HOW GOOD IS THE AUSTRALIA INSTITUTE?

The Australia Institute

2018-19 ANNUAL REPORT

The Australia Institute
Research that matters.

Corporate Information

The Australia Institute Limited presents its Annual Report for the financial year 2018-19.

CORPORATE INFORMATION

DIRECTORS
Chair --
Dr John McKinnon
NGO director and philanthropist

Deputy Chair --
Professor Barbara Pocock AM ASSA
Emeritus Professor, Business School, University of South Australia

Dr Elizabeth Cham
Former CEO of Philanthropy Australia

Mr Andrew Dettmer
National President, Australian Manufacturing Workers Union

Dr David Morawetz
Psychologist and economist
Founder and Director of the Social Justice Fund

Associate Professor Elizabeth Hill
Senior Lecturer, Political Economy, University of Sydney

Mr Josh Bornstein
Head of National Employment & Industrial Law, Maurice Blackburn Lawyers

Ms Alexandra Sloan AM
2017 ACT Citizen of the Year;
Journalist, facilitator and MC

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Annual Report 2018-19

Contents

About The Australia Institute

The Australia Institute is an independent public policy think tank based in Canberra. Since its launch in 1994, the Institute has carried out highly influential research on a broad range of economic, social and environmental issues.

Our Purpose

The Institute publishes research that contributes to a more just, sustainable and peaceful society. Our goal is to gather, interpret and communicate evidence in order to both diagnose the problems we face and propose new solutions to tackle them.

The Institute is wholly independent and not affiliated with any other organisation. We barrack for ideas, not political parties or candidates.

Donations to our Research Fund are tax deductible for the donor. Anyone wishing to donate can do so via the website at tai.org.au or by calling The Australia Institute on 02 6130 0530.

> "When we talk about 'research that matters' we are talking about making real, tangible changes that would not have happened if we were not there to make them happen."
>
> — Ben Oquist,
> Executive Director of the Australia Institute

Letter from the Chair
John McKinnon

The Australia Institute's purpose for existing is to "conduct research that will contribute to a more just, sustainable and peaceful society". 2018-19 however, was a year in which such an outcome seemed to become increasingly less likely. The re-election of Australia's conservative government may have been unexpected but it did fit the global trend, seen most clearly in places like the US and Brazil, of governments being elected with policies likely to reduce equality, damage the environment and result in conflict. While some might despair at the task ahead to tackle climate change, poverty and avoid war, it is at such a time that an organisation like The Australia Institute becomes invaluable.

The Australia Institute is fiercely non-partisan. We barrack for ideas, not parties. Ideas that can push towards a more sustainable, just and peaceful society transcend traditional boundaries of left and right, conservative and progressive. Ideas, backed by rigorous research and effectively communicated, will always be powerful.

The Institute's work on integrity in government continues unabated. The senate crossbench remains key to the new government and issues of integrity rate very highly among them. Post election, the Institute is looking to broaden this work by exploring how political advertising could be made more honest, thereby reducing the scope for dishonest scare campaigns, a tactic used over the years by both sides of politics.

The past year has also seen the commencement of the Nordic Policy Centre, in partnership with Deakin University. This very exciting initiative, established to highlight successful social democratic alternatives to the prevailing neo-liberal orthodoxy, comes at a crucial time. When cutting tax and squeezing welfare recipients seem to be the only fiscal policies available, the Nordic Policy Centre has been producing, and will continue to produce, research demonstrating that higher levels of government revenue and a more solid social safety net can be the hallmarks of a high growth economy.

At a time when the current government has no policies to enable it to meet the Paris targets on emission reductions, we are hearing news of Arctic fires, a burning Amazon and massive ice melts in Greenland. Temperature records continue to break at an increasing rate. In contrast, the political climate in Australia for appropriate action is ice cold with both major parties reaffirming a commitment to continuing (and growing) coal exports. Again however, we do not despair. The Institute's Climate & Energy Program is having a major impact, highlighting the impact of Australia possibly using leftover Kyoto credits to partially meet its Paris targets and producing powerful and persuasive research about seemingly technical electricity market rules that potentially opens the door for much higher renewable penetration into our National Electricity Market. In fact, this research is a wonderful example of how the Institute's work is non-partisan and does not rely on relationships with political parties to see it implemented. Providing good ideas, backed by solid research, to statutory bodies, public servants and corporations can be just as effective as seeing legislation passed in the parliament.

These are but a few of the initiatives the Institute has worked on over the past year and continues to pursue. There are many others I could have highlighted and even more exciting new initiatives will be revealed over the coming year.

So, while the times seem difficult, we do not despair. Ideas will always be powerful. Good ideas, rigorous research and effective communication can still have a major impact on our society. The next three years may not be what was expected, but they will provide ample opportunity for The Australia Institute to pursue its goals of a more sustainable, just and peaceful society.

I am also pleased to say that our outstanding Executive Director, Ben Oquist, has renewed his contract for another term. Ben leads an exceptional team of researchers and communicators and I want to publicly thank them all. As a board, we find it a pleasure to work with such great people. As well as thanking the board for their continued commitment and work, I must acknowledge those without whom none of this could happen — our donors. 2018-19 has seen the Institute achieve record levels of income and that has enabled such high impact across many areas. So thank you to all, regardless of the size of your support, I assure you that we consider you all part of this great team and together, we will pursue those vital goals of sustainability, justice and peace.

Letter from the Executive Director
Ben Oquist

Good ideas are not hard to find. But ensuring those ideas are heard is not always easy. 2018-19 saw The Australia Institute ensure some of the best ideas we have ever had were heard. While the year will be forever be remembered as the year Scott Morrison won the unwinnable election, it will also mark one of the biggest legislative defeats recorded by any government. The Australia Institute's ground-breaking work and research demonstrated how the proposed company tax cuts would harm Australia's economy and society. Ultimately, it helped lead to the defeat of those company tax cuts, delivering tens of billions to Australia's budget over the coming years.

Thank you to those of you who supported The Australia Institute's work on this. Your return on investment has never been greater than the billions of dollars that will be available for government spending on infrastructure, schools and hospitals into the future. Thank you also to those who have supported the Australia Institute's ground-breaking work on the gross public policy failure that is the Murray Darling Basin. Our unique engagement and support of a whistle-blower and now senior researcher has helped expose the Murray Darling Basin crisis.

This year saw stellar growth for The Australia Institute, with the launch of the Nordic Policy Centre, the establishment of operations in South Australia, consolation of our endeavours in Tasmania, our powerhouse Centre for Future Work and our barnstorming Climate & Energy Program, which is now central to the emissions and energy debate.

With low trust in politics bleeding into a loss of faith in democracy around the world and here in Australia, we have our work cut out for us. But our success in driving the need for a federal anti-corruption watchdog demonstrates we are up to the task.

The Australia Institute is fiercely non-partisan; our research is thorough, unique and ground-breaking. However, we cannot do any of this work without your support and engagement.

Research at a Glance

The Australia Institute conducts original research that contributes to a more just, sustainable and peaceful society.

In 2018-19, we produced over 175 research pieces, including over 140 research reports, 23 submissions to government inquiries and project assessment processes, and 12 National Energy Emissions Audits.

This substantial body of new research builds upon areas of longstanding inquiry by the Australia Institute — inequality, mining, renewable energy and corporate welfare, to name a few.

175+
Research Pieces

140+
Research Reports

12
National Energy Emissions Audits

23 **Submissions to Government Inquiries & Project Assessments**

Media at a Glance

77.2 million
Total Cumulative Audience

8718
Press Clip Mentions

Syndicated to
20,624
different bands, frequencies and websites

$75 million
ASR value
(Advertising Space Rate)

The AFR Power List

The Australia Institute was selected for the Australian Financial Review Power List for the first time, for our research and impact in helping to safeguard Australia's revenue base from proposed company tax cuts for big business.

#10 on the Covert Power list:

"....The Australia Institute wields research, analysis and polling to guide the political debate in Canberra, working independents, minor parties and the Canberra press gallery assiduously. Executive director Oquist and chief economist Denniss claim credit for blocking billions in legislative measures and advancing a range of progressive causes through lobbying advice to MPs..."

"In terms of driving the progressive left agenda, The Australia Institute is deeply influential. As an outsider looking in, The Australia Institute appears to be driving that agenda and detail, while GetUp! is the implementer." — Brian Loughnane

"They have filled an information gap in Canberra by resourcing research which counters some of the more opinion-based narratives running in Sky After Dark etc. and by being on the ground in Parliament to brief an increasingly time-poor press gallery. They're also available at short notice for interviews with Sky (during the day) and ABC24, which both now have the near-impossible task of providing constant news coverage. Quite simply, they're both providing evidence-based arguments and briefing the Canberra media effectively. They're a resource to the media and that gives them a pathway to articulate and share their thinking." — Skye Laris

Introducing the Nordic Policy Centre

The Australia Institute established the Nordic Policy Centre to showcase the progressive public policy experiences of Denmark, Norway, Sweden, Finland, Estonia and Iceland and to expand Australia's policy aspirations beyond the USA and UK. The Nordic Policy Centre was launched in March 2019 at the Embassy of Denmark, with a roundtable discussion on tax and revenue.

The Centre has been well-received and we were flooded with interest and praise following the launch; it appears to be an idea whose time has come. Academics have been keen to engage and the public is hungry for a policy debate wider than tax cuts.

Professor Andrew Scott has proven to be an insightful partner for the Centre. As the inaugural Convenor, he brings a keen understanding of the policy space, the interested actors and an appreciation for the policy opportunities for Australia.

The Nordic Policy Centre held three events, each hosted by a Nordic embassy. These events have helped the Centre establish strong links with the Nordic embassies and the wider diplomatic community, in addition to the interest from policy makers and the public

1 // Revenue roundtable discussion and drinks at the Embassy of Denmark.

2 // Climate roundtable, featuring Danish former climate minister-turned-journalist Lykke Friis at the Embassy of Denmark.

3 // Vocational education roundtable, featuring Finnish educator and author Pasi Sahlberg and former President of the AEU Jeannie Rea.

The Centre has also produced several reports and briefing notes on policy issues such as education, electric vehicles and taxation.

Centre for Future Work

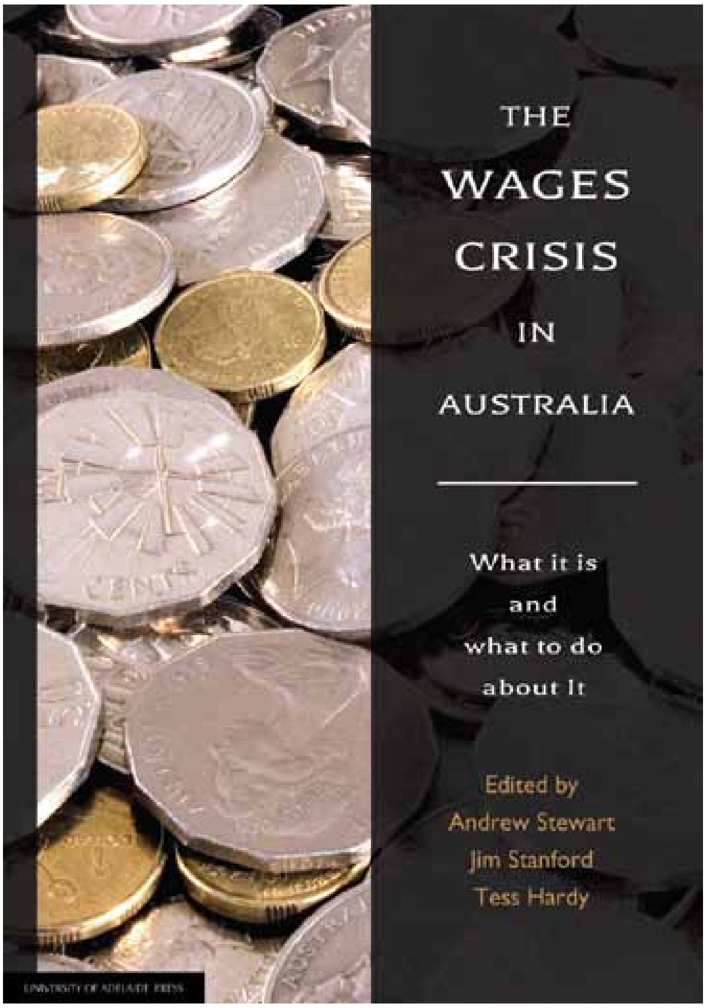
The Centre for Future Work has quickly become recognised as an independent centre of excellence on the many economic challenges facing working people: including the future of jobs; wages and income distribution; skills and training; industrial relations and unions; sector and industry policies; labour market aspects of fiscal policy and public services; automation, AI, and the 'gig' economy; and more. The Centre also develops timely and practical policy proposals to help make the world of work better for working people and their families.

During the 2018-19 financial year, the Centre published 8 full research reports, 10 shorter briefing papers, and over 30 commentary and op-ed articles. Major topics for our research this year included the historic slowdown in wage growth in Australia, the accelerating disappearance of collective bargaining (especially in private sector workplaces), and the misuse of modern digital technology to intensify work pace and workplace surveillance in Australian workplaces.

