Facts Don't Speak for Themselves

The Australia Institute

Annual Report 19–20

The Australia Institute
Research that matters.

The Australia Institute Limited presents its Annual Report for the financial year 2019-20

Corporate Information

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NGO director and philanthropist

Deputy Chair —
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Emeritus Professor, Business School, University of South Australia

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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.

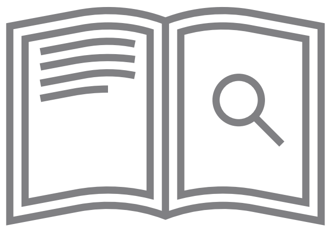
“When we talk about ‘research that matters’ we are talking about making real, tangible changes that would not have happened if we were not there to make them happen.”

— Ben Oquist,
Executive Director of the Australia Institute

Research at a Glance

Over 150 research pieces

118 Research reports



14 National Energy Emissions Audits

27 Submissions to Government Inquiries & Project Assessments

Media at a Glance

94.8 million
total cumulative
audience

Syndicated to
17,157 different bands,
frequencies and websites

5204
Press clip
mentions

$104.3 million
ASR value
(Advertising Space Rate)

Year in Review

Democracy & Accountability

The regulation debate

The COVID-19 political landscape has presented many threats as well as opportunities. Our understanding of the role of government itself has the potential to be remade in the public's mind. Similarly the role and importance of regulation, laws and society's rules are being re-imagined.

Too often we hear a simplistic assault on laws and regulation as 'red-tape' or 'green-tape', however, the COVID-19 crisis has the potential to teach us that good regulation is essential to protecting lives and livelihoods.

The most significant government imposed restrictions in our lifetime have been delivered to protect the health and well-being of Australians. These rules, which take away the most important of our liberties, have been introduced under a Liberal Federal Government.

Just as tax is the price we pay to live in a civilised society, laws and regulations provide the guard rails to ensure that the pursuit of individual liberties will not come at the expense of other people's health and freedoms. It is a fine line of course, but following the destruction of 46,000-year-old Indigenous heritage sites in WA recently, does anyone think, for example, we need less laws, less 'green-tape' to protect Indigenous culture and history in Australia?

This 'meta-debate' is critical for so many other debates. Unless there is a solid community and political understanding of the importance of laws and regulation, it is too easy for those running the simplistic anti- 'red-tape green-tape' line to succeed in their prosecution of the deregulation agenda. We are focused on this debate as key to achieving lasting progressive reform and you will be seeing more from us.

COVID oversight committee

The Australia Institute launched a push with an eminent group of retired judges for a NZ-style parliamentary oversight committee to provide scrutiny on the Federal Government's response to the COVID-19 crisis.

Our National Integrity Committee – made up of senior retired judges – called for Australia to establish a parliamentary committee to oversee the government's COVID-19 response, a call that polling shows is supported by 68% of Australians, including a majority across all voting intentions.

Momentum built fast after the story ran on the front page of The Age and The Sydney Morning Herald. As a result of the Australia Institute's actions, and many organisations, individuals, MPs and Senators (over 17,000 people signed our petition backing the former judges' call) such a committee has been established and, as The Monthly reported, it could be a game changer if we can make it work.

With the Federal Parliament suspended during the worst of the coronavirus, curtailing parliamentary scrutiny at this critical time when decisions are being made that will shape our society and economy for many years to come. It is with this in mind that we organised a special group of former judges to launch an urgent call for the establishment of a bi-partisan parliamentary oversight committee to ensure adequate scrutiny of the COVID-19 response while the Federal Parliament is not sitting. In the middle of this unprecedented health and economic crisis, it is critical we do not let a democratic crisis emerge as well.

Such a body has already been established in New Zealand to help fill the accountability gap. The NZ Epidemic Response Select Committee was set up by consensus with all parties represented, it meets online, and hearings are publicly broadcast.

“To ensure accountability and to preserve our democratic principles, it is important that when it returns, our Parliament establishes a special parliamentary oversight committee along the lines already adopted in New Zealand.”

— The Hon Mary Gaudron QC,
former judge of the
High Court of Australia

The group of former judges includes: The Hon Mary Gaudron QC, former judge of the High Court of Australia, The Hon David Harper AM QC, former judge of the Victorian Court of Appeal, The Hon Paul Stein AM QC, former judge of the NSW Court of Appeal and former President of the Anti-Discrimination Board, The Hon Anthony Whealy QC, former judge of the NSW Court of Appeal, The Hon Margaret White AO, former judge of the Queensland Court of Appeal, and The Hon Stephen Charles AO QC, former judge of the Victorian Court of Appeal.

Climate & Energy Program

National Electricity Market Reform

Our electricity market is in desperate need of reform.

The Australia Institute has been running a big program -- often behind the scenes -- to help change the rules of our electricity market. With renewables now cheaper than fossil fuels, one of the key things holding back their rapid deployment is an electricity market with rules developed for the last century that often suit the existing coal incumbents.

In good news, the Federal Government has confirmed that wholesale demand response will start in 2021 and will not be delayed as a number of those in the coal industry had been pushing for under the COVID-19 cloud.

But change can take time. We first published a report that went to Energy Ministers at COAG in 2017, before formally submitting the proposed rule change with our partners the Public Interest Advocacy Centre (PIAC) and the Total Environment Centre to the AEMC in October 2018.

Another key reform that the incumbents are seeking to delay is the '5 minute settlement' (5MS) rule which would allow electricity to be traded in 5 minute blocks rather than the current 30 minutes. And while it may sound small, this rule is important to change the economics of renewables and storage. The Australia Institute wrote a submission, backed by Mike Cannon-Brookes, Simon Hackett, Tesla and others fighting back against incumbents wanting to delay this 5MS rule.

NEM reform, while complicated and sometimes difficult to explain, is now absolutely key to an orderly retirement of gas and coal fired electricity and a more rapid uptake of renewables.

Electricity Users Will Get Paid To Cut Energy Use Under Historic Market Reform

Australian Financial Review: Critical grid reforms for power delayed

Australia Needs an Energy Reform Stimulus to Rebuild After COVID-19

AN OPEN LETTER

To COAG Energy Council

Australia faces an economic crisis caused by the COVID-19 pandemic.

At the same time we face a challenge maintaining the reliability of electricity supply in a system designed around coal-fired power. Australia lacks bipartisan agreement on a long-term climate policy consistent with the Paris Agreement.

COAG Energy Council can address these problems by opening up the National Electricity Market to more competition from renewables, energy efficiency and enabling technologies such as batteries. The AEMC showed the way last week with its decision to keep Five Minute Settlement on track for implementation in 2021. A fit-for-purpose NEM will stimulate investment in regional Australia and reduce energy costs.

COAG plans to deliver a new market design, the P2025 project, from mid-2026. Australia cannot wait that long for a major redesign of the NEM.

