

Australian Research Council

Agency Resources and Planned Performance

AUSTRALIAN RESEARCH COUNCIL

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Australian Research Council

Section 1: Agency Overview and Resources

1.1 Strategic Direction Statement

The Australian Research Council (ARC) is a statutory agency established under the *Australian Research Council Act 2001*.

The ARC's Mission is to:

Deliver policy and programs that advance Australian research and innovation globally and benefit the community.

The mission aligns with the ARC Outcome statement, which is:

Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.

The ARC manages the National Competitive Grants Program (NCGP), a significant component of the Australian Government's investment in research and innovation. Through the NCGP, the ARC supports the highest-quality fundamental and applied research, research training and collaboration or partnerships and infrastructure. Funding is allocated through national competition across all research disciplines.

The ARC is responsible for the Excellence in Research for Australia (ERA) evaluations. ERA assesses research quality within Australia's higher education research institutions using a combination of indicators and expert review by committees comprising experienced, internationally recognised experts. ERA details areas within disciplines at Australian institutions that are internationally competitive and points to emerging research areas where there are opportunities for development and further investment. The effective and comprehensive evaluation of Australia's research effort is crucial to the understanding of the national research landscape.

The ARC has two significant measures in the 2013-14 Budget:

- ARC System standardisation: This measure is seeking to improve the agency's ability to be responsive to business changes, improve collaboration, improve data analysis and consolidation of systems, through the upgrade and enhancement of IT systems and the implementation of an Electronic Document Management System (EDRMS), and

- Continuation of the Future Fellowships scheme: The scheme promotes research in areas of critical national importance by giving outstanding mid-career researchers incentives to conduct their research in Australia. This measure is to continue the scheme for one extra round of 150 new fellowships for four years.

In 2013–14 priorities for the ARC will include:

- conducting a selection round for world-class research centres under the ARC Centres of Excellence scheme
- continuing to implement the Industrial Transformation Research Program to support collaborative research and development projects and research training in areas of importance to Australian industries
- investigating options for streamlining grant application and assessment processes
- implementing the ARC Open Access policy under the NCGP, and
- preparing for the ERA 2015 evaluation. This includes ongoing consultation with government and participating institutions regarding additional indicators of research impact, application and collaboration that could be collected as part of future research evaluation exercises to better understand the broader impacts of university research.

1.2 Agency resource statement

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Research Council Resource Statement — Budget Estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	8,400	-	8,400	-
Departmental appropriation ³	-	20,724	20,724	20,328
Total	8,400	20,724	29,124	20,328
Administered expenses				
Outcome 1	-	3,111	3,111	5,625
Total	-	3,111	3,111	5,625
Total ordinary annual services	A 8,400	23,835	32,235	25,953
Departmental non-operating				
Equity injections	-	1,861	1,861	1,589
Total	-	1,861	1,861	1,589
Total other services	B -	1,861	1,861	1,589
Total available annual appropriations	8,400	25,696	34,096	27,542
Special appropriations limited by amount				
Special Appropriation ARC Act 2001	-	883,959	883,959	879,107
Total special appropriations	C -	883,959	883,959	879,107
Total appropriations excluding Special Accounts	8,400	909,655	918,055	906,649

Table 1.1: Australian Research Council Resource Statement — Budget Estimates for 2013-14 as at Budget May 2013 (continued)

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget = 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Special Accounts				
Opening balance ⁴	9,548	-	9,548	9,548
Appropriation receipts - other agencies ⁵	-	9,998	9,998	16,293
Total Special Account	D 9,548	9,998	19,546	25,841
Total resourcing				
A+B+C+D	17,948	919,653	937,601	932,490
Less appropriations drawn from special appropriations above and credited to special accounts	-	9,998	9,998	-
Total net resourcing for ARC	17,948	909,655	927,603	932,490

¹ Appropriation Bill (No.1) 2013-14.

² Estimated adjusted balance carried forward from previous year.

³ Includes an amount of \$0.948m in 2013-14 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

⁴ Estimated opening balance for special accounts (less 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for other Government and Non-agency Bodies accounts (SOG), or Services for Other Entities and Trust Moneys Special accounts (SOETM)). For further information on special accounts see Table 3.1.2.

⁵ Appropriation receipts from other agencies credited to agency ARC's special accounts.

Reader note: All figures are GST exclusive.

