |
| Total funds from other sources | 113,184 | 111,833 |
| Total net resourcing for ANSTO | 312,480 | 330,688 |
| | | |
| Average staffing level (number)³ | 1,257 | 1,257 |

All figures are GST exclusive.

ANSTO is not directly appropriated as it is a corporate Commonwealth entity. Appropriations are made to the Department of Industry, Innovation and Science and are then paid to ANSTO and are considered 'departmental' for all purposes.

¹Appropriation Bill (No. 1) 2016-17.

²Appropriation Bill (No. 2) 2016-17.

³Includes staff to operate the Australian Synchrotron.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in annual reports from October 2016 - to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Improved knowledge, innovative capacity and healthcare through nuclear-based facilities, research, training, products, services and advice to Government, industry, the education sector and the Australian population.

Linked programs

| |
|---|
| Department of Industry, Innovation and Science |
| Programs <ul style="list-style-type: none">• Program 1: Supporting science and commercialisation• Program 3: Program support |
| Contribution to Outcome 1 made by linked programs <p>The department contributes to Outcome 1 through its policies and programs supporting science and commercialisation and through the operation of the Office of the Chief Scientist and the Office of Innovation and Science Australia.</p> |

Budgeted expenses for Outcome 1

This table shows how much ANSTO intends to spend (on an accrual basis) on achieving the outcome, broken down by program.

Table 2.1.1: Budgeted expenses for Outcome 1

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| Outcome 1: Improved knowledge, innovative capacity and healthcare through nuclear-based facilities, research, training, products, services and advice to Government, industry, the education sector and the Australian population. | | | | | |
| Program 1.1: Science and Technology Solutions | | | | | |
| Revenue from Government | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 156,700 | 183,334 | 199,297 | 208,302 | 213,840 |
| Revenues from other independent sources | 113,184 | 111,833 | 97,420 | 101,190 | 104,294 |
| Expenses not requiring appropriation in Budget year ¹ | 57,640 | 40,745 | 41,348 | 39,551 | 38,010 |
| Total expenses for Program 1.1 | 327,524 | 335,912 | 338,065 | 349,043 | 356,144 |
| Outcome 1 totals by resource type | | | | | |
| Revenue from Government | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 156,700 | 183,334 | 199,297 | 208,302 | 213,840 |
| Revenues from other independent sources | 113,184 | 111,833 | 97,420 | 101,190 | 104,294 |
| Expenses not requiring appropriation in Budget year ¹ | 57,640 | 40,745 | 41,348 | 39,551 | 38,010 |
| Total expenses for Outcome 1 | 327,524 | 335,912 | 338,065 | 349,043 | 356,144 |
| Average staffing level (number)² | 2015-16 | 2016-17 | | | |
| | 1,257 | 1,257 | | | |

¹Reflects approved operating losses due to accounting treatment of decommissioning costs and depreciation impact of asset revaluations and new facilities.

²Includes staff to operate the Australian Synchrotron.

Table 2.1.2: Program components of Outcome 1

ANSTO has only one program and outcome; therefore Table 2.1.2 is not presented.

Table 2.1.3: Performance criteria for Outcome 1

Table 2.1.3 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 Budget measures have created new programs or materially changed existing programs.

| | | |
|---|---|---|
| | | |
| <p>Program 1.1 – Science and Technology Solutions – this program contributes to the outcome through the operation and strategic management of landmark and national research infrastructure; and the application of ANSTO’s unique nuclear expertise for research, specialised nuclear advice, education and training, and the provision of products and services.</p> | | |
| Delivery | <p>Engage in innovative research, through strategic partnerships and collaborations, that: has scientific and commercial impact and aligns with Australia’s Science and Research Priorities; manage landmark and national research infrastructure for the benefit of industry, the Australian and international research communities, and Australia; provide products and services, including radiopharmaceuticals, to the health sector and industry that benefit the broader community; and provide expert trusted science and technology based advice and services to government, the education and academic communities, and the Australian public.</p> | |
| Performance information | | |
| Year | Performance criteria | Targets |
| 2015-16 | <p>Full utilisation of landmark infrastructure: Continue to achieve a high standard of operational efficiency and effectiveness for ANSTO’s landmark and national research infrastructure.</p> | <p>OPAL Research Reactor: Total availability of OPAL as a percentage of days at power 80.4% Target: 82%</p> <p>Planned availability of OPAL as a percentage of actual operating days scheduled 99.7% Target: 96%</p> <p>Accelerators: average percentage of days operated per available time 64% Target: 75%</p> <p>Neutron beam instruments: average percentage of days operated per available time 86% Target: 85%</p> <p>Australian Synchrotron: machine availability based on 16 week rolling average 98% Target: 95%</p> |

| | | |
|----------------|--|--|
| | <p>Human health products: Construct the ANSTO Nuclear Medicine facility to ensure security of supply of lifesaving radiopharmaceuticals for Australia and the world.</p> <p>Supply vital medicines and diagnostics that enhance human health.</p> | <p>Nuclear Medicine Manufacturing Facility: Percentage of capital funding completed 100% Target: 100%</p> <p>Radiopharmaceutical doses: potential doses 2,383,711 Target: 2,383,711</p> |
| <p>2016-17</p> | <p>Full utilisation of our landmark infrastructure: Continue to achieve a high standard of operational efficiency and effectiveness for ANSTO's landmark and national research infrastructure.</p> <p>Human health products: Supply vital medicines and diagnostics that enhance human health.</p> | <p>OPAL Research Reactor: Total availability of OPAL as a percentage of days at power. Target: 77%</p> <p>Planned availability of OPAL as a percentage of actual operating days scheduled. Target: 96%</p> <p>Accelerators: average percentage of days operated per available time. Target: 65%</p> <p>Neutron beam instruments: average percentage of days operated per available time. Target: 85%</p> <p>Australian Synchrotron: machine availability based on 16 week rolling average. Target: 95%</p> <p>Radiopharmaceutical doses: potential doses target: 2,958,651</p> |

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| | | |
|--------------------|----------------|---|
| 2017-18 and beyond | As per 2016-17 | <p>OPAL Research Reactor: Total availability of OPAL as a percentage of days at power. 2017-18 target: 82% 2018-19 target: 62% 2019-20 target: 82%</p> <p>Planned availability of OPAL as a percentage of actual operating days scheduled. 2017-18 target: 96% 2018-19 target: 96% 2019-20 target: 96%</p> <p>Accelerators: average percentage of days operated per available time. 2017-18 target: 65% 2018-19 target: 65% 2019-20 target: 65%</p> <p>Neutron beam instruments: average percentage of days operated per available time. 2017-18 target: 85% 2018-19 target: 85% 2019-20 target: 85%</p> <p>Australian Synchrotron: machine availability based on 16 week rolling average. 2017-18 target: 95% 2018-19 target: 95% 2019-20 target: 95%</p> <p>Radiopharmaceutical doses: potential doses target: 2017-18 target: 4,604,611 2018-19 target: 5,733,561 2019-20 target: 5,905,444</p> |
|--------------------|----------------|---|

| | |
|-----------------|--|
| Purposes | <p>ANSTO's purpose is set by the following core functions, as listed in the <i>Australian Nuclear Science and Technology Organisation Act 1987</i>:</p> <ul style="list-style-type: none">• Conduct research and development in relation to nuclear science and technology• Produce and use radioisotopes, isotopic techniques and nuclear radiation for medicine, science, industry, commerce and agriculture• Encourage and facilitate the application and use of the results from research and development• Manage radioactive materials and waste arising from various prescribed activities• Provide goods and services related to core activities• Provide advice to government and undertake international liaison in nuclear-related matters• Make available (on a commercial basis where appropriate) facilities, equipment and expertise for research in nuclear science and technology• Publish scientific and technical reports, periodicals and papers, and provide public information and advice• Facilitate education and training in nuclear science and technology, including through granting scientific research studentships and fellowships, in cooperation with universities, professional bodies and other education and research institutions. |
|-----------------|--|

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material variances between the agency resources table and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

ANSTO's budgeted financial statements are presented on a consolidated basis in accordance with AASB 10 (Consolidated Financial Statements). The consolidated financial statements incorporate the assets and liabilities and the results of all entities controlled by ANSTO as defined in AASB 10.

In accordance with whole of government reporting for Public Non-Financial Corporation (PNFC) entities, these financial statements do not include financials for ANM (ANSTO Nuclear Medicine Pty Ltd).

Comprehensive Income Statement

The statement shows the estimated net cost of services for the organisation. Total expenses in 2016-17 are estimated at \$335.912 million, compared to the estimate for 2015-16 of \$327.524 million. Total revenue in 2016-17 is estimated to be \$295.167 million (including appropriation), compared to the estimate of \$269.884 million for 2015-16, an increase of \$25.283 million.

ANSTO has projected approved operating losses of \$57.640 million for 2015-16 and \$40.745 million for 2016-17. These losses are largely due to the non-cash impact of ANSTO's accounting treatment entries for ANSTO's ongoing decommissioning programme and depreciation costs for new facilities and asset revaluations.

Budgeted Departmental Balance Sheet

This statement shows the estimated end of year financial position of ANSTO.

Financial assets decreased from \$269.374 million to \$263.476 million, reflecting the use of cash on the ANM project, expenditure on which is recorded as a financial asset. The eventual full project costs for ANM will be \$168.8 million.

Budgeted Departmental Statement of Cash Flows

Budgeted cash flows, as reflected in the statement of cash flows, provide information on the extent and nature of cash flows by categorising them into expected cash flows from operating, investing and financing activities.

The movements in cash flow are consistent with movements in the income statement and the balance sheet.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 143,344 | 150,229 | 150,642 | 155,439 | 158,524 |
| Suppliers | 70,707 | 84,647 | 88,272 | 92,826 | 98,702 |
| Grants | 5,328 | 5,500 | 5,500 | 5,500 | 5,500 |
| Depreciation and amortisation | 76,219 | 75,178 | 72,022 | 74,709 | 74,249 |
| Finance costs | 23,026 | 20,358 | 21,629 | 20,569 | 19,169 |
| Write-down and impairment of assets | 2,000 | - | - | - | - |
| Other expenses | 6,900 | - | - | - | - |
| Total expenses | 327,524 | 335,912 | 338,065 | 349,043 | 356,144 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Sale of goods and rendering of services | 75,238 | 82,491 | 85,078 | 88,848 | 91,657 |
| Interest | 3,104 | 2,500 | 2,500 | 2,500 | 2,500 |
| Grants | 34,842 | 26,842 | 9,842 | 9,842 | 10,137 |
| Total own-source revenue | 113,184 | 111,833 | 97,420 | 101,190 | 104,294 |
| Total own-source income | 113,184 | 111,833 | 97,420 | 101,190 | 104,294 |
| Net (cost of)/contribution by services | (214,340) | (224,079) | (240,645) | (247,853) | (251,850) |
| Revenue from Government | 156,700 | 183,334 | 199,297 | 208,302 | 213,840 |
| Surplus/(deficit) attributable to the Australian Government | (57,640) | (40,745) | (41,348) | (39,551) | (38,010) |
| Total comprehensive income/(loss) | (57,640) | (40,745) | (41,348) | (39,551) | (38,010) |
| Total comprehensive income/(loss) attributable to the Australian Government | (57,640) | (40,745) | (41,348) | (39,551) | (38,010) |

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|-------------------------------------|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 6,680 | 6,680 | 6,680 | 6,680 | 6,680 |
| Trade and other receivables | 15,704 | 15,704 | 15,704 | 15,704 | 15,704 |
| Other investments | 128,167 | 106,893 | 57,011 | 36,150 | 23,268 |
| Other financial assets | 118,823 | 134,199 | 162,954 | 172,123 | 173,800 |
| Total financial assets | 269,374 | 263,476 | 242,349 | 230,657 | 219,452 |
| Non-financial assets | | | | | |
| Land and buildings | 292,500 | 294,476 | 299,214 | 298,014 | 299,814 |
| Property, plant and equipment | 720,580 | 717,751 | 727,667 | 727,598 | 717,762 |
| Intangibles | 83,198 | 82,598 | 82,998 | 83,398 | 83,798 |
| Inventories | 18,072 | 18,072 | 18,072 | 18,072 | 18,072 |
| Other non-financial assets | 9,358 | 9,358 | 9,358 | 9,358 | 9,358 |
| Total non-financial assets | 1,123,708 | 1,122,255 | 1,137,309 | 1,136,440 | 1,128,804 |
| Total assets | 1,393,082 | 1,385,731 | 1,379,658 | 1,367,097 | 1,348,256 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 19,986 | 19,986 | 19,986 | 19,986 | 19,986 |
| Grants | 135 | 135 | 135 | 135 | 135 |
| Other payables | 17,995 | 17,995 | 17,995 | 17,995 | 17,995 |
| Total payables | 38,116 | 38,116 | 38,116 | 38,116 | 38,116 |
| Provisions | | | | | |
| Employee provisions | 44,911 | 44,911 | 44,911 | 44,911 | 44,911 |
| Other provisions | 364,123 | 368,676 | 382,914 | 381,443 | 400,612 |
| Total provisions | 409,034 | 413,587 | 427,825 | 426,354 | 445,523 |
| Total liabilities | 447,150 | 451,703 | 465,941 | 464,470 | 483,639 |
| Net assets | 945,932 | 934,028 | 913,717 | 902,627 | 864,617 |
| EQUITY* | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 741,336 | 770,177 | 791,214 | 819,675 | 819,675 |
| Reserves | 500,118 | 500,118 | 500,118 | 500,118 | 500,118 |
| Accumulated deficit | (295,522) | (336,267) | (377,615) | (417,166) | (455,176) |
| Total parent entity interest | 945,932 | 934,028 | 913,717 | 902,627 | 864,617 |
| Total equity | 945,932 | 934,028 | 913,717 | 902,627 | 864,617 |