Because of the federal election in May 2019, and the associated public interest in labour policy issues, we shifted our publishing emphasis somewhat toward more accessible and timely products (including briefing papers and commentaries), in order to maximise our engagement and visibility in those debates. At the same time we continued to maintain an active program of more in-depth scholarly research and writing.

Indeed, during 2018-19 we published several articles and other contributions in peer-reviewed outlets and platforms, including academic journals, books, and conference proceedings. This aspect of our work is important both for enhancing the prestige and credibility of the Centre in the broader policy and media community, and for strengthening our networks with other progressive labour market researchers in Australia and internationally.

We also celebrated the publication of our first-ever book project: co-publication of a major collection of research on the slowdown in Australian wages. The book, titled *The Wages Crisis in Australia: What It Is and What To Do About It*, was published in November 2018 by the University of Adelaide Press. It was co-edited by our Director, Jim Stanford, and two of Australia's leading labour law experts: Prof. Andrew Stewart of the University of Adelaide, and Dr. Tess Hardy at the University of Melbourne. It contains 20 chapters based largely on an invitational symposium organised by the editors earlier in 2018. Given intense debates in Australia recently about wages, real incomes, and inequality, the book's release generated substantial coverage in major newspapers, electronic media, and social media. It is a good example of how the Centre's unique ability to straddle applied policy debates and scholarly research equips us to have influence and relevance in crucial debates about work, workers, and fairness.



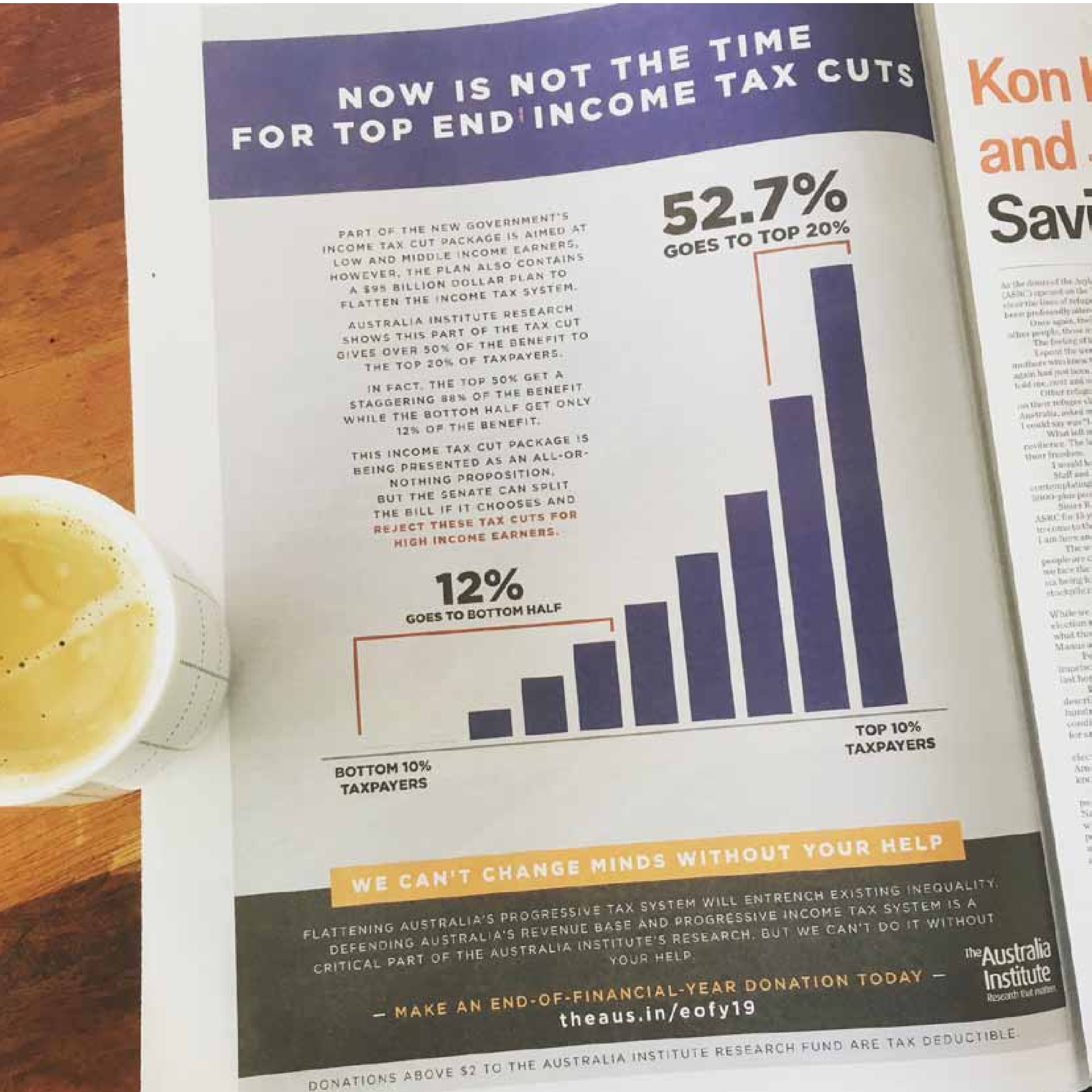
The Centre maintains a collegial but arms-length relationship with Australia's trade unions, and other social movements and advocates concerned with fair work and better workplaces. Leaders and members of trade unions widely cite and circulate the Centre's research and social media posts. The Centre also sponsors 2-day and 5-day courses in "Economics for Unionists," organised through the ACTU's ongoing training programs. These courses make a major contribution to the development of economic literacy and competence among union officials and delegates, and also help to build our Australia-wide network of followers and supporters in the union movement.

Another promising dimension of our work over the past year has been our growing network of international connections in the community of progressive labour policy research. Director Jim Stanford brought an important network of international scholarly and activist research to his role with the Centre, and has continued to nurture those connections. Active discussions are underway with like-minded centres about establishing stronger communication links, potentially including the establishment of a more formalised network. The Centre participated this year in several international events, projects and publications in North America, Europe, and Oceania. And we were glad to welcome our first international funding partner: the New Zealand Council of Trade Unions.

Other highlights of our work in the 2018-19 financial year include:

- We continue to co-sponsor the annual National Manufacturing Summit in Parliament House. This series of national conferences, highlighting the potential for rebuilding Australian value-added industry, was sparked by the successful first summit we organized in 2017. The Summit is now co-sponsored with several other industry and business bodies. The 2019 Summit emphasised skills development in manufacturing, and also featured new research from the Centre for Future Work on the possibilities of developing domestic value-added battery and related manufacturing activity based on Australia's abundant deposits of lithium.
- We continue to sponsor the annual "Go Home on Time Day" initiative, now entering its second decade. Each November we raise public awareness about the importance of leisure time to healthy lives and communities, release new research about the prevalence of overtime (including unpaid overtime), and encourage all labour market stakeholders to consider ways of reducing overwork and improving work-family balance.

Millions of Australians worry deeply about stagnant real incomes, growing inequality, insecurity and precarity at work, and the very future of employment (in the face of accelerating technological and social change). These issues will remain among the most urgent themes in Australian policy debates. By combining top-quality economic research with a passion for social justice, and a powerful network of supporters and followers, the Centre for Future Work fulfils a unique and necessary role in the ongoing "battle of ideas" in Australia. We shed new light on important labour policy issues, we debunk stereotypes and myths about work and wages, and we inspire advocates for fairer work with the confidence that they have strong economic arguments and facts on their side. With our growing staff, our strong public profile and reputation, and our expanding network among policy-makers, advocates, and the media, the Centre looks forward to making an even bigger impact in the year ahead.



Now is not the time for tax cuts for top income earners

Australia Institute research demonstrated that now is not the time for income tax cuts for the top end of income earners. Part of the Government's income tax cut package was aimed at low and middle income earners, however, the plan also included a $95 billion dollar plan to flatten the income tax system.

Australia Institute research showed this part of the tax cut gives over 50% of the benefit to the top 20% of taxpayers. In fact the top 50% get a staggering 88% of the benefit while the bottom half get only 12% of the benefit. This income tax cut package was presented as an all or nothing package, and while Australia Institute research was successful in persuading the crossbench to block the top end tax cuts initially, the cuts were eventually passed, maintaining the Senate's track-record of having never blocked an income tax cut.

Inequality & the Budget

Why 'the average' isn't average

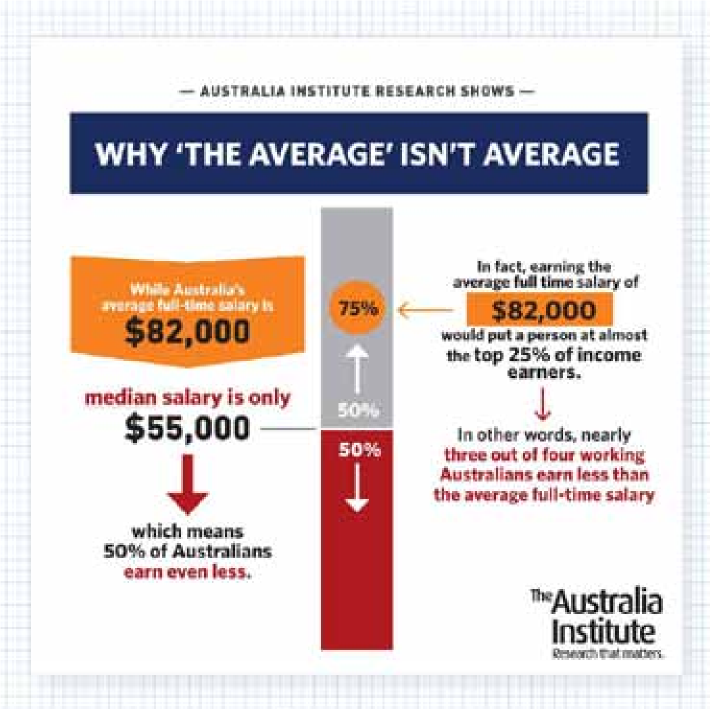
The Australia Institute's analysis of the implications of the 2019 Federal Budget showed that the proposed income tax cuts would only serve to exacerbate inequality in Australia.

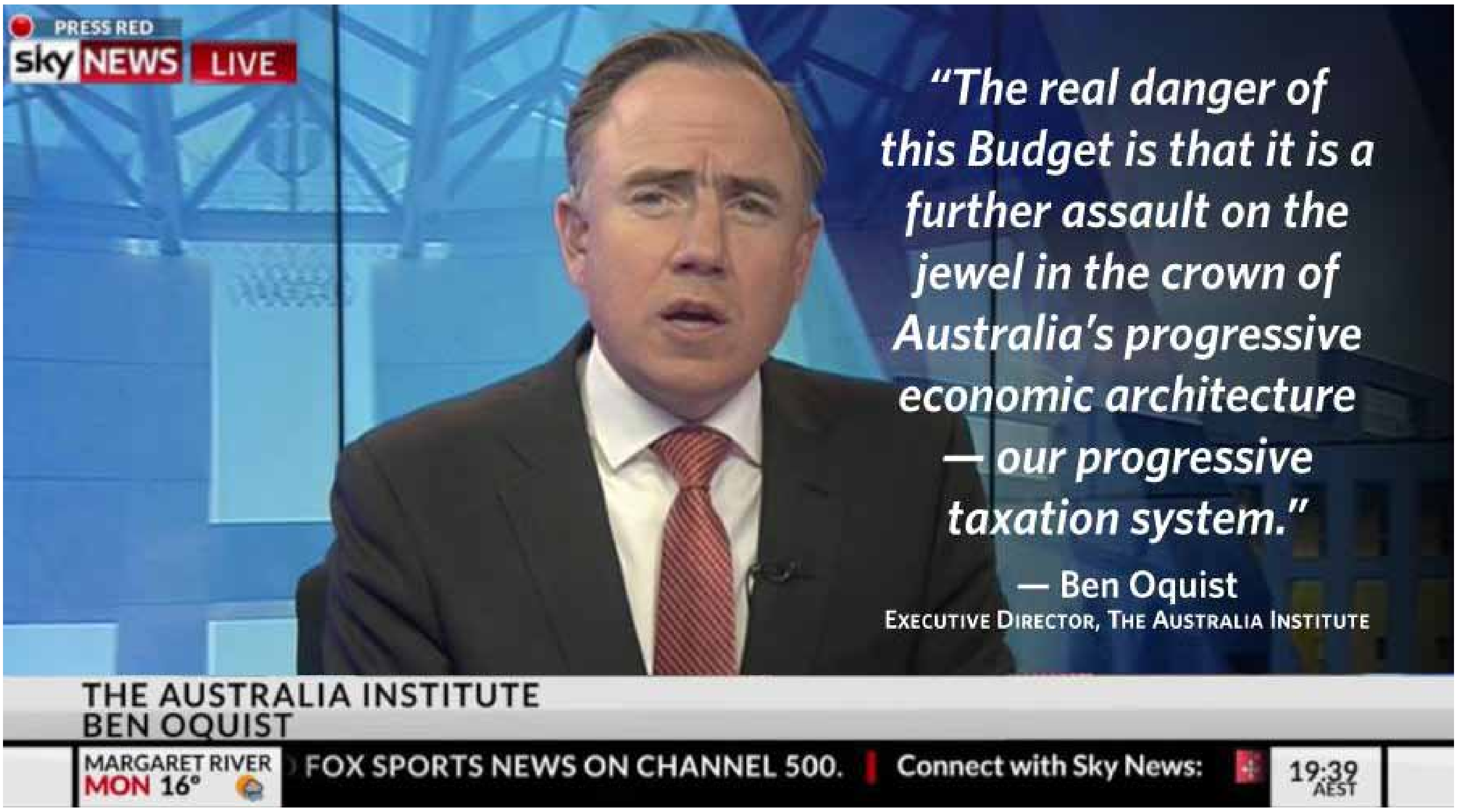
The Government's claim that the income tax cuts would benefit most Australians 'because the average full-time wage is $82,000' is misleading at best.

