



# Annual report 2014–15

All the right connections for local industry

**ICN Limited strives  
towards one goal:  
the growth of  
Australian and  
New Zealand  
companies.**

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**All the right connections for local industry**

# Chairman's review

**This past 12 months have been a watershed year for Industry Capability Network Limited (ICNL), in facing challenges resulting from the uncertainty of our ongoing financial position.**

Despite this uncertainty, ICNL has always been determined to see our unique online work packages tool – ICN Gateway – continue to help Australian and New Zealand companies grow.

During 2014–15, after an extensive review of possible business models, along with high-level consultation with members and stakeholders, ICNL began moving towards a fully-commercial model.

This decision was ultimately supported in early 2015, with the Australian Government advising that our funding would not continue beyond June 2016.

This, combined with the realities of a rapidly changing environment as various big resources projects finished, led to ICNL trialling a new model from February 2015, followed by a National launch on 1 June.

Faced with the choice between abandoning such a valuable tool as ICN Gateway and becoming self-funded, we believe we have done what is best for Australian and New Zealand businesses and the countries' economies in the longer term.

In fact, we are certain our solution to this challenge will deliver local industry with opportunities they may not have thought possible in the past.

The commercial model starts with a basic free service that includes a company profile viewable by ICN's expert consultants, who can then send notifications when suitable projects are online.

On top of this option there are now value-added offerings for SMEs to better promote their business on ICN Gateway. So far, we are seeing encouraging sales results that we believe are due to both the outstanding value proposition and our ability to leverage our long-term relationships.



In further positive news for Australian industry, the newly-announced Australian Government initiative of Industry Growth Centres will see ICN working with industry partners across a number of sectors in which we already hold a competitive advantage.

They are:

- advanced manufacturing
- food and agribusiness
- medical technologies and pharmaceuticals
- mining equipment, technology and services, and
- oil, gas and energy resources.

Meanwhile, we are also eagerly awaiting the Defence White Paper due to be released in the latter part of this year, which will guide future SME opportunities and challenges within Australia's defence and security industry.

On 1 January, we welcomed Mr Stuart Kenny to the ICNL Board as the only new appointee for the financial year. I thank him and fellow Board members for their support during a very challenging year.

The Board acknowledges and thanks the Honourable Ian McFarlane, our Minister, for his continuing patronage and assistance. We also thank the Department of Industry and Science for their ongoing confidence in ICNL and our activities.

Last but not least, I would like to thank the ICNL team, led by the Executive Director, Mr Derek Lark and we look forward to working with them in 2015–16.

**DAVID MCLACHLAN AO**  
Chairman

# Executive Director's report

**We began the 2014–15 year with the clear understanding that for the sake of Australian industry, ICNL needed to secure its own funding future.**

And we finished the financial year with a number of income streams and a solid strategy for growth, all designed to help local SMEs find new business.

Although it has been a challenging year, we believe our achievements confirmed and supported our decision to continue as a self-funded organisation, following the Australian Government's decision to cut all funding from June 2016.

This year saw the winding up of both the Supplier Access to Major Projects (SAMP) and the National Sector Manager programs. There was also a review into the costs, benefits, appropriateness and effectiveness of Australian Industry Participation (AIP) policies and programmes.

Fortunately, we had already seen the writing on the wall and were prepared to face the issue head on.

Following a wide consultation with stakeholders, and a broad review of a range of business models, ICNL undertook a deep analysis of three possible options and presented them to members for feedback.

The final decision was that we introduce a licence model that included a fee for value-added products and services, expanding on our Gateway Premium trial. And we also continued to offer a free entry-level service.

Once that decision had been made, we operated like a start-up with an agile approach, continually iterating our offers and seeking feedback from clients.

I am exceedingly proud of the miracles worked by our tiny, but dedicated team, who were all juggling many balls and putting out many fires. Their commitment to ICNL's continued support of Australian SMEs meant we were able to build a detailed financial model and launch two new products in record time.

We were fortunate to be able to leverage our industry relationships with peak



bodies such as Australian Made, Supply Nation, Australasian Railway Association (ARA), Australian Water Association (AWA), Textile and Fashion Industries of Australia (TFIA) and the Rail Manufacturing CRC to cement and promote our value proposition.

We are also uniquely placed to help with the new indigenous purchasing policy, given our long association with peak indigenous organisations and our knowledge of indigenous small businesses.

Although we are well aware that we continue to face a long, hard road to success – and we need to keep a close eye on our costs and sales – we know we have the products and services, technology and systems and people and culture to make it.

And while the loss of ACT, TAS and New Zealand operational offices was a blow, our ongoing strategy includes investigations into new licensees in those regions.

I extend my heartfelt thanks to my team and the ICN network for their dedication and hard work in a challenging year; and to the Board, led by Chairman David McLachlan AO; and the Executive Directors group, chaired by Kevin Peters, CEO Northern Territory. Without their support, ICNL would be facing a very different future.

Finally, I thank the Australian Industry Participation Policy section within the Department of Industry and Science and look forward to continued strong relationships with the Australian Government.

**DEREK LARK**  
Executive Director

## Highlights

- ICNL wound up the National Sector Managers program that saw 1,624 wins, with a total value in excess of \$5,274 billion, over four highly successful years supporting nine key industry sectors.
- The network contributed to contracts worth \$2.438 billion awarded to Australian companies that may have otherwise gone offshore to overseas suppliers.
- More than 5,424 new companies registered on ICN Gateway.
- As at 30 June 2015, about 169 projects were listed on ICN Gateway, valued at \$477 billion.
- Management of \$1.433 million of new Supplier Access to Major Projects (SAMP) grants.
- Annual grant payments of \$1.7 million to SAMP projects.
- The network reported SAMP contracts worth \$1,566 million awarded to Australian companies that may have otherwise gone to overseas suppliers.
- ICNL achieved a network satisfaction score of 86.4 per cent.
- Added two new business-boosting products to ICN Gateway to help local companies better promote their capabilities.
- Started successful transition to a self-funded organisation.



## Functions and focus

- Provide a coordination role for the state, territory and New Zealand network offices ensuring a common and consistent approach to activities and to support the ongoing enhancement and development of ICN.
- Develop, manage and provide the national data and communications systems used by ICN, including ICN Toolbox and ICN Gateway.
- Coordinate the network to establish links with global supply chain managers to help Australian and New Zealand SMEs gain access to the global supply chains of major project developers.
- Develop nationally focused marketing and raise awareness and understanding of opportunities available to participate in major projects and global supply chains.
- Provide a direct interface to the Australian Government and relevant Australian Government departments.
- Manage, on behalf of the Australian Government, grant monies and in particular monies associated with SAMP.
- Undertake research on behalf of the states and Australian Government.
- Manage the National Sector Manager (NSM) program and support the Supplier Advocates.
- Coordinate activities of ICN to help companies identify Australian suppliers when applying for Tariff Concessions and/or the Enhanced Project By-law Scheme.