*Equity is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)

| | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Other reserves \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|--|-----------------------------|-------------------------------------|--------------------------|--|------------------------|
| Opening balance as at 1 July 2016 | | | | | |
| Balance carried forward from previous period | (295,522) | 490,112 | 10,006 | 741,336 | 945,932 |
| Adjusted opening balance | (295,522) | 490,112 | 10,006 | 741,336 | 945,932 |
| Comprehensive income | | | | | |
| Surplus/(deficit) for the period | (40,745) | - | - | - | (40,745) |
| Total comprehensive income | (40,745) | - | - | - | (40,745) |
| of which: | | | | | |
| Attributable to the Australian Government | (40,745) | - | - | - | (40,745) |
| Transactions with owners | | | | | |
| Contributions by owners | | | | | |
| Equity injection - Appropriation | - | - | - | 28,841 | 28,841 |
| Sub-total transactions with owners | - | - | - | 28,841 | 28,841 |
| Estimated closing balance as at 30 June 2017 | (336,267) | 490,112 | 10,006 | 770,177 | 934,028 |
| Closing balance attributable to the Australian Government | (336,267) | 490,112 | 10,006 | 770,177 | 934,028 |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations | 156,700 | 183,334 | 199,297 | 208,302 | 213,840 |
| Sale of goods and rendering of services | 75,238 | 82,491 | 85,078 | 88,848 | 91,657 |
| Interest | 3,104 | 2,500 | 2,500 | 2,500 | 2,500 |
| Grants | 34,842 | 26,842 | 9,842 | 9,842 | 10,137 |
| Total cash received | 269,884 | 295,167 | 296,717 | 309,492 | 318,134 |
| Cash used | | | | | |
| Employees | 147,102 | 150,229 | 150,642 | 155,439 | 158,524 |
| Suppliers | 80,399 | 100,452 | 95,663 | 114,866 | 98,702 |
| Grants | 5,328 | 5,500 | 5,500 | 5,500 | 5,500 |
| Total cash used | 232,829 | 256,181 | 251,805 | 275,805 | 262,726 |
| Net cash from/(used by) operating activities | 37,055 | 38,986 | 44,912 | 33,687 | 55,408 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Investments | 620,000 | 580,000 | 500,000 | 500,000 | 450,000 |
| Total cash received | 620,000 | 580,000 | 500,000 | 500,000 | 450,000 |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | 77,173 | 73,725 | 87,076 | 73,840 | 66,613 |
| Purchase of financial instruments | | | | | |
| Investments | 615,798 | 574,102 | 478,873 | 488,308 | 438,795 |
| Total cash used | 692,971 | 647,827 | 565,949 | 562,148 | 505,408 |
| Net cash from/(used by) investing activities | (72,971) | (67,827) | (65,949) | (62,148) | (55,408) |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June) (continued)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | 35,916 | 28,841 | 21,037 | 28,461 | - |
| Total cash received | 35,916 | 28,841 | 21,037 | 28,461 | - |
| Net cash from/(used by) financing activities | 35,916 | 28,841 | 21,037 | 28,461 | - |
| Net increase/(decrease) in cash held | | | | | |
| | - | - | - | - | - |
| Cash and cash equivalents at the beginning of the reporting period | 6,680 | 6,680 | 6,680 | 6,680 | 6,680 |
| Cash and cash equivalents at the end of the reporting period | 6,680 | 6,680 | 6,680 | 6,680 | 6,680 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| NEW CAPITAL APPROPRIATIONS | | | | | |
| Equity injections - Bill 2 | 35,916 | 28,841 | 21,037 | 28,461 | - |
| Total new capital appropriations | 35,916 | 28,841 | 21,037 | 28,461 | - |
| <i>Provided for:</i> | | | | | |
| Purchase of non-financial assets | 9,211 | 13,036 | 13,646 | 6,421 | - |
| Other Items | 26,705 | 15,805 | 7,391 | 22,040 | - |
| Total items | 35,916 | 28,841 | 21,037 | 28,461 | - |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriations ¹ | 15,152 | 13,725 | 16,911 | 2,208 | - |
| Funded internally from departmental resources ² | 62,021 | 60,000 | 70,165 | 71,632 | 66,613 |
| TOTAL | 77,173 | 73,725 | 87,076 | 73,840 | 66,613 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 77,173 | 73,725 | 87,076 | 73,840 | 66,613 |
| Total cash used to acquire assets | 77,173 | 73,725 | 87,076 | 73,840 | 66,613 |

¹Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

²Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- gifts;
- internally developed assets;
- s 74 Retained revenue receipts;
- proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016-17)

| | Land \$'000 | Buildings \$'000 | Other property, plant and equipment \$'000 | Computer software and intangibles \$'000 | Total \$'000 |
|--|----------------|---------------------|---|---|------------------|
| As at 1 July 2016 | | | | | |
| Gross book value | 97,200 | 241,229 | 1,054,595 | 122,637 | 1,515,661 |
| Accumulated depreciation/amortisation and impairment | - | (45,929) | (334,015) | (39,439) | (419,383) |
| Opening net book balance | 97,200 | 195,300 | 720,580 | 83,198 | 1,096,278 |
| Capital asset additions | | | | | |
| Estimated expenditure on new or replacement assets | | | | | |
| By purchase - appropriation equity ¹ | - | 8,976 | 4,749 | - | 13,725 |
| By purchase - appropriation ordinary annual services ² | - | 6,000 | 51,000 | 3,000 | 60,000 |
| Total additions | - | 14,976 | 55,749 | 3,000 | 73,725 |
| Other movements | | | | | |
| Depreciation/amortisation expense | - | (13,000) | (58,578) | (3,600) | (75,178) |
| Total other movements | - | (13,000) | (58,578) | (3,600) | (75,178) |
| As at 30 June 2017 | | | | | |
| Gross book value | 97,200 | 256,205 | 1,110,344 | 125,637 | 1,589,386 |
| Accumulated depreciation/ amortisation and impairment | - | (58,929) | (392,593) | (43,039) | (494,561) |
| Closing net book balance | 97,200 | 197,276 | 717,751 | 82,598 | 1,094,825 |

¹Appropriation equity refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016-17.

²Appropriation ordinary annual services refers to funding provided through Appropriation Bill (No. 1) 2016-17 for depreciation/amortisation expenses.

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

ANSTO has no budgeted income and expenses administered on behalf of Government; therefore Table 3.7 is not presented.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

ANSTO has no budgeted assets and liabilities administered on behalf of Government; therefore Table 3.8 is not presented.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

ANSTO has no budgeted administered cash flows; therefore Table 3.9 is not presented.

Table 3.10: Administered capital budget statement (for the period ended 30 June)

ANSTO has no administered capital budget; therefore Table 3.10 is not presented.

Table 3.11: Statement of administered asset movements (Budget year 2016-17)

ANSTO has no administered asset movements; therefore Table 3.11 is not presented.

Commonwealth Scientific and Industrial Research Organisation

Entity resources and planned performance

COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

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COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Commonwealth Scientific and Industrial Research Organisation (CSIRO) is a statutory authority within the portfolio. The organisation's primary functions are set out in the *Science and Industry Research Act 1949*. They are to:

(a) carry out scientific research for any of the following purposes:

- assisting Australian industry
- furthering the interests of the Australian community
- contributing to the achievement of Australian national objectives or the performance of the national and international responsibilities of the Commonwealth
- any other purpose determined by the Minister

(b) encourage or facilitate the application or utilisation of the results of such research.

Consistent with its outcome statement, CSIRO aims to deliver great science and innovative solutions for industry, society and the environment and to see its science used to make a profound and positive impact for the future of Australia and humanity.

In pursuing this outcome, CSIRO embraces its distinct role as a large-scale mission directed, multi-disciplinary science and technology organisation and as trusted science advisor on the big issues facing the nation.

CSIRO's mission directed Research Business Units (Business Units) are the key mechanism for achieving outcomes aligned with national issues and the Australian Government's Science and Research Priorities.

Through the Business Units, CSIRO concentrates on strategic research and knowledge and technology transfer with the potential to deliver major long term social, economic and environmental benefits to Australia. CSIRO's Business Units do this by working with government, industry and others in the innovation system to support existing industries and to create new ones.

The capacity to deliver impact is underpinned by investing in capabilities that build strength in areas of national need, ensuring that Australia has the knowledge, skills and infrastructure required to respond to national and international challenges.

CSIRO Budget Statements

Fundamental to this is:

- enhancing industry alliances to actively encourage the application and adoption of CSIRO research to deliver value to customers and partners, and impact for the nation
- actively fostering collaboration with other parts of the national innovation system, including other publicly funded research agencies, universities and other innovators
- building, maintaining and making available research infrastructure, including national scientific facilities and collections
- establishing stronger connections with top global research and technology peers
- maintaining science excellence in CSIRO research to deliver future impact
- promoting and supporting the science sector by supervising undergraduate and postgraduate students, conducting science education programs for school students and teachers and raising community awareness of its activities and science
- providing the Government with independent scientific and technical advice as required, and informing the policy making process to assist the Government to decide how to best meet the challenges Australia faces
- the CSIRO Innovation Fund (CIF), which is an initiative of the National Science and Innovation Agenda and which will invest in start-up and spin off companies, existing SMEs engaged in translation of research and company formation opportunities.

CSIRO research investment is divided into two programs: Research – Science, Services and Innovation Fund (Program 1.1) and National Research Infrastructure – Facilities and Collections (Program 1.2).

Program 1.3 is the Science and Industry Endowment Fund (SIEF), which is a separately constituted trust under the *Science and Industry Endowment Act 1926* and makes strategic investments in scientific research that address issues of national priority for Australia. The Chief Executive of CSIRO, as trustee of the fund, is assisted by the SIEF Advisory Council, which provides independent advice and recommendations to the trustee in relation to the making of grants and funding of proposals out of the assets of the SIEF.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to CSIRO for its operations and to deliver programs and services on behalf of the government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: CSIRO resource statement — Budget estimates for 2016-17 as at Budget May 2016

| | <i>2015-16 estimated actual \$'000</i> | <i>2016-17 estimate \$'000</i> |
|---|--|--|
| Opening balance/cash reserves at 1 July | 297,644 | 181,943 |
| Funds from Government | | |
| Annual appropriations - ordinary annual services ¹ | | |
| Outcome 1 | 750,281 | 787,267 |
| Annual appropriations - other services ² | | |
| Equity injection | - | 10,000 |
| <i>Total annual appropriations</i> | <i>750,281</i> | <i>797,267</i> |
| Total funds from Government | 750,281 | 797,267 |
| Funds from other sources | | |
| Interest | 8,525 | 8,588 |
| Sale of goods and services | 543,653 | 460,274 |
| Other | 16,530 | 63,175 |
| Total funds from other sources | 568,708 | 532,037 |
| Total net resourcing for CSIRO | 1,616,633 | 1,511,247 |
| | <i>2015-16</i> | <i>2016-17</i> |
| Average staffing level (number) | 5,056 | 5,078 |

All figures are GST exclusive.

¹Appropriation Bill (No. 1) 2016-17.

²Appropriation Bill (No. 2) 2016-17.

Appropriations are made to the Department of Industry, Innovation and Science and are then paid to CSIRO and are considered departmental for all purposes.

1.3 BUDGET MEASURES

There are no Budget measures relating to CSIRO detailed in Budget Paper No. 2; therefore Table 1.2 is not presented.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in annual reports from October 2016 - to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Innovative scientific and technology solutions to national challenges and opportunities to benefit industry, the environment and the community, through scientific research and capability development, services and advice.

Linked programs

| |
|--|
| Department of Industry, Innovation and Science |
| <p>Programs</p> <ul style="list-style-type: none"> • Program 1: Supporting science and commercialisation • Program 3: Program support |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>The department contributes to Outcome 1 through its policies and programs supporting science and commercialisation and through the operation of the Office of the Chief Scientist and the Office of Innovation and Science Australia.</p> |
| Department of Environment |
| <p>Programs</p> <ul style="list-style-type: none"> • Program 3: Antarctica: Science, Policy and Presence • Program 4: Water Science and Wetlands |
| <p>Contribution to Outcome 1 made by linked programs</p> <p>The Department of Environment contributes to Outcome 1 through the delivery of bioregional assessments, contributing expertise in ecology, hydrology, hydrogeology, informatics and risk analysis.</p> |

Budgeted expenses for Outcome 1

This table shows how much CSIRO intends to spend (on an accrual basis) on achieving the outcome, broken down by program.

Table 2.1.1: Budgeted expenses for Outcome 1

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| Outcome 1: Innovative scientific and technology solutions to national challenges and opportunities to benefit industry, the environment and the community, through scientific research and capability development, services and advice. | | | | | |
| Program 1.1: Research - Science, Services and Innovation Fund | | | | | |
| Revenue from Government | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 650,695 | 686,449 | 694,732 | 728,970 | 735,821 |
| Revenues from other independent sources ¹ | 548,155 | 493,211 | 507,872 | 556,392 | 573,833 |
| Total expenses for Program 1.1 | 1,198,850 | 1,179,660 | 1,202,604 | 1,285,362 | 1,309,654 |
| Program 1.2: National Research Infrastructure - National Facilities and Collections | | | | | |
| Revenue from Government | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 99,586 | 100,818 | 102,064 | 102,916 | 105,411 |
| Revenues from other independent sources ² | 60,634 | 47,512 | 52,567 | 47,671 | 44,583 |
| Total expenses for Program 1.2 | 160,220 | 148,330 | 154,631 | 150,587 | 149,994 |
| Program 1.3: Science and Industry Endowment Fund | | | | | |
| Revenue from other independent sources ³ | 22,641 | 23,632 | 22,862 | 10,030 | 5,541 |
| Total for Program 1.3 | 22,641 | 23,632 | 22,862 | 10,030 | 5,541 |
| Outcome 1 totals by resource type | | | | | |
| Revenue from Government | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 750,281 | 787,267 | 796,796 | 831,886 | 841,232 |
| Revenues from other independent sources | 631,430 | 564,355 | 583,301 | 614,093 | 623,957 |
| Total expenses for Outcome 1 | 1,381,711 | 1,351,622 | 1,380,097 | 1,445,979 | 1,465,189 |
| Average staffing level (number) | | | | | |
| | 2015-16 | 2016-17 | | | |
| | 5,056 | 5,078 | | | |

¹Revenue from other independent sources includes the approved operating loss for Research - Science, Services and Innovation Fund.

²Revenue from other independent sources includes the approved operating loss for National Research Infrastructure - National Facilities and Collections.

³Revenue from other independent sources includes the approved operating loss for Science and Industry Endowment Fund.