Our explainer graphics helped communicate to the public why 'the average' isn't necessarily average.

While the average full-time wage is $82,000, Australia's median wage is $55,000, which means half of Australians actually earn even less.

In fact, earning $82,000 would put you at around the top 25% of income earners — not exactly 'average'.





FACTS MATTER.
WHAT WOULD YOU CHOOSE?

SPEND $5 BILLION REFUNDING EXCESS FRANKING CREDITS TO WEALTHY SHAREHOLDERS?

OR

ALL OF THESE?

- 50 NEW PRIMARY SCHOOLS
- 50 NEW SECONDARY SCHOOLS
- 3500 TEACHERS
- 3 NEW REGIONAL HOSPITALS
- 2500 NURSES
- 1500 DOCTORS
- 200 FIRE & RESCUE VEHICLES
- 800 POLICE OFFICERS

WITH $220 MILLION TO SPARE

GET THE FACTS:

THE AUSTRALIA INSTITUTE RESEARCH SHOWS

1 // AUSTRALIA IS A LOW TAXING COUNTRY.

2 // AUSTRALIA IS THE ONLY COUNTRY IN THE WORLD TO REFUND EXCESS FRANKING CREDITS TO PEOPLE WHO DO NOT PAY TAX.

The Australia Institute
Research that matters.

— ADD YOUR NAME TO THE OPEN LETTER —
http://theaus.in/taxloopholes

Addressing Unfair Tax Loopholes

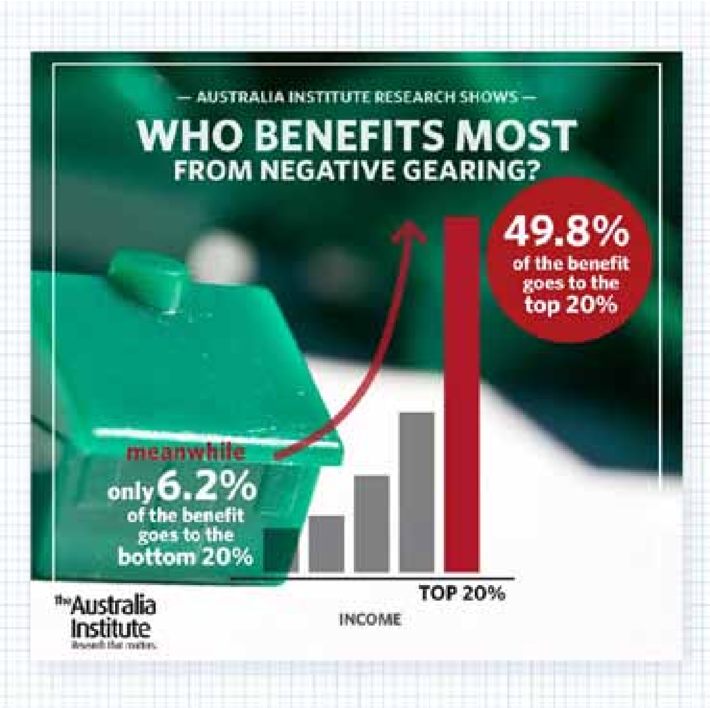
Closing Franking Credit Refund Loophole

Choosing to spend billions on a tax bonus for wealthy shareholders who don't pay tax robs Australia of the opportunity to spend more on schools, hospitals and services.

Our research shows that if we closed this tax loophole we would have $5 billion to spend creating jobs and building essential infrastructure and services.

Australia Institute research looked into who really benefits from negative gearing. Our analysis showed that while there's many people who benefit a small amount, there's a very small number of very high income earners who benefit a lot — in fact, 49.8% of the benefit goes to the top 20%.

Tackling tax loopholes will not just be good for the budget and fairness, we now know it will help level the playing field for young Australins who get little from Australia's distorted tax system.



Young Australians Suffer Double-Hit

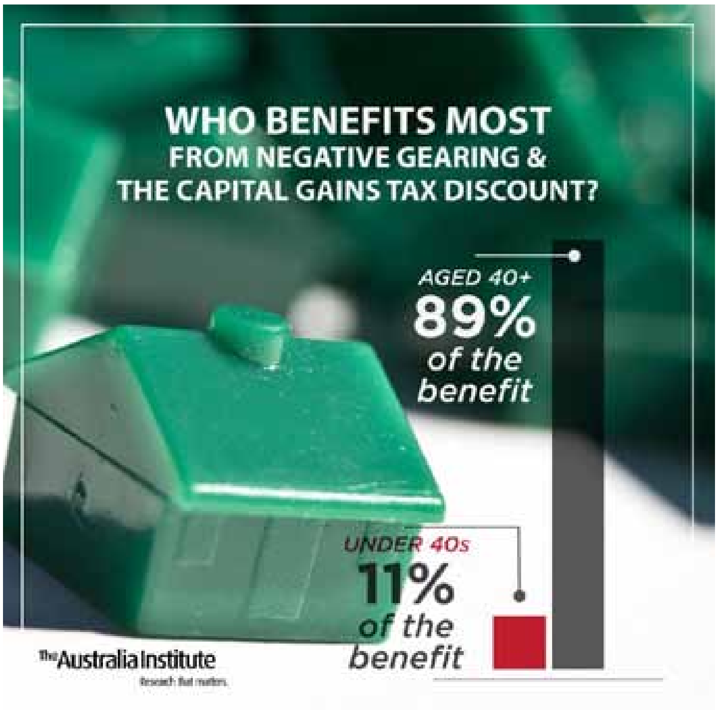
Australians under 30 years of age receive only 6.4% of the combined tax concessions on superannuation, the capital gains tax discount and negative gearing.

In total these concessions are worth more than $37 billion yet young Australians receive only $2.4 billion of their value.

The capital gains tax discount and negative gearing are particularly unfair for younger Australians, with the under 30s taking approximately 1% of the benefit of tax breaks worth $7.7 billion a year and climbing.

It is a double hit for young Australians with many being priced out of the home owning market in part because of the very tax concessions they are mostly missing out on.

While the Government has made much of the importance of intergenerational equity, there is nothing equitable about retaining expensive tax concessions that deliver a fortune to wealthy members of certain generations and virtually nothing to younger generations.



Big Win for Safeguarding Australia's Revenue Base

Company Tax Cuts for Big Business blocked in the Senate

After several years producing research to demonstrate why cutting company tax for big business would only serve to hollow out Australia's long-term revenue base, this year saw our research become pivotal in the decision of the Senate crossbench to finally block this piece of 'zombie' legislation.

This was a victory for quality, fact based research – much of it produced by the Australia Institute. The defeat of the company tax cuts and the subsequent dropping of the policy by the Government means tens of billions of dollars will now be available to be spent on government services and infrastructure into the future. Countless programs and initiatives will go ahead that otherwise simply would not have seen the light of day.

This is the culmination of over two years of research work from The Australia Institute to demonstrate why the economic case for these tax cuts have not been made.

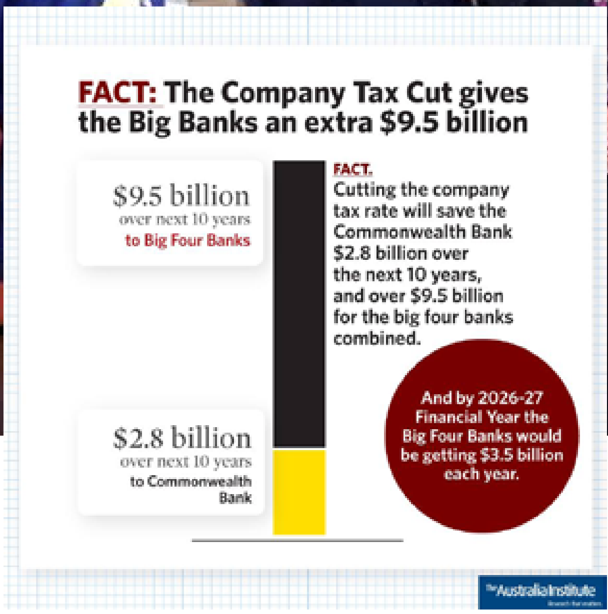
Thank-you to all of you who have supported a multi-year effort from the Australia Institute on this work. It has been part of a long term plan to shift the revenue debate in Australia.

The magnitude of this result cannot be overstated.

"[The Australia Institute] demonstrated that a relatively small but dynamic group of analysts, or activists, whatever you want to call them, can have a really big impact on public policy if they're effective at communicating.

And what they've done is they've come out and I think they've just waged this relentless argument against the tax cuts, which I think has been really influential in the debate and its given the people on the crossbench and the Labor Party the sort of intellectual basis to say argue against the economics…They are up against not only the Business Council of Australia, which represents corporate Australia, but you know, the Federal Treasury, the Federal Treasurer, elements of the Labor Party, and I think they've prevailed"

– Aaron Patrick, Party Room Podcast



The Australia Institute
Research that matters.

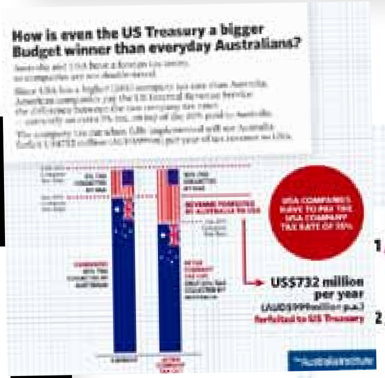
25 June 2018

Media Alert – Press Conference

Final call on Senate to oppose large company tax cut legislation

Who:
Cassandra Goldie – CEO, ACOSS
Ben Oquist – Executive Director, The Australia Institute
Claerwen Little – National Director, UnitingCare Australia
Corinne Dobson – Director of Policy and Research, St Vincent de Paul
Kasy Chambers – Executive Director, Anglicare Australia
Joy Kyriacou – Fair Economies Advocacy Manager, Oxfam Australia
Susan Helyar – Director, ACT Council of Social Service
Brad Halse – Salvation Army
Peter McNamara – Good Shepherd Microfinance

Where: **Mural Hall, Australian Parliament House**
When: **12.30pm TODAY**, Monday 25 June



ADVERTISEMENT

Australia Doesn't Need Lower Taxes.

AN OPEN LETTER

To Prime Minister Malcolm Turnbull

Data from the OECD, IMF and World Bank make clear that Australia is a low taxing country. To have world class health, education and transport services we need to collect the revenue to fund them.

A debate about tax reform should begin with the question of how much tax is required to fund the services we need to build a fair and decent society in Australia.

And real tax reform also requires fairness. A serious tax reform package designed to be 'fair' should address as a priority the current generous tax concessions to the top end of town, the inequitable distribution of superannuation tax concessions and the capital gains tax discount, not how to give big business large company tax cuts at the expense of services that everyday Australians rely on. Cutting programs which support needy Australians to give more tax benefits to companies or large income tax cuts to the wealthiest is not fair.

The OECD says inequality harms growth. While inequality will always be in the community, what matters is its extent, its direction, and its causes. What's more, increasing inequality hurts the economy and divides the community.

The pursuit of equity and fairness must lie at the heart of our national goals. Fortunately, not only is the pursuit of equity broadly supported by the community, it is good for our economy as a whole. Collecting more tax, more equitably, will make Australia a better place to live and work.

We urge the Prime Minister and all political leaders not to cut taxes at this time — and certainly not for companies.

