



**annual  
report 2011**





**Industry Capability Network Limited**

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## **Vision**

To contribute to increased economic activity and employment for Australia and New Zealand by helping Australian and New Zealand industries gain a greater share of domestic and international business opportunities

## **Mission**

To maximise Australian and New Zealand industry participation, particularly in investment projects and global supply chains



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## Chairman's review

The aftermath of the global financial crisis, the resources boom, a strong Australian dollar, a potential price on carbon and a multi-paced economy – the environment that Industry Capability Network (ICN) Limited operated in 2010-11 was indeed challenging.

Throughout this, ICN Limited's strategic ground work and collaboration with the ICN network has placed us at the forefront, enabling us to help Australian and New Zealand companies rise to these challenges and win new business.

The ongoing development of our online systems continues to make it easier for small businesses to gain valuable intelligence on, and bid for, market opportunities, both at home and overseas. For organisations (with major projects) that are looking for online vendor registration against work packages, these systems are the preferred option.

The Board was extremely pleased with our Minister's announcement about the *Buy Australian at Home and Abroad* initiative. ICN Limited was selected to manage an additional \$1 million of grants for the resources sector through the Supplier Access to Major Projects (SAMP) program. This program builds upon the work we are already doing for the Department of Innovation, Industry, Science and Research (DIISR) including the management of the national sector manager program, the Austrade liaison project and the Australian Industry Participation Policy.

We acknowledge and thank our Minister, the department and in particular Mr Mike Lawson and his team for their confidence in our endeavours. We are grateful for their positive support and their appreciation of our contribution to their objectives.

Throughout the year, we strengthened our strategic relationships with a number of relevant organisations and associations. In particular, Austrade, AusIndustry and Enterprise Connect, as well as Water Australia, Australasian Rail Association (ARA), Australian Manufacturing Technology Institute Limited (AMTIL) and the Federation of Automotive Parts Manufacturers (FAPM).

Our Board members, Mr Bob Herbert AM and Mr Bruce Griffiths, continued their roles as Supplier Advocates for water and rail respectively.

The Board continued to closely watch our ecosystem, set and adjusted our strategic direction and monitored the performance of the organisation's key deliverables. Our continued exemplary results are testament to the effectiveness of our governance and our strong financial position has not come about by chance. This equity will be used to fund a number of key improvements to our operational capability in 2011-12 as well as providing new services to our members.

The ICN Limited team has again delivered outstanding results, within a framework of limited resources and conflicting demands, I congratulate them on a job well done.

David McLachlan AO  
Chairman



## Executive Director's report

It was a busy and productive year for ICN Limited – one filled with exciting new opportunities, major outcomes and strengthened service delivery.

The year was kick-started into action with the Minister's announcement of an extra \$1 million of grants for the SAMP program under the *Buy Australian at Home and Abroad* initiative. An integral part of the Australian Government's support to Australian suppliers, we look forward to managing this extra funding for the benefit of local businesses and the economy.

Another great success for us has been our sector approach to supporting local industry. This year we expanded the national sector manager program to include two new managers for the steel and mining industries. ICN Limited also created and implemented four new sector-specific directories to support the Supplier Advocates and the national sector managers. These are one-stop-shops for the cleantech, steel, rail and water industries which will further develop into a knowledge exchange point for industry.

The Team Auto Australia (TAA) consortium continues to deliver strong results for its members and this year ICN Limited delivered a new website to better promote the initiative on a global platform. One of the most exciting activities was a mission to the US led by The Hon Steve Bracks. The mission created some great opportunities for TAA members and we are now planning a mission for 2012.

Another promising project delivered within the auto industry by ICN Limited, was the launch of a new website, called Access Auto Australia, which promotes the Australian auto industry to

an international audience. We also worked with FAPM to build a portal to help them better manage their members and information.

We continued to build our strategic alliances with AMTIL, ARA, Water Australia, FAPM and Austrade and look forward to working with them again in 2012.

Most importantly, the IT, marketing and project management services offered by ICN Limited are now in very high demand and I'm confident that we can continue to deliver excellent service and value to our internal and external clients.

All these activities and outcomes have helped ICN further strengthen its position as the industry authority on Australian and New Zealand procurement partnerships.

The team at ICN Limited continues to deliver superior services to our stakeholders, often within tight budgets and timeframes. I am proud to work with them and acknowledge their outstanding contributions.

To the Board I express my thanks for their personal guidance and the time and effort they dedicate to the governance and performance of the company. Their strategic thought, careful analysis and commitment to delivery allows us to help Australian and New Zealand companies win business locally and overseas.

The team at Australian Industry Participation within DIISR, led by Mr Mike Lawson and Dr Brett Yeomans, continue to give both the company (and me personally) their support, encouragement and advice. Their belief in our goals and the support they give is invaluable.

Next year is shaping up to be another great one for ICN Limited as we continue to build on this year's successes. I look forward to leading our team in another exciting year.

Derek Lark  
Executive Director

## Highlights for the year

- > Contracts worth \$2.629 billion awarded to Australian companies that may have otherwise gone offshore to overseas suppliers.
- > Approval of two new national sector managers for the steel and mining sectors who will work together with those for water, rail, oil & gas, health, National Broadband Network (NBN) and clean technology to develop those sectors within Australia and New Zealand.
- > Extra \$4 million of funding announced to SAMP over the next four years through the *Buy Australian at Home and Abroad* initiative.
- > Management of \$1,182,603 worth of new SAMP grants. Nine SAMP applications received and five projects approved.
- > Delivery of a new website for the Australian auto industry, Access Auto Australia.
- > Many extensions and enhancements to the ICN Toolbox and ICN Gateway systems.
- > Total grants under management of \$5,825,484.
- > SAMP activities resulting in more than 152 contracts worth \$768.144 million by Australian suppliers and almost \$8.236 billion of opportunities identified.
- > Audit of the SAMP management process in use across the network.
- > Development and release of four industry directories to support the Supplier Advocates in the rail, water, steel and clean technology sectors.
- > Established technical relationships to share ICN's data with third-party applications, such as Access Auto Australia, Tier Barometer, FAPM and APCC.

- > Appointment of a full-time liaison officer to work with Austrade, ICN and Enterprise Connect.
- > Full implementation of ICN's new logo including supporting marketing material and the redesign of nine websites nationally.
- > TAA in its fifth year of successful operation has to date achieved US\$199.765 million in wins with a projected value to 2016 of US\$861.525 million as a direct result of the program.
- > Successful TAA mission to the US led by The Hon Steve Bracks.
- > Further development of our alliances with Austrade, ARA, Defence Export Unit, Enterprise Connect, FAPM, AMTIL and Water Australia.
- > ICN Limited increased its customer satisfaction score to achieve a rating of 81%.
- > More than 13,000 new companies registered on ICN Gateway.