# Value delivery 2014–15

## Information, communication and technology

- Expansion of ICN Gateway, including easier to use company profile creation, company Dashboard and enhanced capture of compliance data such as licence and insurance information.
- Rollout of state-focused enhancements such as auto supply chain mapping tools.
- Integration of ICN Gateway data into the Australian Made B2B portal.
- Secure online payment gateway integrated into ICN Gateway processes.

## ICN Gateway

- 169 projects listed online
- More than 22,954 registrations of interest from local businesses
- Over \$477 billion contracts on offer.

## Commercial opportunities

- Integration of product development and sales process into the organisation including development and delivery of two new commercial products.
- Ongoing development of third-party IT solutions that are complementary to ICN's core services.

## Marketing and communications

- Redesign of ICN Gateway to accommodate the new products and the sales process.
- An integrated campaign outlining the benefits of ICN's products and services to new and existing customers and ICN offices.

## Financial

- Reinvested commercial income into enhanced products.

## Strategic direction

- Leading the network in monitoring the environment and developing the 'one network' strategic direction.

## National Sector Manager program

- Winding up the NSM program after four successful years.

## SAMP

- The Department of Industry and Science allocated up to \$1 million for SAMP this year. All available funds were allocated.
- In the reporting period, 255 contracts worth \$1,566 million were awarded to Australian companies that may have otherwise gone to overseas suppliers.

# Strategic alliances

- Austrade
- Australian Industry Group (Ai Group)
- Australian Made Campaign Limited
- Australian Manufacturing Technology Institute Limited (AMTIL)
- Australian Water Association
- Australasian Railway Association
- Council of Textile and Fashion Industries of Australia
- Enterprise Connect (now Entrepreneur's Programme)
- Federation of Automotive Products Manufacturers (FAPM)
- Global opportunity activities with a number of third-party organisations on behalf of ICN
- Supply Nation



# National co-ordination

## ICN's standard operating procedures define the functions of national coordination and the national coordinator as:

- facilitating the coordination of the common activities of participating ICN offices, which are independent bodies
  - achieving cooperation between each participating ICN office on matters of common interest
  - enhancing the prime function of ICN, namely the promotion of local industry
  - facilitating the collection and publication of appropriate statistics and standardisation of reports on ICN activities
  - undertaking promotional work on behalf of participating ICN offices
- fostering an open exchange of information between participating ICN offices
  - enhancing the ICN collective database on industry capability
  - encouraging commonality and best practice in operations across ICN and consistency in application of standard operating procedures
  - coordinating and acting as secretariat for meetings of national significance
  - making submissions on matters of national interest as agreed mutually by the ICN offices
  - representing the interests of the collective ICN offices federally and in forums of national significance.

ICN's Executive Directors met four times during 2014–15, with meetings held in Canberra (twice), Christchurch and Sydney.



# Marketing and communications

## The move towards a fully commercial model has delivered an exciting and challenging year for our marketing and communications team.

Using an agile approach to product development and market delivery, the team has introduced a range of commercial products to ICN's customer base.

Closing of Australia Government funding for ICNL led to ICN offering products to our customers at market rate. Most importantly, it allows us to achieve two key outcomes: an income stream we can reinvest into helping SMEs grow and a range of products all designed to better promote local businesses and their capabilities.

The move towards commercialisation also creates a significant need for change management, internal communications and training throughout ICN's state offices.

Key outcomes for the period include:

- development and introduction of two new products and enhancement of Premium
- redesign of ICN Gateway to accommodate new products and the sales process
- sales training to ICN consultants including supporting material
- an integrated campaign outlining the benefits of ICN's products and services to new and existing customers.

Next year is shaping up to be another exciting year with continued expansion of our product range and increased sales volumes expected.

We look forward to working with ICN's state offices as we continue to deliver products that support the growth of Australian and New Zealand SMEs.



ICN Gateway homepage



ICN Gateway project page



169 projects  
listed online 

more than **22,954**  
 registrations  
of interest  
from local businesses

**\$**over  
**477 billion**  
contracts on offer



# Supplier Access to Major Projects (SAMP)

**The SAMP program, helping Australian suppliers gain access to opportunities both within Australia and globally, is an Australian Government initiative launched in 1997.**

The original program, called SAMP Australia, targeted major projects in Australia. It was expanded to encompass international projects through SAMP Global in 2006.

The program was further modified in 2008–09, to provide for funding of both Australian and international projects, and was called AIP-SAMP. Changes to the program included revised application criteria, financial arrangements and reporting requirements.

The program is open to any ICN office to apply.

## AIP-SAMP

- During the reporting period, ICN managed 26 AIP-SAMP active projects
- Five were completed and one project was cancelled
- Total wins for the reporting period have amounted to 255 contracts, worth \$1,566 million
- There were two rounds of SAMP grants this year, in August and November 2014, resulting in ICNL receiving eight applications for funding. Following consideration of the applications, six projects received grants (see project overview and outcomes table below)

During the reporting period, the network reported the following significant project wins:

- \$100 million contract awarded to Leighton Contractors for construction of administrative complex buildings for the Inpex 4 project
- \$100 million contract awarded to Mammoet Australia for heavy haulage and erection works for the Inpex 4 project

## Funding of the SAMP program

A Deed of Agreement between ICNL and the Department of Industry and Science provides funding for the program. ICNL submits reports to the Department on the management and achievements of the SAMP program. The funds allocated by the Department during the reporting period amounted to \$1 million (ex GST) for AIP-SAMP. Returned funds and accrued interest is also re-invested in the program.

The following table shows the number and value of successful contracts achieved under the AIP-SAMP program in 2014–15.



Project	State	No.	\$M
Roy Hill	WA	44	415
Inpex 4	WA	152	919
New Generation Rolling Stock	QLD	8	35
Arrow Energy	QLD	1	50
National Health Care Alliance	VIC	23	111

## SAMP Project overview and outcomes

Project	Applicant	Grant
Eagle Downs Coal Construction	ICN QLD	\$286,200
GC 2018 Commonwealth Games	ICN QLD	\$286,740
Origin Energy Shale Oil & Gas Project	ICN NT	\$285,050
Sunshine Coast Airport Expansion	ICN QLD	\$192,560
HMAS Albatross Redevelopment & Helicopter Aircrew Training Project	ICN NSW	\$83,000
National Passenger Rail Alliance Program	ICN VIC	\$300,000
<b>TOTAL</b>		<b>\$1,433,550.00</b>

# National Sector Manager program

## After four highly successful years, the National Sector Managers project wound up in February 2015.

The project was announced in July 2009, with the Australian Government committing \$19.1 million to boost Australian Industry Participation (AIP). As part of this, ICN received extra funding through the Supplier Access to Major Projects (SAMP) program for the appointment of national industry specialists.

These industry specialists – known as National Sector Managers – were appointed across nine sectors: health, clean energy, steel, mining, oil and gas, rail, water, textile, clothing and footwear and the National Broadband Network.

In that time, the project helped these priority sectors, and outcomes were extremely positive:

- 30,823 companies registered with ICN
- 1,624 wins, with a total value in excess of \$5.274 billion
- 211 projects listed with ICN involvement.