We call on this historic, last meeting of COAG Energy Council to:

1 // **Prioritise** the Energy Security Board's P2025 project and interim reliability measures, for delivery from 2023;

2 // **Pause** or delay all other non-priority rule changes and reviews by the ESB, AEMC, AER and AEMO;

3 // **Accelerate** the Integrated System Plan including Group 1 and 2 and Renewable Energy Zone projects even where this means states moving forward unilaterally to build transmission and interconnectors.

Australia needs an energy reform stimulus to build back better.

SIGNATORIES

Mike Cannon-Brookes
Co-CEO
Atlassian

Simon Hackett
Renewable Energy
Entrepreneur and Investor

Emma Jenkin
Co-Founder
DC Power Co

Mark Twidell
Managing Director
Energy Products and Programs
Tesla

Dan Adams
Co-CEO
Amber Electric

Professor Renate Egan
Engineering
UNSW

Gavin Dietz
CEO
Wattwatchers Digital Energy

Dr Hugh Saddler
Honorary Associate Professor
Crawford School of Public Policy
Australian National University

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

For more information visit > **tai.org.au**

$460m Lifeline Needed to Save ARENA, Build Australia's Energy Future

Saving ARENA

You might recall that the Australia Institute was instrumental in saving the Australian Renewable Energy Agency (ARENA) when a deal with the Senate crossbench was struck. All these years later, ARENA is still producing the goods.

But, as our research has demonstrated, it needs saving again and we have been working with key players and business to protect ARENA's future.

Pacific Island Forum

Our Climate & Energy Program worked to highlight Australia's woeful climate performance at the Pacific Island Forum.

Pacific Island countries are now consistently pushing for a moratorium on new coal mines. This is a breakthrough many years in the making, the Australia Institute lead the way by bringing His Excellency Anote Tong, then President of Kiribati to Australia ahead of Paris COP to make the initial Pacific call for No New Coal Mines in 2015.

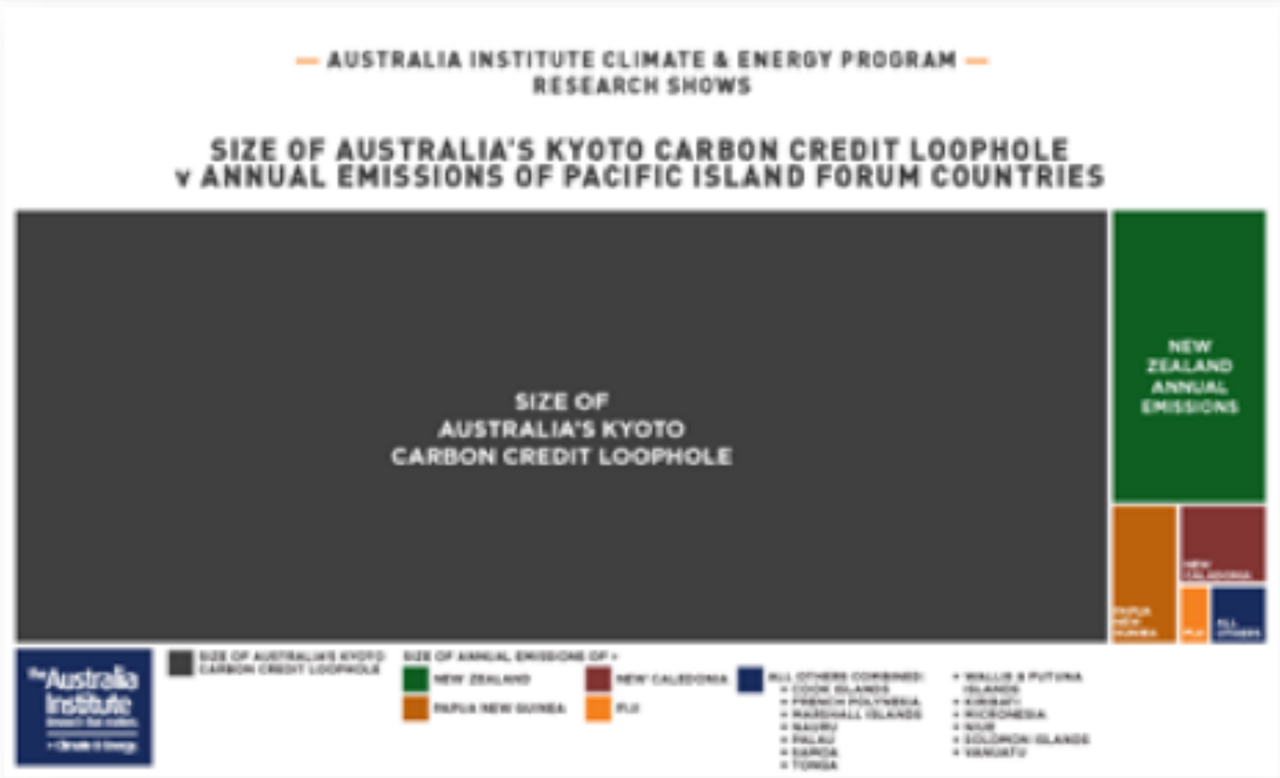
However, the bad news is Australia is not only undermining this push but ploughing ahead with its use of the controversial Kyoto credits. Our analysis shows that Australia's Kyoto loophole is eight times larger than the fossil fuel emissions of all the Pacific Nations including New Zealand, combined.

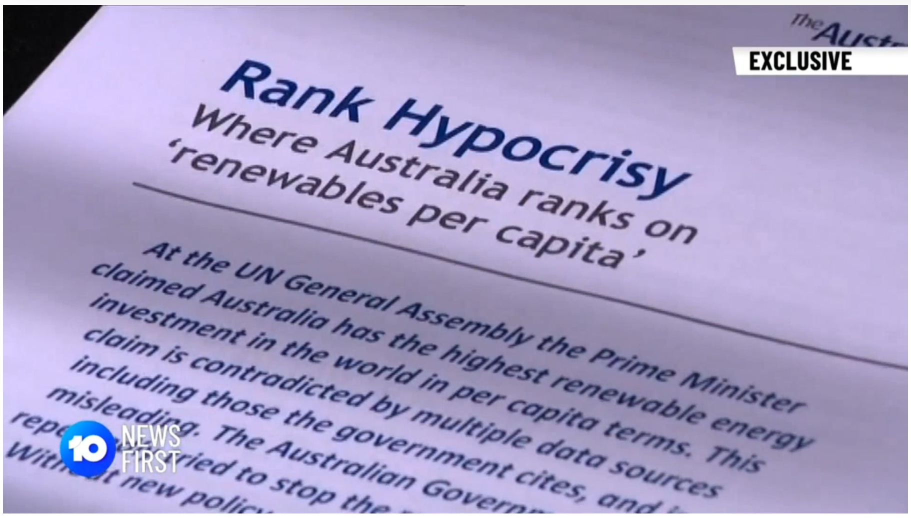
Australia's Kyoto loophole eight times larger than entire Pacific emissions

Analysts say Kyoto credits being used to back out of promised cuts as Tuvalu's PM calls Australia's $500m pledge an immoral ploy to quell debate

▲ Children symbolically representing climate change greet Australian prime minister Scott Morrison as he arrives for the Pacific Islands Forum in Tuvalu on Wednesday. Photograph: Mick Tsikas/AAP

We also a published major new report highlighting the sheer scale of Australia's pollution exports. Our landmark report showed that the amount of pollution exported by Australia in the form of fossil fuels, is on par with Saudi Arabia. This flies in the face of those who argue Australia's emissions are small on a global scale: Australia's domestic emissions are large, and its exported emissions are even larger.