## Focus areas

The primary functions of ICN Limited are to:

- > 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 the network
- > develop, provide and manage the national data and communications systems used by the network including ICN Toolbox and ICN Gateway
- > establish links with global supply chain managers to help Australian and New Zealand small and medium enterprises (SMEs) to gain access to the global supply chains of major project developers
- > develop network-wide marketing and to 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 program and support the Supplier Advocates
- > coordinate activities of the network to help companies identify Australian suppliers when applying for Tariff Concessions and/or the Enhanced Project By-law Scheme.

## Value delivery 2011

### Information, communications and technology

- > ICN Gateway
  - 110 projects listed online
  - More than 30,000 registrations of interest
  - Over \$100 billion contracts on offer

### Commercial opportunities

- > Fee for service for delivery of sector portals for internal, government and industry clients

### Marketing and communications

- > Full marketing and communications service now available to ICN
- > Implementation of ICN's new logo and the creation of supporting tools and materials

### Financial

- > Increased funding support from the Australian Government
- > Extra \$4 million of funding announced to SAMP over the next four years through the *Buy Australian at Home and Abroad* initiative
- > Grant worth \$500,000 received for TAA stage five



## Value delivery 2011 continued

### SAMP

The department allocated \$1 million to SAMP this year. In the reporting period, 152 contracts worth \$768,144,000 were awarded to Australian companies that may have otherwise gone offshore to overseas suppliers.

	SAMP Australia	SAMP Global	AIP-SAMP	Total
Grants under management	15	1	21	97
Grant amount	\$1,325,392	\$174,070	\$4,326,022	\$5,825,484
New applications	0	0	9	9
Value of applications	0	0	\$2,497,650	\$2,497,650
New grants	0	0	5	5
Value of grants	0	0	\$1,182,603	\$1,182,603

### Strategic alliances

- > Austrade
- > Ai Group
- > AMTIL
- > ARA
- > Defence Export Unit
- > Enterprise Connect
- > FAPM
- > TAA
- > Water Australia
- > Water Industry Alliance
- > Global opportunity activities with a number of third-party organisations on behalf of the network

## National coordination

ICN Limited continued to provide coordination for the network of nine ICN offices across Australia and New Zealand.

The network'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 Australian and New Zealand 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 Australian and New Zealand ICN offices federally and in forums of national significance.

## National coordination continued

The network's executive directors met four times during 2010-11, with meetings held in Brisbane, Adelaide, Perth and Darwin.

At a national level, ICN Limited represented the network at a range of organisations and forums including:

- > AusIndustry
- > Austrade
- > Australian Customs and Border Protection Service
- > Defence Materiel Organisation
- > Defence Export Unit
- > DIISR - meeting of Chairs of DIISR's Advisory Bodies
- > Enterprise Connect
- > FAPM.

As national representative and coordinator for the network, ICN Limited provided input and liaison with DIISR on a wide range of issues including:

- > the management of the SAMP programs
- > involvement of ICN Limited and ICN in other Australian Government industry programs
- > ICN Limited and DIISR processes and relationship management
- > cost recovery opportunities and mechanisms
- > governance and funding
- > AusIndustry programs and Enhanced Project By-law Scheme and Tariff Concessions
- > strategic planning for the network's executive directors
- > support for the Australian Government's Supplier Advocates
- > appointment of an ICN liaison officer to enhance collaboration with Austrade and Enterprise Connect.

## Marketing and communications

It was an exciting year for the marketing and communications function with demand for services expanding at a rapid rate. Priorities for the year included full implementation of the new ICN logo, services to the national sector managers and one-off projects like the development of the auto industry's new website, Access Auto Australia.

The volume and quality of marketing and communication services delivered for the year take ICN a step closer to achieving its goal of promoting the network as a single brand. The manager marketing and communications worked with executive directors, national sector managers, consultants and external stakeholders to make sure ICN's brand was presented with a professional, consistent and national approach.

Key outcomes for the year included:

- > full implementation of ICN's new logo across marketing collateral, merchandise, advertising, trade show displays, stationery, signage and electronic templates
- > new website for TAA and all marketing material for the US mission
- > sponsorship of the Manufacturer's Monthly Endeavour Awards, AMTIL's annual general meeting and various major project events
- > implementation of new design across all ICN's state websites
- > new website for the Australian auto industry called Access Auto Australia
- > design and copy of four industry directories to support the Supplier Advocates in the rail, water, steel and clean technology sectors
- > trade stands at the Defence and Industry Conference and other industry events.

## Supplier Access to Major Projects (SAMP)

The SAMP program is an Australian Government initiative that was initially launched in 1997. The original program targeted major projects in Australia. It was expanded to encompass international projects through SAMP Global in 2006-07.

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

SAMP helps Australian suppliers gain access to opportunities both within Australia and globally.

### AIP-SAMP

- > During the reporting period 21 AIP-SAMP projects were managed. Seven projects were completed, leaving 14 active projects to be managed
- > Total wins for the reporting period have amounted to 131 contracts worth \$519 million
- > Total wins to date have amounted to \$605 million for a return on grants allocation of 146:1
- > There were two rounds of SAMP grants this year. These took place in October 2010 and April 2011 and ICN Limited received nine applications for funding. Following consideration of the applications, five projects received grants.

Project	Applicant	Grant*
Global Supply Chain Access Service – Oil and Gas Phase 2	ICN WA	\$317,203
China Coal Industries Technology Phase 2	ICN NSW	\$187,400
INPEX Ichthys Phase 2	ICN NT	\$298,000
Kitan Development Project	ICN NT	\$190,000
ASEAN Health Infrastructure	ICN VIC	\$190,000
<b>Total</b>		<b>\$1,182,603</b>

\* Ex GST

During the reporting period the following projects reported significant wins:

- > China Coal Industries Technology – contracts for mobile drilling equipment, personnel carriers, horizontal drilling rigs and engineering services
- > South East Queensland Major Hospitals – electrical, mechanical and civil products and services.

An audit of SAMP processes was carried out in November and December 2010.

The following table shows the value of successful contracts achieved under the program this year.