The primary focus for these roles was to promote competitive Australian suppliers to major projects both locally and internationally, and to communicate these opportunities to small-medium enterprises.

The National Sector Managers coordinated projects across ICN's national network, and were instrumental in developing the various sectors within Australia and New Zealand.

The initial agreement between the Australian Government and ICNL was for three years starting in 2010. It was extended twice before funding stopped on 28 February 2015.

The agreement outlined the purposes and objectives of the NSMs role were to:

- develop and promote Australian industry competency and capability within the specified sector
- negotiate and foster Australian industry access to major project proponents and sector supply chains
- facilitate the formation of partnerships and alliances to enable Australian industry to effectively compete for work packages and opportunities for major projects of national and/or international economic significance
- identify opportunities for Australian industry to participate in major projects of national and/or international economic significance
- facilitate increased Australian industry access to global supply markets for major projects
- demonstrate and promote outcomes of the SAMP program.

During the period of the agreement, ICNL managed the ongoing activities of the NSMs, who provided the quarterly and six-monthly activity statements, reporting their achievements against agreed annual milestones.

The NSMs also supported the Australian Government's Supplier Advocates, whose activities related to their sector and who later became linked to the Buy Australian at Home and Abroad (BAHA) initiative.

For the past four and a half years, the NSM program acted as a conduit between the various sectors, Supplier Advocates, ICN offices and individual consultants.



# Technology systems

**Over the years, Australian suppliers and ICN operational offices have come to rely of ICNL's extensive and integrated IT Systems, such as ICN Gateway, ICN Toolbox, the Market Channel Admin Tool, ICN web services and the ICN database.**

We know Australian SMEs depend on our cutting-edge systems, so we are constantly extending and enhancing them to provide:

- a simple, easy-to-use online tool to help suppliers create and edit their company profile, search for project opportunities, set up email notification preferences and submit expressions of interest for opportunities
- the ability for the public to search for suppliers within regions and by capability
- the ability to search for work packages on major projects, or smaller regional opportunities in specific local government areas, and to be notified of new opportunities
- an inviting web presence accessible from Macs, PCs, iPads and Android tablets
- a secure and intuitive data administration tool (ICN Toolbox) that allows our consultants to easily and effectively manage industry capability data, help project proponents and buyers list new projects, work packages and opportunities, analyse and respond to expressions of interest, liaise with local government authorities' more closely, engage with SMEs and produce timely, accurate reporting
- the ability to interconnect and share industry data with other industry organisations
- the ability to serve cloud framework and mobile applications
- the ability to create and manage project prequalification questionnaires.

# Future developments

In 2015–16, our plans include:

- Designing and developing enhancements to ICN Gateway website and the ICN Toolbox admin application.
- Extending our ICN subscription offering to include new financial capability components and other new features.
- Investigating the feasibility of combining our websites into a single site to grow brand recognition and help with search engine optimisation.
- Extending our data-sharing relationships to more third-party agencies.
- Designing and developing more applications for use on mobile platforms such as the iPhone/iPad and Android devices.



# Strategic direction

In 2013–14, ICNL developed new strategic milestones. These were aligned with the overall objectives set for the 2013–16 planning horizon.

We focused on learning what the Network’s clients and stakeholders truly valued and how we were delivering against those needs. One particular focus was on the relationships with key stakeholders and how the Network could influence and adapt to the anticipated changes in our operating environment.

Additionally we moved to be aligned with emerging trends in the use of technology such as big data and online services.



## Strategic Plan 2013–2016

### June 2014 Milestones

1. Market research of key partners and customers completed
2. Finalised a common pre-qualification offering
3. Positively influenced ICNL transition
4. Market information shared with all offices
5. Implemented minimum data standards for company records and enquiries
6. Established two-way information sharing with EC)
7. Piloted data mining
8. Staff up-skilled and consistently selling our value proposition
9. Stakeholder engagement schedule completed

### 2016 Targets



### 2016 Outcomes

### Pathways





# Appendices

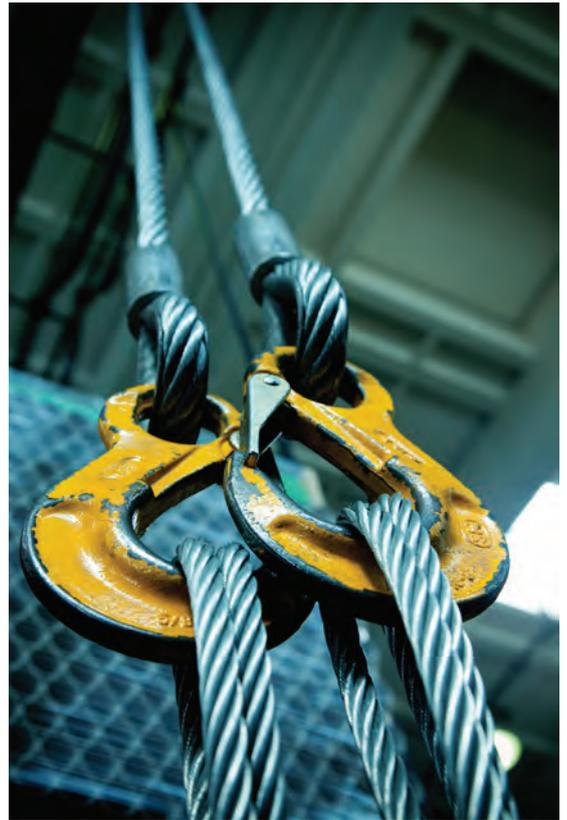
**All the right connections for local industry**

# Appendix 1

## Company membership

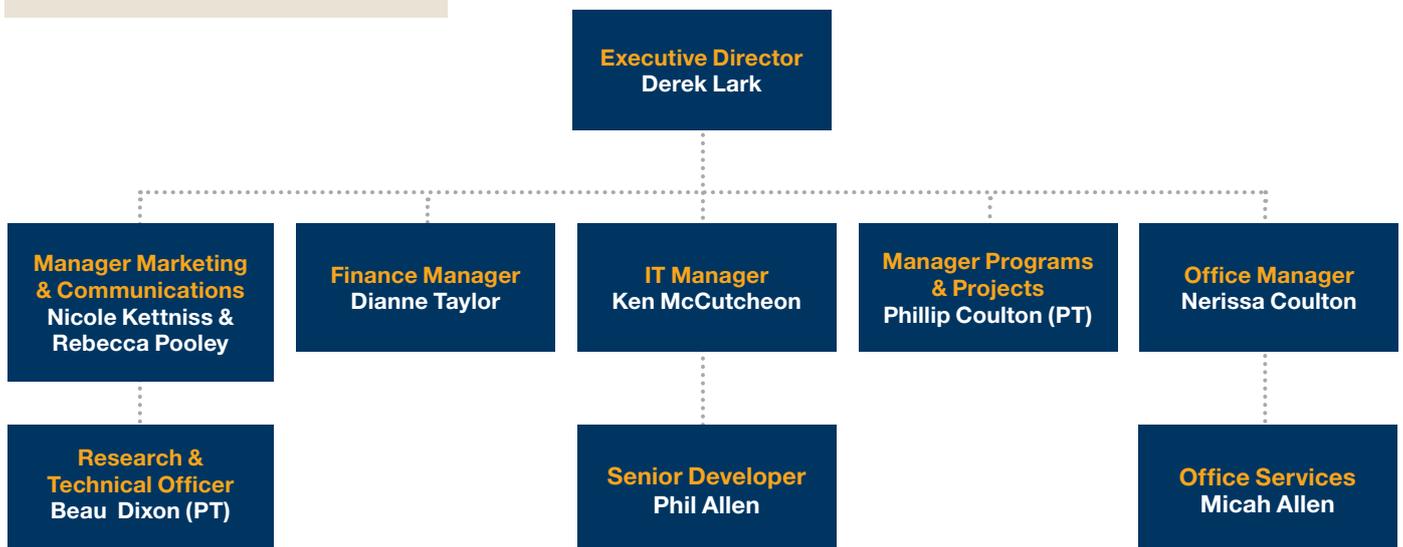
### The members of ICNL (2014–15) are:

- Department of Industry and Science
- Australian Council of Trade Unions
- Industry Capability Network (VIC)
- Industry Capability Network (NSW)
- QMI Solutions (QLD) Limited
- Business Promotions (NT) Pty Ltd
- The Chamber of Commerce and Industry of Western Australia
- Department of State Development (SA)



# Appendix 2

## Employee details as at 30 June 2015



## Appendix 3

# Board composition

The Board of Directors consists of seven people elected by the members. There is currently one vacancy. The full composition of the Board of Directors at 30 June 2015 was:



**CHAIRMAN**

**MR DAVID MCLACHLAN AO**

Industry Capability Network Limited  
PO Box 130, Deakin West ACT 2600  
Ph: 02 6285 2033



**DIRECTOR**

**MR ANDREW DETTMER**

National President  
Australian Manufacturing Workers Union  
PO Box 12321, Melbourne VIC 8006  
Ph: 03 9230 5804



**DEPUTY CHAIRMAN**

**MR ROBERT HERBERT AM**

Director Skilled Group Ltd | Chairman TrackSAFE  
Foundation | Chairman, MCG Trust  
55 Tivoli Road, South Yarra VIC 3141  
Ph: 03 9827 0388



**DIRECTOR**

**MR INNES WILLOX**

Chief Executive  
Australian Industry Group  
PO Box 7622, Melbourne VIC 8004



**DIRECTOR**

**MR BRUCE GRIFFITHS OAM**

Managing Director, Monoduo Pty Ltd  
8 Monomeath Avenue, Toorak VIC 3142  
Ph: 03 9822 4415



**DIRECTOR**

**MR STUART KENNY**

General Manager and Director  
Austal Service Darwin Pty Ltd  
7 Campion Road, East Arm NT 0828



**DIRECTOR**

**MR RUSSELL KENERY**

Principal, Kenery & Associates  
PO Box 47, Red Hill VIC 3937  
Ph: 03 5931 0348



**SECRETARY**

**MR DEREK LARK**

Executive Director  
Industry Capability Network Limited  
PO Box 130, Deakin West ACT 260  
Ph: 02 6285 2033

# Appendix 4

## ICN contact details

ICN has offices in most states and territories of Australia. The ICN offices in Queensland, New South Wales and Victoria have branch offices in regional centres.

### NORTHERN TERRITORY

6B/390 Stuart Highway  
(Cnr Winnellie Rd and Hickman St)  
Winnellie NT 0821  
GPO Box 1882  
Darwin NT 0801  
Phone 08 8922 9422  
Fax 08 8922 9430  
Email [info@icnnt.org.au](mailto:info@icnnt.org.au)

### WESTERN AUSTRALIA

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East Perth WA 6892  
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Fax 08 9365 7550  
Email [info@icnwa.org.au](mailto:info@icnwa.org.au)

### SOUTH AUSTRALIA

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Adelaide SA 5001  
Phone 1300 553 309  
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Email [info@icnsa.org.au](mailto:info@icnsa.org.au)

### NEW SOUTH WALES

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North Sydney NSW 2059  
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Fax 02 8920 1856  
Email [info@icnsw.org.au](mailto:info@icnsw.org.au)

### VICTORIA

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St Kilda Road VIC 8004  
Phone 03 9864 6700  
Fax 03 9866 6304  
Email [info@icnvic.org.au](mailto:info@icnvic.org.au)

### QUEENSLAND

16 Cinderella Drive  
Springwood QLD 4127  
PO Box 460  
Springwood QLD 4127  
Phone 07 3364 0670  
Fax 07 3364 0780  
Email [info@icnqld.org.au](mailto:info@icnqld.org.au)



# Appendix 5

## Supplier Access to Major Projects (SAMP)

**The Australian Government, through the Department of Industry and Science, provides funding to employ specialist consultants to work with project developers to identify supply opportunities for Australian industry in major projects within Australia and overseas.**

The program is open to any ICN office to apply. ICNL manages the funding on behalf of Department of Industry and Science and is responsible for coordinating the SAMP selection panel, managing grant payments and reporting on project activity.

Recipients of the funding research and identify competitive Australian and New Zealand companies capable of supplying goods and services to the projects. This gives Australian suppliers the opportunity to compete for work against overseas suppliers.

The program, known as AIP-SAMP Australia, has provided \$11 million in funds since 2010.

SAMP Global started in 2006 with the objective of identifying global opportunities for Australian suppliers in major projects overseas. It was revised to facilitate opportunities for Australian suppliers through major projects in Australia and overseas (AIP-SAMP).

The program was further modified in 2008–09, to provide for funding of both Australian and international projects and is now called AIP-SAMP.

More information on the SAMP program is available at [www.icn.org.au](http://www.icn.org.au).

Following is a list of SAMP projects that were reported on or completed in 2014–15.

### AIP-SAMP current projects

#### ICN Victoria

- National Passenger Rail Alliance

#### ICN New South Wales

- HMAS Albatross
- North West Rail
- Dubbo Zirconia Project

#### ICN Queensland

- GC2018 Commonwealth Games
- Sunshine Coast Airport
- New Generation Rolling Stock
- GVK Alpha I Kevin's Corner Coal – Design & Construction
- Adani Carmichael Mine and Rail Project
- Arrow Energy LNG Project – upstream and midstream components

#### ICN Western Australia

- Wheatstone LNG No 2
- Oil and Gas Operations and Maintenance Brownfields Support Project
- Roy Hill Iron Ore Stage 2
- Shell Prelude FLNG Stage 2

#### ICN Northern Territory

- Ichthys LNG Final Construction & Operational Phase (Inpex 4 Project)
- Mt Peake Vanadium Mine
- Origin Energy Shale Oil and Gas

### AIP-SAMP completed projects

- Roy Hill Iron Ore Mine Stage 1 (ICN WA)
- Australian Water Supplier Access to USA (ICN SA)
- National Health Care Alliance (ICN VIC)
- New Children's Hospital Perth (ICN WA)
- GDF Suez Bonaparte FLNG (ICN WA) Cancelled



# Appendix 6

## Independent audit report



### **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF INDUSTRY CAPABILITY NETWORK LIMITED**

**ABN: 85 068 571 513**

#### **Crowe Horwath Canberra**

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Member Crowe Horwath International

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Deakin ACT 2600 Australia

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#### ***Report on the Financial Report***

We have audited the accompanying financial report of Industry Capability Network Limited (the Company), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### ***Directors' Responsibility for the Financial Report***

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* 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.