SIGNATORIES --
Bernie Fraser
Governor of the Reserve Bank of Australia 1989-96
Professor Carmen Lawrence
Former Federal Minister, Premier of WA and Federal President of ALP
Professor Peter Doherty AC
Nobel Prize in Physiology/Medicine 1996; Australian of the Year 1997; Laureate Professor, University of Melbourne
Emeritus Professor Barbara Pocock
Business School, University of South Australia
Professor Spencer Zifcak
Allan Myers Professor of Law, Australian Catholic University
Professor John Quiggin
Professor, School of Economics, University of Queensland
Professor John Langmore
Professorial Fellow, School of Social and Political Sciences, University of Melbourne; Former Member for Fraser
Emeritus Professor Frank Stilwell
Political Economy, University of Sydney
Simon Sheikh
Founder & Managing Director, Future Super
Ross Knowles
Co-founder and chairman of Ethinvest, chairman of Australian Impact Investments, founding co-president of Responsible Investment Association of Australasia
Dr David Morawetz
Economist, Founder and director, Social Justice Fund
Dr George Argyrous
Senior Lecturer, School of Social Sciences and International Studies, University of NSW
Dr Margaret Moussa
Lecturer, Economics, Finance and Property, Western Sydney University
John Menadue AO
Businessman and public commentator; former senior public servant and diplomat
Emeritus Professor Simon Chapman AO
School of Public Health, University of Sydney
Emeritus Professor Bob Douglas AO
National Centre for Epidemiology and Population Health, Australian National University; Director, Australia21
Stuart McMillan
President, Uniting Church in Australia
Lin Hatfield Dodds
National Director, UnitingCare Australia; Former Chair of the Australian Social Inclusion Board
Josh Bornstein
Lawyer, Company Director
Eva Cox AO
Writer, feminist, sociologist, social commentator, activist
Dr Jim Stanford
Economist and Director, Center for Future Work, The Australia Institute; Department of Economics, McMaster University
Dr Mark Zirnsak
Tax Justice Network Australia
Peter Kriesler
Associate Professor, University of NSW; Director of The Society of Heterodox Economists
Emeritus Professor Meredith Edwards AM
Institute for Governance, University of Canberra
Dr Susan Schroeder
Lecturer, Department of Political Economy, University of Sydney
Dr Marilyn McHugh
Research Fellow, Social Policy Research Centre, University of NSW
Dr Tim Thornton
Lecturer, Department of Politics and Philosophy, La Trobe University
Dr James R Levy
Honorary Visiting Fellow, School of Humanities and Languages, University of NSW
Dr Jeremy Walker
Lecturer, Social and Political Sciences Program, University of Technology Sydney
Dr Ian McGregor
Lecturer, School of Management, UTS Business School
Dr Gigi Foster
Associate Professor, School of Economics, University of NSW
Hon A/Prof Anne Junor
Deputy Director, Industrial Relations Research Centre, University of NSW
Emeritus Professor Robert Manne
Politics, Vice-Chancellor's Fellow, La Trobe University
Ged Kearney
President, Australian Council o
Andrew Dettmer
National President, Australian
Union
Jeannie Rea
National President, National Te
Professor John Buchanan
Chair of Discipline, Business A
Sydney Business School
Professor Karen Fisher
Disability Research Program, S
Centre, University of NSW
Professor Donna Baines
Associate Dean of Social Work
University of Sydney
Professor Gabrielle Meagher
Political economist; Sociology,
Emeritus Professor John King
Economics, La Trobe Universit
Emeritus Professor Geoffrey H
Visiting Professorial Fellow, Un
Associate Professor Damien C
School of Social and Political S
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Dr Kerryn Higgs
Associate, University of Tasmania; Fellow, Club of Rome
Dr Evan Jones
Honorary Associate, Department of Political Economy, University of Sydney
Dr Jocelyn Pixley
Honorary Adjunct Professor, Sociology, Macquarie University
Paul Barratt AO
Former Secretary, Departments of Primary Industries & Energy and Defence Chair, UNE Foundation and Chair, Australia 21
Ben Oquist
Executive Director, The Australia Institute

To add your name to support real and fair tax reform
Visit > **tai.org.au/fairtaxreform**

The Australia Institute
Research that matters.

Authorised by E. Bennett, L5 / 131 City Walk, Canberra ACT 2600.

#FACTSFIGHTBACK

1 // **$7.4 billion to the big banks.** Cutting the company tax rate will save the Commonwealth Bank $2.3 billion over the next 10 years, and **over $7.4 billion for the big four banks combined**

2 // **Australia's loss is America's gain.** Due to a foreign tax treaty, American companies pay the US Internal Revenue Service the difference between the Aus and US company tax rates — currently an extra 5% tax, on top of the 30% paid to Australia.

The company tax cut when fully implemented will see **Australia forfeit US$732 million (AUD$999m) per year of tax revenue to USA.**

FACT 3 // **The biggest 15 companies recieve a third of the benefits of the company tax cut when fully implemented.** Advertising that the cuts will benefit all Australians looks like a good investment — look at how much big mining saved from writing their own mining tax.

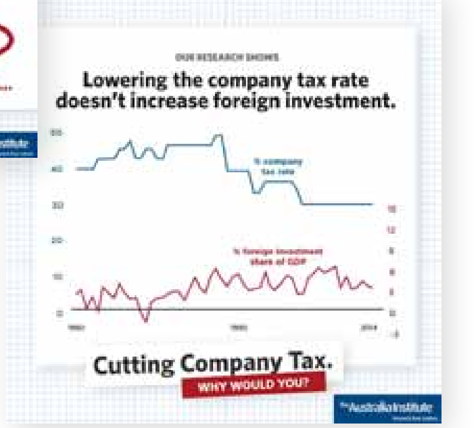
Cutting Company Tax.
WHY WOULD YOU?

Last week, seven CEOs asked for a tax cut for their businesses

Their combined annual salaries equal...

Executive	Company	Total Remuneration (AUD equivalent)
Andrew Mackenzie	BHP Billiton	$7,703,000
Catherine Tanna	EnergyAustralia	$5,204,000
Alan Joyce	Qantas	$12,960,000
Richard Goyder	Wesfarmers	$5,489,740
Joanne Farrel	Rio Tinto	$2,705,000
Ian Narev	Commonwealth Bank	$12,304,307
Sergio Ermotti	UBS	[illegible]
	Total	$64,969,995

Next they'll tell us it'll trickle down...



Revenue Summit in Parliament House

While the company tax debate was in full flight, the Australia Institute hosted a special Revenue Summit in October.

This initiative of The Australia Institute saw some of Australia's leading experts discuss new ways Australia could efficiently and equitably increase public revenue to strengthen both our public finances and our future economy.

In Australia today, the term 'tax reform' is too often used to conceal demands for more tax cuts.

However, it is possible to reform the tax system in a multitude of ways that would result in more tax revenue, a simpler tax system, and stronger public finances.

Tax is the price we pay to live in a civilised society, but in contemporary Australia we rarely ask how much civilisation we'd like to buy and what are the best new ways we could fund it.

While the company tax debate is a significant one, it is important that to see it in the context of the wider revenue challenges and opportunities facing Australia.

"Tax cuts will not generate the extra revenue necessary to pay for them. Instead tax reform should focus on what are the expenditures that Australia demands as a society, and then consider the fairest and most efficient way to raise the revenue needed to pay for those expenditures,"

—Dr. Michael Keating AC,
Revenue Summit keynote speaker and Former Cabinet Secretary and Head of Department of Prime Minister and Cabinet.

“TAX IS GOOD”

— BEN OQUIST, EXECUTIVE DIRECTOR OF THE AUSTRALIA INSTITUTE

REVENUE SUMMIT18

PRESENTED BY

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AUSTRALIAN PARLIAMENT HOUSE • CANBERRA

“Tax is the price we pay to live in a civilised society, but in contemporary Australia, we rarely ask how much civilisation we would like to buy, and what are the best new ways we could fund it.”

— BEN OQUIST, EXECUTIVE DIRECTOR OF THE AUSTRALIA INSTITUTE

KEYNOTE SPEAKERS

HON. CHRIS BOWEN MP

Shadow Treasurer, ALP Member for McMahon

PROFESSOR PATRICIA APPS

Professor of Public Economics, University of Sydney Law School

DR. MICHAEL KEATING AC

Former Cabinet Secretary and Head of Department of Prime Minister & Cabinet

BERNIE FRASER

Former Governor of the Reserve Bank

ALSO FEATURING

SENATOR PETER WHISH-WILSON

Greens Treasury Spokesperson

REBEKHA SHARKIE MP

Centre Alliance Member for Mayo

SENATOR TIM STORER

Independent Senator for South Australia

SPEAKERS ALSO INCLUDE

PROFESSOR CARMEN LAWRENCE | DR CASSANDRA GOLDIE | ANDRE KASPURA | DR LINC THURECHT | DR RICHARD DENNISS

NADINE FLOOD | PROFESSOR BOB GREGORY AO | BRENDAN RYNNE | BEN OQUIST

PANELS CHAIRED BY PETER MARTIN | EBONY BENNETT | DR GIGI FOSTER

TICKETS > tai.org.au/revenue-summit

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Australian gun lobby as big and cashed-up as NRA, report finds

More guns in Australia now than before the Port Arthur massacre: report

Australia's gun lobby and its political donations laid bare

Addressing the Influence of Australia's Gun Lobby

A report series from The Australia Institute, commissioned by Gun Control Australia, revealed the surprising size and strength of Australia's gun lobby and the alarming rebound in gun ownership numbers since the National Firearms Agreement following the Port Arthur Massacre.

The report's findings — that the Australian gun lobby spends proportionally as much money on political donations and campaigns as the National Rifle Association of America does — was the focus of an ABC 7pm News story, an ABC Breakfast interview and a package on Ten's The Project, among other media coverage.

Fairfax reported the findings of the Australia Institute's follow-up report, that Australia has more guns now than before the Port Arthur Massacre.

One in two voters don't understand how to vote for the Senate: poll

Senate Voting Confusion

While political polling and debate focuses overwhelmingly on the House of Representatives, the Senate is equally important in passing legislation. That is why The Australia Institute conducts regular Senate polling and projections, to our knowledge the only organisation to do so.

But the Senate voting system was changed in 2016, leading our researchers to wonder how well Australians understood the new system. Even when given the text on the ballot paper, our research showed one in three thought they must stop at 6 preferences, and nearly half thought they should vote 6 for the party they disliked the most on the ballot – both of which are incorrect and put voters at risk of having their vote backfire.

Timed to be released in the lead up to the election, the research drove many opportunities to explain the importance of numbering beyond 6. The Australia Institute called on the Australian Electoral Commission (AEC) to run an information campaign. Unfortunately the AEC declined, making matters worse by failing to clarify the rules when asked directly on air, and then declining to apologise. But by taking this opportunity to promote The Institute's research, public commentary was drawn the Senate voting rules and the ABC's Antony Green later praised the Australia Institute's role in this debate.

Murray-Darling Basin

The Australia Institute's research on the Murray-Darling Basin in 2018-19 was as prolific as it was high-profile. Led by Senior Water Researcher Maryanne Slattery, the Institute has become one of the most prominent voices in what became the biggest issue in environmental politics of the year.

Maryanne's work was highlighting the poor water management of the Lower Darling well before the horrific fish kills at Menindee Lakes thrust the Basin into the media spotlight. Our reports highlighted how water had been taken out of the area crushing small irrigators while an unprecedented $40 million compensation payment was made to a large agribusiness. Maryanne presented this research to community meetings in Sunraysia, Broken Hill and the Lower Darling, prompting changes to several NSW policies.

The images of a million dead fish in the Darling demonstrated to Australians that the Basin is not being well managed. Our *Fish Kill QandA* report headed off efforts by the Government and the Basin Authorities to blame the fish kill on the drought. While drought was the catalyst, mismanagement was the cause and our report showed that water had been needlessly drained from the Menindee Lakes in 2016-17 that could have prevented this tragedy.

Hot on the heels of the fish kill, the South Australian Royal Commission handed down a scathing report on the management of the Basin and its managers' "unfathomable predilection for secrecy". The report refers to Maryanne's written submission and two appearances at the commission no less than 30 times.

The problems of the Basin are far more complicated than simply environment vs agriculture, or upstream vs downstream. Our report *Coorongs don't make a right* showed that South Australia's mismanagement of its environmental water can be just as damaging and presents a 'unique fraud risk' to taxpayers. This report and our willingness to criticize poor use of environmental water use earned a lot of respect amongst irrigation groups tired of shouldering much of the blame for the Basin's problems.

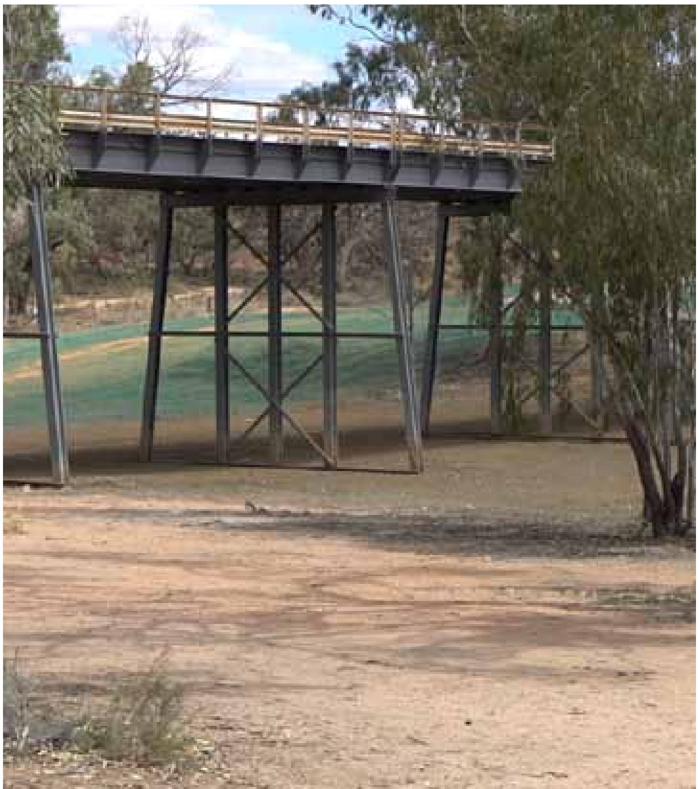
Our work with irrigators and communities of the Lower Darling led to a joint submission between the Institute, Southern Riverina Irrigators, Darling River Action Group and graziers at Tolarno Station on floodplain harvesting – the poorly regulated practice of diverting floodwater for private use. This unprecedented alliance has already had some wins on the measurement of floodwater use, with a lot left to play out in this process.