‘Demand Response’ Breakthrough

The Australian Energy Market Commission (AEMC) announced it has accepted a draft electricity market rule change that would open up the wholesale electricity market to ‘demand response’.

This means energy users will be paid to reduce demand, instead of turning on more expensive generators, when demand and wholesale prices are high. This is a win for grid reliability as well as reducing power costs and lowering emissions. It is a win-win-win solution.

This is a rule change that the Australia Institute has proposed and submitted with key consumer and environment groups. It is the result of detailed research, analysis, policy and political engagement on our market reform strategy since early 2017. We worked on the AEMC’s Technical Working Group this year, refining the rule concepts along with BlueScope Steel, AEMO, Tesla, ARENA, Enel X and other key players.

Modernising Australia’s energy market rules is fundamental to accelerating the transition to renewables, while lowering costs and maintaining reliability. Renewables are now cost competitive and even cheaper than fossil fuels, but our energy system was designed for coal. Australia needs a new system, grid and rules that allow fair competition from renewables and consumer owned energy resources -- demand response, batteries and solar PV.

Without changes like demand response, the market rules are a ceiling on the level of renewables our energy system can use safely and at a reasonable cost. That is why this work is so important – Australia cannot get to higher levels of renewables penetration – let alone 100% - without market reforms. However, there are technical, political and economic obstacles. Many incumbent energy players attempt to block reform every step of the way, as they profit from the current arrangements. There is a lot further to go, but this is a significant step that should be able to be embraced by all sides of politics – on ‘free market’ grounds alone.

Economics

Economic Debate Transformed

Our economic debate has been transformed by the pandemic.

The Australia Institute, while working from home like many people, has ramped up our operations and engagement during the pandemic response.

The Institute played a central role in making the case for a big stimulus package, as well as our Centre for Future Work director Jim Stanford co-ordinating an open letter signed by 109 Australian economists and policy experts calling for a government wage subsidy – a policy the government has since adopted. We are already making the case for further stimulus spending aimed at investments in public building, infrastructure and clean energy projects.

The public response has been immense - there is such a deep hunger for clear-eyed analysis and ideas. Our special 'Why Economics is Broken' program of research, initiatives and events has been the perfect platform to help drive the debate. Our new live webinar series being hosted, organised and driven by our Deputy Director Ebony Bennett was so inundated by people wanting to tune to our first webinar that we had to increase our audience capacity!

Scott Morrison needs to target his spending at significant problems or he will only be remembered for debt

Richard Denniss

Fortunately the PM recognises we need a big budget deficit right now but is the money benefiting citizens properly?

'The Coalition was obsessed with pointing out during the GFC that pumping money into the economy is the easy bit. Targeting it at things that deliver benefits to citizens is a much, much harder task.' Photograph: Mike Bowers/The Guardian

Our objectives:

- Show that government spending is essential to get through both the health crisis and economics crisis that accompany COVID-19
- Show that decades of tax cuts and spending cuts have left our essential services and welfare system poorly prepared to cope with the surges in demand that crises bring
- Prepare the public for the economic fight to come after the health crisis has passed. Use of the high level of debt the Government is racking up to justify cuts to public services, public sector pay, and reduce welfare payments must be challenged.

It takes a team to do the work – something the Shadow Treasurer Jim Chalmers was good enough to point out at our event in Brisbane:

"The Australia Institute has become one of, if not the dominant progressive think tank in our country. And we all owe them a debt of gratitude, I think, for the work that they do every day - the whole team, Ben and Richard, but all of the team at the Australia Institute. Because as you know, and certainly as I know, it is difficult to make a good case for good economics when we are up against frequently very well-funded right wing think tanks, pushing a certain sectional view."

– Jim Chalmers MP

The Economic Response to COVID-19

Our research has shown just how badly women are faring as a consequence of the COVID economic crisis.

Not only are women more likely to have become unemployed, have lost more hours of work, or dropped out of looking for work altogether, our analysis shows the Government's economic stimulus programs are favouring men over women.

Our research has shown for every $1 million dollars spent on education 10.6 jobs for women are created, while every $1 million spent on construction creates only 0.2 jobs for women.

The Australia Institute's research also showed how the NSW Government's plan to cut the pay of public servants to spend more money on capital works would actually cost 1,100 jobs and harm regional NSW economies. The research helped persuade the NSW Upper House to vote to scrap the NSW public pay freeze.

The Coalition dishes out jobs for the boys while women carry coronavirus' economic burden

Richard Denniss

The end of free childcare is just the latest measure that disadvantages women in the Australian labour market

▲ 'The government knows that women are far more likely to work in industries such as health and education than they are to work in construction.' Photograph: Dean Lewins/AAP

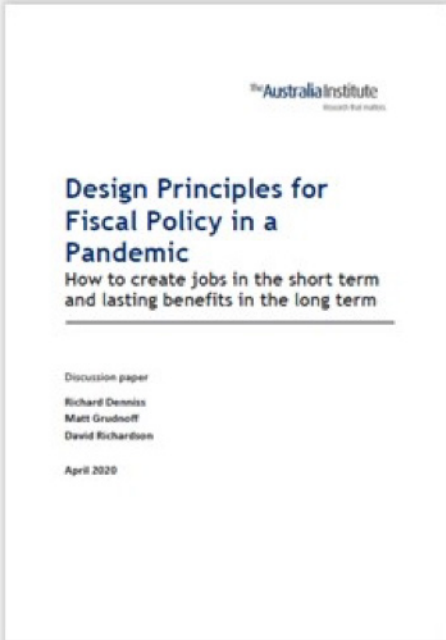
While coronavirus downturn has hit women hardest, stimulus packages disproportionately help men

Pay rises generate 1100 more jobs: economists

Public servants' pay freeze blocked

Economic Stimulus and Resuscitation

$200 billion was spent to stabilise the economy during the COVID-19 crisis and political discussion has since turned to what government-supported measures will be used to resuscitate Australia's economy in the medium to long term.


The Australia Institute

Design Principles for Fiscal Policy in a Pandemic

How to create jobs in the short term and lasting benefits in the long term

Discussion paper

Richard Denniss
Matt Grudnoff
David Richardson

April 2020

Many different proposals -- from big business company tax cuts to a 'Green New Deal' are being publicly proposed. Demonstrating which proposals are most economically effective will be key to persuading both the public and policymakers which proposals should be adopted. That is why the Australia Institute produced a major new report that it is now time for the Federal Government to roll out structural supports — namely, projects that are:

- labour intensive;
- rely heavily on local supply chains; and
- deliver lasting benefits to the community.

JobKeeper Package

The Government's wage subsidy package is one of the largest Commonwealth outlays in the nation's history and deserves much closer scrutiny.