#### ***Auditors Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### ***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Industry Capability Network Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

*Crowe Horwath Canberra is a member of Crowe Horwath International, a Swiss Verein. Each member firm of Crowe Horwath is a separate and independent legal entity. Liability limited under a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.*



**Opinion**

In our opinion the financial report of Industry Capability Network Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Act 2001*.

Yours sincerely

*Crowe Horwath Canberra*  
**CROWE HORWATH CANBERRA**

*Clare Wagner*  
**Clare Wagner**  
**Audit Partner**

Registered Company Auditor: 335972

Dated: 31 August 2015

# Appendix 7

## Financial statements

### Industry Capability Network Limited

ABN 85 068 571 513

### Financial Report

For the year ended 30 June 2015

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**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2015.

**Directors**

The names of the directors in office at anytime during or since the end of the year are:

David John McLachlan  
Andrew Keith Dettmer  
Bruce Atkin Griffiths  
Robert Norman Herbert  
Russell Allan Kenery  
Stuart Kenny (appointed 1 January 2015)  
Innes Alexander Willox

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

**Review of operations**

The net loss of the company for the financial year amounted to \$61,505

A review of the operations of the company during the financial year and the results of those operations are as follows:

The company embarked on a move to full self-funding with advice from the Federal Government that financial support will conclude at June 2016. Three Network offices; Tasmania, ACT and New Zealand ceased operations during the year.

**Objectives**

The company's short-term objectives are to:

- Research our markets, partners and key customers
- Launch a range of supplier commercial offerings across the Network
- Secure the future of ICNL
- Enhance our online systems
- Work closely with aligned third party organisations
- Upskill our staff to consistently sell our value proposition

The company's long-term objectives are to:

- Develop strategic partnerships
- Provide a full service offering
- Increase our financial independence
- Be valued in the market
- Be embedded into government programs
- Maximise our market share
- One Network
- Proactive Market Offerings
- Consistent Customer Experience
- Valued Independent Consultancy Service
- Collaborator with Federal Government Department
- Adaptable Technology

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

**Strategy for achieving the objectives**

ICNL continues to provide coordination of the network of six ICN offices across Australia. We are also working to establish new licensees in Tasmania, New Zealand and the Australian Capital Territory.

The strategy was to continue to build upon the foundations for ICN's overall service offering whilst at the same time enhancing our value proposition through a wider suite of products and services, improved quality and consistency of service delivery and leveraging our key relationships. Each year the strategic plan is implemented to make sure our long term horizons for goal delivery are achievable.

We proceeded with our move to develop a licensee model, with each operational office licensed to exploit ICNL's intellectual property. Included into this move is the change to a fully commercial model in keeping with the Federal Government's advice on withdrawal of funding support beyond July 2016.

**Principal activities**

The principal activities of the company during the financial year were:

To maximise Australian and New Zealand industry participation in investment projects and global supply chains. This will be achieved through facilitating the use of Industry Capability Network by procurement agencies and project managers in both the public and private sectors, with the objective of giving Australian industry a greater share of domestic and international business opportunities.

To manage the SAMP AIP and National Sector Manager programs.

These programs and ICNL's operations are part of the Federal Government's Australian Industry Participation Policies and Programs (AIP). ICNL operational funding is in place through until the end of June 2016, funds for SAMP and National Sector Manager programs were reduced by 50% and the programs were completed by the end of the 2015 financial year.

No significant change in the nature of these activities occurred during the financial year.

**Key performance measures**

The company measures its own performance through the use of both quantitative and qualitative benchmarks including customer satisfaction, financial viability and members collaborating in the interest of the national economic benefit. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

**Events subsequent to the end of the reporting period**

No 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.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

**Likely developments and expected results of operations**

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

**Environmental regulation**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

**Information on directors**

**Mr David John McLachlan AO**  
Qualifications  
Experience

- Chairman
- Fellow Australian Institute of Company Directors (Dip)
- Appointed Chairman on inauguration of the company
- Retired from the Australian Army with the rank of Major General in March 1994 after 37 years service
- State President, RSL (Victorian Branch) since 2002

**Mr Andrew Keith Dettmer**  
Experience

- Director
- National President, The Australian Manufacturing Workers Union
- Previous Board Member, QMI Solutions
- Previous Member, ICN Queensland, the Queensland Training and Employment Recognition Council and Construction Skills Queensland
- Represents the ACTU on SafeWork Australia
- Previous Board Member, Australian Workforce and Productivity Agency
- Board Member, The Australia Institute
- Committee Member, APHEDA
- Board Member, Carbon Nexus

**Mr Bruce Atkin Griffiths OAM**  
Experience

- Director
- Director, Quickstep Holdings Limited
- Director, Carbon Revolution Pty Ltd
- Consultant, Air International Thermal Systems Inc.

**Mr Robert Norman Herbert AM**  
Qualifications  
Experience

- Deputy Chairman, Director
- Bachelor of Commerce (Industrial Relations), UNSW
- Company Director and Consultant
- Chairman, MCG Trust
- Chairman, TrackSAFE Foundation Ltd
- Interim Chairman, Australasian Railways Association
- Director, Skilled Group Ltd

**Mr Russell Allan Kenery**  
Qualifications

- Director
- Fellow - Illuminating Engineering Society (Aus & NZ)
- Engineers Registration Board CEI (London)
- Advanced Management Program (RMIT)

Experience

- Director, Kenery & Associates

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**DIRECTORS' REPORT**

**Information on directors**

**Mr Stuart Kenny**

Qualifications  
Experience

- Director (started 1 January 2015)
- MAICD
- Director and General Manager, Austal Darwin
- Vice President and Director, Chamber of Commerce NT
- Board Member, Manufacturers Council NT

**Mr Innes Alexander Willox**

Qualifications  
Experience

- Director
- BA History and Politics
- Director, Australian Super
- Board Member, Innovation Australia
- Member, Emissions Reduction Fund Expert Reference Group
- Member, International Trade Remedies Forum
- Chair, Ministerial Advisory Council on Skilled Migration

## DIRECTORS' REPORT

### Meetings of directors

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

Director	Number eligible to attend	Number attended
Mr David John McLachlan AO	5	5
Mr Andrew Keith Dettmer	5	2
Mr Bruce Atkin Griffiths OAM	5	5
Mr Robert Norman Herbert AM	5	5
Mr Russell Allan Kenery	5	5
Mr Stuart Kenny	3	3
Mr Innes Alexander Willox	5	3

### Indemnification of officers

The entity has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the entity, other than conduct involving a wilful breach of duty in relation to the entity.

### Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

The company is incorporated under Corporations Act and is a company limited by guarantee. If the company is wound up the constitution states that each member is required to contribute a maximum of \$50 towards any outstanding liabilities. At 30 June 2015, the total amount that members of the company are liable to contribute if the company is wound up is \$500 (2014: \$500).

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

Signed in accordance with a resolution of the board of directors:

Director



Director



Dated:

6/08/15

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Revenue	2	<u>7,730,486</u>	<u>9,705,096</u>
<b>Gross surplus</b>		7,730,486	9,705,096
Salaries and employee benefits		(777,748)	(974,701)
Depreciation		(29,817)	(32,243)
IT and Network Costs		(21,684)	(21,025)
Marketing and Promotion		(89,633)	(131,242)
Rent and Utilities		(109,310)	(104,011)
Administration expenses		(135,057)	(138,262)
Travel costs		(91,673)	(101,523)
NSM Management		(2,421,022)	(3,416,736)
Gateway		(304,537)	(425,579)
SAMP		(3,585,510)	(4,320,295)
Other expenses		<u>(226,000)</u>	<u>(216,669)</u>
<b>Surplus/(Loss) before income tax</b>		(61,505)	(177,190)
Income tax expense		<u>-</u>	<u>-</u>
<b>Surplus/(Loss) for the year</b>		<u><u>(61,505)</u></u>	<u><u>(177,190)</u></u>
Surplus/(Loss) attributable to member of the company		<u><u>(61,505)</u></u>	<u><u>(177,190)</u></u>

The accompanying notes form part of these financial statements.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>Surplus/(Loss) for the year</b>		(61,505)	(177,190)
<b>Other comprehensive income:</b>		<u>                    </u>	<u>                    </u>
<b>Other comprehensive income for the year, net of tax</b>		<u>                    </u>	<u>                    </u>
<b>Total comprehensive income for the year</b>		<u><u>(61,505)</u></u>	<u><u>(177,190)</u></u>
Total comprehensive income attributable to member of the company		<u><u>(61,505)</u></u>	<u><u>(177,190)</u></u>

The accompanying notes form part of these financial statements.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	2,798,189	4,504,214
Trade and other receivables	5	149,116	56,452
Financial assets	6	85,000	180,000
Other current assets	7	38,293	39,270
<b>TOTAL CURRENT ASSETS</b>		<u>3,070,598</u>	<u>4,779,936</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	63,107	93,494
Intangibles	9	1,800	1,800
<b>TOTAL NON-CURRENT ASSETS</b>		<u>64,907</u>	<u>95,294</u>
<b>TOTAL ASSETS</b>		<u>3,135,505</u>	<u>4,875,230</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	124,635	115,998
Provisions	11	156,562	191,770
Other	12	2,096,824	3,741,264
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,378,021</u>	<u>4,049,032</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	-	7,209
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>-</u>	<u>7,209</u>
<b>TOTAL LIABILITIES</b>		<u>2,378,021</u>	<u>4,056,241</u>
<b>NET ASSETS</b>		<u>757,484</u>	<u>818,989</u>
<b>EQUITY</b>			
Retained Surplus		<u>757,484</u>	<u>818,989</u>
<b>TOTAL EQUITY</b>		<u>757,484</u>	<u>818,989</u>

The accompanying notes form part of these financial statements.

**INDUSTRY CAPABILITY NETWORK LIMITED**

**ABN 85 068 571 513**

**STATEMENT OF CHANGES IN EQUITY**

**AS AT 30 JUNE 2015**

	<b>Retained Earnings \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2013</b>	996,179	996,179
<b>Comprehensive income</b>		
Loss attributable to the members of the company	<u>(177,190)</u>	<u>(177,190)</u>
<b>Total comprehensive income for the year</b>	<u>(177,190)</u>	<u>(177,190)</u>
<b>Balance at 30 June 2014</b>	<u>818,989</u>	<u>818,989</u>
<b>Balance at 1 July 2014</b>	818,989	818,989
<b>Comprehensive income</b>		
Loss attributable to the members of the company	<u>(61,505)</u>	<u>(61,505)</u>
<b>Total comprehensive income for the year</b>	<u>(61,505)</u>	<u>(61,505)</u>
<b>Balance at 30 June 2015</b>	<u>757,484</u>	<u>757,484</u>

The accompanying notes form part of these financial statements.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts - Grants		3,248,076	6,323,011
Receipts - Other		578,037	357,506
Interest received		101,520	133,769
Payments		<u>(5,729,228)</u>	<u>(6,528,111)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>16</b>	<u>(1,801,595)</u>	<u>286,175</u>
<b>Cash flows from investing activities</b>			
Purchases of plant & equipment			(61,312)
Sale of plant & equipment		<u>570</u>	<u>17,856</u>
<b>Net cash provided by (used in) investing activities</b>		<u>570</u>	<u>(43,456)</u>
<b>Cash flows from financing activities</b>			
Changes in investments		<u>95,000</u>	<u>(19,500)</u>
<b>Net cash provided by (used in) financing activities</b>		<u>95,000</u>	<u>(19,500)</u>
Net increase (decrease) in cash held		(1,706,025)	223,219
Cash and cash equivalents at beginning of financial year		<u>4,504,214</u>	<u>4,280,995</u>
Cash and cash equivalents at end of financial year	<b>16</b>	<u><u>2,798,189</u></u>	<u><u>4,504,214</u></u>

The accompanying notes form part of these financial statements.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

The financial statements cover Industry Capability Network Limited as an individual entity. Industry Capability Network Limited is a company limited by guarantee, incorporated and domiciled in Australia. The company is a not for profit entity for financial reporting purposes under the Australian Accounting Standards.

**1. Significant accounting policies**

**Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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 financial statements were authorised for issue on 6 August 2015 by the directors of the company.

**(a) Income tax**

The company is exempt from income tax under section 50-40 of the Income Tax Assessment Act 1997.

**(b) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**Plant and equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in Surplus or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**Depreciation**

The depreciable amount of all fixed assets are depreciated on a prime cost basis (PC) and diminishing value basis (DV) over their useful lives to the company commencing from the time the asset is held 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 improvements.

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

Class of Fixed Asset:	Depreciation Rate
Property improvements	2.5%
Plant and equipment	20 - 50%
Motor vehicles	25%
Software development	20%
Furniture and fittings	20%

**(c) Financial instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of 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 are initially measured at fair value plus transactions costs, where the instrument is classified 'at fair value through surplus or loss' in which case transactions costs are expensed to surplus or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) any reduction of impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction cost and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

*Fair value* is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

(iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to surplus or loss at this point.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity 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 either discharged, cancelled or expire. The difference between the carrying value 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 is recognised in surplus or loss.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**(d) Impairment of assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition surpluses. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in surplus or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

**(e) Intangibles**

**Patents and trademarks**

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

**(f) Foreign currency transactions and balances**

**Functional and presentation currency**

The functional currency of the company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars.

**Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**(g) Employee provisions**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

**(h) 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 three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(i) Revenue and other income**

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

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

**(j) Trade and other receivables**

Accounts receivable and other receivables include amounts due from members as well as amounts receivable from customers that remain unpaid at the end of the reporting period. The balance is recognised as a current asset with the amounts normally paid within 30 days of recognition of the asset.

**(k) Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by the company 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) 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.

**(m) Comparative figures**

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

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**(n) Critical accounting estimates and adjustments**

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

**(o) Economic dependence**

The company is dependent on the grant funding for the majority of its revenue used to operate the business. At the date of this report the board of directors understand that the funding is only guaranteed until 30 June 2016.

**2. Revenue and other income**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Revenue		
Grant Income		
Operating	1,037,375	1,610,535
SAMP	3,534,006	4,258,421
NSM	2,399,912	3,369,244
	<u>6,971,293</u>	<u>9,238,200</u>
Jurisdictional Payments	160,200	180,000
ICS V2 income	30,000	16,364
Interest received	<b>2(a)</b> 96,109	133,065
Cost recoveries	62,652	137,467
Other revenue	410,232	-
Total revenue	<u>7,730,486</u>	<u>9,705,096</u>
<b>(a)</b> Interest received from:		
Other corporations	<u>96,109</u>	<u>133,065</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
**ABN 85 068 571 513**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

<b>3. Expenses</b>		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Surplus from continuing operations includes the following specific expenses:			
<b>Expenses:</b>			
Depreciation and amortisation expense		29,817	32,243
Net loss on disposal of non-current assets:			
Property, plant and equipment		-	9,868
Auditor remuneration		20,850	22,562
Rental expense		77,730	107,842
		<u>77,730</u>	<u>107,842</u>
<b>4. Current assets - cash and cash equivalents</b>		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Cash at bank		2,798,189	4,504,214
		<u>2,798,189</u>	<u>4,504,214</u>
<b>5. Current assets - trade and other receivables</b>		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Trade receivables		95,935	30,386
Other debtors		218	-
Goods and services tax		48,368	16,060
Accrued interest		4,595	10,006
		<u>149,116</u>	<u>56,452</u>
<b>6. Current assets - financial assets</b>		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Held-to-maturity investments	(a)	<u>85,000</u>	<u>180,000</u>
<b>(a) Held-to-maturity investments:</b>			
Term deposit - provisions		<u>85,000</u>	<u>180,000</u>
<b>7. Current assets - other assets</b>		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Prepayments		<u>38,293</u>	<u>39,270</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. Non-current assets - property, plant and equipment**

	2015 \$	2014 \$
Property improvements	14,834	14,834
Less accumulated depreciation	<u>(2,579)</u>	<u>(2,208)</u>
Total land and buildings	<u>12,255</u>	<u>12,626</u>
Plant and equipment	121,710	123,650
Less accumulated depreciation	<u>(109,436)</u>	<u>(100,495)</u>
	<u>12,274</u>	<u>23,155</u>
Motor vehicles	38,439	38,439
Less accumulated depreciation	<u>(10,696)</u>	<u>(1,448)</u>
	<u>27,743</u>	<u>36,991</u>
Software	31,965	32,064
Less accumulated depreciation	<u>(24,192)</u>	<u>(15,095)</u>
	<u>7,773</u>	<u>16,969</u>
Furniture and fittings	54,105	54,105
Less accumulated depreciation	<u>(51,043)</u>	<u>(50,352)</u>
	<u>3,062</u>	<u>3,753</u>
<b>Total property, plant and equipment</b>	<u>63,107</u>	<u>93,494</u>

**(a) Movement in carrying amounts**

For disclosure on movement in carrying amounts please refer to note 21(a) in the end of this financial report.

**9. Non-current assets - intangible assets**

	2015 \$	2014 \$
Patents and trademarks	1,800	1,800
Accumulated amortisation and impairment losses	<u>-</u>	<u>-</u>
	<u>1,800</u>	<u>1,800</u>
<b>Reconciliation of patents and trademarks</b>		
Balance at beginning of year	1,800	1,800
Additions	-	-
Disposals	<u>-</u>	<u>-</u>
Closing carrying value at end of year	<u>1,800</u>	<u>1,800</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. Current liabilities - trade and other payables**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Trade creditors	80,214	68,656
Accrued costs	29,007	29,652
Withholding taxes payable	15,414	17,690
	<u>124,635</u>	<u>115,998</u>

**11. Current liabilities - employee provisions**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Provision for holiday pay:</b>		
Opening balance	53,623	56,061
Provision reductions	(33,683)	(2,438)
Closing Balance	<u>19,940</u>	<u>53,623</u>

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Provision for long service leave:</b>		
Opening balance	39,762	38,537
Additional provisions raised	3,016	1,225
Closing Balance	<u>42,778</u>	<u>39,762</u>

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Provision for redundancy pay</b>		
Opening balance	98,385	76,723
Additional provisions raised	10,102	21,662
Provision Reductions	(14,643)	-
Closing Balance	<u>93,844</u>	<u>98,385</u>

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Total provisions</b>		
Opening balance	191,770	171,321
Additional provisions raised	13,118	22,887
Provision reductions	(48,326)	(2,438)
Closing Balance	<u>156,562</u>	<u>191,770</u>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. Current liabilities - other**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Income in advance		
NSM grant funds on hand at end of year	-	1,230,255
SAMP grant funds on hand at end of year	1,951,111	2,492,962
Other	145,713	18,047
	<u>2,096,824</u>	<u>3,741,264</u>

**13. Non-current liabilities - provisions**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Provision for long service leave:</b>		
Opening balance	7,209	5,489
Additional provisions raised	-	1,720
Provision reductions	(7,209)	-
Closing Balance	<u>-</u>	<u>7,209</u>

**14. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to officers and other members of key management personnel of the company is set out below:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<u>384,751</u>	<u>368,518</u>

**15. Related party transactions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no related party transactions during the year.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**16. Cash flow information**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of cash</b>		
Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	<u>2,798,189</u>	<u>4,504,214</u>
	<u>2,798,189</u>	<u>4,504,214</u>
<b>(b) Reconciliation of cash flow from operations with profit</b>		
Surplus/(loss) after income tax	(61,505)	(177,190)
Non-cash flows in surplus:		
Depreciation and amortisation	29,817	32,243
(Surplus) / loss on sale of property, plant and equipment	-	9,868
Changes in assets & liabilities:		
(Increase) / decrease in trade and other receivables	(92,664)	104,610
Increase / (decrease) in trade and other payables	8,637	(382,209)
Increase / (decrease) in deferred revenue	(1,644,441)	674,666
Increase / (decrease) in provisions	(42,417)	22,169
(Increase) / decrease in prepayments	978	2,018
<b>Net cash provided by (used in) operating activities</b>	<u><u>(1,801,595)</u></u>	<u><u>286,175</u></u>