Another report called *Owing down the river* detailed how bad governance had led to irrigators being able to plant 100,000ha of cotton in the northern Basin while towns and Indigenous communities ran out of drinking water downstream. This and our submission on the Barwon Darling Water Sharing Plan contributed to the NSW Natural Resource Commissioner's finding that the Barwon Darling is "an ecosystem in crisis."

A range of media and political factors led to a pre-election storm that became known as Watergate. The scandal related to a Commonwealth purchase of water rights, overseen by Barnaby Joyce, from a company founded by Energy Minister Angus Taylor. The source for much of the debate was our March 2018 report *That's not how you haggle*. Maryanne appeared on The Project and issues around deals for well-connected agribusiness continue to play out.

Southern Discomfort outlined how water had been wasted by the Basin managers, causing environmentally damaging floods, bank scouring and depriving NSW Murray irrigators of up to 61% of their water allocations. This work is contributing to a class action by these small irrigators, claiming $750 million in damages from the Commonwealth.

This work is contributing to a class action by these small irrigators, claiming $750 million in damages from the Commonwealth.



Hands off our ABC

The Australia Institute's long-standing ABC research program took on a new significance in September with the abrupt sacking of ABC managing director Michelle Guthrie.

Within a week of the dismissal, the Australia Institute released updated recommendations about ABC Board independence, building on work done by ABC insider Fergus Pitt in 2016. The Institute's updated report showed that four or more of the ABC's six 'independent' directors were government appointments made outside of the default process.

In a Guardian editorial, Ben Oquist called for the ABC board to be depoliticised. Richard Denniss also wrote an Australian Financial Review editorial to call for the ABC to be fixed, not "saved" — a call echoed by 6,700 Australians who signed the institute's petition.

The Institute's submission to the Senate inquiry into allegations of political interference in the ABC drew on its body of research on the ABC. Research Director Rod Campbell and researcher Bill Browne appeared before the Senate inquiry in Sydney, with their contributions cited frequently in the final inquiry report.

ADVERTISEMENT

Open Letter on the Establishment of a National Integrity Commission

AN OPEN LETTER

Dear Prime Minister Scott Morrison

Confidence and trust in government and public institutions is at an all-time low. When this confidence and trust is diminished, pessimism, divisiveness and conflict increase, and social cohesiveness is harmed. As a result, the economy and the welfare of all Australians suffers. Ultimately, as international experience has shown, democracy itself is threatened and may be irreparably damaged. Governments ignore at their peril demands by citizens to combat corruption with vigor.

A major cause of the current deterioration in trust is the suspicion that corruption permeates many governmental decisions and actions. Corruption, broadly understood in this context, occurs when those in public office place private interests over the public good. The avoidance of corruption is an essential organising principle of our representative democracy.

Secrecy is at the core of corrupt conduct. Electronic communications and advanced developments in IT provide formidable means of concealing misconduct, which is difficult and expensive to combat. Those involved in large-scale corruption are usually well-organised, experienced, astute and wealthy. A well-funded and properly resourced national anti-corruption agency, with overall jurisdiction to investigate all public decisions and conduct, and with appropriate powers and protections, is needed to combat them. The price of freedom, and freedom includes living in a society free from corruption, is eternal vigilance.

Existing federal integrity agencies lack the necessary jurisdiction, powers and know-how to investigate properly the impartiality and bona fides of decisions made by, and conduct of, the federal government and public sector.

A National Integrity Commission is urgently needed to fill the gaps in our integrity system and restore trust in our democracy.

The National Integrity Committee has outlined a benchmark for designing a model integrity commission. It must have a broad jurisdiction and strong investigative powers, including public hearings, in order to adequately investigate and expose corruption and misconduct.

We urge you to immediately establish a strong, effective and independent National Integrity Commission.

The Hon Sir Gerard Brennan AC QC
Former Chief Justice, High Court of Australia

The Hon Jane Mathews AO
Former judge, Federal Court of Australia; former judge, Supreme Court of NSW

The Hon David Ipp AO QC
Former Commissioner, NSW ICAC; former judge NSW Court of Appeal

The Hon Anthony Whealy QC
Former judge, NSW Court of Appeal

The Hon Paul Stein AM QC
Former judge, NSW Court of Appeal

The Hon Ken Handley AO QC
Former judge, NSW Court of Appeal

The Hon Peter McClellan AM QC
Former judge, NSW Court of Appeal

The Hon Murray Tobias AM QC
Former judge, NSW Court of Appeal

The Hon Marcia Neave AO
Former judge, Victorian Court of Appeal

The Hon Bernard Bongiorno AO
Former judge, Victorian Court of Appeal

The Hon James Thomas AM QC
Former judge, Queensland Court of Appeal

The Hon Margaret White AO
Former judge, Queensland Court of Appeal

The Hon Mary Gaudron QC
Former judge, High Court of Australia

The Hon Jeffrey Miles AO
Former Chief Justice of ACT; former judge, Supreme Court of NSW

The Hon Stephen Charles AO QC
Former judge, Victorian Court of Appeal

The Hon David Harper AM QC
Former judge, Victorian Court of Appeal

The Hon Geoff Davies AO QC
Former judge, Queensland Court of Appeal

The Hon Henric Nicholas QC
Former judge, Supreme Court of NSW

The Hon Bill Windeyer AM
Former judge, Supreme Court of NSW

The Hon David Kirby QC
Former judge, Supreme Court of NSW

The Hon John McKechnie QC
WA CCC Commissioner; former judge Supreme Court of WA

The Hon Chris Steytler AO QC
Former judge, Supreme Court of WA

The Hon Peter Lyons QC
Former judge, Supreme Court of Queensland

The Hon Tony Fitzgerald AC QC
Former judge, Federal Court of Australia; former President, Queensland Court of Appeal

The Hon Margaret McMurdo AC
Former President, Queensland Court of Appeal

The Hon Alan Wilson QC
Former judge, Supreme Court of Queensland

The Hon Geoffrey Miller QC
Former judge, Supreme Court of WA

The Hon Betty King QC
Former judge, Supreme Court of Victoria

The Hon Wayne Haylen QC
Former judge, NSW Industrial Court

Judge Philip Nase
Former Queensland CMC Commissioner; former judge District Court of Queensland

Judge Greg Woods QC
Former judge, District Court of NSW

Judge Stuart Campbell
Former judge, County Court of Victoria

Judge Sarah Bradley
Former judge, District Court of Queensland

Judge John Robertson
Former judge, District Court of Queensland

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Establishment of a National Integrity Commission

Different Breeds of Watchdog

National Integrity Commission is needed to investigate and expose corruption and misconduct in our federal government and public sector. Currently there are significant gaps in the jurisdiction and investigative powers of the federal agencies responsible for scrutinising the public sector and government.

No federal agency has the power to investigate corrupt conduct as state-based commissions do, which includes any behaviour that affects the honest and impartial exercise of public office.

No agency can investigate misconduct of MPs, ministers or the judiciary.

Our research shows the agencies that do have strong investigative powers, such as the Australian Federal Police, can only use them when investigating criminal charges.

No agency holds regular public hearings, meaning that corruption and misconduct is not properly exposed to the public.

The design of a National Integrity Commission is critical to ensure its success in investigating and exposing corruption. The Australia Institute's National Integrity Committee of former judges and corruption fighters in their 'Different Breeds of Watchdog' research has considered the lessons from our state corruption commissions and published six design principles as a benchmark for the establishment of a National Integrity Commission.

National Integrity Committee launches Implementation Plan

The Australia Institute's National Integrity Committee launched an Implementation Plan for a National Integrity Commission.

Following on from the detailed design work undertaken by the committee to date, the Implementation Plan outlines how a National Integrity Commission would be established within the existing integrity framework.

The recommendations of the Implementation Plan include:

- Incorporating ACLEI into the National Integrity Commission
- Using a referral process between the other existing integrity agencies and the NIC, as is currently exercised at a state level
- Broad power to accept complaints in any form, including anonymous complaints
- Allowing the Commissioner to make the decision to begin investigations, including own motion investigations

34 Eminent Former Judges Call for a National Integrity Commission

The Australia Institute with our National Integrity Committee co-ordinated an open letter signed by 34 eminent former judges, calling for the establishment of a National Integrity Commission.

Signatories to the open letter include The Hon Sir Gerard Brennan AC QC, former Chief Justice of the High Court of Australia, The Hon Mary Gaudron QC, former justice of the High Court, and The Hon Tony Fitzgerald AC QC, former Federal Court judge and head of the Fitzgerald Inquiry.

The open letter states in part:

"A major cause of the current deterioration in trust is the suspicion that corruption permeates many governmental decisions and actions. Corruption, broadly understood in this context, occurs when those in public office place private interests over the public good. The avoidance of corruption is an essential organising principle of our representative democracy."

"A National Integrity Commission is urgently needed to fill the gaps in our integrity system and restore trust in our democracy."

The letter also endorsed the Australia Institute National Integrity Committee's benchmark for the design of a National Integrity Commission, which includes a broad jurisdiction and strong investigative powers, including public hearings.

As National Integrity Committee member, The Hon Stephen Charles AO QC noted at the time, "it is unheard of for 34 senior judges to sign a letter of this kind" which underscores the urgency and importance of the establishment of a strong, effective and independent National Integrity Commission.

Climate & Energy Program

In its first full year of operation, the Australia Institute's Climate & Energy Program has built on existing work, carried forward the work of The Climate Institute and generated a number of new streams of research such as the Heatwatch Initiative and uncovering the Kyoto Protocol credits loophole. The Climate & Energy Program's inaugural Director, Richie Merzian joined in June 2018 and has worked on climate and energy issues for over a decade with the Department of Foreign Affairs and Trade, Department of Climate Change, the Climate Action Network Australia and was involved in setting up the Australian Youth Climate Coalition.

Climate of the Nation

The Australia Institute published its first comprehensive report on the attitudes of Australians on climate change and energy. The Climate of the Nation report 2018 continued the work of the Climate Institute to provide the longest running review of the Australian communities' appreciation of climate science, impacts and actions.

The report was launched by former leader of the federal Liberal Party, John Hewson at Parliament House in September. Despite Prime Minister Turnbull's loss of the Liberal Party leadership a month earlier (after pursuing a policy to curb emissions in the electricity sector), the launch of the report helped maintain a focus on climate action. This was particularly important in confirming the majority of Australians (55%) want Australia to remain in the Paris Agreement, following a push by some media commentators and conservative think tanks for the new Prime Minister to exit the climate treaty.

Kyoto Credits

The Australia Institute helped uncover and communicate a major accounting loophole the federal government intended to use that would practically slash its emission reduction efforts under the Paris Agreement in halve.

The Morrison Government's intention to use 367 million tonnes of dodgy carbon credits, earnt through an inflated baseline and generous targets under the Kyoto Protocol (the Paris Agreement's predecessor agreement that operated from 2008 to 2020) is unique in the developed world. The UK, Germany, New Zealand, Denmark, Sweden and the Netherlands all ruled out using these dodgy credits as they undermined the Paris Agreement.

The Australia Institute has a long history of critiquing Australia's gaming of the climate agreements including Kyoto. While at the UN Climate Conference at Katowice in December 2018, we helped confirm the Australian government's interest in using the credits. Our research and communication efforts around the size and consequences of the Kyoto Protocol carbon credits has helped elevated this obscure accounting trick into a mainstream climate critique against the government.

The Institute will continue to raise at the highest levels including at the UN Secretary General's Climate Action Summit in September 2019 and at the next UN climate conference in December 2019 where we will encourage Parties to the Paris Agreement to rule out any use of Kyoto credits.

The Australia Institute at COP24

The Climate & Energy Program Director, Richie Merzian attended the 24th Conference of the Parties (COP24) to the UN Climate Convention in Katowice, Poland in early December.

At COP24, countries were confronted by the sizeable task of teasing out the devilish detail of the landmark Paris Agreement. With a lack of Australian NGO and media presence, there was little pressure on the Australian government to play a visible, constructive role. The only time Australia made international headlines was as the lonely foreigner alongside Trump appointees at the US pro-fossil fuel side-event, a lowlight that Richie helped communicate back home in real-time and one that (along with the dodgy use of Kyoto Protocol credits) earnt the Australian government an infamous 'fossil of the day' award.