It presents a potentially large transfer of wealth from the community to many business with apparently few safeguards to ensure that all funds genuinely support workers and genuinely go to businesses that are in trouble.

The scheme will need to be thoroughly scrutinised and may well need improving with appropriate mechanisms put in place to ensure employee protections and that windfall gains to businesses are limited or repaid.

The Australia Institute released polling on the wage subsidy for casual workers. The top-line results are that 81% of Australians support extending the Job Keeper wage subsidy to all casual workers, regardless of how long they have been in their job – including 39% who strongly support the extension. Only 11% of Australians oppose extending the wage subsidy, including 4% strongly opposed.

Jim Stanford, director of our Centre for Future Work, analysed the strengths and weaknesses of the government's wage subsidy scheme. He identified unintended consequences that could come from the payment's flat-rate nature, the effect of excluding some recipients from receiving the payment, and the power imbalance it may create between employer and employee.

JobKeeper Wage Subsidy: Pros & Cons

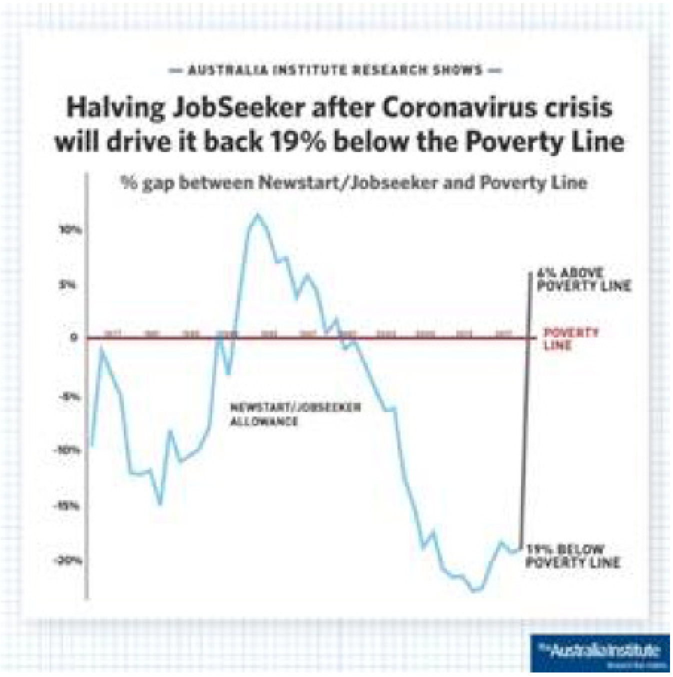
Pros:		
$130 billion wage support will keep millions of workers in their jobs.	Incomes could rise for some low-wage and part-time workers.	Prevents overloading Centrelink offices with large numbers of unemployed.
Cons:		
Over 1 million short-tenure casual workers (under 12 months) excluded.	Over 1 million foreign visa workers (other than NZ) excluded.	Workers in temp and day hire roles (arts, film, construction) excluded.
Employers can stop making their superannuation contributions.	Income replacement rate is very low for full-time workers (50% or less).	Employers could take the wage subsidy but force workers to use up annual leave.
Employers may try to unilaterally change hours of work to maximise savings.	Work may be shifted across workers to boost employer savings.	Employers may choose not to apply for the subsidy for some workers.

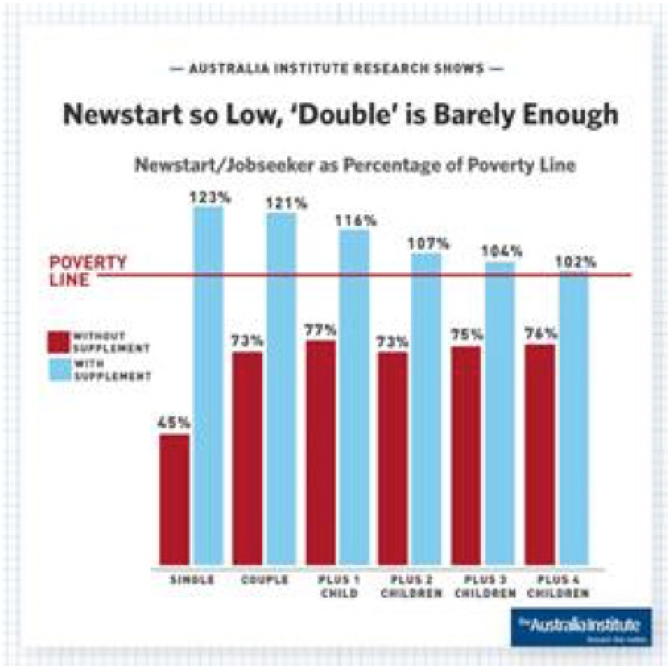
The JobKeeper program is an important and necessary support to help Australian workers through the pandemic and the recession. These design flaws can and should be fixed. 81% of Australians want all casuals to be covered by the scheme (*Australia Institute research*).

Let's do this right!

JobSeeker Package

Our research also found that the Government's doubling of the base Job Seeker payment lifts recipients out of poverty. The increase benefits smaller families more than larger ones. It restores a family of four to about where they were in the early days of the Howard Government, but is still well below the peak in the early 1990s when Bob Hawke swore no child would live in poverty.





Private Health Insurers' Windfall

The Australia Institute, in collaboration with health finance expert Roy Harvey, found that Australia's private health insurers are set to receive a multi-billion dollar windfall as policy holders reduce their use of health services. The windfall is set to be between $3.5 billion and $5.5 billion over the next six months.

Australia's private health funds could reap windfall from coronavirus – report

Research suggests funds should pass on to customers their fall in costs as elective surgery is cut

▲ Report author says if private health funds fail to pass on the fall in costs to customers due to reduced surgery, more people will flee the system.

Private health insurance funds stand to reap a windfall of between $3.5bn and $5.5bn due to a dramatic fall in elective surgery and other medical procedures during the coronavirus crisis, according to new research from the Australia Institute thinktank.

Private health funds to reap $5 billion pandemic windfall

FINANCIAL REVIEW

In the absence of tax cuts, investment allowance is key

Jennifer Westacott

The Australia Institute endorses proposal from the Business Council of Australia.

The RBA Governor warned that monetary policy is reaching its limits and the Australian economy needs other support.

In fact, his call for higher wages growth, including in the public sector, and more government borrowing to fund infrastructure is, in effect, a direct repudiation of much of the conservative economic doctrine over the last few decades.

In this context, the BCA -- as an alternative to company tax cuts -- has called for an 'Investment Allowance' to incentivise business to invest more. Their solution is not dissimilar to Labor's investment guarantee election promise.

Australia Institute research has shown an across the board cut in the company tax rate would provide a large windfall gain to overseas investors, and only provide a small benefit to local investment. However, an Investment Allowance or Guarantee would be targeted.

As Nobel Prize laureate Joseph Stiglitz points out, if you want to encourage investment, then it is much better to target investment directly.