**17. Capital and leasing commitments**

**(a) Operating lease commitments**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Payable - minimum lease payments		
- not later than 12 months	-	63,511
- Later than 12 months but not later than 5 years	-	-
	<u><u>0</u></u>	<u><u>63,511</u></u>

There is no property lease commitment contracted for at 30 June 2015.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**18. Financial risk management**

The company's financial instruments consist mainly of deposits with banks, short-term and long-term investments, receivables and payables, and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2015 \$	2014 \$
<b>Financial assets</b>			
Cash and cash equivalents	4	2,798,189	4,504,214
Trade and other receivables	5	149,116	56,452
<b>Financial assets</b>			
Held-to-maturity investments			
- investments in government and fixed interest securities	6	85,000	180,000
<b>Total financial assets</b>		<u>3,032,305</u>	<u>4,740,666</u>
<b>Financial liabilities</b>			
Trade and other payables	10	124,635	115,998
<b>Total financial liabilities</b>		<u>124,635</u>	<u>115,998</u>

**Specific financial risk exposures and management**

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the board's objectives, policies and processes for managing or measuring the risks from the previous period.

**a. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of grants. Credit risk is further mitigated as over 90% of the grants being received from Commonwealth, state and local governments are in accordance with funding agreements which ensure regular funding .

**INDUSTRY CAPABILITY NETWORK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**Credit risk exposures**

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality.

The company has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties.

Credit risk related to balances with banks and other financial institutions is managed and approved by the board.

**b. Liquidity risk**

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions.

**c. Market risk**

**(i) Interest rate risk**

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the company to interest rate risk are limited to fixed interest securities and cash on hand.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

**19. Company details**

The registered office and principal place of business of the company is:  
Industry Capability Network Limited  
Ground Floor, 37 Geils Court  
Deakin ACT 2600

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**20. Events subsequent to the end of the reporting period**

No 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.

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE, 2015**

**21. (a) MOVEMENT IN CARRYING AMOUNTS**

Movements in carrying amounts for each class of property, plant and equipment.

Balance at 1 July 2013	12,997	28,132	32,604	3,953	4,596	82,282
Additions	-	11,099	38,439	21,642	-	71,180
Disposals	-	(1,786)	(25,815)	(124)	-	(27,725)
Depreciation expense	(371)	(14,290)	(8,237)	(8,502)	(843)	(32,243)
<b>Carrying amount at 30 June 2014</b>	<b>12,626</b>	<b>23,155</b>	<b>36,991</b>	<b>16,969</b>	<b>3,753</b>	<b>93,494</b>
Additions	-	-	-	-	-	-
Disposals	(371)	(570)	-	-	-	(570)
Depreciation expense	(371)	(10,311)	(9,248)	(9,196)	(691)	(29,817)
<b>Carrying amount at 30 June 2015</b>	<b>12,255</b>	<b>12,274</b>	<b>27,743</b>	<b>7,773</b>	<b>3,062</b>	<b>63,107</b>

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes, which comprise the statement of financial position as at 30 June 2015, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes are in accordance with the Corporations Act 2001: and
  - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company
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.

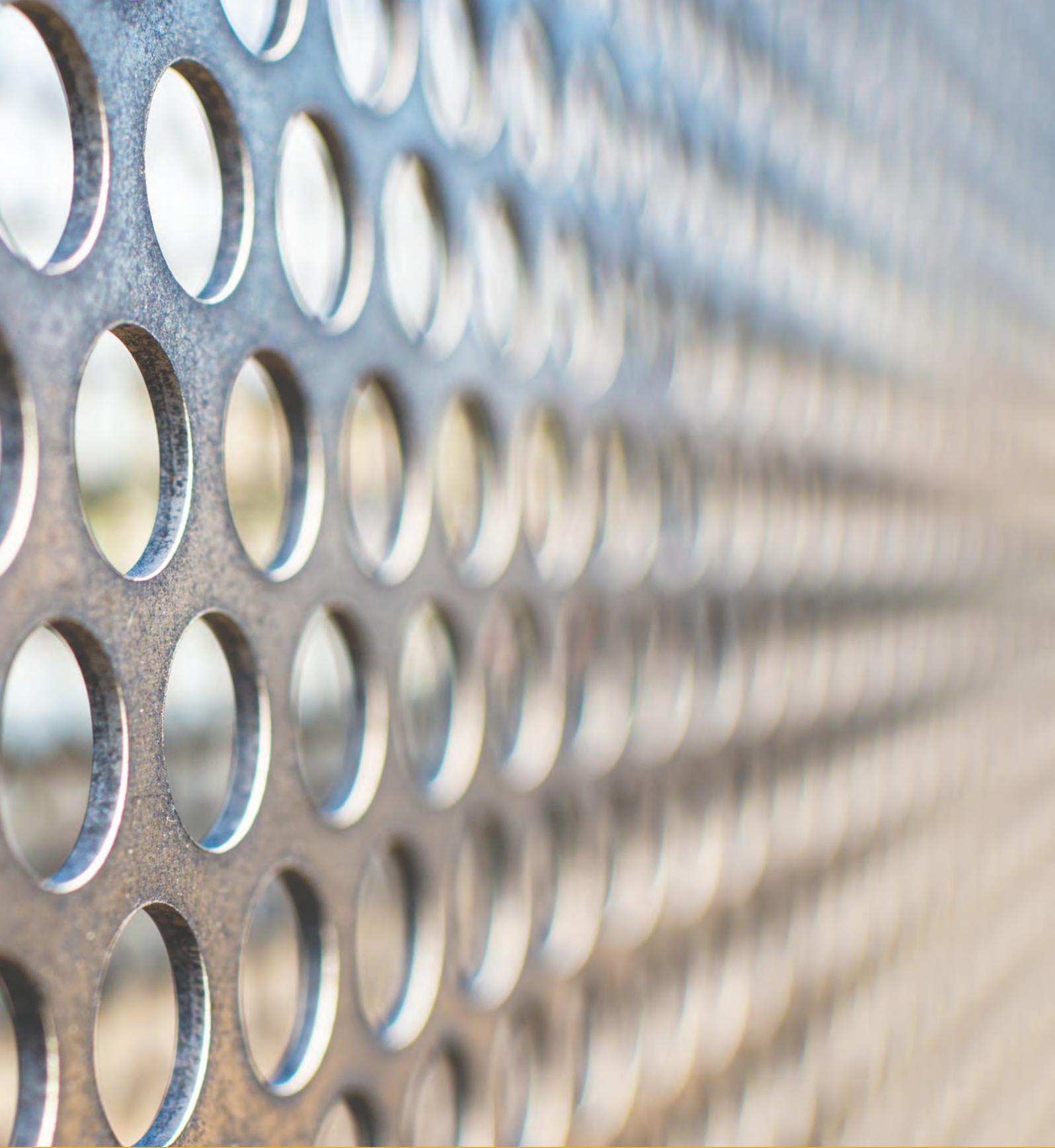
This declaration is made in accordance with a resolution of the board of directors.

**Director**



**Dated:**

6/08/15



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