Table 2.1.2 Program components of Outcome 1

| |
|--|
| <p>Outcome 1: Innovative scientific and technology solutions to national challenges and opportunities to benefit industry, the environment and the community, through scientific research and capability development, services and advice.</p> |
| <p>Programs Program 1.1: Research - Science, Services and Innovation Fund Program 1.2: National Research Infrastructure - National Facilities and Collections Program 1.3: Science and Industry Endowment Fund</p> |

Table 2.1.3: Performance criteria for Outcome 1

Table 2.1.3 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 Budget measures have created new programs or materially changed existing programs.

| | |
|--|---|
| | |
| <p>Program 1.1: Research - Science, Services and Innovation Fund</p> <p>CSIRO's Research - Science, Services and Innovation Fund activities deliver economic, social and environmental impact to the nation through the provision of advice, information and solutions including the delivery of new and improved technologies, management systems, intermediate and final products, catalyst services for business, advice relevant to policy development, new knowledge and skills, and investment in early stage ventures founded in Australian research.</p> <p>This Program includes:</p> <ul style="list-style-type: none"> • Business Units which aim to increase economic, social and environmental wellbeing in areas of complex challenges through the provision of information, advice and scientific solutions. National challenges being addressed through this Program include agriculture, biosecurity, digital, climate, productivity, energy, food, health, manufacturing and mining. • Support to Australian small and medium enterprises (SMEs) to get the most value from research and development activities in order to overcome technical challenges and improve their business performance. • Activities to develop increased knowledge of science and its application to students, parents, teachers and the Australian community. This work contributes to the maintenance of Australia's science capacity, which helps Australia to remain innovative and competitive in science • Support for undergraduates, post-graduates and post-doctoral researchers to boost the calibre of researchers working in the Australian community. CSIRO gives young researchers experience in technology transfer and uptake, which is important for Australia's future innovation capacity | |
| <p>Delivery</p> | <p>CSIRO continues to address problems and opportunities of significance to Australia. Our Business Units integrate combinations of people (disciplinary skills, entrepreneurship, experience and know-how), assets (such as research equipment) and relationships. Business Units are mission directed with specific goals and impact objectives to focus their resources and efforts. They work together to form multidisciplinary teams established around key national challenges.</p> <p>CSIRO provides products, technical and advisory services to industry and government including professional consulting and testing facilities. CSIRO delivers this through policy and commercialisation pathways, including delivery of new and improved technologies, management systems, intermediate and final products, catalyst services for business, advice relevant to policy development, and new knowledge and skills.</p> <p>CSIRO engages with large, medium and small enterprises, including Australian and international private and public sector organisations. CSIRO also collaborates with other publicly funded research agencies, universities and schools to undertake research, fund eligible investment proposals and deliver education programs.</p> <p>The CSIRO Innovation Fund (CIF), an initiative of the National Innovation and Science Agenda, invests in start-up and spin-off companies, existing SMEs engaged in translation of research, and company formation opportunities.</p> |

| Performance information | |
|--------------------------------|--|
| Year | Performance criteria |
| 2015-16 | <ul style="list-style-type: none"> • Evidence of economic, social and environmental impacts through demonstrated uptake and adoption of research outputs (demonstrated by case study impact assessment and other evaluations) • Maintain or increase the number of refereed publications • Maintain customer satisfaction • Awareness of science by CSIRO stakeholders • Maintain or improve science excellence in CSIRO research capabilities and the impact of their research outputs as assessed through a rolling program of rigorous peer review • Utilisation and success of science outreach programs (proportion of uptake within the target groups and participant feedback) |
| 2016-17 and beyond | <p>Science and services:</p> <ul style="list-style-type: none"> • Evidence of (economic, social and environmental) impacts through validated uptake and adoption of research outputs and science excellence • Customer and user satisfaction as measured through satisfaction and willingness to recommend surveys and other feedback mechanisms • Maintain or grow proportion of external revenue, particularly from Industry and internationally • Improve the innovation capacity, diversity and inclusion of staff with a focus on leadership <p>CSIRO Innovation Fund:</p> <ul style="list-style-type: none"> • The Fund has a strong pipeline of investible propositions across deep science based technology from the catchment of publicly funded research institutions from each of the eligible participant stakeholder groups • Investment portfolio aligns with key industry sectors including Government's Science and Research Priorities, and Industry Growth Centres |

| | |
|--|---|
| | <p>Delivery</p> <p>Our mission directed Business Units integrate combinations of people (disciplinary skills, entrepreneurship, experience and know-how), assets (such as research equipment) and relationships. Leadership is provided with a focus on building innovation capacity and collaborative relationships to deliver impact from CSIRO research. Business Units are subject to a governance process that may identify opportunities for new areas of research, redirect investment and/or scientific focus, and/or the need to decommission a Business Unit.</p> <p>CSIRO's research is managed and delivered through nine CSIRO Business Units: Agriculture; Health and Biosecurity; Data61; Energy; Land and Water; Manufacturing; Mineral Resources; Oceans and Atmosphere; and Astronomy and Space Science.</p> <p>CSIRO's SME Engagement Centre assists small to medium Australian enterprises by identifying and connecting companies to technical expertise and resources, defining technical issues, developing research projects for industry and providing guidance around access to funding for research and innovation.</p> <p>CSIRO education and outreach programs consists of several key elements, including:</p> <ul style="list-style-type: none"> • Discovery Centre – a purpose-built, public complex showcasing CSIRO research. Its philosophy is the presentation and communication of ongoing and completed research and technology • Education Programs – CSIRO offers a range of science education projects to demonstrate the science, technology, engineering and mathematic career opportunities to school students, their families and teachers • CSIRO Publishing – is an internationally recognised publishing program covering a wide range of scientific disciplines. |
|--|---|

| | |
|-----------------|---|
| | |
| Delivery | <ul style="list-style-type: none">• The CIF will make select investments in proposals from universities, PFRAs and their partners, including SMEs.• The CIF will focus investments on opportunities that bring forward the commercialisation of research based solutions aligned with Government's Science and Research Priorities, and Industry Growth Centres.• The CIF will focus its investment to companies establishing themselves in Australia and with most assets in Australia during their formative years. |

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| | |
|--------------------------------|--|
| | |
| Delivery | <p>National Facilities are owned and/or operated by CSIRO. These facilities can be accessed by the Australian research community and international users for the purposes of science without the support of CSIRO's science. Facilities are resourced with CSIRO staff to run and be 'science ready' to support the facility's operations. These facilities include the Australian Animal Health Laboratory, Australia Telescope National Facility, Marine National Facility and Pawsey Centre.</p> <p>The Australian National Research Collections are those amenities where CSIRO is the custodian of the national collections that are of Australian and international significance. These collections are available for use by the Australian research community and international community and increasingly are also publicly accessible. Each collection is supported with CSIRO staff to curate and maintain the collection. CSIRO will continue to steward collections in a manner which utilises the power of digital and genomics technologies to provide rapid access to comprehensive, reliable and validated data coupled with expert knowledge. These collections include the Australian National Fish Collection, Australian National Insect Collection, Australian National Herbarium, Australian National Wildlife Collection, National Tree Seed Collection and National Algae Culture Collection.</p> <p>The Atlas of Living Australia provides free, online access to a vast repository of information about Australia's amazing biodiversity. It supports research, environmental monitoring, conservation planning, education and biosecurity activities.</p> |
| Performance information | |
| Year | Performance criteria |
| 2015-16 | <ul style="list-style-type: none"> • Utilisation of the National Research Infrastructure and Collections • National Research Infrastructure maintained and operated to appropriate standards (qualitative indicator) • Maintain or increase the proportion of collections available to researchers and the public, including digitised and non-digitised collections • Demonstrated response to national events by providing science-ready facilities in support of CSIRO and external party research (this is a qualitative indicator with narrative responses expected) <p>Note: The above indicators may be tailored to the specific activities of the diverse range of activities at each National Research Infrastructure facility or collection.</p> |
| 2016-17 and beyond | <ul style="list-style-type: none"> • National Research Infrastructure and Collections National Research Infrastructure maintained and operated to appropriate standards • Maintain or increase the proportion of collections available and utilised by researchers and the public, including digitised and non-digitised collections <p>Note: The above indicators may be tailored to the specific activities of the diverse range of activities at each National Research Infrastructure facility or collection.</p> |

| | |
|--------------------------------|---|
| | |
| Delivery | <p>The SIEF delivers funding via:</p> <ul style="list-style-type: none"> • Research Project grants • Research Infrastructure grants • Special Research Program grants • Joint Chair appointment (CSIRO/Macquarie University) • Research fellowships/scholarships • Experimental Development Program <p>Funding is awarded by the Trustee of the Fund under these programs with advice from Australian and international experts. Some of the programs are operated on a competitive basis, and others are operated by invitation on the basis of identified needs of the Australian innovation and science community.</p> |
| Performance information | |
| Year | Performance criteria |
| 2015-16 | <ul style="list-style-type: none"> • Proportion of projects align with SIEF purpose and strategic objectives • Proportion of projects involving more than one organisation • Financial contributions of partners • Number of publications from SIEF projects • Number of Early Career Researchers (ECR) funded through SIEF projects. <p>There are limitations to the way in which the effectiveness of the SIEF in meeting its objectives can be measured because the contribution of research can only be measured in the long term.</p> |
| 2016-17 and beyond | <ul style="list-style-type: none"> • Proportion of newly funded projects that align with the Government's Science and Research Priorities • Proportion of projects involving more than one organisation • Financial contributions of partners • Number of publications from SIEF projects • Number of Early Career Researchers (ECR) funded through SIEF projects • Evidence of outcomes and impacts of funded projects as demonstrated by case study impact assessment, independent reviews and evaluations |

CSIRO is yet to finalise targets to be included in these tables. These will be included in the 2016-17 CSIRO Corporate plan. The full list of CSIRO's performance indicators will also be contained in the 2016-17 CSIRO Corporate plan.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

CSIRO's resourcing statement Table 1.1 is directly comparable to the budgeted financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

CSIRO's budgeted financial statements are presented on a consolidated basis in accordance with AASB 10 (Consolidated Financial Statements). The consolidated financial statements incorporate the assets and liabilities and the results of all entities controlled by CSIRO as defined by AASB 10.

On 28 August 2015, the members of National ICT Australia (NICTA) resolved to adopt a revised company constitution which provides CSIRO with effective control of the NICTA group. CSIRO's budgeted financial statements now contain the impacts of assuming control of NICTA.

Budgeted comprehensive income statement

The statement shows the estimated net cost of services for the agency.

The agency is expecting an operating loss in 2016-17 and the forward estimates predominantly due to the distribution of funds by the Science and Industry Endowment Fund and unfunded depreciation expense relating to assets for which capital was previously provided by Government through the Education Investment Fund and the National Collaborative Research Infrastructure Strategy.

Other own-source revenue includes revenue received from external sources which is not already represented in the revenue categories provided.

This statement presents the expected financial result for CSIRO and identifies expenses and revenues on a full accrual basis.

Budgeted balance sheet

This statement reports the financial position of CSIRO, its assets, liabilities and equity.

Financial assets from 2015-16 and beyond reflect the investment in Uniseed Management Pty Ltd and the investment in relation to the CSIRO Innovation Fund. These investments were not forecast in the 2015-16 Portfolio Budget Statements.

Equity is expected to decrease across the forward estimates, reflecting the change in the accumulated deficit in relation to the approved operating loss.

Budgeted statement of cash flows

The cash flow statement reports the extent and nature of cash flows, grouped according to operating, investing and financing activities.

The budgeted cash flows largely mirror the trends and impacts reported above for the income statement and balance sheet.

Budgeted capital budget statement

The budgeted internally funded capital expenditure relates to construction of new buildings and purchase of plant and equipment, including information technology related assets.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|---------------------------------------|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 753,901 | 733,339 | 738,558 | 776,201 | 803,839 |
| Suppliers | 458,624 | 447,982 | 471,935 | 505,203 | 497,625 |
| Depreciation and amortisation | 165,372 | 167,999 | 167,266 | 162,163 | 161,230 |
| Finance costs | 3,165 | 2,302 | 2,338 | 2,412 | 2,495 |
| Write-down and impairment of assets | 790 | - | - | - | - |
| Other expenses | (141) | - | - | - | - |
| Total expenses | 1,381,711 | 1,351,622 | 1,380,097 | 1,445,979 | 1,465,189 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Sale of goods and rendering of services | 451,480 | 425,759 | 446,988 | 488,928 | 503,512 |
| Interest | 8,491 | 7,581 | 7,457 | 7,572 | 7,499 |
| Royalties | 60,524 | 40,196 | 45,198 | 51,997 | 51,997 |
| Other | 19,500 | 20,426 | 20,625 | 20,113 | 20,514 |
| Total own-source revenue | 539,995 | 493,962 | 520,268 | 568,610 | 583,522 |
| Gains | | | | | |
| Sale of assets | 7,621 | 6,000 | - | - | - |
| Other | 843 | - | - | - | - |
| Total gains | 8,464 | 6,000 | - | - | - |
| Total own-source income | 548,459 | 499,962 | 520,268 | 568,610 | 583,522 |
| Net (cost of)/contribution by services | (833,252) | (851,660) | (859,829) | (877,369) | (881,667) |
| Revenue from Government | 750,281 | 787,267 | 796,796 | 831,886 | 841,232 |
| Surplus/(deficit) attributable to the Australian Government | (82,971) | (64,393) | (63,033) | (45,483) | (40,435) |
| Total comprehensive income/(loss) | (82,971) | (64,393) | (63,033) | (45,483) | (40,435) |
| Total comprehensive income/(loss) attributable to the Australian Government | (82,971) | (64,393) | (63,033) | (45,483) | (40,435) |

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 181,941 | 152,452 | 133,556 | 136,866 | 101,493 |
| Trade and other receivables | 57,155 | 57,176 | 59,331 | 64,090 | 65,556 |
| Investments accounted for under the equity method | 40,010 | 50,010 | 60,010 | 70,010 | 80,010 |
| Other investments | 14,540 | 14,540 | 14,540 | 14,540 | 14,540 |
| Total financial assets | 293,646 | 274,178 | 267,437 | 285,506 | 261,599 |
| Non-financial assets | | | | | |
| Land and buildings | 1,638,001 | 1,563,460 | 1,533,917 | 1,503,039 | 1,509,195 |
| Property, plant and equipment | 593,107 | 575,678 | 563,982 | 548,320 | 533,593 |
| Investment property | 54,492 | 49,292 | 49,292 | 49,292 | 49,292 |
| Intangibles | 22,050 | 18,811 | 15,587 | 12,363 | 9,139 |
| Inventories | 1,185 | 1,235 | 1,235 | 1,235 | 1,235 |
| Other non-financial assets | 41,063 | 42,814 | 44,097 | 45,444 | 46,828 |
| Total non-financial assets | 2,349,898 | 2,251,290 | 2,208,110 | 2,159,693 | 2,149,282 |
| Total assets | 2,643,544 | 2,525,468 | 2,475,547 | 2,445,199 | 2,410,881 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 38,177 | 32,188 | 34,129 | 37,620 | 37,338 |
| Other payables | 150,973 | 133,739 | 134,581 | 134,019 | 134,211 |
| Total payables | 189,150 | 165,927 | 168,710 | 171,639 | 171,549 |
| Interest bearing liabilities | | | | | |
| Loans | | | | | |
| Leases | 43,695 | 37,755 | 33,985 | 29,883 | 25,423 |
| Deposits | 5,485 | 5,559 | 5,559 | 5,559 | 5,559 |
| Total interest bearing liabilities | 49,180 | 43,314 | 39,544 | 35,442 | 30,982 |
| Provisions | | | | | |
| Employee provisions | 230,400 | 196,817 | 202,039 | 208,149 | 208,544 |
| Total provisions | 230,400 | 196,817 | 202,039 | 208,149 | 208,544 |
| Total liabilities | 468,730 | 406,058 | 410,293 | 415,230 | 411,075 |
| Net assets | 2,174,814 | 2,119,410 | 2,065,254 | 2,029,969 | 1,999,806 |

Table 3.2: Budgeted departmental balance sheet (as at 30 June) (continued)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| EQUITY* | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 291,684 | 299,737 | 308,353 | 318,106 | 327,845 |
| Reserves | 1,388,626 | 1,388,626 | 1,388,626 | 1,388,625 | 1,388,626 |
| Retained surplus (accumulated deficit) | 494,504 | 431,047 | 368,275 | 323,238 | 283,335 |
| Total parent entity interest | 2,174,814 | 2,119,410 | 2,065,254 | 2,029,969 | 1,999,806 |
| Total equity | 2,174,814 | 2,119,410 | 2,065,254 | 2,029,969 | 1,999,806 |