The BCA proposal could be strengthened with the addition of a 'fiscal responsibility' sunset clause, and be further improved with offsetting revenue measures such as clamping down on superannuation tax concessions, a diverted profits tax (so-called 'google tax'); but should be supported at least for the medium term.

The announcement from the BCA also effectively means large company tax cuts are dead and buried -- and that's good news for our economy, society and the Budget.

FINANCIAL REVIEW

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Politics Federal Tax reform Print article

BCA push for investment allowance wins backing from left think-tank

Andrew Tillett
Political correspondent

Aug 16, 2019 - 12.00am

Save Share

In a rare show of common ground, progressive think-tank the Australia Institute has offered backing for the Business Council of Australia's push for an investment allowance for companies to help boost the economy.

Institute executive director Ben Oquist said the BCA's pitch for the government to revive the Labor-style allowance was an indication moves to cut the corporate tax rate were dead.

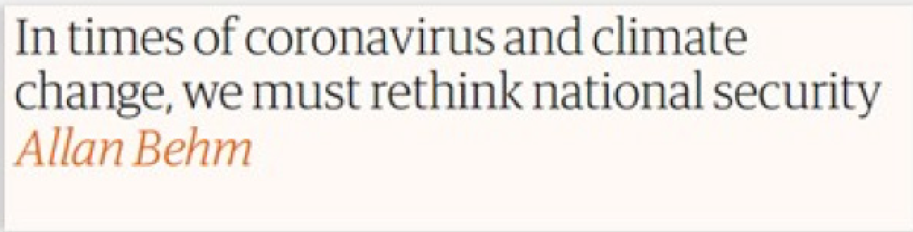
Australia Institute executive director Ben Oquist has backed the Business Council of Australia's call for an investment allowance. **Alex Ellinghausen**

International & Security Affairs

Introducing our new International & Security Affairs Program

The Australia Institute has embarked on a bold new program to help re-think national security. For too long only one side of the debate has dominated foreign affairs and national security discussions -- leading to warped policy outcomes.

The debate about the pandemic (and climate crises) demonstrates just how clearly the discussions around national security need a rethink. Security in the 21st century is as much about defending the health, safety and prosperity of citizens from pandemics, disasters, pollution and supply shortages as it is about defending the state against armed aggression by other states. Climate change, drug policy, gun laws -- and indeed, pandemics – are foreign policy issues that all relate directly to citizens' wellbeing are far greater threats to security than terrorism or military conflict. However, government spending and legislative responses still focus on military hardware and security agencies. Given the power and prestige associated with national security policy, our analysis is that until the debate is better balanced by this progressive outlook it will be difficult to move other important policy debates and outcomes.

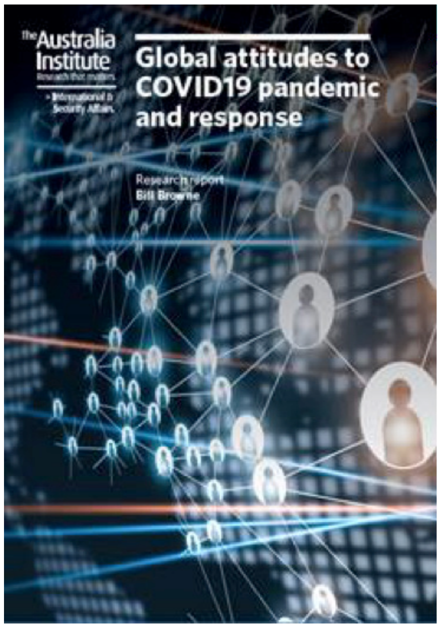


In times of coronavirus and climate change, we must rethink national security

Allan Behm

International attitudes to COVID19 pandemic

The Australia Institute published a global report that looks at community attitudes around the COVID-19 crisis across six democracies: Australia, New Zealand, the United Kingdom, the United States, Italy and South Korea.



The Australia Institute keeps a watching brief on the issue of trust, in particular as it pertains to our democracy. The apparent global drift of public disengagement from politics is one of the great troubling trends of our time. The associated loss of faith and trust in the role of government is a potential handbrake on the reforms that our society - and indeed our planet - needs. That is one of the reasons why the COVID-19 crisis represents such an opportunity as well as challenge.

Some governments here and around the world have led well, and others less so -- with dramatic consequences.

Will the public now recognise that the Government should and can play an important role in crises? This could be a game-changer in addressing other crises, not least climate change.

It is with all this in mind that the Australia Institute's International & Security Affairs program a deep dive into the community response across six democracies. The report shows how high the level of trust in Government is right now, notwithstanding big differences -- for example New Zealand compared to the US.

THE AUSTRALIAN

Coronavirus: Champion of the left has plaudits for conservative PM

BEN OQUIST

Mining

Coal Industry writing Australia's Laws

The Prime Minister's announcement that he will introduce new laws to prevent consumers and environmentalists from advocating against companies that invest in coal marks a watershed moment in Australian politics.

The right of consumers to advocate for what they believe in is an important freedom. All consumers have the right to boycott products and companies whose values don't align with their own, and all investors have those rights as well.

At a federal level, there are moves to ban secondary boycotts for consumer and environmental advocates. At a state level there is an unprecedented move by the NSW Government to capitulate to the Minerals Council, which has demanded that state law be overturned, preventing the Independent Planning Commission from properly considering 'Scope 3 Emissions'.

The coal lobby has run a relentless campaign against an important new legal precedent in the NSW Land and Environment Court that found the full impact of coal mines on climate change, including emissions from burning the coal must be considered in assessing new coal mines.

This campaign included unprecedented and misleading attacks on the state's Independent Planning Commission.

As a consequence, the NSW Government is set to legislate new restrictions on its own Independent Planning Commission preventing it from considering this downstream greenhouse gas pollution (Scope 3 emissions) in major development decisions. Scope 3 emissions from burning coal are by far the largest source of greenhouse gases from coal mined in NSW.

The lobbying power of corporate Australia on full display.

In short: the Berejiklian Government is moving to amend the NSW laws that currently require the full climate change impacts to be considered in the assessment of new coal mines.

The Government also launched a review that will consider axing the Independent Planning Commission, increasing the power of politicians to approve coal mines and other controversial developments.

In response, the Australia Institute coordinated an open letter of 47 scientists and experts to hit back – with a story in the Sydney Morning Herald as the legislation was introduced to NSW Parliament.

The Australia Institute released a new TV ad challenging these laws at NSW Parliament House together with David Morris (head of NSW EDO), Paul Stein AM QC (former NSW Supreme Court Justice & former Judge of Land and Environment Court of NSW), Ken Thompson (former Deputy Commissioner, NSW Fire Brigade) and Janet Reynolds (bushfire survivor).

Changing these laws would not only undermine New South Wales' standing in fighting climate change – it would send Australia backwards at a time when our reputation is already at a low point. As we know, coal emissions do not stop at state (or national) borders.

The Sydney Morning Herald

'Don't cave to pressure from coal lobby', scientists urge NSW government

Australia Institute Democracy Program

Supporting a Federal Anti-Corruption Watchdog with teeth is part of our ongoing program to help strengthen and defend our democracy.