With Minister for the Environment Melissa Price not conducting any media engagements from COP24, there was a real thirst for understanding what Australia was up to. The Australia Institute was able to provide daily updates and interviews to media and stakeholders back home. This helped uncover the Australian Government not standing up for climate science, overseeing four years of rising emissions, pushing for a Kyoto Protocol loophole, shying away from climate finance commitments, ignoring just transitions for coal communities and ranking at the bottom of several climate action indices.

The Australia Institute also helped coordinate Australian NGO engagement ahead of COP24 including facilitating briefings with the federal government ahead of and in Poland, and will continual to assist the NGO movement ramp up its international engagement.

Climate & Energy Program

Energy Reform

Since 2017 our research has diligently built the case for reform of the National Energy Market (NEM). We showed that opening up the market to competition from clean technology such as demand response will reduce prices and emissions. We have been careful to win bipartisan agreement and cut through the 'energy wars'.

By 2019, the national debate shifted. John Pierce, Chairman of the Australian Energy Market Commission has said that 'reform' plus 'smart technologies' can reduce energy costs.

Jennifer Hewett wrote in the Australian Financial Review, that 'technological change is increasingly overwhelming many of the more vicious political energy debates' and voiced her support for demand response specifically.

Demand Response Rule Change

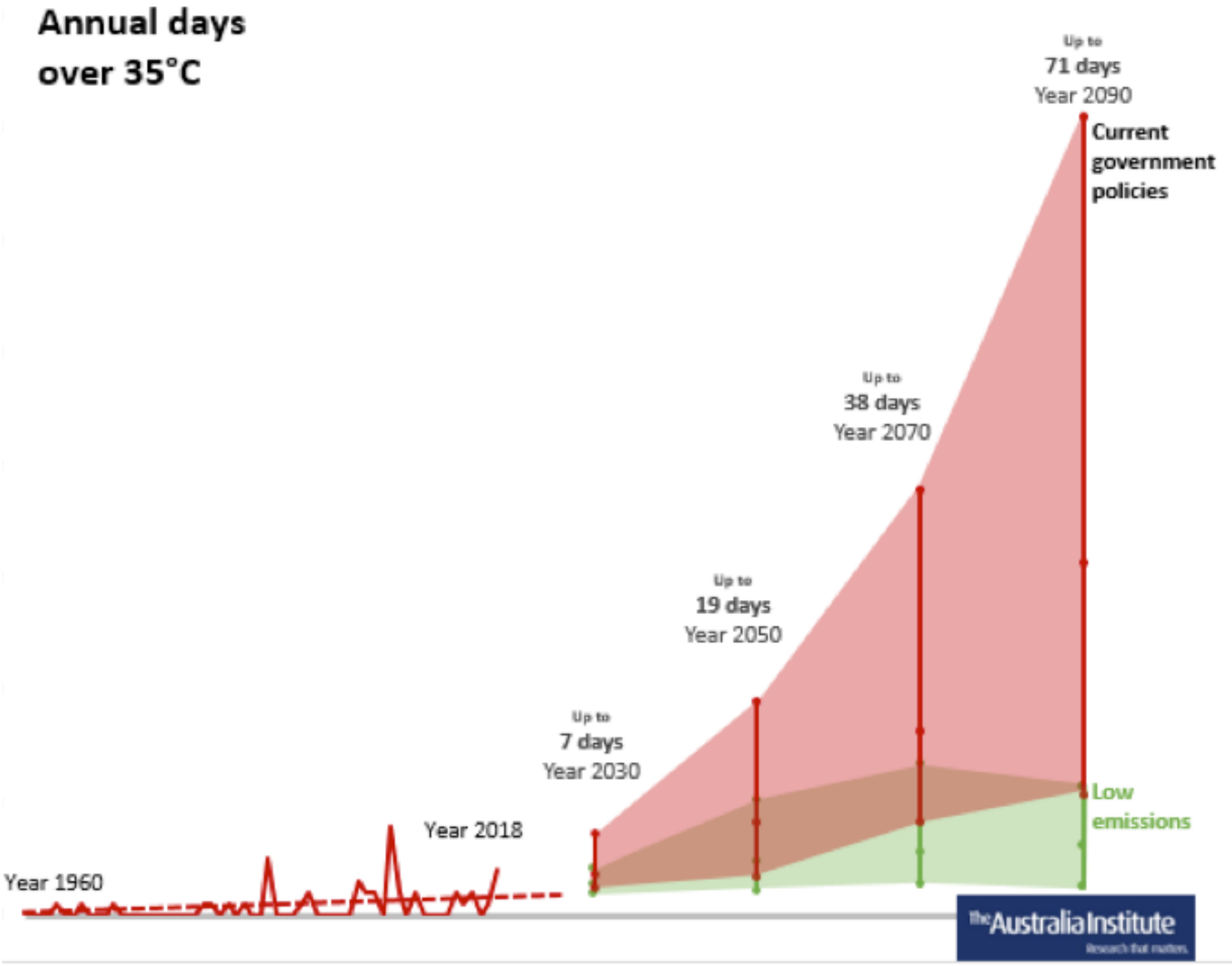
In August 2018 we co-sponsored a proposal with the Public Interest Advocacy Centre and Total Environment Centre to redesign the NEM wholesale market to allow demand response 'negawatts' to compete with 'megawatts' of generation.

Big retailers and generators pushed back, lodging a counter-rule that leaves retailers as the gatekeepers. The ACCC rejected this proposal and the Australian Financial Review's headline captured it perfectly: 'Battle lines drawn on energy response'.

The Australian Energy Market Commission appointed The Australia Institute to the Technical Working Group to help design the rule, along with the South Australian Government, AEMO, ARENA, Bluescope Steel, Tesla Energy, Enel X and mainstream energy companies.

In July 2019 the Commission published a draft rule that substantially follows our proposal and the final decision is due in November 2019.

We helped organised a letter calling on the Commission to push forward with the reform, co-signed by Innes Willox (Australian Industry Group), Steve Whan (National Irrigators Council) and others.



HeatWatch

Last year The Australia Institute initiated our HeatWatch project. The project uses Bureau of Meteorology data and CSIRO climate projections to show the historic and projected increase in extreme temperatures for any location in Australia down to 5 square kilometers. The increases are communicated through striking graphs showing the increase in days over 35 or 40 degrees that has already been experienced in any given location, and the projected increase over coming decades. The graphics are backed up by full reports explaining the impacts on people's health, work and local industries in detail.

Increasing extreme heat is the most direct impact of global heating, impacting every aspect of people's lives including health, work, the comfort of our homes and every-day outdoor activities. As such HeatWatch is a powerful tool for communicating the impacts of climate change.

So far, The Australia Institute has released HeatWatch reports for: Darwin, Rockhampton, Gladstone, Mackay, Townsville, Roma, The Sunshine Coast, The Gold Coast, Western Sydney, Brisbane, Adelaide, South East SA.

All HeatWatch reports are released on location, holding press conferences with Australia Institute representatives, experts and local people talking about the direct impact of increasing extreme heat on their lives. Most HeatWatch reports have received near blanket media coverage in the locations they were released including extensive TV, radio and newspaper coverage, demonstrating the effectiveness of the project in communicating the impacts of global heating. These HeatWatch releases were also accompanied by public forums and briefings of local stakeholders including councils, local politicians, business and farming groups, demonstrating The Australia Institute's commitment to direct, on-the-ground community engagement.

Last summer was the hottest summer on record in Australia, unprecedented heatwaves and fires, and temperature records broken across the country, showing the prescience and timeliness of the HeatWatch initiative.

Climate Assessments

The Australia Institute believes that explaining the real impacts of global heating to people's lives and livelihoods is essential to building support for strong climate policies.

In the leadup to the last federal election, The Australia institute released comprehensive Climate Assessments for the electorates of Dawson, Herbert and Capricornia in Queensland.

These Climate Assessments include projections for changes in rainfall, drought, floods, increasing fire weather, increasing evaporation and detailed analysis of the impacts of these changes on local industries and the community as a whole.

As with HeatWatch, the Climate Assessments were released on the ground in Mackay, Townsville and Rockhampton, some of the most challenging locations in Australia to communicate a climate message. Each release included full media conferences and extensive media and public engagement. These three reports alone received extensive media coverage including $350,000 of ASR value.

There is now a broad recognition that it is essential to explain the real impacts of global heating to people in heavily impacted regional communities and resource dependent communities in particular. The Australia Institute is leading the way on this communication with sophisticated targeted research backed by on-the-ground public engagement in some of the most important and challenging communities in Australia for communicating a climate message.

Gas & Coal Watch

The Australia Institute's Gas & Coal Watch is an initiative that publicly monitors the breakdowns of gas and coal-fired power stations.

Prior to Gas & Coal Watch, opponents of renewable energy had unfairly but successfully branded renewable energy as unreliable, and renewable energy was routinely blamed for blackouts caused largely by the failure of gas and coal power stations during heatwaves and extreme weather events, ironically exacerbated by climate change.

The Australia Institute's Gas & Coal Watch initiative has turned this situation around to the point where there is now widespread recognition that breakdowns at gas and coal power stations are the main cause of electricity supply shortfalls, and that renewable energy — particularly solar — actually increases reliability by supplying reliable electricity during heatwaves when demand is high and coal plants regularly fail.

The success of Gas & Coal Watch has resulted increased scrutiny of the performance of coal and gas power stations by the grid operator AEMO, and severely blunted misleading attacks on renewable energy by its opponents.

Over the last (financial) year, Gas & Coal Watch has tracked 100 breakdowns of gas and coal power stations in the NEM and played a central role in highlighting the disastrous breakdowns at Victoria's highly polluting brown coal power stations, particularly last summer. Watch this space for exciting new Gas & Coal Watch analysis and graphics.

Fracking

Shale gas in the Northern Territory and Western Australia are two of the largest potential sources of greenhouse gases globally. Both are under imminent threat of being developed which would be a disaster for our climate.

Despite this, the climate impacts of these were almost entirely ignored prior to extensive work by The Australia Institute which has placed the emissions impacts firmly at the center of the debate.

Due almost entirely to The Australia Institute's work, The Northern Territory Fracking Inquiry reversed its findings in the Draft Final Report from finding emissions were a "low consequence" and an "acceptable risk", to finding fracking emissions are "unacceptable" in the Final Report and recommending that they be "fully offset". This recommendation was accepted by the Northern Territory Government.

The Australia Institute then organised an open letter from 50 of Australia's leading scientists calling for a complete ban on fracking in Western Australia, propelling the emissions impact of fracking from being ignored to front and center of the debate with widespread media coverage of the scientists' intervention.

Since these interventions, the WA Environmental Protection Agency (EPA) recommended export gas emissions be "fully offset" following the precedent set in the Northern Territory, a recommendation that has been ferociously resisted by the gas industry.

We have continued our work in Western Australia, releasing research debunking industry claims of the economic benefits of gas development which has been backed up with extensive political and stakeholder engagement. We also continue to debunk misleading gas industry complaints, pushing back against the proposed offset requirements.

Adani / coal jobs / subsidies

Regardless of what some politicians claim, facts are facts. A world tackling climate change needs fewer fossil fuel projects, not more. The coal industry, and the mining industry at large, employs few people in Australia. Stopping new mines will allow governments and communities to plan while allowing new mines creates more uncertainty. Yet governments have sought to subsidise new fossil fuel projects, most notoriously the Adani coal mine.

Our research showed coal exports out of the Galilee Basin would put thousands of other coal mining jobs at risk, with a net negative jobs impact. We tracked the twists and turns of Adani's job claims and showed coal mining is a small employer even in North Queensland. Our explainer was shared hundreds of times and sparked a number of further stories. We made multiple submissions and gave testimony debunking coal industry economic claims and laying out the argument for a moratorium on new coal mines.

Our research on Adani has shown the Queensland government is still offering multiple royalty subsidies, despite both Adani and the government claiming no subsidies are on the table. The Institute's showed that proposed changes to Efic – the Export Finance and Insurance Corporation – would lead to increased taxpayer funds going to fossil fuels. It has happened before and it is already happening again, with Efic looking at funding oil and gas projects overseas.

Busting dodgy modelling behind climate scare campaigns

If you want to stop action on climate change, you're going to need an economic scare campaign. For decades, economic modelling has been abused to exaggerate the costs of action and ignore the costs of inaction. For decades The Australia Institute's research has sought to set matters straight, exposing the dodgy assumptions and giving needed context.

2019 saw an outbreak of particularly egregious modelling from Brian Fisher, which claimed increased climate targets would be 'apocalyptic'. The Australian Institute responded within hours of the first report, laying bare the bizarre assumptions, abused citations and unsound arguments. Knowing more was coming, we prepared briefings on how to criticise Fisher's modelling. Our research showed Fisher's report ignored climate damages, up to $130 billion annually according to a report that he himself cited. In a major report, we showed that more than 22 other reports — including from the Commonwealth Treasury, CSIRO and ANU — all showing the cost of action is very small. While Fisher's modelling was seized on by the government in its scare campaign, our research and engagement meant later instalments were presented as "hotly disputed".