Project	State	Status	Current		Previous		Change	
			No	\$m	No	\$m	No	\$m
Shanghai Expo 2010	VIC	Complete	3	2.800	0	0	3	2.800
Commonwealth Games 2010	VIC	Complete	14	40.7	13	20.700	1	20.000
Guangdong Province Services	VIC	Complete	4	10.604	0	0	4	10.604
Australian Brazil Sports and Events Alliance	VIC	Current	12	6.500	0	0	12	6.500
Sustainable Airports Infrastructure	VIC	Current	1	0.120	0	0	1	0.120
Parkville Comprehensive Cancer Centre	VIC	Current	0	0	0	0	0	0
ASEAN Health Infrastructure	VIC	New	0	0	0	0	0	0
China Coal Industry Technology 1	NSW	Complete	17	201.950	9	55.950	8	146.000
China Coal Industry Technology 2	NSW	New	0	0	0	0	0	0
Global Mining Supply Chains	NSW	Current	0	0	0	0	0	0
PNG LNG	QLD	Current	0	0	0	0	0	0
South East Queensland Major Hospitals	QLD	Current	96	221.200	16	9.200	80	212.000
QGC Queensland Curtis LNG	QLD	Current	6	95.160	0	0	6	95.160
Major Project Supplier Qualification	QLD	Current	n/a	n/a	n/a	n/a	n/a	n/a
Asian Oil & Gas Supply Chains 1	WA	Complete	4	0.686	3	0.620	1	0.066
Asian Oil & Gas Supply Chains 2	WA	New	0	0	0	0	0	0
Shell Prelude FLNG	WA	Complete	2	0.600	0	0	2	0.600
Wheatstone LNG	WA	Current	0	0	0	0	0	0
INPEX Ichthys LNG Phase 1	NT	Complete	16	25.510	16	25.510	0	0
INPEX Ichthys LNG Phase 2	NT	New	0	0	0	0	0	0
Kitan Development Project	NT	New	0	0	0	0	0	0
<b>Total</b>			<b>175</b>	<b>605.830</b>	<b>57</b>	<b>111.980</b>	<b>118</b>	<b>493.850</b>

## SAMP Australia

- > There were two active SAMP Australia projects during the year
- > ICN Limited monitored 16 previously completed projects. Only three projects will require reporting in 2011-12
- > With the support of SAMP Australia, 34 contracts were awarded to Australian industry during the reporting period worth \$274.294 million. This represents a return of 706:1

A breakdown of the successful contracts shows that:

- > 42% were awarded to suppliers outside the state in which the project was located
- > 96% of the contracts were awarded to SMEs
- > 36% were awarded to suppliers classified as being in regional areas.

## Summary of SAMP Australia wins 1 July 2010 to 30 June 2011

The following table shows the value of successful contracts achieved under this year's program.

Project	State	Status	Current		Previous		Change	
			No.	\$m	No.	\$m	No.	\$m
Royal Children's Hospital	VIC	Complete	14	46.111	5	40.128	9	5.990
HCPV Solar Plant	VIC	Complete						
ADI Mulwala	NSW	Complete	5	12.850	0	0	5	12.850
Rail Carriages	NSW	Complete	3	28.235	3	28.235	0	0
Visy Pulp Mill	NSW	Complete	16	43.552	16	43.552	0	0
NSW Wind Farms	NSW	Active	17	90.730	8	5.291	9	85.439
Pluto LNG	WA	Complete	41	115.276	30	39.926	11	75.350
North Rankin Redevelop.	WA	Complete	19	13.643	19	13.643	0	0
Worsley Alumina	WA	Complete	25	85.000	25	85.000	0	0
Yarwun 2 Alumina	QLD	Active	57	279.122	57	279.122	0	0
AWD Warships	SA	Complete		94.665				94.665
Prominent Hill Mine	SA	Complete	70	179.939	70	179.939	0	0
Blacktip	NT	Complete	547	545.730	547	545.730	0	0
Bayu-Undan	NT	Complete	82	259.714	82	259.714	0	0
Weddell Power Station	NT	Complete	103	40.203	103	40.203	0	0
<b>Total</b>			<b>872</b>	<b>1375.716</b>	<b>838</b>	<b>1101.422</b>	<b>34</b>	<b>274.294</b>



## **SAMP Global**

The SAMP Global program started in 2006.

- > The Eastern Indonesian Mining Opportunities project was completed during the year.
- > The SAMP Global program has facilitated introductions of more than 123 Australian suppliers to international project proponents and resulted in more than \$55.39 million of contracts won.

## **Funding of the SAMP program**

Deeds between ICN Limited and DIISR provide funding for the program. ICN Limited submits reports to the department on the management and achievements of the SAMP program. The funds allocated by DIISR during the reporting period amounted to \$1 million for AIP-SAMP.

## **Total program to date**

Since the start of SAMP in 1997, ICN Limited has received \$13.1 million (excluding national sector manager and procurement statement initiatives) from DIISR to finance industry research and support. Under the program, 144 projects received support resulting in more than \$4.268 billion in contract wins.

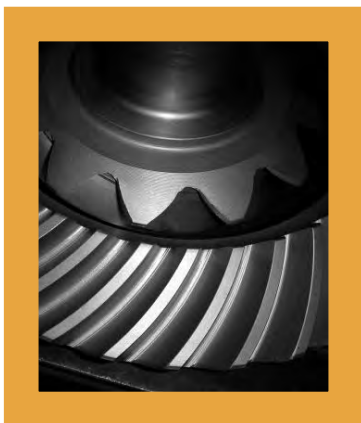
## National sector managers

In July 2009, the Australian Government announced \$19.1 million in funding to boost Australian industry participation over four years. As part of this announcement, ICN received extra funding through the SAMP program to target priority sectors. ICN appointed national sector managers to oversee and coordinate ICN's activities and work with the Supplier Advocates to make sure Australian and New Zealand companies are well place to pursue opportunities in these sectors.

Approval for the appointment of national sector managers for steel and mining has been granted for 2012 and they will work together with the six other national sector managers appointed in May 2010. The managers are based in ICN offices around Australia. During the first year of operation the existing managers have established a network of contacts within their sectors and ICN state offices. They have a clear picture of their sector and an understanding of the capabilities in Australia and New Zealand.

The national sector managers (and their office locations within the network) as at 30 June 2011 are:

- > David Anderson – National Broadband Network (Hobart)
- > Kevin Payne – Water (Adelaide)
- > Tony Carney – Rail (Melbourne)
- > Bruce Dann – Oil & Gas (Perth)
- > To be appointed – Steel (Brisbane)
- > To be appointed – Mining (Brisbane)
- > David Ryant – Health (Melbourne)
- > Rob McCullagh – Clean Technology (Canberra).