The Australia Institute co-ordinated the Federal Crossbench’s first press conference coming together on the need for a properly functioning National Integrity Commission. It received enormous media coverage, putting the pressure squarely on the Attorney General not to sweep the establishment of a genuine National Integrity Commission with teeth to the sidelines.

It was a big statement from the crossbench to come together on the need for a properly functioning National Integrity Commission and certainly the first such call of the 46th Parliament.

There is still a long way to go until a corruption watchdog is implemented but this united front from the crossbench will keep the pressure on the government and keep the issue in the national spotlight.

The Australia Institute, South Australia

In its second year in South Australia, the Australia Institute has expanded its role as a key public voice on issues from the environment and renewable energy to state based taxation and the importance of economic support during COVID-19.

The opening of an office space in Adelaide in early 2020 has given The Australia Institute's project in South Australia a physical form and helped to cement its position in the state.

The Great Australian Bight

For years, global oil companies have attempted to drill for oil in the Great Australian Bight. In the early stages of 2019-20, Norwegian energy giant Equinor was seriously attempting to exploit the crucial marine ecosystem of the Bight off of the South Australian coastline.

Over the course of the year The Australia Institute released a series of timely, high profile research reports on the issue. In August 2019 we showed how the serious risk to employment from an oil spill would far outweighed the potential employment benefits of the project. In November 2019, a front page article in The Advertiser based on our research revealed the relatively small amount of tax that would be collected if the project were to go ahead.

Concurrently, our public information sessions and the release of regular opinion polling repeatedly showed an increasing opposition to drilling in the Bight, both here in South Australia and across the country.

In February of 2020 Equinor announced that they had abandoned their plans to drill for oil in the Great Australian Bight.

Bight drilling a 'dud deal' for SA, report warns
South Australia would be short-changed if oil is extracted from the Great Australian Bight, a report claims.
adelaidenow.com.au

Climate and Energy

Building on work undertaken in the previous summer, The Australia Institute continued to highlight the regular instances of extreme heat during 2019-20.

In March of 2020, research was released which showed summers in Adelaide were getting hotter and lasting longer over time. Using Bureau of Meteorology records, we were able to trigger significant debate across the media by showing that temperatures which were considered to be a regular South Australian summer in the 1950s, now span from early to mid-November all the way through to mid-March.

Throughout the year we also met with stakeholders and politicians in South Australia to discuss energy issues and the National Energy Market. A recent focus of this work was to build support for The Australia Institute's position that the country's response to COVID-19 should include an accelerated approach the energy market modernisation, which would then be able to properly support the transition to renewable energy.


The Advertiser

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SA NEWS

Study finds South Australian summers have grown 36 days since the 1950s, and winter has shrunk ten days

Summer in Adelaide is 36 days longer and our winter is shrinking by 10 days, according to a new study which has climate experts worried.

Rebecca DiGirolamo, The Advertiser

Subscriber only | March 2, 2020 12:00am

Heatwaves are a hallmark of an Australian summer. But they're getting hotter, becoming more frequent, and lasting longer.

Tax and the economy

The Australia Institute also played a key role in securing an important improvement to the way land tax is calculated in South Australia.

Our advocacy for the government's controversial 'aggregation' policy, combined with polling that showed it was broadly supported by South Australians, helped to secure its success in Parliament in November 2019 when it was eventually passed into law.

In 2020, as COVID-19 plunged the state into a worsening economic recession, The Australia Institute released research which showed the government's plan to reduce the level of support being paid to JobSeeker recipients would force 22,000 South Australians, including 3,000 children, into poverty.

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Through a sustained effort of public advocacy and engagement with stakeholders using detailed research and reports, The Australia Institute has continued to play a significant role in the public debate in South Australia. We look forward to building on that work in the future.

Corporate Governance

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 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 in 2019-20 in November 2019 and April 2020.

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 2019-20 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 2019-20.

Annual Financial Report

DIRECTORS' REPORT

THE AUSTRALIA INSTITUTE LIMITED
ABN 90 061 969 284

DIRECTORS' REPORT

Your directors present this report on The Australia Institute (the "Company") for the financial year ended 30 June 2020.

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 Australia Institute Limited during the year was to conduct original research on a broad range of economic, social, transparency and environmental issues in order to inform public debate and bring greater accountability to the democratic process. 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 $238,155 (2019 surplus: $499,260).

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 is an experienced company Director with a history of working in the non-profit and finance sectors. 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.
Special 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 is Associate Professor of political economy at The University of Sydney and co-convenor of the Australian Work and Family Policy Roundtable. She is a leading researcher on women, work and care in Australia and the Asian region and 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. Associate Professor Hill has collaborated with leading international institutions including the International Labour Organisation, UN Women and the Australian Human Rights Commission through her research. She is currently a Chief investigator on the Australian Women's Working Future Project.
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.
Name	Mr Andrew Dettmer
Experience	Mr Dettmer is the National President of the Australian Manufacturing Workers Union and the ACTU representative to SafeWork Australia. Mr Dettmer sits on the boards of the Industry Capability Network; the Australian People for Health, Education and Development Abroad (APHEDA) and TAFE Queensland and co-chairs the Future of Work, Education and Training/Test Laboratories stream of the AiG Industry 4.0 Forum. As well as being involved in Australian Industry Participation policy and vocational education and training policy, Mr Dettmer is co-author of Educate, Agitate, Control, a history of the AMWU.

THE AUSTRALIA INSTITUTE LIMITED
ABN 90 061 969 284

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Name	Dr Elizabeth Cham
Experience	Dr Cham is the former National Director of Philanthropy Australia. 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. He is a member of the Victorian Racing Tribunal. He is a former director of State Trustees Ltd and was a director of Maurice Blackburn for 12 years. In April 2020, Josh was appointed a member of the National COVID-19 Coordination Commission Industrial Relations Advisory Group. He was a contributing author to The Wages Crisis In Australia, published by the University of Adelaide Press.
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. Ms Sloan is a current member of the ACT Architects Board and Director and Chair of the ACT Selection Committee of the Winston Churchill Memorial Trust, and previously served as 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	2
Dr David Morawetz	3	3
Mr Josh Bornstein	3	3
Dr Elizabeth Hill	3	2
Ms Alexandra Sloan AM	3	2

Directors appointments and resignations

Nil

DIRECTORS' REPORT

THE AUSTRALIA 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 2020 has been received and can be found on page 6 of the financial report.