*Equity is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)

| | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Other reserves \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|--|-----------------------------|-------------------------------------|--------------------------|--|------------------------|
| Opening balance as at 1 July 2016 | | | | | |
| Balance carried forward from previous period | 495,440 | 1,389,371 | (745) | 291,684 | 2,175,750 |
| Adjusted opening balance | 495,440 | 1,389,371 | (745) | 291,684 | 2,175,750 |
| Comprehensive income | | | | | |
| Surplus/(deficit) for the period | (64,393) | - | - | - | (64,393) |
| Total comprehensive income | (64,393) | - | - | - | (64,393) |
| of which: | | | | | |
| Attributable to the Australian Government | (64,393) | - | - | - | (64,393) |
| Transactions with owners | | | | | |
| Contributions by owners | | | | | |
| Equity injection - Appropriation | - | - | - | 10,000 | 10,000 |
| Other | - | - | - | (1,947) | (1,947) |
| Sub-total transactions with owners | - | - | - | 8,053 | 8,053 |
| Estimated closing balance as at 30 June 2017 | 431,047 | 1,389,371 | (745) | 299,737 | 2,119,410 |
| Closing balance attributable to the Australian Government | 431,047 | 1,389,371 | (745) | 299,737 | 2,119,410 |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations | 750,281 | 787,267 | 796,796 | 831,886 | 841,232 |
| Sale of goods and rendering of services | 543,653 | 460,274 | 489,128 | 535,943 | 553,662 |
| Interest | 8,525 | 8,588 | 7,701 | 7,660 | 7,564 |
| Net GST received | 59,022 | 45,006 | 44,647 | 46,975 | 47,066 |
| Other | 15,770 | 16,875 | 20,620 | 20,108 | 20,509 |
| Total cash received | 1,377,251 | 1,318,010 | 1,358,892 | 1,442,572 | 1,470,033 |
| Cash used | | | | | |
| Employees | 751,009 | 761,924 | 733,329 | 770,087 | 803,432 |
| Suppliers | 522,642 | 475,350 | 475,562 | 506,528 | 502,540 |
| Borrowing costs | 2,996 | 2,050 | 2,050 | 2,050 | 2,050 |
| Net GST paid | 47,743 | 41,939 | 42,445 | 46,494 | 46,569 |
| Other | (246) | 613 | 1,597 | 1,704 | 1,384 |
| Total cash used | 1,324,144 | 1,281,876 | 1,254,983 | 1,326,863 | 1,355,975 |
| Net cash from/(used by) operating activities | 53,107 | 36,134 | 103,909 | 115,709 | 114,058 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of property, plant and equipment | 760 | 46,300 | - | - | - |
| Total cash received | 760 | 46,300 | - | - | - |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | 133,412 | 111,926 | 122,803 | 112,400 | 149,435 |
| Purchase of financial instruments | - | 10,000 | 10,000 | 10,000 | 10,000 |
| Investments | - | 10,000 | 10,000 | 10,000 | 10,000 |
| Other | 30,000 | - | - | - | - |
| Total cash used | 163,412 | 121,926 | 132,803 | 122,400 | 159,435 |
| Net cash from/(used by) investing activities | (162,652) | (75,626) | (132,803) | (122,400) | (159,435) |

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June) (continued)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | - | 10,000 | 10,000 | 10,000 | 10,000 |
| Other | (1,125) | - | - | - | - |
| Total cash received | (1,125) | 10,000 | 10,000 | 10,000 | 10,000 |
| Cash used | | | | | |
| Repayments of borrowings | 5,031 | - | - | - | - |
| Total cash used | 5,031 | - | - | - | - |
| Net cash from/(used by) financing activities | (6,156) | 10,000 | 10,000 | 10,000 | 10,000 |
| Net increase/(decrease) in cash held | (115,701) | (29,492) | (18,894) | 3,309 | (35,377) |
| Cash and cash equivalents at the beginning of the reporting period | 297,644 | 181,943 | 152,452 | 133,558 | 136,867 |
| Cash and cash equivalents at the end of the reporting period | 181,943 | 152,451 | 133,558 | 136,867 | 101,490 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| NEW CAPITAL APPROPRIATIONS | | | | | |
| Equity injections - Bill 2 | - | 10,000 | 10,000 | 10,000 | 10,000 |
| Total new capital appropriations | - | 10,000 | 10,000 | 10,000 | 10,000 |
| <i>Provided for:</i> | | | | | |
| Other Items | - | 10,000 | 10,000 | 10,000 | 10,000 |
| Total items | - | 10,000 | 10,000 | 10,000 | 10,000 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded internally from departmental resources ¹ | 133,412 | 111,926 | 122,803 | 112,400 | 149,435 |
| TOTAL | 133,412 | 111,926 | 122,803 | 112,400 | 149,435 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 133,412 | 111,926 | 122,803 | 112,400 | 149,435 |
| Total cash used to acquire assets | 133,412 | 111,926 | 122,803 | 112,400 | 149,435 |

¹Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- gifts;
- internally developed assets;
- s 74 Retained revenue receipts; and
- proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016-17)

| | Land \$'000 | Buildings \$'000 | Other property, plant and equipment \$'000 | Heritage and cultural \$'000 | Investment property \$'000 | Computer software and intangibles \$'000 | L&B, IP&E held for sale \$'000 | Total \$'000 |
|---|-----------------|---------------------|---|------------------------------------|----------------------------------|---|--------------------------------------|------------------|
| As at 1 July 2016 | | | | | | | | |
| Gross book value | 382,413 | 2,715,905 | 1,211,525 | 11,947 | 49,292 | 58,909 | 78,285 | 4,508,276 |
| Accumulated depreciation/amortisation and impairment | - | (1,458,888) | (618,668) | (7,741) | - | (36,874) | (73,085) | (2,195,256) |
| Opening net book balance | 382,413 | 1,257,017 | 592,857 | 4,206 | 49,292 | 22,035 | 5,200 | 2,313,020 |
| Capital asset additions | | | | | | | | |
| Estimated expenditure on new or replacement assets | | | | | | | | |
| By purchase - other | - | 53,676 | 58,250 | - | - | - | - | 111,926 |
| Total additions | - | 53,676 | 58,250 | - | - | - | - | 111,926 |
| Other movements | | | | | | | | |
| Depreciation/amortisation expense | - | (89,346) | (75,429) | - | - | (3,224) | - | (167,999) |
| Disposals | (35,100) | (5,200) | - | - | - | - | (5,200) | (45,500) |
| Total other movements | (35,100) | (94,546) | (75,429) | - | - | (3,224) | (5,200) | (213,499) |
| As at 30 June 2017 | | | | | | | | |
| Gross book value | 347,313 | 2,764,381 | 1,269,775 | 11,947 | 49,292 | 58,909 | 73,085 | 4,574,702 |
| Accumulated depreciation/amortisation and impairment | - | (1,548,234) | (694,097) | (7,741) | - | (40,098) | (73,085) | (2,363,255) |
| Closing net book balance | 347,313 | 1,216,147 | 575,678 | 4,206 | 49,292 | 18,811 | - | 2,211,447 |

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

CSIRO has no budgeted income and expenses administered on behalf of Government; therefore Table 3.7 is not presented.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

CSIRO has no budgeted assets and liabilities administered on behalf of Government; therefore Table 3.8 is not presented.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

CSIRO has no budgeted administered cash flows; therefore Table 3.9 is not presented.

Table 3.10: Schedule of administered capital budget statement (for the period ended 30 June)

CSIRO has no administered capital budget; therefore Table 3.10 is not presented.

Table 3.11: Statement of administered asset movements (Budget year 2016-17)

CSIRO has no administered assets; therefore Table 3.11 is not presented.

3.2.1 Notes to the Financial Statements

CSIRO's budgeted financial statements are presented on a consolidated basis in accordance with AASB 10 (Consolidated Financial statements). The consolidated financial statements incorporate the assets and liabilities and the results of all entities controlled by CSIRO as defined by AASB 10 (being the Science and Industry Endowment Fund, WLAN Services Pty Ltd, National ICT Australia Ltd and the Fundación CSIRO Chile Research).

Geoscience Australia

Entity resources and planned performance

GEOSCIENCE AUSTRALIA

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GEOSCIENCE AUSTRALIA

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

Geoscience Australia is Australia's pre-eminent public sector geoscience organisation and the nation's trusted advisor on the geology and geography of Australia.

Geoscience Australia applies science and technology to describe and understand the Earth for the benefit of Australia.

It also applies its diverse professional expertise, deep and trusted knowledge, national-scale Earth observation infrastructure and strong partnerships to the opportunities and challenges that face the nation. Geoscience Australia contributes to:

- building Australia's resource wealth – to maximise benefits from Australia's minerals and energy resources, now and into the future
- ensuring Australia's community safety – so that Australian communities are more resilient to natural hazards
- securing Australia's water resources – to optimise and sustain the use of Australia's water resources
- managing Australia's marine jurisdictions – to maximise benefits from the sustainable use of Australia's marine jurisdiction
- providing fundamental geographic information – to understand the location and timing of processes, activities and changes across Australia to inform decision making for both natural and built environments
- maintaining geoscience knowledge and capability – to maintain an enduring and accessible knowledge base and capability to enable evidence-based policy and decision making by government, industry and the community.

These six areas shape the organisation's strategic priorities and are the focus of Geoscience Australia's work program. The organisation delivers a wide range of products that assist government and the community to make informed decisions about the use of natural resources, the management of the environment and community safety. In 2016-17, Geoscience Australia will have a specific emphasis on progressing work relating to resource exploration, interactive digital technologies for data and the National Positioning Infrastructure.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to Geoscience Australia for its operations and to deliver programs and services on behalf of the government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Geoscience Australia resource statement — Budget estimates for 2016-17 as at Budget May 2016

| | <i>2015-16 Estimated actual \$'000</i> | <i>2016-17 Estimate \$'000</i> |
|---|--|--|
| Departmental | | |
| Annual appropriations - ordinary annual services ¹ | | |
| Prior year appropriations available | 73,924 | 58,230 |
| Departmental appropriation | 121,258 | 139,668 |
| s 74 retained revenue receipts ² | 52,738 | 41,890 |
| Departmental capital budget ³ | 4,556 | 4,539 |
| Annual appropriations - other services - non-operating ⁴ | | |
| Equity injection ⁵ | 10 | 3,700 |
| <i>Total departmental annual appropriations</i> | <i>252,486</i> | <i>248,027</i> |
| Total departmental resourcing | 252,486 | 248,027 |
| Administered | | |
| Annual appropriations - ordinary annual services | | |
| UN Grant in Aid | 20 | 20 |
| <i>Total administered annual appropriations</i> | <i>20</i> | <i>20</i> |
| Total administered resourcing | 20 | 20 |
| Total resourcing for Geoscience Australia | 252,506 | 248,047 |
| Average staffing level (number) | <i>2015-16 584</i> | <i>2016-17 590</i> |

All figures are GST exclusive.

¹Appropriation Bill (No.1) 2016-17.

²Estimated retained revenue receipts under section 74 of the *PGPA Act 2013*.

³Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

⁴Appropriation Bill (No.2) 2016-17.

⁵Includes an amount of \$0.3 million in Appropriation Bill (No. 2) for the Trans-Pacific Partnership measure.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to Geoscience Australia are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Entity 2016-17 Budget measures

Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO)

| | Program | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|--|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expense measures | | | | | | |
| National Resources Development Strategy - exploring for the future | 1 | | | | | |
| Administered expenses | | - | - | - | - | - |
| Departmental expenses | | - | 21,075 | 20,430 | 30,778 | 24,850 |
| Total | | - | 21,075 | 20,430 | 30,778 | 24,850 |
| Total expense measures | | | | | | |
| Administered | | - | - | - | - | - |
| Departmental | | - | 21,075 | 20,430 | 30,778 | 24,850 |
| Total | | - | 21,075 | 20,430 | 30,778 | 24,850 |
| Capital measures | | | | | | |
| Trans-Pacific Partnership - improved transparency of procurement reporting | 1 | | | | | |
| Administered capital | | - | - | - | - | - |
| Departmental capital | | - | 300 | - | - | - |
| Total | | - | 300 | - | - | - |
| National Resources Development Strategy - exploring for the future | 1 | | | | | |
| Administered capital | | - | - | - | - | - |
| Departmental capital | | - | 3,400 | - | - | - |
| Total | | - | 3,400 | - | - | - |
| Total capital measures | | | | | | |
| Administered | | - | - | - | - | - |
| Departmental | | - | 3,700 | - | - | - |
| Total | | - | 3,700 | - | - | - |

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds; a positive (+) represent an increase in funds.

There are no measures not previously reported; therefore Part 2 is not presented.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in annual reports from October 2016 - to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Informed government, industry and community decisions on the economic, social and environmental management of the nation's natural resources through enabling access to geoscientific and spatial information

Linked programs

| |
|--|
| Department of Industry, Innovation and Science |
| Programs <ul style="list-style-type: none">• Program 1: Supporting science and commercialisation• Program 2: Growing business investment and improving business capability• Program 3: Program support |
| Contribution to Outcome 1 made by linked programs <p>The department contributes to Outcome 1 through its policies and programs supporting science, commercialisation and the sustainable development of the resources sector and encouraging innovative technologies.</p> |

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| Outcome 1: Informed government, industry and community decisions on the economic, social and environmental management of the nation's natural resources through enabling access to geoscientific and spatial information. | | | | | |
| Program 1: Geoscientific and spatial information services | | | | | |
| Administered expenses | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 20 | 20 | 20 | 20 | 20 |
| Administered total | 20 | 20 | 20 | 20 | 20 |
| Departmental expenses | | | | | |
| Departmental appropriation | 121,258 | 139,668 | 140,048 | 151,473 | 146,644 |
| s 74 Retained revenue receipts ¹ | 52,738 | 41,890 | 39,900 | 39,900 | 39,900 |
| Expenses not requiring appropriation in the Budget year ² | 14,070 | 12,928 | 11,615 | 10,959 | 10,129 |
| Departmental total | 188,066 | 194,486 | 191,563 | 202,332 | 196,673 |
| Total expenses for program 1 | 188,086 | 194,506 | 191,583 | 202,352 | 196,693 |
| Outcome 1 Totals by appropriation type | | | | | |
| Administered expenses | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | 20 | 20 | 20 | 20 | 20 |
| Administered total | 20 | 20 | 20 | 20 | 20 |
| Departmental expenses | | | | | |
| Departmental appropriation | 121,258 | 139,668 | 140,048 | 151,473 | 146,644 |
| s 74 Retained revenue receipts ¹ | 52,738 | 41,890 | 39,900 | 39,900 | 39,900 |
| Expenses not requiring appropriation in the Budget year ² | 14,070 | 12,928 | 11,615 | 10,959 | 10,129 |
| Departmental total | 188,066 | 194,486 | 191,563 | 202,332 | 196,673 |
| Total expenses for Outcome 1 | 188,086 | 194,506 | 191,583 | 202,352 | 196,693 |
| | 2015-16 | 2016-17 | | | |
| Average staffing level (number) | 584 | 590 | | | |

¹Estimated expenses incurred in relation to receipts retained under section 74 of the *PGPA Act 2013*.

²Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses, audit fees and accounting treatment of accommodation lease expenses.

Table 2.1.2: Program components of Outcome 1

Geoscience Australia has only one program and outcome; therefore Table 2.1.2 is not presented.