DIVESTINVEST

DivestInvest

In 2018-19 The Australia Institute was excited to take on and ramp up the Divest Invest Australia initiative, promoting the shift of money out of new fossil fuels and into clean energy. The project is now lead by our Senior Researcher Tom Swann. In our first full year we have set up a new website, aggregated Australian divestment pledge data, published guidance documents, engaged with organisations considering divestment and developed case studies of previous decisions to inspire others. Major research and advocacy projects are underway, both in Australia and internationally.

A great example of how the Institute's research and engagement work together was Divest Invest Australia's research about the Great Barrier Reef Foundation. This small private charity received a massive untendered government grant, to great controversy. Our research showed the money was sitting in accounts with the big four banks, and so funding fossil fuel projects, fuelling climate change which is the biggest threat to the Reef. Our Senate committee testimony and political engagement resulted in the committee majority recommending the Foundation fully divest from banks funding fossil fuels.

DODGY MODELLING WITH FLAWED ASSUMPTIONS

4 things Brian Fisher got wrong in his Climate Modelling

1 // **Fisher's results are contradicted by a large economic literature.** The Australia Institute has identified 17 reports from the last five years alone and three major reports from Treasury. They show deep cuts are possible with very small or positive economic impacts and strong ongoing economic growth.

2 // **Fisher uses costs of abatement that are ridiculously high and widely contradicted.** They are many times higher than Government commissioned assessments from three years ago.

3 // **Fisher explicitly ignores the high cost of inaction.** Despite citing a report that says the costs of inaction to Australia are more than $130 billion a year — even without considering disaster impacts.

4 // **Fisher misrepresents Australia's commitment under the Paris Agreement.** He conflates Paris with current 26% 'down-payment' pledge, when in fact in the Paris Agreement, Australia agreed that "much greater emission reduction efforts will be required" to 2030.

The Australia Institute
Research that matters.
> Climate & Energy.

The Australia Institute SA

Beginning in October of 2018, The Australia Institute's presence in South Australia has significantly influenced public debate in a range of key policy areas. Establishing itself as an organisation that can both begin and shape conversations, we are rapidly becoming a sought after voice in the media landscape and building networks with key organisation, influencers and policy makers across the state.

The Great Australian Bight

The Australia Institute's regular, strategically timed media interventions and behind the scenes work with environmental organisations, experts, supporters and parliamentarians meant the fact that companies are seeking to drill for oil in the Great Australian Bight was a major issue at the 2019 Federal Election.

Sustained pressure throughout the campaign yielded results when, in the final week leading up to the poll, both Labor and the Liberal Party announced they would be reviewing the issue if they won the election. The Morrison Government have since commissioned the Chief Scientist Alan Finkel to run a review of the federal agency that regulates offshore drilling, NOPSEMA.

Climate Change / HeatWatch

As South Australia suffered multiple extraordinary heatwaves during the 2018-19 summer, we took the opportunity to launch HeatWatch Adelaide and HeatWatch South East SA in January and March, respectively. These interventions helped to cement global warming as a significant factor in the media's otherwise predictable coverage of the heatwaves.

In May, coverage of our state-wide polling showed climate change was shaping as a significant election issue with younger voters and, earlier in the year, our newspaper coverage and radio interviews revealed that South Australians strongly support a transition to electric vehicles.

Renewable Energy

Following the 2016 South Australian blackout, there was significant anti-renewable energy sentiment injected into State and Federal political conversations. A concerted effort to improve the tone of renewables coverage in South Australia and the continued growth of the renewable energy sector has resulted in a reversal of that narrative in the state.

South Australians are now proud of their renewable credential and in June of this year, just two months after Australia Institute research revealed that 70 percent of South Australian voters back a 100 per cent clean energy target by 2030, the Marshall Liberal Government publicly announced that it expects the state to reach that exact target.

State Parliament — Taxes and Services

In the South Australian Parliament, our work has focussed more on taxation decisions and their impact on the state's ability to provide essential public services. By building relationships with South Australian organisations, State Parliamentarians and the media, we have helped to shape the conversation both ahead of and following the State Budget in June 2019.

After opposing tax cuts contained in last year's State Budget, we worked with other South Australian organisations to begin a conversation about the popularity of policies that increase taxation on the wealthiest South Australians. Then, when this year's Budget was revealed, many were surprised to see it contained a measure which closed a land tax loophole for property investors.

The SA focussed work of The Australia Institute, in a relatively short period of time, has positioned us well to increase our presence and our influence across the state in years ahead.

The Australia Institute Tasmania

Salmon Farming

Tasmania has transformed from a bulk commodities to a service economy. The exception to this has been the rapid expansion of salmon farming. Salmon farming has caused considerable community disquiet. It also has the potential to undermine Tasmania's tourism industry and its reliance on the states clean, green and pristine image. The Institute has looked at what the salmon industry has contributed to the economy. Our research showed that despite the community concern and potential risks, the industry returned very little to the state in direct revenue and received substantial subsidies. In fact, salmon companies only paid 7 cents for every $100 of farm gate revenue received. Due to our work, the local community on the Tasman peninsular is now looking at running a citizen jury into the future of the industry.

Election

The Australia Institute held a number of election forums for both the state upper house elections in May and the federal election. Our candidates forums in Ulverstone and Queenstown had representatives from all of the parties and were very well attended and appreciated by the local communities. Our director in Tasmania, Leanne Minshull, joined Peter Slipper as the two panellists on the ABC local radio weekly election wrap show.

Agri-Energy

We worked on policy and outreach with the Agri-Energy Alliance — a member group of likeminded farmers making and distributing renewable energy power. The alliance is working with the Tasmanian network operator to change the way farmers can generate and sell their electricity. Typically, farmers pay the same price for energy produced in their own paddock as energy produced at a power plant half a state away, even though the energy only passed from one paddock to the next. The AEA model, allows farmers to only pay for the distance their power has travelled. Sounds logical, but because transmission systems have been based on historic modes of centralised power generation, changing to this new model requires new ways of thinking, and new ways of tracking joules, like block chain technology. Ben Oquist was a keynote speaker at the inaugural Agri-Energy Alliance meeting held in Northern Tasmania.

WTF2050

We released series 2 of our What's Tasmania's Future and turned the 'T' from Tasmania to 'the'. This round of podcasts featured Luke McGregor from Rosehaven fame, Sally Warhaft, Melbourne radio commentator, Andrew McPhail, independent film producer and more. We also worked with small tourism operators on the edge of the proposed Tarkine wilderness walking track to find out what they thought about the track and how it might help or hinder their business interests. We investigated what the future was of the tourism industry more broadly from a small operators perspective. The small video clips we made of their ideas were amongst the most shared and viewed content we made over the year.

Corporate Governance

The Australia Institute recognises its responsibility to maintain corporate governance practices that are robust, accountable and of a standard that meets the expectations of its stakeholders. The Institute's board and its staff are committed to implementing high standards of corporate governance.

Our Corporate Governance Policy

The principles of good corporate governance comprise an effective, accountable and ethical decision-making process focused on meeting the Institute's corporate objectives. These are outlined in the various documents that have been developed to guide the work of the Institute and the operations of its staff.

The Constitution outlines the main corporate governance responsibilities and practices are in place for the Institute and to which both the Board collectively, and the Directors individually, are committed.

The role of the Board is to govern the organisation, rather than to manage its day-to-day activities. The Board is committed to fulfilling its duties to the organisation, observing all relevant laws and regulations, and providing employees with a safe and rewarding place in which to work.

The Institute is committed to promoting ethical and responsible decision-making and procedures in relation to the research it carries out and the reports it publishes. Its activities are governed by the highest standards of reporting, based on exhaustively researched topics and constructive and unbiased conclusions.

Our Board of Directors

All non-executive Directors volunteer their time, and receive no remuneration for serving on the Institute's board.

Research Committee

The Research Committee approves the Institute's research priorities and activities funded from the Research Fund. The Research Committee met twice times in 2018-19 in November and April. Membership of the Research Committee is subject to the prior approval of the Australian Government and members are nominated on the basis of their proven ability to direct a research program, as evidenced by their academic qualifications and professional appointments.

Research committee members for 2018-19 were:
Professor Jon Altman, Dr Hugh Saddler, Dr Richard Denniss, Emeritus Professor Alastair Greig, Professor Barbara Pocock, Professor Spencer Zifcak, Professor Hilary Bambrick and Associate Professor Elizabeth Hill.

Management

Executive Director Ben Oquist, Deputy Director Ebony Bennett, Chief Operating Officer Kathleen O'Sullivan, Research Director Rod Campbell, Communications Director Anna Chang and Climate & Energy Program Director Richie Merzian led the day to day operations of the Australia Institute throughout 2018-19.

ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2019

The Australia Institute Limited
ACN 061 969 284

2018-19 FINANCIAL YEAR

The Australia Institute
Research that matters.

DIRECTORS' REPORT

THE AUSTRALIAN INSTITUTE LIMITED
ABN 90 061 969 284

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Dr John McKinnon
Professor Barbara Pocock AM
Associate Professor Elizabeth Hill
Dr David Morawetz
Dr Elizabeth Cham
Mr Josh Bornstein
Mr Andrew Dettmer
Ms Alexandra Sloan AM

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of The Australian Institute during the year was research into a broad range of economic, social, transparency and environmental issues. There has been no significant changes in the nature of this activity during the year

Review of Operations

The surplus for the financial year amounted to $499,260 (2018 surplus: $583,315).

Events Subsequent to the End of the Reporting Period

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Information on Directors

The names of each person who has been a director of the company at any time during or since the end of the financial year are:

Name	Dr John McKinnon
Experience	Dr McKinnon began his career in the finance industry. After holding several positions in funds management, asset consulting and superannuation consulting, Dr McKinnon co-founded the Australian office of Grantham Mayo van Otterloo LLC in 1995. In 2005, Dr McKinnon joined overseas aid and development charity TEAR Australia, where he managed first the NSW office and then TEAR's Australian operations. During this time Dr McKinnon completed his PhD in social enterprise and development, investigating the intersection of finance and poverty alleviation.
Responsibilities	Board Chair, Member Finance Committee, Member Fundraising Committee

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Name	Emeritus Professor Barbara Pocock AM
Experience	Professor Pocock is Emeritus Professor in the Business School at the University of South Australia. She founded and was Director of the Centre for Work + Life, at the University of South Australia 2006-2015. Professor Pocock has researched work, employment and industrial relations for over thirty years and is widely published. She has worked advising politicians, on farms, in unions, for governments and as a mother and carer.
Special responsibilities	Deputy Chair, Chair of the Finance Committee, Member of the Research Committee
Name	Associate Professor Elizabeth Hill
Experience	Elizabeth Hill is Associate Professor in Political Economy at the University of Sydney. Professor Hill's research focuses the political economy of gender, work and care in the Asia Pacific. She has published on work and care regimes in Australia and the Asia Pacific, gender and the future of work, migration and care work in Australia, informal work and employment policy in India, and women's unions and collective action in the Indian informal economy. Professor Hill is interested in how economic institutions shape women's paid work, unpaid care and the care workforce – especially as they evolve in response to the rapidly evolving dynamics of the global political economy.
Special responsibilities	Member of the Research Committee
Name	Dr David Morawetz
Experience	Dr Morawetz is the Founder and Director of The Social Justice Fund. Dr Morawetz first worked as an economist specialising in the economics of developing countries, becoming an Associate Professor of Economics at Boston University. Dr Morawetz then studied psychology and has spent the past 30 years as a counselling psychologist in private practice.

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Name	Dr Elizabeth Cham
Experience	Dr Cham was the National Director of Philanthropy Australia from 1996 to 2005. Prior to this, Dr Cham worked for several large Melbourne foundations including the Alfred Felton Bequest and the William Buckland Foundation. Dr Cham is an advocate for the social importance of philanthropy, and was instrumental in bringing about changes in taxation laws which had functioned as a deterrent to philanthropy, and participating in consultations which led to John Howard's creation of the Prime Minister's Business Community Partnership designed to dramatically increase the amount of philanthropic giving. These changes have resulted in approximately 1,600 new foundations being established. She was active in the establishment of the National Roundtable of Non-Profit Organisations, an independent, non-partisan group representing more than 20,000 NFP organisations across Australia, to facilitate consideration of regulatory, taxation and sustainable financing issues and coordinate engagement with the Australian community and public policy processes.
Special responsibilities	Chair of the Fundraising Committee
Name	Mr Josh Bornstein
Experience	Mr Bornstein heads the National Employment & Industrial Law practice at Maurice Blackburn Lawyers. He is a member of the Advisory Board of the Centre for Employment and Labour Relations Law, University of Melbourne and Deputy Chair of the Racing Appeals and Disciplinary Board, Victoria. Mr Bornstein writes about politics, economics, law, mental health, the world of work, bullying and climate change in publications including The Australian Financial Review, the Sydney Morning Herald, The Guardian, The Age, The Drum and Business Review Weekly. He appears as a panellist on ABC current affairs program, The Drum. He is a regular speaker and presenter to industry groups, academics, the philanthropic sector, union audiences, lawyers and students.
Name	Mr Andrew Dettmer
Experience	Mr Dettmer is the National President of the Australian Manufacturing Workers Union. Mr Dettmer is ACTU representative to SafeWork Australia, board member of the Industry Capability Network, and of Australian People for Health, Education and Development Abroad (APHEDA). He has been involved with international work for both APHEDA and the ACTU for some years, leading delegations to Vietnam and Indonesia. He is formerly a board member of the Australian Workforce and Productivity Agency and of Enterprise Connect, prior to their abolition. He co-chairs the Future of Work, Education and Training/ Test Laboratories stream of the AiG Industry 4.0 Forum. He is a former State President of the ALP Qld branch. As well as being involved in Australian Industry Participation policy and vocational education and training policy for many years, Andrew is also co-author of Educate, Agitate, Control, a history of the AMWU. Mr Dettmer is also a board member of TAFE Queensland.