## **Team Australia Automotive (TAA)**

TAA is a consortium that started in 2006 to help Australian automotive component manufacturers access the global supply chains of the North American original equipment manufacturers (OEMs).

ICN Limited leads TAA in partnership with our Victorian and South Australian offices, FAPM, the governments of South Australia and Victoria and Austrade. In 2010, the consortium made an application for further funding and received a fifth grant from the Australian Government's Automotive Market Access Program to continue its promotion of Australian companies into North America. Part of this grant was used to develop a website ([www.accessautoaustralia.com](http://www.accessautoaustralia.com)) to promote all aspects of the Australian automotive industry internationally.

In April, TAA conducted a very successful mission to the US headed by The Hon Steve Bracks. Ten companies participated in a trade show held at the Nissan facility in Farmington Hills, Michigan. Meetings were also held on the west coast with electric vehicle companies Tesla and Fisker and infrastructure company Better Place. In Michigan, meetings were held with Ford, Chrysler, Nissan and Gibbs Technologies as well as the Centre for Automotive Research and the Original Equipment Suppliers Association.

Team Australia Automotive actively represents 20 Australian companies in the US auto industry. So far Australian companies have won US\$861.525 million worth of ongoing contracts as members of Team Australia Automotive.

## Technology systems

ICN Gateway, ICN Toolbox and the ICN industry capability database are at the core of our IT systems. We are constantly extending and enhancing our systems to provide:

- > an inviting web presence
- > a simple, easy-to-use online tool to help suppliers create and edit their company profile and search for project opportunities
- > a simple method for suppliers to register expressions of interest for opportunities
- > the ability for the public to search for suppliers within regions and by capability
- > the ability to search for either work packages on major projects, or smaller regional opportunities in specific local government areas
- > a secure and intuitive tool (ICN Toolbox) that allows ICN consultants to easily and effectively manage industry capability data, help project proponents and buyers, quickly list new projects and opportunities, more easily analyse and distribute expressions of interest and produce timely, accurate reporting
- > the ability to interconnect and share industry data
- > the ability to serve cloud framework and mobile applications.

## Future development

- > In 2011-12 we are designing and developing further enhancements (requested by suppliers, project proponents and ICN employees) to the ICN Toolbox and ICN Gateway systems.
- > With our data-sharing technology now in place we are working to extend our data-sharing relationships to third-party agencies, such as Austrade, Department of Defence and Enterprise Connect.
- > We are delivering tailored services to industry associations and specialists.
- > We are designing and developing applications for mobile platforms such as the iPhone/iPad and Android devices, the first of which will be delivered next year.

## Strategic direction

Our target in 2010 was to continue to build upon the foundations for ICN's overall service offering whilst at the same time enhancing our value proposition through leveraged sector-specific activities. Each year our strategic plan is enacted to make sure our long-term horizons for goal delivery are achievable.

The national sector manager program was enhanced to add two new sectors, steel and mining. This was particularly timely and aligned closely with the Australian Government's *Buy Australian at Home and Abroad* initiative.

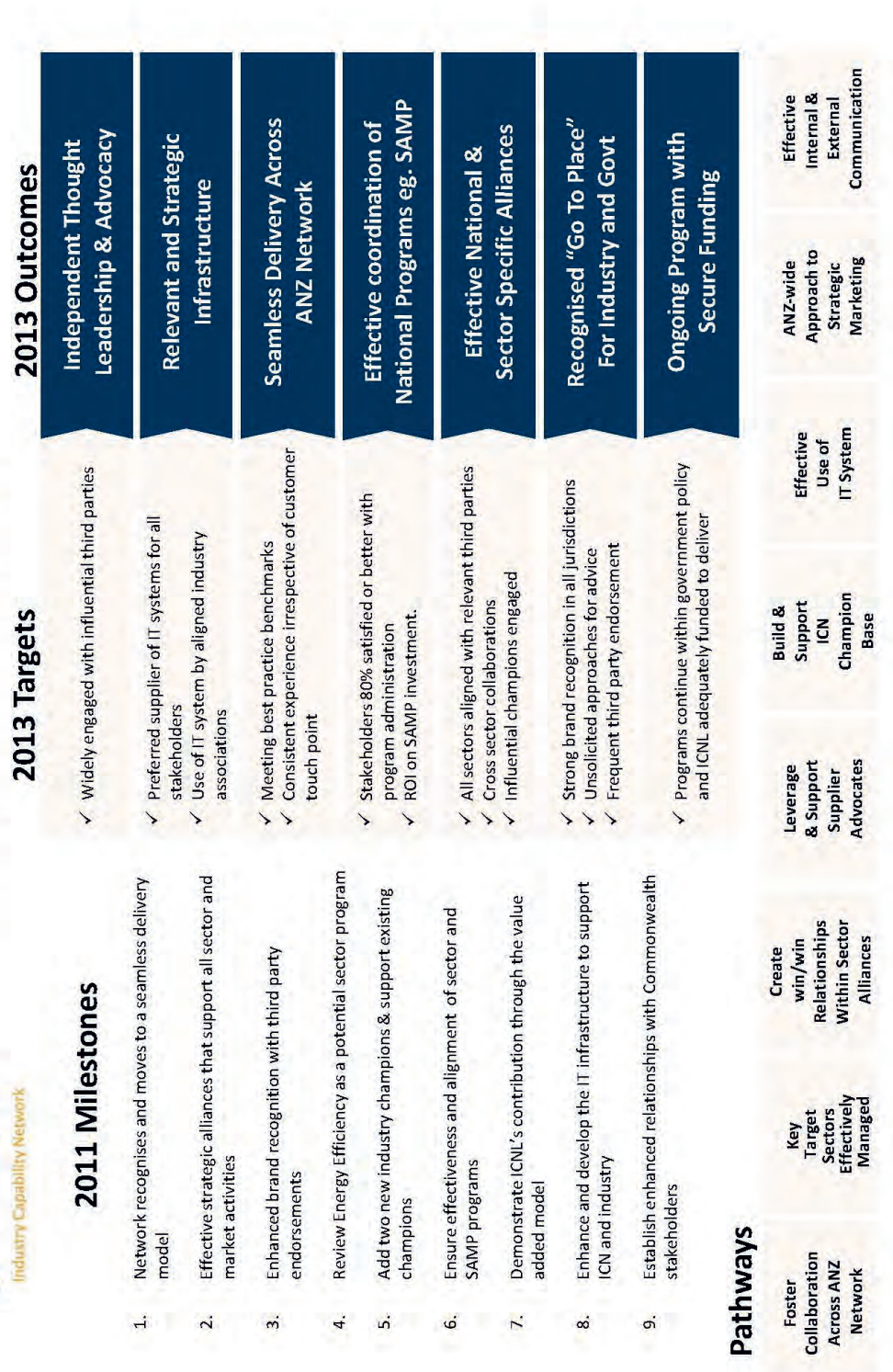
Our sectors are:

- > clean technology – New South Wales
- > health – Victoria
- > mining – Queensland
- > National Broadband Network – Tasmania
- > oil and gas – Western Australia
- > rail – Victoria
- > steel – Queensland
- > water – South Australia.