Table 2.1.3: Performance criteria for Outcome 1

Table 2.1.3 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 Budget measures have created new programs or materially changed existing programs.

| | |
|---|---|
| Outcome 1 – Informed government, industry and community decisions on the economic, social and environmental management of the nation’s natural resources through enabling access to geoscientific and spatial information | |
| <p>Program 1 – The geoscientific and spatial information services program applies geoscience knowledge and capability to acquire, store and manage Australia’s national fundamental geological and geographic information. This enables Australia to make critical decisions regarding the nation’s natural resource potential and marine environment, helps to build resilience to natural hazards and ensures sustainable Australian communities by managing precious water resources.</p> | |
| Delivery | <p>Program 1 – Geoscientific and spatial information services will be delivered through the provision of information and advice to the Australian Government and other stakeholders, including:</p> <p>Building Australia’s resource wealth</p> <ul style="list-style-type: none"> • Developing capability to predict Australia’s resource potential • Identifying new prospective resource provinces through the delivery of pre-competitive information • Promoting Australia’s resource potential <p>Ensuring Australia’s community safety</p> <ul style="list-style-type: none"> • Developing an understanding of natural hazards and community exposure to support risk mitigation and community resilience • Maintaining and improving systems for effective natural disaster preparedness, response and recovery <p>Securing Australia’s water resources</p> <ul style="list-style-type: none"> • Conducting research to enhance knowledge and understanding of groundwater and surface water systems • Improving the quality and reliability of elevation and surface water information to support forecasting of water flows <p>Managing Australia’s marine jurisdiction</p> <ul style="list-style-type: none"> • Defining and maintaining an authoritative representation of Australia’s maritime boundaries • Building knowledge to inform the sustainable development of marine resources and management of marine ecosystems <p>Providing fundamental geographic information</p> <ul style="list-style-type: none"> • Building a Foundation Spatial Data Framework to deliver reliable representations of the geography of Australia • Championing the use of location information for government and community decision making • Delivering national geodetic capability <p>Maintaining geoscience knowledge and capability</p> <ul style="list-style-type: none"> • Operating infrastructure for geoscientific observations and analysis • Ensuring geoscientific and geospatial data, information and collections are captured, curated and made accessible • Applying high performance computing and interactive digital technologies for data to transform research and facilitate innovation |

| Performance information | | |
|-------------------------|---|---------|
| Year | Performance criteria | Targets |
| 2015-16 | <p>Overall Entity</p> <ul style="list-style-type: none"> Overall level of stakeholder satisfaction with Geoscience Australia 85% Stakeholder satisfaction with the quality of Geoscience Australia's products and services 85% Stakeholder satisfaction with the timeliness of Geoscience Australia in delivering its products and services 85% <p>Building Australia's resource wealth</p> <ul style="list-style-type: none"> Stakeholder satisfaction with Geoscience Australia's acreage release products and services 85% Geoscience Australia's data is used by companies that are successfully awarded offshore petroleum acreage release 80% <p>Ensuring Australia's community safety</p> <ul style="list-style-type: none"> Availability of the national bushfire monitoring system, Sentinel, between October and March 96% Respond to requests to activate the International Charter for Space and Major Disasters within 24 hours 100% Number of flood study entries accessible to the public through the Australian Flood Risk Information Portal 0 *Copyright issues are preventing flood study entries from being accessible. To be resolved in 2016-17 Earthquake alerts and tsunami warnings issued within agreed timeframes 100% Nuclear events detected within agreed timeframes 100% <p>Securing Australia's water resources</p> <ul style="list-style-type: none"> Requests for groundwater resource management advice on <i>Environment Protection and Biodiversity Conservation Act 1999 - Water Trigger Amendment 2013</i> referrals and approval conditions responded to within agreed timeframes 100% Surface water foundation spatial datasets meet legal and policy needs of the <i>Water Act 2007</i> and the National Climate Change Adaptation Framework 100% <p>Managing Australia's marine jurisdiction</p> <ul style="list-style-type: none"> Authoritative representations of Australia's maritime boundaries are accessible via the interactive mapping platform 90% <p>Providing Fundamental geographic information</p> <ul style="list-style-type: none"> Respond to requests for geospatial information to the Australian Government Crisis Coordination 100% | |

| | | |
|---|--|--|
| | <p>Centre within two hours between October and March</p> <ul style="list-style-type: none"> National elevation and vertical obstacle products comply with Civil Aviation Regulations Foundation Spatial Data Framework products are accessible through National Map and interactive mapping platforms <p>Maintaining geoscience knowledge and capability</p> <ul style="list-style-type: none"> Scheduled satellite passes acquired Data availability from geodetic observatory networks Data availability from infrasound and hydro-acoustic networks Data availability from the Australian Seismic Network Geomagnetism data collected and added to archive Stakeholder satisfaction with the information available from Geoscience Australia's website | <p>100%</p> <p>60%</p> <p>97%</p> <p>95%</p> <p>98%</p> <p>97%</p> <p>98%</p> <p>80%</p> |
| 2016-17 and beyond | <p>Overall Entity</p> <ul style="list-style-type: none"> Overall level of stakeholder satisfaction with Geoscience Australia Stakeholder satisfaction with the quality of Geoscience Australia's products and services Stakeholder satisfaction with the timeliness of Geoscience Australia in delivering its products and services <p>Program Performance</p> <ul style="list-style-type: none"> Geoscience Australia is using the most appropriate science and techniques to develop products that are fit for purpose Geoscience Australia maintains and develops appropriate capability based on strategic priorities Geoscience Australia develops partnerships and collaborations to ensure access to required capability and capacity to deliver appropriate science Geoscience Australia's science principles are being applied | <ul style="list-style-type: none"> Using a biennial stakeholder survey, Geoscience Australia is targeting a favourable response rate of >80%. Science evaluations undertaken by a panel of independent experts will assess key elements of Geoscience Australia's program against the performance criteria. |
| Purposes | <p>Geoscience Australia is the geoscience advisor to the Australian Government on matters of national importance and is custodian of the geographical and geological data and knowledge of the nation. By understanding the geological history and geospatial aspects of our continent, we build knowledge and capability to prepare us for the future.</p> <p>Geoscience Australia delivers a wide range of products that address significant national issues to assist government and the community to make informed decisions about the use of natural resources, the management of the environment and community safety.</p> | |
| <p>Material changes to Program 1 resulting from the following measures:</p> <ul style="list-style-type: none"> Exploring for the Future – this measure will produce a targeted resource prospectus for Northern Australia aimed at attracting exploration investment. | | |

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.2 Explanatory notes and analysis of budgeted financial statements

Departmental

Budgeted income and expenses

Total revenues for 2016-17 are budgeted at \$181.6 million, an increase of \$7.6 million from estimated actual revenue from 2015-16, comprising \$18.4 million appropriation revenue from government offset by a \$10.8 million decrease from externally funded projects. Total expenses for 2016-17 are budgeted at \$194.5 million, including \$8.1 million depreciation and amortisation expenses.

The total budgeted deficit for 2016-17 is \$12.8 million. This amount represents depreciation and amortisation expenditure of \$8.1 million, which is no longer funded following the implementation of the Commonwealth's net cash appropriation framework, and \$4.7 million of rent straight-lining.

Budgeted assets and liabilities

Geoscience Australia's budgeted total asset position of \$103.3 million and total liabilities of \$92.6 million have both reduced from 2015-16 by \$6.9 million and \$2.2 million respectively. This decrease is in line with diminishing section 74 funding affecting the underlying cash balance, and unearned revenue liability.

Budgeted capital expenditure

Planned capital expenditure for Geoscience Australia for 2016-17 is \$14.9 million. This comprises capital expenditure funded from the departmental capital budget of \$4.5 million, internally funded resources of \$6.7 million and an equity injection of \$3.7 million.

Administered

Budgeted income and expenses

Geoscience Australia will make one payment on behalf of government in 2016-17, being a grant of \$0.02 million to the International Geological Correlation Program.

Budgeted assets and liabilities

Geoscience Australia does not expect to hold any administered assets or liabilities in 2015-16 and 2016-17.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 74,152 | 74,392 | 75,861 | 77,040 | 78,533 |
| Suppliers | 105,238 | 111,908 | 108,159 | 117,714 | 110,680 |
| Depreciation and amortisation | 8,626 | 8,136 | 7,493 | 7,528 | 7,410 |
| Other expenses | 50 | 50 | 50 | 50 | 50 |
| Total expenses | 188,066 | 194,486 | 191,563 | 202,332 | 196,673 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Sale of goods and rendering of services | 52,738 | 41,890 | 39,900 | 39,900 | 39,900 |
| Other | 90 | 92 | 95 | 97 | 99 |
| Total own-source revenue | 52,828 | 41,982 | 39,995 | 39,997 | 39,999 |
| Total own-source income | 52,828 | 41,982 | 39,995 | 39,997 | 39,999 |
| Net (cost of)/contribution by services | (135,238) | (152,504) | (151,568) | (162,335) | (156,674) |
| Revenue from Government | 121,258 | 139,668 | 140,048 | 151,473 | 146,644 |
| Surplus/(deficit) attributable to the Australian Government | (13,980) | (12,836) | (11,520) | (10,862) | (10,030) |
| Total comprehensive income/(loss) | (13,980) | (12,836) | (11,520) | (10,862) | (10,030) |
| Total comprehensive income/(loss) attributable to the Australian Government | (13,980) | (12,836) | (11,520) | (10,862) | (10,030) |

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

| | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations¹ | (5,354) | (4,700) | (4,027) | (3,334) | (2,620) |
| less depreciation/amortisation expenses previously funded through revenue appropriations ² | 8,626 | 8,136 | 7,493 | 7,528 | 7,410 |
| Total comprehensive income/(loss) - as per the statement of comprehensive income | (13,980) | (12,836) | (11,520) | (10,862) | (10,030) |

¹This loss is approved and relates to the straightlining of the operating lease at the Geoscience Australia building in Symonston in accordance with the Australian Accounting Standards.

²From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.
Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| Trade and other receivables | 65,441 | 51,772 | 44,927 | 42,127 | 41,808 |
| Other financial assets | 1,270 | 1,270 | 1,270 | 1,270 | 1,270 |
| Total financial assets | 69,211 | 55,542 | 48,697 | 45,897 | 45,578 |
| Non-financial assets | | | | | |
| Land and buildings | 4,831 | 10,459 | 15,191 | 15,659 | 13,669 |
| Property, plant and equipment | 27,164 | 28,439 | 27,428 | 26,708 | 26,183 |
| Heritage and cultural assets | 2,365 | 2,365 | 2,365 | 2,365 | 2,365 |
| Intangibles | 1,734 | 1,644 | 1,647 | 1,594 | 1,544 |
| Other non-financial assets | 4,896 | 4,896 | 4,896 | 4,896 | 4,896 |
| Total non-financial assets | 40,990 | 47,803 | 51,527 | 51,222 | 48,657 |
| Total assets | 110,201 | 103,345 | 100,224 | 97,119 | 94,235 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 8,687 | 8,687 | 8,687 | 8,687 | 8,687 |
| Other payables | 58,534 | 55,453 | 58,258 | 60,367 | 61,761 |
| Total payables | 67,221 | 64,140 | 66,945 | 69,054 | 70,448 |
| Provisions | | | | | |
| Employee provisions | 27,008 | 27,781 | 28,568 | 29,363 | 30,220 |
| Other provisions | 650 | 700 | 750 | 800 | 850 |
| Total provisions | 27,658 | 28,481 | 29,318 | 30,163 | 31,070 |
| Total liabilities | 94,879 | 92,621 | 96,263 | 99,217 | 101,518 |
| Net assets | 15,322 | 10,724 | 3,961 | (2,098) | (7,283) |
| EQUITY* | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 37,494 | 45,732 | 50,489 | 55,292 | 60,137 |
| Reserves | 8,128 | 8,128 | 8,128 | 8,128 | 8,128 |
| Retained surplus (accumulated deficit) | (30,300) | (43,136) | (54,656) | (65,518) | (75,548) |
| Total parent entity interest | 15,322 | 10,724 | 3,961 | (2,098) | (7,283) |
| Total equity | 15,322 | 10,724 | 3,961 | (2,098) | (7,283) |

*Equity is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)

| | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Other reserves \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|--|-----------------------------|-------------------------------------|--------------------------|---------------------------------------|------------------------|
| Opening balance as at 1 July 2016 | | | | | |
| Balance carried forward from previous period | (30,300) | 8,128 | - | 37,494 | 15,322 |
| Adjusted opening balance | (30,300) | 8,128 | - | 37,494 | 15,322 |
| Comprehensive income | | | | | |
| Surplus/(deficit) for the period | (12,836) | - | - | - | (12,836) |
| Total comprehensive income | (12,836) | - | - | - | (12,836) |
| of which: | | | | | |
| Attributable to the Australian Government | (12,836) | - | - | - | (12,836) |
| Transactions with owners | | | | | |
| Contributions by owners | | | | | |
| Equity injection - Appropriation | - | - | - | 3,700 | 3,700 |
| Departmental capital budget (DCB) | - | - | - | 4,538 | 4,538 |
| Sub-total transactions with owners | - | - | - | 8,238 | 8,238 |
| Estimated closing balance as at 30 June 2017 | (43,136) | 8,128 | - | 45,732 | 10,724 |
| Closing balance attributable to the Australian Government | (43,136) | 8,128 | - | 45,732 | 10,724 |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations | 179,652 | 188,667 | 186,793 | 194,173 | 186,863 |
| Sale of goods and rendering of services | 42,699 | 35,330 | 39,900 | 39,900 | 39,900 |
| Net GST received | 9,184 | 7,927 | 7,656 | 7,587 | 7,491 |
| Total cash received | 231,535 | 231,924 | 234,349 | 241,660 | 234,254 |
| Cash used | | | | | |
| Employees | 77,178 | 73,619 | 75,073 | 76,245 | 77,676 |
| Suppliers | 101,044 | 108,338 | 105,260 | 115,508 | 109,187 |
| Net GST paid | 9,184 | 7,927 | 7,656 | 7,587 | 7,491 |
| s 74 Retained revenue receipts transferred to OPA | 42,699 | 35,330 | 39,900 | 39,900 | 39,900 |
| Total cash used | 230,105 | 225,214 | 227,889 | 239,240 | 234,254 |
| Net cash from/(used by) operating activities | 1,430 | 6,710 | 6,460 | 2,420 | - |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | 6,167 | 14,949 | 11,217 | 7,223 | 4,845 |
| Total cash used | 6,167 | 14,949 | 11,217 | 7,223 | 4,845 |
| Net cash from/(used by) investing activities | (6,167) | (14,949) | (11,217) | (7,223) | (4,845) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | 4,566 | 8,239 | 4,757 | 4,803 | 4,845 |
| Total cash received | 4,566 | 8,239 | 4,757 | 4,803 | 4,845 |
| Net cash from/(used by) financing activities | 4,566 | 8,239 | 4,757 | 4,803 | 4,845 |
| Net increase/(decrease) in cash held | (171) | - | - | - | - |
| Cash and cash equivalents at the beginning of the reporting period | 2,671 | 2,500 | 2,500 | 2,500 | 2,500 |
| Cash and cash equivalents at the end of the reporting period | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| NEW CAPITAL APPROPRIATIONS | | | | | |
| Capital budget - Bill 1 (DCB) | 4,556 | 4,539 | 4,757 | 4,803 | 4,845 |
| Equity injections - Bill 2 | 10 | 3,700 | - | - | - |
| Total new capital appropriations | 4,566 | 8,239 | 4,757 | 4,803 | 4,845 |
| Provided for: | | | | | |
| <i>Purchase of non-financial assets</i> | 4,566 | 8,239 | 4,757 | 4,803 | 4,845 |
| Total items | 4,566 | 8,239 | 4,757 | 4,803 | 4,845 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriations ¹ | 10 | 3,700 | - | - | - |
| Funded by capital appropriation - DCB ² | 4,556 | 4,539 | 4,757 | 4,803 | 4,845 |
| Funded internally from departmental resources ³ | 1,601 | 6,710 | 6,461 | 2,420 | - |
| TOTAL | 6,167 | 14,949 | 11,218 | 7,223 | 4,845 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 6,167 | 14,949 | 11,218 | 7,223 | 4,845 |
| Total cash used to acquire assets | 6,167 | 14,949 | 11,218 | 7,223 | 4,845 |

