

2.2	Finance	Co-investments – valuation and reporting
Responsible Officer		Project Manager
Approved by		Director
Approved and commenced		September 2014, revised August 2015
Review by		June 2016

PRINCIPLES

- Co-investment by partners is fundamental to the IMOS model. Approximately half of total resources under IMOS are coming from co-investment.
- Co-investment must be ‘fit for purpose’. Fundamentally, to be included as co-investment, a contribution must aid the creation and development of a data stream that will be made available to the IMOS community to address science questions articulated in Node Science and Implementation Plans. There will be no incentive to inflate co-investment figures by including costs that are marginal or unrelated to IMOS core business.
- Co-investment will come in various forms, and all of it is valuable. However we need to acknowledge that the different types of co-investment enable IMOS in different ways, and this will be taken into account by the IMOS Office and Advisory Board in their decision-making. Co-investment comes in three broad categories:
 1. Cash co-investment enables us to do more than we could with just the core Commonwealth funding. It enables partners (State Government, Commonwealth Government and other) to explicitly influence IMOS priorities by creating growth opportunities that wouldn't otherwise exist. Cash Co-Investment includes cash expenditure (existing or proposed) committed to equipment or operating costs for the operation or enhancement of the program – e.g. purchase of extra Argo Floats by interested parties to increase sampling density of the ocean; and co-investment by a State Government or its agencies in a particular type of equipment or service relevant to their state.
 2. In-kind co-investment in the form of logistical and operational support is essential to getting the job done in a national marine observing program. Vessel time, staff time, travel and operating cost support from partner institutions all help to ensure that IMOS-funded equipment can be deployed and retrieved, and the data made available to the science community in line with the goals of IMOS Nodes.
 3. Other forms of in-kind support are also welcome. For example, through the eMII we now have the capacity to bring in other data streams and make them available to the science community to help address the goals of IMOS Nodes. This type of co-investment is welcome, noting that it does not actually help to get the job done nor create growth opportunities like the other forms of co-investment.
- Co-investment cannot be approached from the perspective of cost shifting. IMOS funding represents new, additional funding into Australian marine and climate science and is must be seen as an opportunity to grow. It can't be used as a way to shift costs from other programs or institutions. For example, if a program using IMOS infrastructure and data streams has received a funding cut, or less funding that it had hoped, the scope of that program should be adjusted accordingly, and IMOS should not be seen as a way to plug the gap.

SPECIFIC GUIDANCE

Valuing vessel time as co-investment

- Where vessel time is dedicated to deployment/servicing/retrieval of IMOS infrastructure, the cost should be included.
- Where an identifiable portion of a voyage is dedicated to deployment/servicing/retrieval of IMOS infrastructure, a reasonable portion of the cost should be included.
- Where ships of opportunity are going about their normal business with IMOS infrastructure on board, no vessel time should be included. Some may argue that this does not give appropriate credit to the in-kind contribution of the SOOP operators. This is acknowledged, but there is no sensible way to value it that won't make inter-comparison meaningless. The IMOS Office and Advisory Board will view it like this. We have an explicit priority to 'drive down the cost of operation', and the efficiency of platforms such as SOOP will be seen as a strength from this perspective.

Salaries as co-investment

- IMOS has, and will, fund salaries for the purposes of creating and developing IMOS infrastructure.
- Staff are employed and paid by the Operators, and the more staff time provided as co-investment by these institutions, the more infrastructure we will be able to create.
- The key test is whether staff time is being spent on IMOS activities for the benefit of the broader marine and climate science community, rather than just the Operator institution.
- The case for IMOS funding salaries is likely to be much stronger where new staff are employed and dedicated to IMOS activities, or where existing staff are having to be back-filled to cover their pre-existing work so as to enable them to focus on IMOS activities which the Operator views as higher priority.
- IMOS will only fund direct staff costs (including on-costs for superannuation, leave etc). Overhead costs related to staff (offices, computers etc) are expected to be provided as co-investment.

Capital as co-investment

- IMOS welcomes inclusion of additional capital into the programme
- Capital can only be counted as co-investment if it is made available for the full-term of IMOS, and all resulting data streams are also made available via the Ocean Portal
- To calculate the cost of capital reference should be made to initial purchase / build costs, together with any reasonable related costs to prepare the item for deployment

Operational costs as co-investment

- Operational costs can only be included to the extent that they relate to the delivery of the IMOS project.
- In addition to overheads related to staff (mentioned at last dot point under Salaries above) there may be other centralised costs which can be apportioned. For example, costs of legal, accounting and insurance premiums specifically required to initiate or conduct the work can be included, but only if there is a clear method of tracking or apportioning the costs.

Costing method

It is acknowledged that each organisation working within IMOS has vastly different methodologies for calculating the cost of supporting infrastructure developments. Any difference in costing policies should not distort the valuation and comparison of co-investments. In order to ensure a 'level-playing-field' a

final assessment will be done once indicative costs are provided, to ensure all co-investment valuations are defensible in the context of IMOS.

SCOPE

This policy applies to Director and staff of the IMOS Office, Operator representatives, those co-investing resources to IMOS and individuals working on the IMOS Project. Each of the organizations involved in IMOS will have their own method of calculating co-investment. The IMOS Office will review all co-investments detailed in Plans, and negotiate costing if it appears that the method used is either too expensive or too cheap compared to the valuation methods used by other organizations involved in IMOS.

SUPPORTING DOCUMENTATION

IMOS Funding Agreements, and variations
IMOS Operator Subcontracts, and variations

VERSIONING

January 2012 – draft for review by IMOS Director
September 2012 – draft for approval by Advisory Board
September 2014 – revised draft for approval by Advisory Board
August 2015 – minor revisions to update Policy

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