We are also strategically engaged in the defence and automotive sectors through other focused programs. We further built upon the technology systems that we supply to the network (and others) to enable the sectors to be better presented to the markets.

To make sure we are adding value to the network and meeting the needs of our clients, we survey our members within the network annually to measure their satisfaction with our services. This year we recorded another increase in satisfaction with a 3% rise, which takes the satisfaction level to 81%.

## Strategic Plan 2010-2013



## Appendix one: Company membership

The membership of ICN Limited remained unchanged in 2011.

The members of ICN Limited are:

- > Department of Innovation, Industry, Science and Research
- > Australian Council of Trade Unions
- > Industry Capability Network (VIC) Limited
- > Industry Capability Network (NSW) Limited
- > QMI Solutions (QLD) Limited
- > Business Promotion (NT) Pty Ltd
- > The Chamber of Commerce and Industry of Western Australia
- > Department of Trade and Economic Development (SA)
- > Department of Economic Development, Tourism and the Arts (Tasmania)
- > Department of Business and Industry Development (ACT)
- > New Zealand Trade & Enterprise.



## Appendix two: Employee details as at 30 June 2011



### Office address

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**Phone** 02 6285 2033

**Fax** 02 6285 2842

### Postal address

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**Email** [info@icn.org.au](mailto:info@icn.org.au)

**Web** [www.icn.org.au](http://www.icn.org.au)



## Appendix three: Board composition



David McLachlan AO



Robert Herbert AO



Peter Blackney



Bruce Griffiths

The Board of Directors consists of seven people elected by the members.

The full composition of the Board of Directors at 30 June 2011 was:

### Chairman

Mr David McLachlan AO  
Industry Capability Network Limited  
PO Box 130  
Deakin West ACT 2600  
02 6285 2033

### Deputy Chairman

Mr Robert Herbert AM  
Chairman, IXC International Limited  
Company Director and Consultant  
Safari Biz Pty Ltd  
55 Tivoli Road  
South Yarra VIC 3141  
03 9827 0388

### Director

Mr Peter Blackney  
Company Director and Consultant  
22 Windjana Street  
Harrison ACT 2914  
02 9397 9136

### Director

Mr Bruce Griffiths  
Executive Chairman  
Futuris Automotive Group Limited  
80 Turner Street  
Port Melbourne VIC 3207  
03 9644 4222



Russell Kenery



James Pearson



Nixon Apple



Derek Lark

**Director**

Mr Russell Kenery  
Principal  
Kenery & Associates  
PO Box 47  
Red Hill VIC 3937  
03 5931 0348

**Director**

Mr James Pearson  
Chief Executive  
Chamber of Commerce & Industry WA  
PO Box 6209  
East Perth WA 6892  
08 9365 7625

**Director**

Mr Nixon Apple  
Industry Advisor  
Australian Manufacturing Workers Union  
2nd Floor, 251 Queensberry Street  
Carlton South VIC 3053  
03 9230 5706

**Secretary**

Mr Derek Lark  
Executive Director  
Industry Capability Network Limited  
PO Box 130  
Deakin West ACT 2600  
02 6285 2033

Mr Peter Blackney, Mr Robert Herbert, Mr David McLachlan and Mr James Pearson were re-elected at the AGM.

## Appendix four: ICN contact details

ICN has offices in every state and territory of Australia and in New Zealand. The ICN offices in Queensland, New South Wales, Victoria, Tasmania and New Zealand have branch offices in regional centres.

Northern Territory  
6B/1450 Stuart Highway  
Cnr Winnellie Rd and Hickman St  
Winnellie NT 0820  
GPO Box 1882  
Darwin NT 0801  
Phone 08 8922 9422  
Fax 08 8922 9430  
Email [info@icnnt.org.au](mailto:info@icnnt.org.au)

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The Majestic Towers  
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Canberra ACT 2601  
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Western Australia  
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PO Box 6209  
East Perth WA 6892  
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PO Box 7492  
St Kilda Road VIC 8004  
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Fax 03 9866 6304  
Email [info@icnvic.org.au](mailto:info@icnvic.org.au)

Tasmania  
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GPO Box 646  
Hobart TAS 7001  
Phone 03 6233 5550  
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PO Box 4012  
Eight Mile Plains QLD 4113  
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Email [info@icnqld.org.au](mailto:info@icnqld.org.au)

South Australia  
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Adelaide SA 5001  
Phone 08 8303 2268  
Fax 08 8303 2950  
Email [info@icsa.org.au](mailto:info@icsa.org.au)

## Appendix five: Supplier Access to Major Projects (SAMP) program

The Australian Government, through DIISR, 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.

ICN Limited manages the funding on behalf of DIISR and is responsible for coordinating the SAMP selection panel, managing grant payments and reporting on project activity.

Funding recipients research and identify competitive Australian companies capable of supplying goods and services to the projects giving capable and competitive Australian and New Zealand suppliers the opportunity to compete for work against overseas suppliers.

The initial program, known as SAMP Australia, has provided almost \$7.5 million in funds over ten years. To date, with the help of the SAMP Australia program, Australian and New Zealand industry has won \$3.047 billion worth of Australian project contracts that may otherwise have been contracted offshore.

A second program, SAMP Global, started in 2006 with the objective of identifying global opportunities for Australian suppliers in major projects overseas. It has since been revised to facilitate opportunities for Australian suppliers through major projects in Australia and overseas (AIP-SAMP).

The following pages list SAMP projects that were reported on in 2010-11.