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

Director: ______________________
John McKinnon

Dated this 6th day of November 2020

Director: ______________________
Alexandra Sloan AM

Dated this 6th day of November 2020

AUDITOR'S INDEPENDENCE DECLARATION

p (+61 2) 6239 5011
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PO Box 4390, Kingston ACT 2604
ABN 32 600 351 648
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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 LIMITED

As lead auditor of The Australia Institute Limited, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 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 6th day of November 2020

Liability limited by a scheme approved under Professional Standards Legislation

DIRECTORS' DECLERATION

THE AUSTRALIA INSTITUTE LIMITED
ABN 90 061 969 284

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of The Australia Institute Limited, the directors of The Australia Institute Limited declare that:

1. The financial statements and notes, as set out on pages 8 to 26, are in accordance with the *Australian Charities and Not-For-Profits Commission Act 2012* and:
   a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
   b. give a true and fair view of the financial position of the Company as at 30 June 2020 and of its 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 6th day of November 2020

Director: ______________________
Alexandra Sloan AM

Dated this 6th day of November 2020

STATEMENT OF PROFIT & LOSS

THE AUSTRALIA INSTITUTE LIMITED
ABN 90 061 969 284

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
Revenue	2	4,467,326	4,327,458
Advertising and marketing		(478,387)	(149,442)
Audit fees		(14,225)	(22,792)
Commissioned research		(124,683)	(51,695)
Depreciation & Amortisation		(98,087)	(28,333)
Employment costs		(2,739,547)	(2,847,090)
Entertainment		(14,451)	(16,545)
Finance costs		(1,810)	-
Insurance		(22,418)	(25,445)
Occupancy		(37,898)	(92,504)
Polling		(99,000)	(88,249)
Professional fees		(180,014)	(27,070)
Travel and accommodation		(188,745)	(219,833)
Other		(229,906)	(259,200)
Surplus for the year		238,155	499,260
Other comprehensive income		-	-
Total comprehensive income		238,155	499,260

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

THE AUSTRALIA INSTITUTE LIMITED
ABN 90 061 969 284

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	3,476,315	2,541,399
Trade and other receivables	4	74,998	61,135
Financial assets	5	2,000,000	1,500,000
Other current assets	6	33,085	20,360
TOTAL CURRENT ASSETS		5,584,398	4,122,894
NON-CURRENT ASSETS			
Property, plant and equipment	7	78,677	73,667
Right of use asset	8	201,951	-
TOTAL NON-CURRENT ASSETS		280,628	73,667
TOTAL ASSETS		5,865,026	4,196,561
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	179,894	157,513
Provisions	10	310,815	244,401
Other current liability	11	1,190,000	-
Lease liabilities – Right of use asset	12	72,945	-
TOTAL CURRENT LIABILITIES		1,753,654	401,914
NON-CURRENT LIABILITIES			
Provisions	10	48,807	96,086
Lease liabilities – Right of use asset	12	141,296	-
TOTAL NON-CURRENT LIABILITIES		190,103	96,086
TOTAL LIABILITIES		1,943,757	498,000
NET ASSETS		3,921,269	3,698,561
EQUITY			
Retained earnings		3,921,269	3,698,561
TOTAL EQUITY		3,921,269	3,698,561

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

THE AUSTRALIA INSTITUTE LIMITED
ABN 90 061 969 284

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
Revenue	2	4,467,326	4,327,458
Advertising and marketing		(478,387)	(149,442)
Audit fees		(14,225)	(22,792)
Commissioned research		(124,683)	(51,695)
Depreciation & Amortisation		(98,087)	(28,333)
Employment costs		(2,739,547)	(2,847,090)
Entertainment		(14,451)	(16,545)
Finance costs		(1,810)	-
Insurance		(22,418)	(25,445)
Occupancy		(37,898)	(92,504)
Polling		(99,000)	(88,249)
Professional fees		(180,014)	(27,070)
Travel and accommodation		(188,745)	(219,833)
Other		(229,906)	(259,200)
Surplus for the year		238,155	499,260
Other comprehensive income		-	-
Total comprehensive income		238,155	499,260

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOW

THE AUSTRALIA INSTITUTE LIMITED
ABN 90 061 969 284

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	3,476,315	2,541,399
Trade and other receivables	4	74,998	61,135
Financial assets	5	2,000,000	1,500,000
Other current assets	6	33,085	20,360
TOTAL CURRENT ASSETS		5,584,398	4,122,894
NON-CURRENT ASSETS			
Property, plant and equipment	7	78,677	73,667
Right of use asset	8	201,951	-
TOTAL NON-CURRENT ASSETS		280,628	73,667
TOTAL ASSETS		5,865,026	4,196,561
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	179,894	157,513
Provisions	10	310,815	244,401
Other current liability	11	1,190,000	-
Lease liabilities – Right of use asset	12	72,945	-
TOTAL CURRENT LIABILITIES		1,753,654	401,914
NON-CURRENT LIABILITIES			
Provisions	10	48,807	96,086
Lease liabilities – Right of use asset	12	141,296	-
TOTAL NON-CURRENT LIABILITIES		190,103	96,086
TOTAL LIABILITIES		1,943,757	498,000
NET ASSETS		3,921,269	3,698,561
EQUITY			
Retained earnings		3,921,269	3,698,561
TOTAL EQUITY		3,921,269	3,698,561

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

THE AUSTRALIA INSTITUTE LIMITED
ABN 90 061 969 284

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Australia Institute Limited (the Company) applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

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 6th November 2020 by the directors of the Company.

Accounting Policies

a. **Revenue**

The Company has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: *Income of Not-for-Profit Entities* (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions*. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058.

Donations

When the Company receives donations, it assesses whether the donation is enforceable and has sufficiently specific performance obligations in accordance with AASB 15. If a contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Interest Income

Interest income is recognised using the effective interest method.

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.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other

b. **Property, Plant and Equipment (Continued)**

repairs and maintenance are charged to the statement of profit or loss and comprehensive income during the financial period in with they are incurred.

Depreciation

The depreciable amount of fixed assets purchased prior to 1 July 2019 are 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 these assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	40%
Office fit-out	20%

All assets purchased from 1 July 2019, are depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvement.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they occur.

c. **Leases**

Initial application of AASB 16

The Company has adopted AASB 16 Leases under the modified retrospective approach, with the effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2019 reporting period have not been restated. The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short term and low value leases) recognised as operating leases in the prior year under AASB 117 Leases where the Company is the lessee.

The Company as a lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

The lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives
- lease payments under extension options if lessee is reasonably certain to exercise the options
- payments for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

c. **Leases (Continued)**

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

d. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component.

Classification and subsequent measurement

(i) Financial assets

Financial assets are subsequently measured at:

- amortised cost
- fair value through other comprehensive income
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely pa principal and interest on the principal amount outstanding on specified dates. Financia instruments are recognised initially using trade date accounting, i.e. on the date that th becomes party to the contractual provisions of the instrument.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

d. **Financial Instruments (Continued)**

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

(ii) Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

Derecognition

Financial assets are derecognised when the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised when the related obligations are discharged or cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

d. **Financial Instruments (Continued)**

Impairment

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired, the Company measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event); and
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

e. **Impairment of Assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. **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, salaries and sick leave. 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, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

f. **Employee Benefits (Continued)**

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. 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.

g. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h. **Trade and Other Debtors**

Trade and other debtors include amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

i. **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 receipts from customers or payments to suppliers.

j. **Income Tax**

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

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. **Key Judgements**

(i) *Performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the agreement must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the agreement is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services agreed.