¹Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

²Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

³Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- gifts;
- internally developed assets;
- s 74 Retained revenue receipts; and
- proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016-17)

| | | | Other property, plant and equipment \$'000 | Heritage and cultural \$'000 | Computer software and intangibles \$'000 | Total \$'000 |
|---|------------|----------------|---|------------------------------------|---|-----------------|
| | | | | | | |
| Gross book value | 765 | 5,373 | 38,300 | 2,365 | 7,782 | 54,585 |
| Accumulated depreciation/amortisation and impairment | - | (1,307) | (11,136) | - | (6,048) | (18,491) |
| Opening net book balance | 765 | 4,066 | 27,164 | 2,365 | 1,734 | 36,094 |
| Capital asset additions | | | | | | |
| Estimated expenditure on new or replacement assets | | | | | | |
| By purchase - appropriation equity ¹ | - | - | 3,400 | - | 300 | 3,700 |
| By purchase - appropriation ordinary annual services ² | - | 6,710 | 3,439 | - | 1,100 | 11,249 |
| Total additions | - | 6,710 | 6,839 | - | 1,400 | 14,949 |
| Other movements | | | | | | |
| Depreciation/amortisation expense | - | (1,082) | (5,564) | - | (1,490) | (8,136) |
| Total other movements | - | (1,082) | (5,564) | - | (1,490) | (8,136) |
| As at 30 June 2017 | | | | | | |
| Gross book value | 765 | 12,083 | 45,139 | 2,365 | 9,182 | 69,534 |
| Accumulated depreciation/amortisation and impairment | - | (2,389) | (16,700) | - | (7,538) | (26,627) |
| Closing net book balance | 765 | 9,694 | 28,439 | 2,365 | 1,644 | 42,907 |
| Estimated operating expenditure in income statement for heritage and cultural assets | | | | | | |
| Operations and Maintenance | | | | 145 | | |
| Preservation and Conservation | | | | - | | |
| Total operating expenditure on heritage and cultural assets | | | | 145 | | |

¹'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016-17.

²'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Grants | 20 | 20 | 20 | 20 | 20 |
| Total expenses administered on behalf of Government | 20 | 20 | 20 | 20 | 20 |
| Net cost of/(contribution by) services | 20 | 20 | 20 | 20 | 20 |
| Surplus/(deficit) before income tax | (20) | (20) | (20) | (20) | (20) |
| Income tax expense | - | - | - | - | - |
| Surplus/(deficit) after income tax | (20) | (20) | (20) | (20) | (20) |
| Total comprehensive income/(loss) | (20) | (20) | (20) | (20) | (20) |

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

Geoscience Australia has no administered assets and liabilities administered on behalf of government; therefore table 3.8 is not presented.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Other | 20 | 20 | 20 | 20 | 20 |
| Total cash received | 20 | 20 | 20 | 20 | 20 |
| Cash used | | | | | |
| Grant | 20 | 20 | 20 | 20 | 20 |
| Total cash used | 20 | 20 | 20 | 20 | 20 |
| Net cash from/(used by) operating activities | - | - | - | - | - |
| Net increase/(decrease) in cash held | - | - | - | - | - |
| Cash and cash equivalents at beginning of reporting period | - | - | - | - | - |
| Cash and cash equivalents at end of reporting period | - | - | - | - | - |

Prepared on Australian Accounting Standards basis.

Table 3.10: Administered capital budget statement (for the period ended 30 June)

Geoscience Australia has no budgeted administered capital; therefore table 3.10 is not presented.

Table 3.11: Statement of administered asset movements (Budget year 2016-17)

Geoscience Australia has no budgeted administered asset movements; therefore table 3.11 is not presented

IP Australia

Entity resources and planned performance

IP AUSTRALIA

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IP AUSTRALIA

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

IP Australia is the entity responsible for administering Australia's intellectual property (IP) rights system, specifically trade marks, patents, designs and plant breeder's rights. It operates as a listed entity within the portfolio and recovers more than 98 per cent of its costs by charging fees for its IP rights services.

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

IP Australia also promotes awareness of IP, 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. 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.

The IP Australia Strategic Plan guides the organisation's future direction in pursuit of its goal to deliver a world leading IP system building prosperity for Australia. This plan provides an overview of IP Australia's strategic priorities for the next four years and the key strategies used to deliver them.

The priority areas can be summarised as follows:

- Deliver improved administration of IP rights that enhances the customer experience
- Increase awareness of the IP system
- Collaborate internationally to add value to the IP system

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- Shape the IP system to serve Australian innovation and business
- Build the capability of IP Australia's people and the organisation.

In light of these priorities, IP Australia's key initiatives and challenges for 2016-17 are to:

- Assist the Productivity Commission's inquiry into Australia's intellectual property arrangements and contribute to Government's response
- Further promote global harmonisation, cooperation and work sharing initiatives with international counterparts in order to help shape the global IP system, including progress on the Single Economic Market patent initiative with New Zealand
- Seek to finalise the IP Laws Amendment Bill, a package of reforms to legislation to improve and streamline the IP system
- Embrace opportunities to make a stronger policy contribution both internationally and domestically through enhanced analytical capabilities and evidence based research
- Finalise studies in the areas of IP insurance and IP financing to identify options that may assist Australian small and medium enterprises with the enforcement and commercialisation of their IP Rights
- Promote initiatives which support the National Innovation and Science Agenda (NISA) including Source IP, IP Toolkit and Patent Analytics
- Review the regulations IP Australia administers with a view to achieving reductions in red tape where possible without affecting the efficient delivery of the organisation's outcome for Government
- Review its service delivery models with the aim of identifying opportunities to improve accessibility, efficiency and effectiveness of services to customers
- Invest effectively in ICT systems in 2016-17 to improve internal business processes, systems and administrative arrangements while enhancing the user experience for our customers, in particular further development of the replacement of IP Australia's IP rights administrative systems with a single system
- Further improve IP Australia's web platform, design and content, for the benefit of our customers.
- Complete internal review of the Quality Review System and implement recommendations for improvement
- Finalise IP Australia's fee review and release a final Cost Recovery Implementation Statement identifying fee changes scheduled to occur in late 2016
- Continue the bargaining process for a new enterprise agreement. Any changes arising as a result of bargaining will be incorporated into future budget estimates.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to IP Australia for its operations and to deliver programs and services on behalf of the government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: IP Australia resource statement — Budget estimates for 2016-17 as at Budget May 2016

| | 2015-16 <i>Estimated actual</i> \$'000 | 2016-17 Estimate \$'000 |
|---|--|-------------------------------|
| Departmental | | |
| Annual appropriations - ordinary annual services | | |
| Departmental appropriation ¹ | 2,111 | 1,792 |
| Equity injection ² | - | 300 |
| <i>Total departmental annual appropriations</i> | <u>2,111</u> | <u>2,092</u> |
| Special accounts ³ | | |
| Opening balance | 98,485 | 98,519 |
| Appropriation receipts ⁴ | 2,111 | 1,792 |
| Non-appropriation receipts | 204,466 | 206,629 |
| <i>Total special accounts</i> | <u>305,062</u> | <u>306,940</u> |
| <i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i> | <u>(2,111)</u> | <u>(1,792)</u> |
| Total departmental resourcing | 305,062 | 307,240 |
| Total resourcing for IP Australia | 305,062 | 307,240 |
| | <u>2015-16</u> | <u>2016-17</u> |
| Average staffing level (number) | 1,049 | 1,054 |

All figures are GST exclusive.

¹Appropriation Bill (No. 1) 2016-17.

²Appropriation Bill (No. 2) 2016-17.

³Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and special accounts, please refer to Budget Paper No. 4 - Agency Resourcing. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.

⁴Amounts credited to the special account from IP Australia's annual appropriations.

1.3 Budget measures

Budget measures in Part 1 relating to IP Australia are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Entity 2016-17 Budget measures

Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO)

| Program | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Capital measures | | | | | |
| Trans-Pacific Partnership - Improved transparency of procurement reporting | | | | | |
| 1 | | | | | |
| Administered capital | - | - | - | - | - |
| Departmental capital | - | 300 | - | - | - |
| Total | - | 300 | - | - | - |
| Total capital measures | | | | | |
| Administered | - | - | - | - | - |
| Departmental | - | 300 | - | - | - |
| Total | - | 300 | - | - | - |

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds; a positive (+) represent an increase in funds.

There are no measures not previously reported; therefore Part 2 is not presented.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in annual reports from October 2016 - to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

IP Australia has only one outcome. Reference is made to the Strategic Direction in Section 1 in relation to IP Australia's strategies for 2016-17 and forward years in relation to this outcome.

Outcome 1: Increased innovation, investment and trade in Australia, and by Australians overseas, through the administration of the registrable intellectual property rights system, promoting public awareness and industry engagement, and advising government.

Linked programs

| |
|---|
| Department of Industry, Innovation and Science |
| Programs <ul style="list-style-type: none">• Program 1: Supporting science and commercialisation• Program 3: Program support |
| Contribution to Outcome 1 made by linked programs <p>The department contributes to Outcome 1 through its policies and programs supporting science and commercialisation and through the operation of the Office of the Chief Scientist and the Office of Innovation and Science Australia.</p> |

Budgeted expenses for Outcome 1

This table shows how much IP Australia intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

Outcome 1: Increased innovation, investment and trade in Australia, and by Australians overseas, through the administration of the registrable intellectual property rights system, promoting public awareness and industry engagement, and advising government.

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| Program 1.1: IP Rights Administration and Professional Registration | | | | | |
| Departmental expenses | | | | | |
| Special accounts | 180,349 | 188,696 | 191,377 | 192,037 | 195,382 |
| Expenses not requiring appropriation in the Budget year ¹ | 145 | 150 | 155 | 160 | 166 |
| Departmental total | 180,494 | 188,846 | 191,532 | 192,197 | 195,548 |
| Total expenses for program 1.1 | 180,494 | 188,846 | 191,532 | 192,197 | 195,548 |
| Program 1.2: Awareness, Education and International Engagement | | | | | |
| Departmental expenses | | | | | |
| Special accounts | 7,460 | 7,810 | 7,926 | 7,953 | 8,082 |
| Departmental total | 7,460 | 7,810 | 7,926 | 7,953 | 8,082 |
| Total expenses for program 1.2 | 7,460 | 7,810 | 7,926 | 7,953 | 8,082 |
| Program 1.3: Advice to Government | | | | | |
| Departmental expenses | | | | | |
| Departmental appropriation | 2,111 | 1,792 | 1,672 | 1,554 | 1,712 |
| Special accounts | 4,018 | 4,623 | 4,841 | 4,982 | 4,930 |
| Departmental total | 6,129 | 6,415 | 6,513 | 6,536 | 6,642 |
| Total expenses for program 1.3 | 6,129 | 6,415 | 6,513 | 6,536 | 6,642 |
| Outcome 1 Totals by appropriation type | | | | | |
| Departmental expenses | | | | | |
| Departmental appropriation | 2,111 | 1,792 | 1,672 | 1,554 | 1,712 |
| Special accounts | 191,827 | 201,129 | 204,144 | 204,972 | 208,394 |
| Expenses not requiring appropriation in the Budget year ¹ | 145 | 150 | 155 | 160 | 166 |
| Departmental total | 194,083 | 203,071 | 205,971 | 206,686 | 210,272 |
| Total expenses for Outcome 1 | 194,083 | 203,071 | 205,971 | 206,686 | 210,272 |

| | 2015-16 | 2016-17 |
|--|---------|---------|
| Average staffing level (number) | 1,049 | 1,054 |

¹Expenses not requiring appropriation in the Budget year are made up of audit fees.

Table 2.1.2: Program components of Outcome 1

| |
|---|
| Outcome 1: Increased innovation, investment and trade in Australia, and by Australians overseas, through the administration of the registrable intellectual property rights system, promoting public awareness and industry engagement, and advising government. |
| Programs Program 1.1 – IP Rights Administration and Professional Registration Program 1.2 – Education, Awareness and International Engagement Program 1.3 – Advice to Government |

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 Budget measures have created new programs or materially changed existing programs.

| | | |
|--|--|---|
| | | |
| <p>Program 1.1 – IP Rights Administration and Professional Registration</p> <p>Intellectual property rights: IP Australia will deliver robust IP rights and satisfy its customers in terms of timeliness and value for money. IP Australia will be recognised as one of the leading IP offices in the world for the quality (including accuracy and consistency) of the IP rights it grants.</p> <p>Professional registration: IP Australia will successfully undertake its functions associated with persons wishing to qualify for registration as Patents and/or Trade Marks Attorneys and will provide effective secretariat support to the Professional Standards Board.</p> | | |
| Delivery | <p>IP Administration and Professional Registration encompasses the administration of patent, trade mark, design and plant breeder’s IP rights legislation. This program also includes the administration of the Professional Standards Board for Patent and Trade Marks Attorneys and the Patent Attorneys Disciplinary Tribunal.</p> <p>Customers pay fees to IP Australia for all of the deliverables listed below and also under legislation for the retention of rights once granted (renewal fees).</p> | |
| Performance information | | |
| Year | Performance criteria | Targets |
| 2015-16 | <p>Timely processing of IP Rights applications</p> <p>Four yearly review of Cost Recovery Implementation Statement (CRIS) concluded and new fees set for customers which deliver value for money</p> <p>Processing of IP Rights applications is conducted in accordance with IP Australia’s quality standards</p> | <p>All IP Rights applications are processed within the average timeframes of the Customer Service Charter</p> <p>New Fee structure approved by Government</p> <p>At least 93.5% of all IP Rights applications conform to the highest quality standard</p> |

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| | | |
|--------------------|---|--|
| 2016-17 | <p>Timely processing of IP Rights applications</p> <p>Processing of IP Rights applications is conducted in accordance with IP Australia's quality standards</p> | <p>All IP Rights applications are processed within the average timeframes of the Customer Service Charter</p> <p>Complete review of IP Australia's Quality Management System and agree revised targets, if necessary</p> |
| 2017-18 and beyond | As per 2016-17 | As per 2016-17 |
| Purposes | The framework for granting IP Rights in Australia is robust and ensures a secure environment for innovation. | |

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| | | |
|--------------------------------|---|--|
| | | |
| Delivery | <p>Education, Awareness and International Engagement represents IP Australia's role in raising awareness and educating customers about intellectual property, and engaging with key international stakeholders and IP bodies.</p> <p>Under the education and awareness objective of this program, IP Australia will deliver public education and awareness programs, which promote the importance of IP and provide Australians with the tools they require to make informed decisions regarding IP.</p> <p>Under the international engagement objective of this program, IP Australia will proactively manage customer and international engagement activities, including development of cooperation activities.</p> | |
| Performance information | | |
| Year | Performance criteria | Targets |
| 2015-16 | <p>Establish performance indicators through a baseline study of our stakeholder and customers on education, awareness and satisfaction of IP Australia services</p> <p>Work with regional IP partners to train patent examiners to strengthen international IP bodies</p> | <p>All the baselines studies are completed and KPIs established</p> <p>90% of participants achieve certification to Patent Cooperation Treaty (PCT) level within the program timeframes.</p> |
| 2016-17 | <p>Report on KPIs developed through baselines study</p> <p>Work with regional IP partners to train patent examiners to strengthen international IP bodies</p> | <p>Compliance with the identified KPIs</p> <p>90% of participants achieve certification to PCT level within the program timeframes.</p> |
| 2017-18 and beyond | As per 2016-17 | As per 2016-17 |
| Purposes | <p>Promote awareness of IP systems to benefit the Australian economy and society.</p> <p>Shape national and international IP policy to reflect Australia's best interests.</p> | |

| | | |
|--------------------------------|---|---|
| | | |
| Delivery | <p>Advice to Government relates to IP Australia's role in providing advice on intellectual property matters and supporting research into the current and future use of IP rights.</p> <p>Under the policy and legislative objective of this program, IP Australia will provide policy advice across government and internationally.</p> | |
| Performance information | | |
| Year | Performance criteria | Targets |
| 2015-16 | Advice to the Government on policy, legislation, ministerial correspondence, briefs and speeches. | Provision of high-quality, timely and strategic policy advice to the Minister |
| 2016-17 | As per 2015-16 | As per 2015-16 |
| 2017-18 and beyond | As per 2016-17 | As per 2016-17 |
| Purposes | <p>Shape national and international IP policy to reflect Australia's best interests.</p> <p>Provide incentives to customers to develop innovative products and brands.</p> | |

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no significant differences between the entity resourcing and financial statements for IP Australia.