## SAMP Australia

ICN New South Wales	
	ADI Mulwala
	Port Waratah 3D
	Rail Carriages
	Visy Pulp Mill
	NSW Wind Farms
ICN Northern Territory	
	Eni Blacktip
	Bayu Undan and Darwin LNG
	Weddell Power Station
ICN Queensland	
	Yarwun 2 Alumina
ICN South Australia	
	Prominent Hill Mine
	AWD Warships
ICN Victoria	
	Royal Children's Hospital
	PV Solar Plant
ICN Western Australia	
	Pluto LNG
	North Rankin Redevelopment
	Worsley Alumina

## SAMP Global

ICN Northern Territory	
	Eastern Indonesia Mining Supply Chain

## AIP-SAMP

ICN Victoria	
	Shanghai Expo 2010 China
	Delhi Commonwealth Games 2010
	Guangdong Province Services
	Australian Brazil Sports and Events Alliance
	Sustainable Airports Infrastructure China
	Parkville Comprehensive Cancer Centre (PCCC)
	ASEAN Health Infrastructure Alliance
ICN New South Wales	
	China Coal Industries Technology Phase 1
	China Coal Industries Technology Phase 2 (additional grant)
	Global Mining Supply Chains
ICN Queensland	
	PNG LNG
	Major Hospitals Construction
	QGC Queensland Curtis LNG
	Major Project Supplier Qualification
ICN Western Australia	
	Asian Oil and Gas Projects Supply Chains Phase 1
	Asian Oil and Gas Projects Supply Chains Phase 1 (additional grant)
	Shell Prelude FLNG
	Wheatstone LNG
ICN Northern Territory	
	INPEX Ichthys LNG Supply Chain Opportunities Phase 1
	INPEX Ichthys LNG Supply Chain Opportunities Phase 2 (additional grant)
	Kitan Development Project

## Appendix six: Independent audit report

Auswild & Co has agreed to act as auditor for ICN Limited. Its opinion of the financial statement of ICN Limited as at 30 June 2011 follows.





Auswild & Co  
CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

## **Independent auditor's report to the members of Industry Capability Network Limited (ICNL)**

We have audited the accompanying financial report of Industry Capability Network Limited ("the company"), which comprises the statement of financial position as at 30<sup>th</sup> June, 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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

The directors' of the company are responsible for the preparation and presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### **Auditor's 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, including the assessment of 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 entity's preparation and fair presentation of the financial report 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 entity'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*, provided to the directors of the company, would be in the same terms if provided to the directors' as at the date of this auditor's report.

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approved under Professional  
Standards Legislation

**Audit Opinion**

In our opinion:

1. the financial report of Industry Capability Network Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the Company at 30<sup>th</sup> June, 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



G.J. BRADLEY  
Principal

Registered Auditor No: 1249

CANBERRA  
3<sup>rd</sup> August, 2011

## Appendix seven: Financial statement

The financial statements for ICN Limited as at 30 June 2011 include:

- > Directors' report
- > Auditor's independence declaration
- > income statement
- > statement of comprehensive income
- > statement of financial position
- > statement of changes in equity
- > statement of cash flows
- > notes to the financial statements
- > Directors' declaration.

ICN Limited has prepared these statements to meet the requirements of the Corporations Law. However, ICN Limited is a non-profit organisation and any surplus funds in the current year will be retained and transferred to reserves. The Board resolved that no dividend would be paid to members.

## **Industry Capability Network Limited**

ABN 85 068 571 513

### **Financial statements**

For the period ending 30 June 2011

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

**CONTENTS**

Directors' Report
Auditor's Independence Declaration
Income Statement
Statement of Financial Position
Statement of Changes in Equity
Cash Flow Statement
Notes to the Financial Statements
Directors' Declaration
Independent Audit Report

**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 2011.

**Directors and Company Secretary**

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

David John McLachlan  
William Nixon Apple  
Peter Geoffrey Blackney  
Bruce Atkin Griffiths  
Robert Norman Herbert  
Russell Allan Kenery  
James Hugo Pearson

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

The following person held the position of entity secretary at the end of the financial year:

Derek Lark was appointed company secretary on 20 January 2004.

**Operating Results**

The net profit of the company for the financial year amounted to \$298,060.

**Review of Operations**

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

No significant changes in the company's state of affairs occurred during the financial year.

**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 the 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 Global, Team Australia Automotive, SAMP AIP, Domain Sector Specialist and Gateway programs.

During the year the SAMP Global Program administered by the company was finalised and surplus funds amounting to \$206,845 were transferred to the SAMP AIP Program.

No other significant changes in the company activity occurred during the financial year.

**After Balance Day Events**

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**

**Future Developments**

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 Issues**

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

**Information on Directors**

<b>Mr David John McLachlan AO</b>	-Chairman
Qualifications	-Fellow Australian Institute of Company Directors (Dip)
Experience	-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
<b>Mr William Nixon Apple</b>	-Director
Qualifications	-Honours BA and MA Carleton University, Ottawa Ontario Canada
Experience	-Currently Advisor, Industry and Investment Policy, Australian Manufacturing Workers Union
<b>Mr Peter Geoffrey Blackney</b>	-Director
Qualifications	-Bachelor of Economics, Australian National University -Graduate of Australian Institute of Company Directors (Dip) -Williamson Fellow
Experience	-Currently Company Director and Consultant
<b>Mr Bruce Atkin Griffiths</b>	-Director
Experience	-Currently Chairman, Futuris Automotive Group
<b>Mr Robert Norman Herbert AM</b>	-Deputy Chairman, Director
Qualifications	-Bachelor of Commerce (IR), UNSW
Experience	-Currently Company Director and Consultant
<b>Mr Russell Allan Kenery</b>	-Director
Qualifications	-Fellow - Illuminating Engineering Society (Aus & NZ) -Engineers Registration Board CEI (London) -Advanced Management Program (RMIT)
Experience	-Currently Director, Kenery & Associates -Chairman - InnovationXchange (IXC Australia Ltd)
<b>Mr James Hugo Pearson</b>	-Director
Qualifications	-B.Sc (Honours) University of WA -MBA (Deakin University); -GAICD
Experience	-Currently Chief Executive, Chamber of Commerce and Industry Western Australia

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

**DIRECTORS' REPORT**

**Meetings of Directors**

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

Director	Number Eligible to Attend	Number attended
Mr David John McLachlan AO	4	4
Mr William Nixon Apple	4	4
Mr Peter Geoffrey Blackney	4	4
Mr Bruce Atkin Griffiths	4	3
Mr Robert Norman Herbert AM	4	3
Mr Russell Allan Kenery	4	4
Mr James Hugo Pearson	4	3

**Indemnifying 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 the Entity**

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.

