



Australian Government

Geoscience Australia

Dr Kilian Perrem  
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Joint Committee of Public Accounts and Audit  
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Dear Dr Perrem

Thank you for your invitation to provide a submission to the Committee's Inquiry into the Commonwealth Financial Statements 2023-24, based on Auditor-General Report No. 22 of 2024-25, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2024*.

### Summary

This submission addresses the moderate (Category B) finding raised by the Australian National Audit Office (ANAO) regarding Geoscience Australia's accounting treatment of the Southern Positioning Augmentation Network (SouthPAN) Program. Through independent expert advice, a voluntary change in accounting policy, and strengthened documentation and review processes, Geoscience Australia has resolved the matter and enhanced the reliability of its financial statements.

### Background

In 2024, the finding in relation to Geoscience Australia's accounting treatment of the SouthPAN Program encompassed the:

- documentation of asset componentisation and processes for the assets relating to the SouthPAN program
- documentation of the accounting treatment over the life cycle of the SouthPAN Program, including identification of the key elements in the contract and how they should be accounted for.

### Corrective action

During 2024-25, Geoscience Australia engaged an independent expert to provide advice on the accounting treatment of the SouthPAN Program including whether it satisfied the requirements of *AASB 1059 Service Concession Arrangements: Grantors* (AASB 1059). They would also advise on the most relevant accounting treatment and implications of its adoption in relation to the preparation of the 2024-2025 Financial Statements.

The independent expert concluded that AASB 1059 lacks explicit guidance on how to apply the standard in multi-party arrangements, such as with the SouthPAN Program. As this creates interpretive challenges in trying to determine whether the arrangement as a whole falls within the scope of the standard, it was recommended that Geoscience Australia should consider a change in accounting policy and modify the accounting treatment for the SouthPAN Program from a service concession arrangement to a service contract.

Geoscience Australia carefully considered this advice and engaged with the ANAO and the Department of Finance. Geoscience Australia determined that under *AASB 108 Accounting Policies, Changes in Accounting Estimates and Error*, that changing the accounting treatment to align with the independent advice would provide more relevant and reliable information to the users of the Financial Statements and would better reflect the substance of the transactions within the SouthPAN Program. This voluntary change of accounting policy was adopted as part of the 2024-2025 Financial Statements.

To support the agreed accounting treatment, we documented a full life cycle plan for the accounting treatment of all components of the SouthPAN Program. Further, all contracts under the SouthPAN Program are now reviewed at least annually to ensure that key judgements are made on the appropriate accounting treatment and documented accordingly.

Geoscience Australia notes that this moderate finding was resolved during the ANAO audit testing as part of the 2024-25 Financial Statements process and is now closed.

Geoscience Australia's Audit and Risk Committee provided advice and support in the consideration and resolution of this matter and maintains an active role in the assurance of our Financial Statements.

Yours sincerely



**Melissa Harris PSM**  
Chief Executive Officer  
Geoscience Australia