3.1.2 Explanatory notes and analysis of budgeted financial statements

IP Australia is budgeting for an operating surplus of \$0.831 million for 2016-17, which is \$0.731 million higher than that reported in the 2015-16 Portfolio Budget Statements. Small operating losses are projected for the forward estimate years.

Income statement

Changes impacting the income statement since the 2015-16 Portfolio Budget Statements are summarised as follows:

- The estimate for revenue from goods and services for 2016-17 has increased by \$12.7 million from the 2015-16 estimated actual, predominantly from an increase in sales volumes, with an average growth of less than two per cent forecast across the forward estimate years.
- The estimate for the appropriation funding is for notional interest on the IP Australia special account. This has been updated for the Budget and forward years taking into account the forecast quarterly balance in the special account over the forward estimates.
- Estimated employee expenses for 2016-17 have increased by \$1.4 million. This is related to higher staffing levels in IP rights to meet increasing demand and customer service charter timeframes.
- The supplier expense forecast for 2016-17 will increase by \$1.9 million from the estimated actual result for 2015-16. The increase is related to planned corporate initiatives and projects. Supplier costs are forecast to fall across the forward estimate period.
- Estimated depreciation and amortisation expense for 2016-17 has increased by \$1.7 million from the 2015-16 estimated actual, with further increases forecast over the forward year estimates period. This is the result of increased levels of capital investments in ICT systems, property, plant and equipment, including the IP rights case management system (RIO).

Balance sheet

Budget changes impacting on the balance sheet since the 2015-16 Portfolio Budget Statements are summarised as follows:

- The financial asset estimate for 2016-17 has increased by \$10.7 million, reflecting the increase on the Official Public Account receivable at the end of the 2014-15 financial year.
- The non-financial asset estimate for 2016-17 has increased to reflect the activity reported in Table 3.6 – Statement of asset movements, with future investment activity outlined in Table 3.5 – Departmental capital budget statement. The variation to the information presented in the 2015-16 Portfolio Budget Statements reflects an increase in ICT capital investment.
- The other payables estimate represents the unearned income attributable to unexamined IP rights. This estimate has decreased as a result of a reduction in the patent stockpile.

Cash flow statement

The movements in the cash flow are consistent with movements in the income statement and the balance sheet.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 122,404 | 127,814 | 131,017 | 133,264 | 137,208 |
| Suppliers | 55,634 | 57,510 | 56,176 | 55,153 | 54,712 |
| Depreciation and amortisation | 16,045 | 17,747 | 18,778 | 18,269 | 18,352 |
| Total expenses | 194,083 | 203,071 | 205,971 | 206,686 | 210,272 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Sale of goods and rendering of services | 196,283 | 201,960 | 200,657 | 202,517 | 205,430 |
| Total own-source revenue | 196,283 | 201,960 | 200,657 | 202,517 | 205,430 |
| Gains | | | | | |
| Other | 145 | 150 | 155 | 160 | 166 |
| Total gains | 145 | 150 | 155 | 160 | 166 |
| Total own-source income | 196,428 | 202,110 | 200,812 | 202,677 | 205,596 |
| Net (cost of)/contribution by services | 2,345 | (961) | (5,159) | (4,009) | (4,676) |
| Revenue from Government | 2,111 | 1,792 | 1,672 | 1,554 | 1,712 |
| Surplus/(deficit) attributable to the Australian Government | 4,456 | 831 | (3,487) | (2,455) | (2,964) |
| Total comprehensive income/(loss) | 4,456 | 831 | (3,487) | (2,455) | (2,964) |
| Total comprehensive income/(loss) attributable to the Australian Government | 4,456 | 831 | (3,487) | (2,455) | (2,964) |

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Trade and other receivables | 98,850 | 94,358 | 86,116 | 79,427 | 73,207 |
| Total financial assets | 100,350 | 95,858 | 87,616 | 80,927 | 74,707 |
| Non-financial assets | | | | | |
| Land and buildings | 13,329 | 11,361 | 9,355 | 7,750 | 6,145 |
| Property, plant and equipment | 8,126 | 7,320 | 6,030 | 6,664 | 7,736 |
| Intangibles | 70,264 | 77,591 | 83,609 | 87,311 | 90,492 |
| Other non-financial assets | 4,545 | 4,755 | 4,653 | 4,566 | 4,508 |
| Total non-financial assets | 96,264 | 101,027 | 103,647 | 106,291 | 108,881 |
| Total assets | 196,614 | 196,885 | 191,263 | 187,218 | 183,588 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 19,576 | 19,530 | 18,392 | 16,954 | 15,215 |
| Other payables | 24,351 | 21,964 | 19,328 | 17,471 | 16,769 |
| Total payables | 43,927 | 41,494 | 37,720 | 34,425 | 31,984 |
| Provisions | | | | | |
| Employee provisions | 37,257 | 38,826 | 40,460 | 42,163 | 43,938 |
| Other provisions | 214 | 218 | 223 | 225 | 225 |
| Total provisions | 37,471 | 39,044 | 40,683 | 42,388 | 44,163 |
| Total liabilities | 81,398 | 80,538 | 78,403 | 76,813 | 76,147 |
| Net assets | 115,216 | 116,347 | 112,860 | 110,405 | 107,441 |
| EQUITY* | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 5,608 | 5,908 | 5,908 | 5,908 | 5,908 |
| Reserves | 9,131 | 9,131 | 9,131 | 9,131 | 9,131 |
| Retained surplus (accumulated deficit) | 100,477 | 101,308 | 97,821 | 95,366 | 92,402 |
| Total parent entity interest | 115,216 | 116,347 | 112,860 | 110,405 | 107,441 |
| Total equity | 115,216 | 116,347 | 112,860 | 110,405 | 107,441 |

*Equity is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)

| | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Other reserves \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|--|-----------------------------|-------------------------------------|--------------------------|---------------------------------------|------------------------|
| Opening balance as at 1 July 2016 | | | | | |
| Balance carried forward from previous period | 100,477 | 9,131 | - | 5,608 | 115,216 |
| Adjusted opening balance | 100,477 | 9,131 | - | 5,608 | 115,216 |
| Comprehensive income | | | | | |
| Surplus/(deficit) for the period | 831 | - | - | - | 831 |
| Total comprehensive income | 831 | - | - | - | 831 |
| of which: | | | | | |
| Attributable to the Australian Government | 831 | - | - | - | 831 |
| Transactions with owners | | | | | |
| Contributions by owners | | | | | |
| Equity injection | - | - | - | 300 | 300 |
| Sub-total transactions with owners | - | - | - | 300 | 300 |
| Estimated closing balance as at 30 June 2017 | 101,308 | 9,131 | - | 5,908 | 116,347 |
| Closing balance attributable to the Australian Government | 101,308 | 9,131 | - | 5,908 | 116,347 |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations | 2,111 | 1,792 | 1,672 | 1,554 | 1,712 |
| Sale of goods and rendering of services | 198,349 | 199,929 | 198,444 | 201,113 | 205,131 |
| Net GST received | 6,087 | 6,369 | 6,231 | 6,115 | 6,038 |
| Cash from Official Public Account | 756 | 4,561 | 8,210 | 6,670 | 6,211 |
| Total cash received | 207,303 | 212,651 | 214,557 | 215,452 | 219,092 |
| Cash used | | | | | |
| Employees | 121,056 | 126,245 | 129,382 | 131,561 | 135,433 |
| Suppliers | 55,435 | 57,980 | 57,472 | 56,799 | 56,637 |
| Net GST paid | 6,180 | 6,456 | 6,233 | 6,122 | 6,052 |
| Total cash used | 182,671 | 190,681 | 193,087 | 194,482 | 198,122 |
| Net cash from/(used by) operating activities | 24,632 | 21,970 | 21,470 | 20,970 | 20,970 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of property, plant and equipment | 30 | 30 | 30 | 30 | 30 |
| Total cash received | 30 | 30 | 30 | 30 | 30 |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | 23,872 | 22,300 | 21,500 | 21,000 | 21,000 |
| Total cash used | 23,872 | 22,300 | 21,500 | 21,000 | 21,000 |
| Net cash from/(used by) investing activities | (23,842) | (22,270) | (21,470) | (20,970) | (20,970) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | - | 300 | - | - | - |
| Total cash received | - | 300 | - | - | - |
| Net cash from/(used by) financing activities | - | 300 | - | - | - |
| Net increase/(decrease) in cash held | 790 | - | - | - | - |
| Cash and cash equivalents at the beginning of the reporting period | 710 | 1,500 | 1,500 | 1,500 | 1,500 |
| Cash and cash equivalents at the end of the reporting period | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| NEW CAPITAL APPROPRIATIONS | | | | | |
| Equity injections - Bill 2 | - | 300 | - | - | - |
| Total new capital appropriations | - | 300 | - | - | - |
| <i>Provided for:</i> | | | | | |
| Purchase of non-financial assets | - | 300 | - | - | - |
| Total items | - | 300 | - | - | - |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriations | - | 300 | - | - | - |
| Funded internally from departmental resources ¹ | 23,872 | 22,000 | 21,500 | 21,000 | 21,000 |
| TOTAL | 23,872 | 22,300 | 21,500 | 21,000 | 21,000 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 23,872 | 22,300 | 21,500 | 21,000 | 21,000 |
| Total cash used to acquire assets | 23,872 | 22,300 | 21,500 | 21,000 | 21,000 |

¹Includes the following sources of funding:

- current Bill1 and prior year departmental appropriations
- own-source revenue
- proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016-17)

| | Buildings \$'000 | Other property, plant and equipment \$'000 | Computer software and intangibles \$'000 | L&B, IP&E held for sale \$'000 | Total \$'000 |
|---|---------------------|---|---|--------------------------------------|-----------------|
| As at 1 July 2016 | | | | | |
| Gross book value | 19,874 | 16,705 | 143,102 | 918 | 180,599 |
| Accumulated depreciation/amortisation and impairment | (6,545) | (8,579) | (72,838) | (918) | (88,880) |
| Opening net book balance | 13,329 | 8,126 | 70,264 | - | 91,719 |
| Capital asset additions | | | | | |
| Estimated expenditure on new or replacement assets | | | | | |
| By purchase - other | 300 | 2,750 | 19,250 | - | 22,300 |
| Total additions | 300 | 2,750 | 19,250 | - | 22,300 |
| Other movements | | | | | |
| Depreciation/amortisation expense | (2,268) | (3,556) | (11,923) | - | (17,747) |
| Total other movements | (2,268) | (3,556) | (11,923) | - | (17,747) |
| As at 30 June 2017 | | | | | |
| Gross book value | 20,174 | 19,455 | 162,352 | 918 | 202,899 |
| Accumulated depreciation/amortisation and impairment | (8,813) | (12,135) | (84,761) | (918) | (106,627) |
| Closing net book balance | 11,361 | 7,320 | 77,591 | - | 96,272 |

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

IP Australia has no budgeted income and expenses administered on behalf of Government; therefore table 3.7 is not presented.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

IP Australia has no budgeted assets and liabilities administered on behalf of Government; therefore table 3.8 is not presented.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

IP Australia has no budgeted administered cash flows on behalf of Government; therefore table 3.9 is not presented.

Table 3.10: Administered capital budget statement (for the period ended 30 June)

IP Australia has no budgeted administered capital; therefore table 3.10 is not presented.

Table 3.11: Statement of administered asset movements (Budget year 2016-17)

IP Australia has no administered asset movements; therefore table 3.11 is not presented.

National Offshore Petroleum Safety and Environmental Management Authority

**Entity resources and planned
performance**

NATIONAL OFFSHORE PETROLEUM SAFETY AND ENVIRONMENTAL MANAGEMENT AUTHORITY

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NATIONAL OFFSHORE PETROLEUM SAFETY AND ENVIRONMENTAL MANAGEMENT AUTHORITY

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) is responsible for regulating the occupational health and safety (OHS), well integrity and environmental management of petroleum and greenhouse gas storage operations in Commonwealth waters (from three nautical miles from the low tide mark, to the boundary of Australia's exclusive economic zone) under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGS Act).

In 2009 and 2010, a series of high profile offshore incidents in Australia and overseas led to the loss of life and environmental damage. Subsequent investigations and inquiries highlighted the importance of competency and operating discipline within the industry and the need for oversight by a competent, well-resourced and independent regulator.

In April 2011, well integrity regulation was added to the remit of the former National Offshore Petroleum Safety Authority (NOPSA). On 1 January 2012, NOPSEMA was established, with a further expansion of the agency's regulatory responsibilities to include environmental management. NOPSEMA's purpose is to independently and professionally regulate offshore safety, integrity and environmental management. It achieves this through delivery of its core functions: assessment, inspection, investigation and enforcement.

During 2015, an independent statutory review was conducted of NOPSEMA's first three years of operation. It found that NOPSEMA is an effective regulator that has made positive contributions to improving safety and well integrity and managing Australia's offshore environment. Some areas for improvement were also identified and NOPSEMA is addressing these in accordance with the Australian Government's response to the review.

Lower oil and gas prices since 2014 have resulted in a reduction in offshore oil and gas exploration activity. The impact on development and production activity has been less noticeable given the long-term nature of oil and gas projects. However, some previously planned projects have been deferred and a number of existing projects have entered a non-operational or decommissioning phase following the end of production operations.

NOPSEMA Budget Statements

During 2015, there was a substantial reduction in environment plan submissions, while other key regulatory submissions, including safety cases and well operations management plans, remained relatively steady. In the current climate of lower oil and gas prices, there is the potential for increased risk so a significant body of compliance work must be undertaken to ensure that cost constraints do not adversely affect safety and environmental performance and outcomes. For example, the number of inspections conducted annually by NOPSEMA has increased since establishment of the agency in 2012. A record number of 195 inspections were conducted by NOPSEMA across its safety, integrity and environmental management responsibilities during 2015.