**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 

Dated: 12 August 2011





Auswild & Co  
CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

### AUDITOR'S INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30<sup>th</sup> June, 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Auswild & Co.

G. Bradley  
Principal  
Canberra  
3<sup>rd</sup> August, 2011

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
Revenue	2	8,484,684	6,806,880
<b>Gross profit</b>		<b>8,484,684</b>	<b>6,806,880</b>
Other revenue	2	1,116	-
Salaries and employee benefits		(810,203)	(652,460)
Depreciation		(36,663)	(28,208)
IT and network costs		(35,329)	(199,879)
Marketing and promotion		(148,716)	(106,902)
Rent and utilities		(125,850)	(69,025)
Administration expenses		(112,504)	(111,770)
Travel costs		(119,049)	(94,179)
Project expenses		-	(176,247)
DSS Management		(2,496,969)	(1,234,719)
Gateway		(413,771)	(311,895)
SAMP		(2,963,405)	(3,029,511)
Team Australia Automotive		(888,895)	(659,933)
Other expenses		(36,386)	(13,046)
<b>Operating Surplus before income tax</b>	<b>3</b>	<b>298,060</b>	<b>119,106</b>
Income tax expense		-	-
<b>Operating Surplus for the year</b>		<b>298,060</b>	<b>119,106</b>
Operating Surplus attributable to member of the company		298,060	119,106

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 2011**

	Note	2011 \$	2010 \$
<b>Profit for the year</b>		298,060	119,106
<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>298,060</u></u>	<u><u>119,106</u></u>
<b>Total comprehensive income attributable to member of the company</b>		<u><u>298,060</u></u>	<u><u>119,106</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 2011**

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	3,549,017	3,999,998
Trade and other receivables	5	12,739	156,283
Financial assets	6	126,168	96,222
Other current assets	7	66,415	11,539
<b>TOTAL CURRENT ASSETS</b>		<u>3,754,339</u>	<u>4,264,042</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	101,631	83,918
Intangibles	9	1,800	-
<b>TOTAL NON-CURRENT ASSETS</b>		<u>103,431</u>	<u>83,918</u>
<b>TOTAL ASSETS</b>		<u><u>3,857,770</u></u>	<u><u>4,347,960</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	244,469	281,193
Short-term provisions	11	87,153	64,884
Other	12	2,226,266	3,000,061
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,557,888</u>	<u>3,346,138</u>
<b>TOTAL LIABILITIES</b>		<u><u>2,557,888</u></u>	<u><u>3,346,138</u></u>
<b>NET ASSETS</b>		<u><u>1,299,882</u></u>	<u><u>1,001,822</u></u>
<b>EQUITY</b>			
Retained profits		<u>1,299,882</u>	<u>1,001,822</u>
<b>TOTAL EQUITY</b>		<u><u>1,299,882</u></u>	<u><u>1,001,822</u></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 2011**

Share Capital	Retained Earnings	Total
	\$	\$
	882,716	882,716
	119,106	119,106
	<u>1,001,822</u>	<u>1,001,822</u>
	1,001,822	1,001,822
	298,060	298,060
	<u>1,299,882</u>	<u>1,299,882</u>

**Balance at 1 July 2009**  
Profit attributable to the member of the company

**Balance at 30 June 2010**

**Balance at 1 July 2010**  
Profit attributable to the member of the company

**Balance at 30 June 2011**

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 2011**

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Receipts		7,571,620	7,309,110
Interest received		194,223	120,648
Payments		(8,125,950)	(6,532,687)
<b>Net cash provided by (used in) operating activities</b>	<b>14</b>	<u>(360,107)</u>	<u>897,071</u>
<b>Cash flows from investing activities</b>			
Purchases of plant & equipment		(77,309)	(56,497)
Sale of plant & equipment		18,182	2,829
Patent investment		(1,800)	-
<b>Net cash provided by (used in) investing activities</b>		<u>(60,927)</u>	<u>(53,668)</u>
<b>Cash flows from financing activities</b>			
Changes in investments		(29,946)	238,523
<b>Net cash provided by (used in) financing activities</b>		<u>(29,946)</u>	<u>238,523</u>
Net increase (decrease) in cash held		(450,980)	1,081,926
Cash and cash equivalents at beginning of financial year		3,999,998	2,918,071
<b>Cash and cash equivalents at end of financial year</b>	<b>14</b>	<u><u>3,549,018</u></u>	<u><u>3,999,997</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 2011**

These 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.

**1. SUMMARY OF 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 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. 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 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.

**(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 less, where indicated, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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%	PC
Plant and equipment	20 - 50%	PC
Motor vehicles	25%	DV
Software development	20%	PC
Furniture and fittings	20%	PC

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(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 (ie 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 profit or loss' in which case transactions costs are expensed to profit or loss immediately.



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**Classification and subsequent measurement**

Financial instruments are subsequently measured at either 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) less 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 in profit or loss.

*(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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**Fair value**

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.

**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 the statement of comprehensive income.

**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 where 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 profit or loss.

**(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 profits. 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 value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**(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.

**(g) Employee Benefits**

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. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**(h) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(i) 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.



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**(j) Revenue and Other Income**

Grant revenue is recognised in the statement of 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).