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Name	Ms Alexandra Sloan AM
Experience	Ms Sloan AM is an award-winning journalist and highly regarded interviewer, facilitator and MC. Ms Sloan has been a journalist for over 30 years, including 27 years as a broadcaster with the ABC. During her career at the ABC, Ms Sloan was awarded a DFAT Travelling Scholarship to travel and report from Japan, South Korea and Hong Kong. She is a current member of the ACT Architects Board and Director and Chair of the ACT Selection Committee of the Winston Churchill Memorial Trust. Ms Sloan was also a member of the ACT Placenames Committee (1997-2017) and ACT and NT Selection Panel of Australian-American Fulbright Commission (2007-2010). In 2017, Ms Sloan was named ACT Citizen of the Year, and in 2019 was appointed a Member of the Order of Australia.

DIRECTORS' REPORT (continued)

Meetings of Directors

During the financial year, three meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Dr John McKinnon	3	3
Professor Barbara Pocock AM	3	3
Dr Elizabeth Cham	3	3
Mr Andrew Dettmer	3	3
Dr David Morawetz	3	3
Mr Josh Bornstein	3	2
Associate Professor Elizabeth Hill	3	2
Ms Alexandra Sloan AM	2	2

Directors appointments and resignations

Ms Alexandra Sloan AM	Appointed 9 September 2018

THE AUSTRALIAN INSTITUTE LIMITED
ABN 90 061 969 284

DIRECTORS' REPORT (continued)

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 7 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director: ______________________
John McKinnon

Dated this 1st day of November 2019

Director: ______________________
Barbara Pocock AM

Dated this 1st day of November 2019

AUDITOR'S INDEPENDENCE DECLARATION

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Level 3, 44 Sydney Avenue,
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AUDITOR'S INDEPENDENCE DECLARATION UNDER S60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF THE AUSTRALIA INSTITUTE

As lead auditor of The Australia Institute, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Australian Charities and Not-For-Profits Commission Act 2012* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

James Barrett, CA
Registered Company Auditor
BellchambersBarrett

Canberra, ACT
Dated this 1st day of November 2019

DIRECTORS' DECLARATION

performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director: ______________________
John McKinnon

Dated this 1st day of November 2019

Director: ______________________
Barbara Pocock AM

Dated this 1st day of November 2019

STATEMENT OF PROFIT & LOSS

THE AUSTRALIAN INSTITUTE LIMITED
ABN 90 061 969 284

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		$	$
Revenue	2	4,327,458	3,877,013
Advertising and marketing		(149,442)	(154,428)
Audit fees		(22,792)	(14,173)
Depreciation		(28,333)	(19,576)
Employment costs		(2,847,090)	(2,303,517)
Entertainment		(16,545)	(19,239)
Insurance		(25,445)	(21,127)
Interest		-	(656)
Occupancy		(92,504)	(43,824)
Other		(399,144)	(532,950)
Professional fees		(27,070)	(12,258)
Travel and accommodation		(219,833)	(171,950)
Surplus for the year		499,260	583,315
Other comprehensive income		-	-
Total comprehensive income		499,260	583,315

STATEMENT OF FINANCIAL POSITION

THE AUSTRALIAN INSTITUTE LIMITED
ABN 90 061 969 284

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	2,541,399	3,113,748
Trade and other receivables	4	61,135	335,997
Financial assets	5	1,500,000	-
Other current assets	6	20,360	-
TOTAL CURRENT ASSETS		4,122,894	3,449,745
NON-CURRENT ASSETS			
Property, plant and equipment	7	73,667	82,157
TOTAL NON-CURRENT ASSETS		73,667	82,157
TOTAL ASSETS		4,196,561	3,531,902
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	157,513	114,885
Provisions	9	244,401	172,522
TOTAL CURRENT LIABILITIES		401,914	287,407
NON-CURRENT LIABILITIES			
Provisions	9	96,086	45,194
TOTAL NON-CURRENT LIABILITIES		96,086	45,194
TOTAL LIABILITIES		498,000	332,601
NET ASSETS		3,698,561	3,199,301
EQUITY			
Retained earnings		3,698,561	3,199,301
TOTAL EQUITY		3,698,561	3,199,301

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

THE AUSTRALIAN INSTITUTE LIMITED
ABN 90 061 969 284

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained earnings	Total
	$	$
Balance at 1 July 2017	2,615,986	2,615,986
Comprehensive Income		
Surplus attributable to members	583,315	583,315
Balance at 30 June 2018	3,199,301	3,199,301
Comprehensive Income		
Surplus attributable to members	499,260	499,260
Balance at 30 June 2019	3,698,561	3,698,561

STATEMENT OF CASH FLOWS

THE AUSTRALIAN INSTITUTE LIMITED
ABN 90 061 969 284

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Receipts from operations		4,673,750	3,725,775
Payments to suppliers and employees		(3,793,833)	(3,288,509)
Interest received		68,612	61,215
Net cash generated from operating activities		948,529	498,481
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(20,878)	(60,645)
Net cash (used in) investing activities		(20,878)	(60,645)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for financial asset		(1,500,000)	-
Net cash (used in) / generated from financing activities		(1,500,000)	-
Net increase in cash held		(572,349)	437,836
Cash and cash equivalents at beginning of financial year		3,113,748	2,675,912
Cash and cash equivalents at end of financial year	3	2,541,399	3,113,748

NOTES TO THE FINANCIAL STATEMENTS

THE AUSTRALIAN INSTITUTE LIMITED
ABN 90 061 969 284

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Australian Institute (the company) applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010–2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 1st November 2019 by the directors of the company.

Changes to Accounting Policy

Financial Instruments - Adoption of AASB 9

The Australian Institute has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2018.

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Classification under AASB 139	**Classification under AASB 9**	**Change in carrying amount at adoption**
Trade and other receivables	Loans and receivables	Amortised cost	Nil
Cash and cash equivalents	Cash and cash equivalents	Amortised cost	Nil
Term deposits	Held to maturity	Amortised cost	Nil
Trade and other payables	Other financial liabilities	Amortised cost	Nil

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets and financial liabilities (continued)

Notes to the table:

(i) Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The entity intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

Accounting Policies

a. **Revenue**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

The Australian Institute receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax.

b. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Property, Plant and Equipment (Continued)

Depreciation

The depreciable amount of all fixed assets is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office equipment, fixtures and fittings	40%
Office fit-outs	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

If the assets' carrying amount is greater than its estimated recoverable amount, the carrying amount is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

c. Financial Instruments

Financial instruments are recognised initially on the date that the company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Impairment of Financial Assets

At the end of the reporting period the entity assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. **Financial Instruments (Continued)**

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the company classifies its financial assets into the following categories, those measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. The entity does not hold any financial assets at fair value through profit and loss or at fair value through other comprehensive income.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The entity's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

The entity measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the company comprise trade payables, bank and other loans and finance lease liabilities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. **Impairment of Assets**

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

e. **Employee Benefits**

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. **Employee Benefits (continued)**

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

f. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

g. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in payments to suppliers.

h. **Income Tax**

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

i. **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

j. **Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l. **Accommodation Bonds**

Accommodation bonds represent the bonds received by the company from residents. They are measured at cost, adjusted for repayments, interest charges and retention amounts to which the company is entitled. They are presented as other liabilities in the statement of financial position. Retention amounts and interest charges are recognised in the statement of comprehensive income when incurred.

m. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

n. **Key estimates**

Impairment
The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

o. **Economic Dependence**

The company relies on donations for a significant proportion of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe that donations will not continue to support the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. **Fair Value of Assets and Liabilities**

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

THE AUSTRALIAN INSTITUTE LIMITED
ABN 90 061 969 284

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: REVENUE AND OTHER INCOME

	Note	2019	2018
		$	$
Revenue			
Revenue from (non-reciprocal) and other grants			
Grant Revenue		426,266	418,182
Other revenue			
Donations		3,614,754	2,979,473
Interest received		68,612	61,215
Other income		217,826	418,143
Total other revenue		3,901,192	3,458,831
Total revenue and other income		4,327,458	3,877,013

NOTE 3: CASH AND CASH EQUIVALENTS

	Note	2019	2018
CURRENT			
Cash at bank	15	2,541,399	3,113,748

NOTE 4: TRADE AND OTHER RECEIVABLES

	Note	2019	2018
CURRENT			
Trade receivables	15	61,135	335,997

Provision for impairment of receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items. There has been no provision for impairment of receivables during the years ended 30 June 2019 or 30 June 2018.

NOTE 5: FINANCIAL ASSETS

	Note	2019	2018
CURRENT			
Term Deposits	15	1,500,000	-

NOTE 6: OTHER ASSETS

	2019 $	2018 $
CURRENT		
Prepayments	20,360	-

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2019	2018
Office fit out – at cost	38,136	38,136
Less accumulated depreciation	(8,211)	(730)
Total fit out	29,925	37,406
Plant and equipment – at cost	113,558	103,147
Less accumulated depreciation	(69,816)	(58,396)
Total plant and equipment	43,742	44,751
Total property, plant and equipment	73,667	82,157

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant & Equipment $	Fit Out	Total $
Balance at the beginning of the year	44,751	37,406	82,157
Additions	20,878	-	20,878
Disposals	(872)	-	(872)
Depreciation expense	(21,015)	(7,481)	(28,496)
Carrying amount at the end of the year	43,742	29,925	73,667

NOTE 8: TRADE AND OTHER PAYABLES

	Note	2019 $	2018 $
CURRENT			
Trade payables		27,208	9,460
Other payables		38,124	56,896
GST and PAYG payable		92,181	48,529
Total trade and other payables		157,513	114,885
Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:		157,513	114,885
Less: GST and PAYG payables		(92,181)	(48,529)
Financial liabilities as trade and other payables	15	65,332	66,356

NOTE 9: PROVISIONS

	2019 $	2018 $
CURRENT		
Provision for employee benefits: annual leave	40,192	121,219
Provision for employee benefits: long service leave	204,209	51,303
Total provisions	244,401	172,522
NON-CURRENT		
Provision for employee benefits: long service leave	96,086	45,194
	340,487	217,716

	Employee benefits $	Total $
Analysis of total provisions		
Opening balance 1 July 2018	217,716	217,716
Movement in provision	122,771	122,771
Balance at 30 June 2019	340,487	340,487

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for long service leave.

The current portion for this provision includes the total amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(e).

NOTE 10: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

	2019	2018
	$	$
Payable – minimum lease payments:		
- not later than one year	82,697	60,040
- later than one year but not later than five years	260,440	371,192
	343,137	431,232

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five-year term. Increases in lease commitments will occur in line with the consumer price index.

NOTE 11: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at balance date the company has no known contingent liabilities or contingent assets.

NOTE 12: EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting period, which require disclosure in the financial statements.

NOTE 13: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the company during the year are as follows:

	2019	2018
	$	$
Key management personnel compensation	455,705	469,008

NOTE 14: OTHER RELATED PARTY TRANSACTIONS

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

During the year ended 30 June 2019 there were no related party transactions (2018: Nil).

NOTE 15: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019	2018
		$	$
Financial assets			
Cash and cash equivalents	3	2,541,399	3,113,748
Loans and receivables	4	61,135	335,997
Investment in term deposits	5	1,500,000	-
Total financial assets		4,102,534	3,449,745
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	8	65,332	66,356
Total financial liabilities		65,332	66,356

NOTE 16: FAIR VALUE MEASUREMENTS

Net fair values of financial assets and financial liabilities are materially in line with carrying values.

NOTE 17: COMPANY DETAILS

The registered office and principal place of business of the company at 30 June 2019 is:

The Australian Institute
Level 1 Endeavour House
1 Franklin St, Manuka, ACT 2603

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSTRALIA INSTITUTE

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of The Australia Institute (the registered entity), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of The Australia Institute has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:

(i) giving a true and fair view of the registered entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the registered entity in accordance with the ACNC Act and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the registered entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so. The directors are responsible for overseeing the registered entity's financial reporting process

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSTRALIA INSTITUTE

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

James Barrett, CA
Registered Company Auditor
BellchambersBarrett

Canberra, ACT
Dated this 1st day of November 2019