(ii) *Lease term and Option to Extend under AASB 16*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if The Australia Institute Limited is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if The Australia Institute Limited is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the Company will make. The Australia Institute Limited determines the likeliness to exercise the options on a lease by lease basis looking at various factors such as which assets are strategic, and which are key to future strategy of the Company.

(iii) *Employee benefits*

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows, the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

(iv) *Going Concern*

The COVID-19 outbreak has impacted the way of life in Australia. In accordance with national guidelines, the Company has implemented remote working arrangements in response to government requirements and to ensure the wellbeing and safety of all employees and visitors.

The Company has determined that there are no going concern risks arising from the impact of the COVID-19 outbreak. The Directors have determined that the Company remains in a healthy cash position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

l. **Key Judgements (Continued)**

It is not possible to reliably estimate the duration and severity of the impact of COVID-19, as well as the impact on the financial position and results of the Company for future periods. However, based on analysis of the financial performance and position the financial statements have been prepared on a going concern basis. The Company believes at this point in time that there is no significant doubt about the Company's ability to continue as a going concern.

m. **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.

n. **New and Amended Accounting Standards Adopted by the Company**

The Company has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the entity or refer to the Changes to Accounting Standards above for details of the changes due to standards adopted.

NOTE 2: REVENUE AND OTHER INCOME

	Note	2020	2019
		$	$
Revenue			
Revenue from (non-reciprocal) and other grants			
Grant Revenue		-	426,266
Other revenue			
Commissioned research		137,000	159,417
Donations		3,960,134	3,614,754
Interest received		63,882	68,612
Australian Government Stimulus		248,000	-
Other income		58,310	58,409
Total other revenue		4,467,326	3,901,192
Total revenue and other income		4,467,326	4,327,458

NOTE 3: CASH AND CASH EQUIVALENTS

	Note	2020	2019
CURRENT			
Cash at bank	16	3,476,315	2,541,399

NOTE 4: TRADE AND OTHER RECEIVABLES

	Note	2020	2019
CURRENT			
Trade receivables	16	74,998	61,135

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 2020 or 30 June 2019.

NOTE 5: FINANCIAL ASSETS

	Note	2020	2019
CURRENT			
Term Deposits	16	2,000,000	1,500,000

THE AUSTRALIA INSTITUTE LIMITED
ABN 90 061 969 284

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 6: OTHER ASSETS

	2020 $	2019 $
CURRENT		
Prepayments	33,085	20,360

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Office fit out – at cost	38,136	38,136
Less accumulated depreciation	(14,407)	(8,211)
Total Office fit out	23,729	29,925
Plant and equipment – at cost	137,443	113,558
Less accumulated depreciation	(82,495)	(69,816)
Total plant and equipment	54,948	43,742
Total property, plant and equipment	78,677	73,667

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 $	Office Fit Out $	Total $
Balance at the beginning of the year	43,742	29,925	73,667
Additions	35,065	-	35,065
Disposals	(11,180)	-	(11,180)
Depreciation write back	9,972	-	9,972
Depreciation expense	(22,651)	(6,196)	(28,847)
Carrying amount at the end of the year	54,948	23,729	78,677

NOTE 8: Right of use asset

The Australia Institute Limited's lease portfolio includes leasehold buildings. This lease has a lease term of 5 years.

The option to extend or terminate are contained in the property leases of The Australia Institute Limited. These clauses provide The Australia Institute Limited opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by The Australia Institute Limited. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of use asset. Refer to Note 1(c) for an explanation of the initial adoption of AASB 16 in the current financial year.

i. AASB 16 Related amounts recognised in the balance sheet

Right of use asset	**2020**	**2019**
	$	**$**
Leased premises	271,191	-
Less accumulated amortisation	(69,240)	-
Total right of use asset	201,951	-

Movements in carrying amounts

	2020	**2019**
	$	**$**
Recognised on initial application of AASB 16	271,191	-
Amortisation expense	(69,240)	-
Net carrying amount	201,951	-

ii. AASB 16 Related amounts recognised in the statement of profit or loss

	2020	**2019**
	$	**$**
Amortisation expense	(69,240)	-
Finance costs	(1,810)	-
	(71,050)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 9: TRADE AND OTHER PAYABLES

	Note	2020	2019
		$	$
CURRENT			
Trade payables		77,671	27,208
Other payables		86,287	38,124
GST and PAYG payable		15,936	92,181
Total trade and other payables		179,894	157,513
Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:		179,894	157,513
Less: GST and PAYG payables		(15,936)	(92,181)
Financial liabilities as trade and other payables	16	163,958	65,332

NOTE 10: PROVISIONS

	2020	2019
CURRENT		
Provision for employee benefits: long service leave	84,142	40,192
Provision for employee benefits: annual leave	226,673	204,209
	310,815	244,401
NON-CURRENT		
Provision for employee benefits: long service leave	48,807	96,086
	48,807	96,086
Total employee provisions	359,622	340,487

	Employee benefits	Total
	$	$
Analysis of total provisions		
Opening balance 1 July 2019	340,487	340,487
Movement in provision	19,135	19,135
Balance at 30 June 2020	359,622	359,622

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(f).

NOTE 11: OTHER CURRENT LIABILITY

	Note	2020	2019
		$	$
CURRENT			
Income in advance		1,190,000	-
		1,190,000	-

NOTE 12: LEASE LIABILITIES

	Note	2020	2019
		$	$
CURRENT			
Lease liability – Right of use asset		72,945	-
		72,945	-
NON-CURRENT			
Lease liability – Right of use asset		141,296	-
		141,296	-
Total lease liabilities		214,241	-

NOTE 13: EVENTS AFTER THE REPORTING PERIOD

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

NOTE 14: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, 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:

	2020	2019
	$	$
Key management personnel compensation	450,539	455,705

NOTE 15: RELATED PARTY TRANSACTIONS

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 2020 there were no related party transactions (2019: Nil).

NOTE 16: 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	2020	2019
		$	$
Financial assets			
Cash and cash equivalents	3	3,476,315	2,541,399
Loans and receivables	4	74,998	61,135
Investment in term deposits	5	2,000,000	1,500,000
Total financial assets		5,551,313	4,102,534
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	9	163,958	66,356
Total financial liabilities		163,958	65,332

NOTE 17: FAIR VALUE MEASUREMENTS

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

NOTE 18: ENTITY DETAILS

The registered office and principal place of business of the Company at 30 June 2020 is:

The Australia Institute Limited
Level 1 Endeavour House
1 Franklin Street
Griffith, ACT 2603

AUDITOR'S INDEPENDENCE DECLARATION

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

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of The Australia Institute Limited (the registered entity), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss, 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 Limited 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 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards 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.

Emphasis of matter

We draw attention to Note 1(iv) of the financial report which notes the outbreak of COVID-19 as a global pandemic and how this has been considered by the Directors in the preparation of the financial report. The impact of COVID-19 is an unprecedented event, which continues to cause a high level of uncertainty and volatility. As set out in the financial statements, no adjustments have been made to financial statements as at 30 June 2020 for the impacts of COVID-19. Our opinion is not modified in respect of this matter.

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 2020 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 ACNC Act 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.

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

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.

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.