**(k) Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**(m) Comparative Figures**

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

**(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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
<b>2. REVENUE AND OTHER INCOME</b>			
Revenue			
Grant revenue		7,727,102.00	6,301,594.00
Jurisdictional payments		162,000.00	162,000.00
Industry contribution (SAMP)		-	143,000.00
Funds for reallocation		72,183.00	53,100.00
Project revenue		276,519.00	-
ICS V2 income		13,750.00	15,000.00
Interest received	2(a)	193,122.00	105,609.00
Cost Recoveries		31,315.00	26,577.00
Other revenue		8,693.00	-
Total Revenue		<u>8,484,684</u>	<u>6,806,880</u>
Other Income			
Foreign currency exchange gain		<u>1,116</u>	<u>-</u>
(a) Interest received from:			
Other corporations		<u>193,122</u>	<u>105,610</u>
<b>3. PROFIT FOR THE YEAR</b>			
Expenses:			
Depreciation and amortisation expense		36,663	28,208
Net loss on disposal of non-current assets:			
Property, plant and equipment		4,751	1,764
Auditor Remuneration		23,100	18,900
Rental Expense		<u>95,078</u>	<u>41,021</u>
<b>4. CASH AND CASH EQUIVALENTS</b>			
Cash at bank		<u>3,549,017</u>	<u>3,999,998</u>
<b>5. TRADE AND OTHER RECEIVABLES</b>			
CURRENT			
Trade receivables		10,245	152,689
Accrued interest		<u>2,494</u>	<u>3,594</u>
		<u>12,739</u>	<u>156,283</u>
<b>6. FINANCIAL ASSETS</b>			
CURRENT			
Held-to-maturity investments	(a)	<u>126,168</u>	<u>96,222</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
(a) Held-to-maturity investments:			
Term deposit:			
Term Deposit - Provisions		126,168	96,222
<b>7. OTHER ASSETS</b>			
<b>CURRENT</b>			
Prepayments		66,415	11,539
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Property improvements		14,834	9,184
Less accumulated depreciation		(1,097)	(754)
Total land and buildings		13,737	8,430
Plant and equipment		155,537	125,872
Less accumulated depreciation		(111,660)	(96,223)
		43,877	29,649
Motor vehicles		37,078	34,195
Less accumulated depreciation		(6,273)	(9,227)
		30,805	24,968
Software development		41,325	40,043
Less accumulated depreciation		(33,491)	(21,550)
		7,834	18,493
Furniture and fittings		53,672	50,037
Less accumulated depreciation		(48,294)	(47,659)
		5,378	2,378
<b>Total property, plant and equipment</b>		101,631	83,918
(a) Movement in carrying amounts			
For disclosure on movement in carrying amounts please refer to note 18(a) in the end of this financial report.			

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
<b>9. INTANGIBLE ASSETS</b>			
Patents and trademarks		1,800	-
Accumulated amortisation and impairment losses		-	-
		<u>1,800</u>	<u>-</u>
<b>Reconciliation of patents and trademarks</b>			
Additions		1,800	-
Disposals		-	-
Closing carrying value at 30 June 2011		<u>1,800</u>	<u>-</u>
<b>10. TRADE AND OTHER PAYABLES</b>			
<b>CURRENT</b>			
Goods and services tax		29,261	97,634
Trade creditors		171,170	152,207
Other creditors		-	2,431
Accrued costs		24,649	10,887
Withholding taxes payable		19,348	17,888
SGC super payable		41	346
		<u>244,469</u>	<u>281,193</u>
<b>11. PROVISIONS</b>			
		2011 \$	
<b>Provision for holiday pay:</b>			
Opening balance at 1 July 2010		37,743	
Additional provisions raised		16,715	
Balance at 30 June 2011		<u>54,458</u>	

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
		2011 \$	
<b>Provision for long service leave:</b>			
Opening balance at 1 July 2010		27,141	
Additional provisions raised		5,554	
Balance at 30 June 2011		<u>32,695</u>	
		2011 \$	
<b>Total Provisions</b>			
Opening balance at 1 July 2010		64,884	
Additional provisions raised		22,269	
Balance at 30 June 2011		<u>87,153</u>	
<b>Analysis of Total Provisions</b>			
		2011 \$	2010 \$
Current		<u>87,153</u>	<u>64,884</u>
<b>12. OTHER LIABILITIES</b>			
<b>CURRENT</b>			
Income in advance		<u>2,226,266</u>	<u>3,000,061</u>

**13. KEY MANAGEMENT PERSONNEL COMPENSATION**

Director	Salary	Superannuation	Director Fees	Totals
	\$	\$	\$	\$
Mr David John McLachlan AO	58,015	5,221	-	63,236
Mr William Nixon Apple	-	-	8,800	8,800
Mr Peter Geoffrey Blackney	-	661	7,339	8,000
Mr Bruce Atkin Griffiths	-	-	6,600	6,600
Mr Robert Norman Herbert AM	-	-	6,600	6,600
Mr Russell Allan Kenery	-	-	8,800	8,800
Mr James Hugo Pearson	-	-	6,600	6,600
<b>Total Compensation</b>	<b>58,015</b>	<b>5,882</b>	<b>44,739</b>	<b>108,636</b>



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
<b>14. Related Party Transactions</b>			
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.			
<b>15. CASH FLOW INFORMATION</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		3,549,018	39,999,997
<b>(b) Reconciliation of cash flow from operations with profit</b>			
Profit after income tax		298,060	119,104
Non-cash flows in profit:			
Depreciation and amortisation		36,663	28,208
(Profit) / loss on sale of property, plant and equipment		4,751	1,764
Changes in Assets & Liabilities:			
(Increase) / decrease in trade and other receivables		143,545	(124,289)
Increase / (decrease) in trade and other payables		(36,724)	117,756
Increase / (decrease) in deferred revenue		(773,795)	747,166
Increase / (decrease) in provisions		22,270	12,101
Increase / (decrease) in prepayments		(54,877)	(4,739)
<b>Net cash provided by (used in) operating activities</b>		<b>(360,107)</b>	<b>897,071</b>
<b>16. Financial Instruments</b>			
<b>(a) Financial Risk Management</b>			
The company's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable.			
<b>(b) Financial Risks</b>			
The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.			
<b>(c) Interest Rate Risk</b>			
Interest rate risk is managed with a mixture of floating and fixed rate debt.			

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**NOTES TO THE FINANCIAL STATEMENTS**  
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Note	2011	2010
	\$	\$

**(d) Liquidity Risk**

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

**(d) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements

**17. COMPANY DETAILS**

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

**INDUSTRY CAPABILITY NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2011**

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

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

	Property improvements \$	Plant and equipment \$	Motor vehicles \$	Software development \$	Furniture and fittings \$	Total \$
Balance at 1 July 2009	8,660	13,657	32,372	4,782	749	60,220
Additions	-	29,047	854	24,401	2,186	56,498
Disposals	-	(3,203)	-	(1,389)	-	(4,592)
Depreciation expense	(230)	(9,852)	(8,268)	(9,301)	(557)	(28,208)
<b>Carrying amount at 30 June 2010</b>	<b>8,430</b>	<b>29,649</b>	<b>24,968</b>	<b>18,493</b>	<b>2,378</b>	<b>83,918</b>
Additions	5,650	29,664	37,078	1,282	3,635	77,309
Disposals	-	-	(22,933)	-	-	(22,933)
Depreciation expense	(343)	(15,436)	(8,308)	(11,941)	(635)	(36,663)
<b>Carrying amount at 30 June 2011</b>	<b>13,737</b>	<b>43,877</b>	<b>30,805</b>	<b>7,834</b>	<b>5,378</b>	<b>101,631</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 2011, 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.
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2011 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:

12 August 2011