NOPSEMA will continue to focus on its core functions to promote improvement in industry performance and to secure duty holder compliance. This will be achieved through monitoring and enforcement activities and proactive engagement with key stakeholders.

In particular, NOPSEMA's key priorities will include:

- providing expert, consistent, and independent regulatory decisions in accordance with the legislation
- communicating information and regulatory perspectives to stakeholders to drive forward improvements in industry performance while maintaining safety and environmental safe-guards in the face of lower oil and gas prices
- further developing effective working relationships with stakeholders to aid understanding of relevant regulatory requirements
- progressing transparency and stakeholder engagement initiatives with a view to enhancing the community's level of trust in NOPSEMA as a robust, fair and transparent regulator
- providing a basis for conferral of powers and functions for coastal waters from states/territories and further regulatory streamlining opportunities within Commonwealth waters
- working with industry and other stakeholders to reduce regulatory burden and unnecessary compliance costs
- collaborating with international regulatory counterparts on joint program initiatives and information sharing.

NOPSEMA's Corporate Plan 2015-20 provides further details on the direction for the organisation. The Corporate Plan 2015-20 is prepared under the OPGGS Act and in compliance with the Public Governance, Performance and Accountability Act 2013. It can be accessed at www.nopsema.gov.au.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to NOPSEMA for its operations and to deliver programs and services on behalf of the government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Resources are provided by the industry, through safety case levies, well levies and environment plan levies which are determined by industry activity level and are estimated to be \$32.3 million in 2016-17.

Table 1.1: NOPSEMA resource statement — Budget estimates for 2016-17 as at Budget May 2016

| | <i>2015-16 estimated actual \$'000</i> | <i>2016-17 estimate \$'000</i> |
|--|--|--|
| Opening balance/cash reserves at 1 July¹ | 13,047 | 10,577 |
| Funds from Government | | |
| Amounts received from related entities | | |
| Amounts from portfolio department ¹ | 34,999 | 32,256 |
| <i>Total amounts received from related entities</i> | 34,999 | 32,256 |
| Total funds from Government | 34,999 | 32,256 |
| Funds from other sources | | |
| Interest | 150 | 150 |
| Total funds from other sources | 150 | 150 |
| Total net resourcing for NOPSEMA | 48,196 | 42,983 |
| | <i>2015-16</i> | <i>2016-17</i> |
| Average staffing level (number) | 112 | 135 |

¹NOPSEMA became a Corporate Commonwealth Entity on 1 July 2014 and now receives its funding through a special appropriation which is administered through the Department of Industry, Innovation and Science. This funding is equal in value to the levies NOPSEMA collects from the oil and gas industries.

1.3 BUDGET MEASURES

There are no Budget measures relating to NOPSEMA detailed in Budget Paper No. 2; therefore Table 1.2 is not presented.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in annual reports from October 2016 - to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Promote and enforce the effective management of risks to the workforce, the environment and the structural integrity of facilities, wells and well-related equipment of the Australian offshore petroleum and greenhouse gas storage industries through regulatory oversight.

Linked programs

| |
|---|
| Department of Industry, Innovation and Science |
| Program <ul style="list-style-type: none">• Program 3: Program support |
| Contribution to Outcome 1 made by linked programs <p>The department contributes to Outcome 1 through its policies and program relating to the management and administration of the <i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i> and associated regulations.</p> |

Budgeted expenses for Outcome 1

This table shows how much NOPSEMA intends to spend (on an accrual basis) on achieving the outcome, broken down by program.

Table 2.1.1: Budgeted expenses for Outcome 1

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| Outcome 1: Promote and enforce the effective management of risks to the workforce, the environment and structural integrity of facilities, wells and well-related equipment of the Australian offshore petroleum and greenhouse gas storage industries through regulatory oversight. | | | | | |
| Program 1.1: Regulatory oversight of Safety Cases, Well Operations Management Plans and Environment Plans coupled with effective monitoring, investigation and enforcement. | | | | | |
| Revenue from Government | | | | | |
| Payment from related entities | 34,999 | 32,256 | 37,686 | 37,691 | 37,696 |
| Revenues from other independent sources ¹ | 3,480 | 4,735 | 129 | 129 | 129 |
| Total expenses for Program 1.1 | 38,479 | 36,991 | 37,815 | 37,820 | 37,825 |
| Outcome 1 totals by resource type | | | | | |
| Revenue from Government | | | | | |
| Payment from related entities | 34,999 | 32,256 | 37,686 | 37,691 | 37,696 |
| Revenues from other independent sources ¹ | 3,480 | 4,735 | 129 | 129 | 129 |
| Total expenses for Outcome 1 | 38,479 | 36,991 | 37,815 | 37,820 | 37,825 |
| Average staffing level (number) | 2015-16 | 2016-17 | | | |
| | 112 | 135 | | | |

¹Revenue from other independent sources includes the approved operating loss for NOPSEMA.

Table 2.1.2: Program components of Outcome 1

NOPSEMA has only one program and outcome; therefore Table 2.1.2 is not presented.

Table 2.1.3: Performance criteria for Outcome 1

Table 2.1.3 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 Budget measures have created new programs or materially changed existing programs.

| | | |
|--|--|---|
| Outcome 1 – Promote and enforce the effective management of risks to the workforce, the environment and structural integrity of facilities, wells and well-related equipment of the Australian offshore petroleum and greenhouse gas storage industries through regulatory oversight. | | |
| Program 1.1 – Regulatory oversight of Safety Cases, Well Operations Management Plans and Environment Plans coupled with effective monitoring, investigation and enforcement. | | |
| Delivery | <p>Delivery strategies:</p> <ul style="list-style-type: none"> - Implement risk-based assessment procedures for all legislated submissions - Implement risk-based inspection programs for all offshore petroleum activities - Take proportionate enforcement actions that facilitate compliance - Undertake investigations in response to potential non-compliances <p>Target group:</p> <ul style="list-style-type: none"> - Duty holders in the offshore petroleum industry | |
| Performance information | | |
| Year | Performance criteria | Targets |
| 2015-16 | <ul style="list-style-type: none"> - Legislated assessment timeframes are published and meet policy targets - Inspections are conducted to meet policy targets - Enforcement actions are undertaken in accordance with the Enforcement Management Model (EMM) - Incidents are investigated in accordance with investigation policies | <p>92%</p> <p>90%</p> <p>100%</p> <p>100%</p> |
| 2016-17 | As per 2015-16 | As per 2015-16 |
| 2017-18 and beyond | As per 2015-16 | As per 2015-16 |
| Purposes | To independently and professionally regulate offshore safety, integrity and environmental management. | |

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material variances between the entity resources table and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

NOPSEMA's revenues are regulated under the OPGGS Act and associated legislation and regulations. The mechanism for setting levies is the preparation of a Cost Recovery Implementation Statement (CRIS) that meets the requirements of the Australian Government Cost Recovery Guidelines.

Levies are collected from duty holders planning for and undertaking offshore oil and gas and greenhouse gas storage operations. These levies allow NOPSEMA to recover its expenditure related to effectively discharging its regulatory responsibilities and achieving the outcome stated in Section 2.1. The CRIS is maintained to reflect changes to the cost recovery model and is updated regularly with financial and non-financial performance information.

The budgeted revenue of \$32.4 million for 2016-17 has decreased by \$5.6 million since the 2015-16 Portfolio Budget Statements. The decrease in budgeted revenue is due to a forecast reduction in regulatory submissions for activities as a result of the sustained fall in the international commodity price for oil and gas.

Budgeted expenditure of \$37.0 million for 2016-17 has decreased by \$1.0 million since the 2015-16 Portfolio Budget Statements. The decrease in budgeted expenditure will partially offset the decrease in budgeted levy revenue for the agency in 2016-17, while recognising the potential for heightened risks of industry incidents during periods of low commodity prices. NOPSEMA has budgeted for a loss of \$4.6 million in 2016-17.

NOPSEMA presents a Financial Report on Cost Effectiveness to stakeholders on an annual basis.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 27,584 | 26,500 | 29,287 | 29,292 | 29,297 |
| Suppliers | 9,034 | 8,630 | 7,508 | 7,508 | 7,508 |
| Depreciation and amortisation | 1,861 | 1,861 | 1,020 | 1,020 | 1,020 |
| Total expenses | 38,479 | 36,991 | 37,815 | 37,820 | 37,825 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Interest | 150 | 150 | 150 | 150 | 150 |
| Total own-source revenue | 150 | 150 | 150 | 150 | 150 |
| Total own-source income | 150 | 150 | 150 | 150 | 150 |
| Net (cost of)/contribution by services | (38,329) | (36,841) | (37,665) | (37,670) | (37,675) |
| Revenue from Government ¹ | 34,999 | 32,256 | 37,686 | 37,691 | 37,696 |
| Surplus/(deficit) attributable to the Australian Government | (3,330) | (4,585) | 21 | 21 | 21 |
| Total comprehensive income/(loss) | (3,330) | (4,585) | 21 | 21 | 21 |
| Total comprehensive income/(loss) attributable to the Australian Government | (3,330) | (4,585) | 21 | 21 | 21 |

Prepared on Australian Accounting Standards basis.

¹NOPSEMA became a Corporate Commonwealth Entity on 1 July 2014 and now receives its funding through a special appropriation which is administered through the Department of Industry, Innovation and Science. This funding is equal in value to the levies NOPSEMA collects from the oil and gas industries.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 10,577 | 6,852 | 6,892 | 6,932 | 6,972 |
| Trade and other receivables | 4,536 | 4,536 | 4,536 | 4,536 | 4,536 |
| Other financial assets | 372 | 372 | 372 | 372 | 372 |
| Total financial assets | 15,485 | 11,760 | 11,800 | 11,840 | 11,880 |
| Non-financial assets | | | | | |
| Property, plant and equipment | 2,972 | 2,602 | 2,502 | 2,402 | 2,402 |
| Intangibles | 678 | 187 | 267 | 347 | 327 |
| Other non-financial assets | 90 | 90 | 90 | 90 | 90 |
| Total non-financial assets | 3,740 | 2,879 | 2,859 | 2,839 | 2,819 |
| Total assets | 19,225 | 14,639 | 14,659 | 14,679 | 14,699 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 98 | 99 | 99 | 99 | 99 |
| Other payables | 1,221 | 1,221 | 1,221 | 1,221 | 1,221 |
| Total payables | 1,319 | 1,320 | 1,320 | 1,320 | 1,320 |
| Interest bearing liabilities | | | | | |
| Leases | 2,323 | 2,323 | 2,323 | 2,323 | 2,323 |
| Total interest bearing liabilities | 2,323 | 2,323 | 2,323 | 2,323 | 2,323 |
| Provisions | | | | | |
| Employee provisions | 4,957 | 4,955 | 4,954 | 4,953 | 4,952 |
| Other provisions | 518 | 518 | 518 | 518 | 518 |
| Total provisions | 5,475 | 5,473 | 5,472 | 5,471 | 5,470 |
| Total liabilities | 9,117 | 9,116 | 9,115 | 9,114 | 9,113 |
| Net assets | 10,108 | 5,523 | 5,544 | 5,565 | 5,586 |
| EQUITY* | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 896 | 896 | 896 | 896 | 896 |
| Retained surplus (accumulated deficit) | 9,212 | 4,627 | 4,648 | 4,669 | 4,690 |
| Total parent entity interest | 10,108 | 5,523 | 5,544 | 5,565 | 5,586 |
| Total equity | 10,108 | 5,523 | 5,544 | 5,565 | 5,586 |

*Equity is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)

| | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Other reserves \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|--|-----------------------------|-------------------------------------|--------------------------|--|------------------------|
| Opening balance as at 1 July 2016 | | | | | |
| Balance carried forward from previous period | 9,212 | - | - | 896 | 10,108 |
| Adjusted opening balance | 9,212 | - | - | 896 | 10,108 |
| Comprehensive income | | | | | |
| Surplus/(deficit) for the period | (4,585) | | | | (4,585) |
| Total comprehensive income | (4,585) | - | - | - | (4,585) |
| of which: | | | | | |
| Attributable to the Australian Government | (4,585) | - | - | - | (4,585) |
| Estimated closing balance as at 30 June 2017 | 4,627 | - | - | 896 | 5,523 |
| Closing balance attributable to the Australian Government | 4,627 | - | - | 896 | 5,523 |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Receipts from Government | 34,999 | 32,256 | 37,686 | 37,691 | 37,696 |
| Interest | 150 | 150 | 150 | 150 | 150 |
| Total cash received | 35,149 | 32,406 | 37,836 | 37,841 | 37,846 |
| Cash used | | | | | |
| Employees | 27,584 | 26,500 | 29,287 | 29,292 | 29,297 |
| Suppliers | 9,035 | 8,631 | 7,509 | 7,509 | 7,509 |
| Total cash used | 36,619 | 35,131 | 36,796 | 36,801 | 36,806 |
| Net cash from/(used by) operating activities | (1,470) | (2,725) | 1,040 | 1,040 | 1,040 |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Total cash used | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Net cash from/(used by) investing activities | (1,000) | (1,000) | (1,000) | (1,000) | (1,000) |
| Net increase/(decrease) in cash held | (2,470) | (3,725) | 40 | 40 | 40 |
| Cash and cash equivalents at the beginning of the reporting period | 13,047 | 10,577 | 6,852 | 6,892 | 6,932 |
| Cash and cash equivalents at the end of the reporting period | 10,577 | 6,852 | 6,892 | 6,932 | 6,972 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded internally from departmental resources ¹ | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| TOTAL | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Total cash used to acquire assets | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |

¹Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- gifts;
- internally developed assets;
- s74 Retained revenue receipts; and
- proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016-17)

| | Other property, plant and equipment \$'000 | Computer software and intangibles \$'000 | Total \$'000 |
|---|--|--|-----------------|
| As at 1 July 2016 | | | |
| Gross book value | 6,502 | 6,059 | 12,561 |
| Accumulated depreciation/amortisation and impairment | (3,530) | (5,381) | (8,911) |
| Opening net book balance | 2,972 | 678 | 3,650 |
| Capital asset additions | | | |
| Estimated expenditure on new or replacement assets | | | |
| By purchase - other | 400 | 600 | 1,000 |
| Total additions | 400 | 600 | 1,000 |
| Other movements | | | |
| Depreciation/amortisation expense | (770) | (1,091) | (1,861) |
| Total other movements | (770) | (1,091) | (1,861) |
| As at 30 June 2017 | | | |
| Gross book value | 6,902 | 6,659 | 13,561 |
| Accumulated depreciation/ amortisation and impairment | (4,300) | (6,472) | (10,772) |
| Closing net book balance | 2,602 | 187 | 2,789 |

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

NOPSEMA does not administer any income or expenses on behalf of Government; therefore Table 3.7 is not presented.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

NOPSEMA does not administer any assets or liabilities on behalf of Government; therefore Table 3.8 is not presented.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

NOPSEMA does not administer any cash flows on behalf of Government; therefore Table 3.9 is not presented.

Table 3.10: Administered capital budget statement (for the period ended 30 June)

NOPSEMA does not administer any capital budgets on behalf of Government; therefore Table 3.10 is not presented.

Table 3.11: Statement of administered asset movements (Budget year 2016-17)

NOPSEMA does not administer any asset movements on behalf of Government; therefore Table 3.11 is not presented.