1.3 Budget measures

Budget measures in Part 1 relating to the ARC are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2013-14 Budget measures

Part 1: Measures announced since the 2012-13 MYEFO

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Australian Research Council – system standardisation						
Administered expenses	1.1	-	(2,969)	(3,725)	(3,702)	(3,810)
Departmental expenses		-	1,108	1,115	1,125	1,136
Total		-	(1,861)	(2,610)	(2,577)	(2,674)
Australian Research Council – Future						
Fellow ships scheme – continuation						
Administered expenses	1.1	-	1,044	31,602	32,641	33,706
Departmental expenses		-	642	195	196	198
Total		-	1,686	31,797	32,837	33,904
Total expense measures						
Administered		-	(1,925)	27,877	28,939	29,896
Departmental		-	1,750	1,310	1,321	1,334
Total		-	(175)	29,187	30,260	31,230
Capital measures						
Australian Research Council – system standardisation						
Departmental capital	1.1	-	1,861	2,610	2,577	2,674
Total		-	1,861	2,610	2,577	2,674

Prepared on a Government Finance Statistics (fiscal) basis.

Part 2: MYEFO measures not previously reported in a portfolio statement

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Measure						
Targeted Savings - public service efficiencies						
Departmental expenses	All	-	(41)	(117)	(150)	(143)
Total		-	(41)	(117)	(150)	(143)
Total measures						
Departmental		-	(41)	(117)	(150)	(143)
Total		-	(41)	(117)	(150)	(143)

Prepared on a Government Financial Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 Outcomes and performance information

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the ARC in achieving Government outcomes.

Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.

Outcome 1 Strategy

The ARC will pursue the results outlined in its outcome (that is, growth of knowledge and innovation in Australia) by:

- supporting excellence in research and building Australia's research capacity through administration of the National Competitive Grants Program (NCGP)
- measuring research excellence at Australia's universities by conducting research evaluation, and
- advancing Australian research and innovation by providing informed expert advice on research matters to Government.

The NCGP supports two main streams of research funding – Discovery and Linkage (Program 1.1 and Program 1.2). Through Discovery, funding is available for investigator-initiated research projects and research fellowships and awards. Through Linkage, funding is available for research projects, infrastructure, hubs and centres that foster collaboration among researchers and research teams in Australia and internationally, and with industry and other end-users of research. Together, the ARC funding schemes: support the generation of new ideas, knowledge and breakthrough discoveries; provide incentives for researchers to partner with each other, business, the public sector and community organisations to undertake research in areas of importance to the end-users of research outcomes; build the scale and focus of research in areas of national priority; and support the development of highly trained research personnel.

The ARC evaluates the excellence of research undertaken in Australia's universities. Excellence in Research for Australia (ERA) evaluates research quality using a combination of indicators and expert review by committees comprising experienced,

internationally recognised experts. It identifies excellence across the full spectrum of research activities and compares Australia's university research effort against international benchmarks.

The ARC provides advice to the Government on research matters. In working to achieve its outcome the ARC participates in whole-of-government policy dialogue and engages with its stakeholders across the national and international research and innovation systems.

Outcome Expense Statement

Table 2.1 provides an overview of the total expenses for Outcome 1 by program.

Table 2.1: Budgeted Expenses for Outcome 1

Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Discovery - Research and Research		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	40	1,044
Special appropriations	541,901	551,488
Departmental expenses		
Departmental appropriation ¹	7,190	7,496
Expenses not requiring appropriation in the Budget year ²	1,028	1,062
Total for Program 1.1	550,159	561,090
Program 1.2: Linkage - Cross Sector Research Partnerships		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,067	1,067
Special appropriations	320,913	322,473
Special Accounts	16,293	9,998
Departmental expenses		
Departmental appropriation ¹	9,150	9,540
Expenses not requiring appropriation in the Budget year ²	1,029	1,062
Total for Program 1.2	348,452	344,140
Program 1.3: Excellence in Research for Australia		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,918	1,000
Departmental expenses		
Departmental appropriation ¹	2,718	2,740
Expenses not requiring appropriation in the Budget year ²	1,029	1,062
Total for Program 1.3	7,665	4,802
Outcome 1 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,025	3,111
Special appropriations	862,814	873,961
Special Accounts	16,293	9,998
Departmental expenses		
Departmental appropriation ¹	19,058	19,776
Expenses not requiring appropriation in the Budget year ²	3,086	3,186
Total expenses for Outcome 1	906,276	910,032
Average Staffing Level (number)	115	120

¹Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.
²Expenses not requiring appropriation in the Budget year' is made up of Depreciation Expense, Amortisation Expense and Audit Fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Program 1.1: Discovery—research and research training

Program 1.1 Objective

The Discovery Program supports the growth of Australia’s research and innovation capacity, which generates new knowledge resulting in the development of new technologies, products and ideas, the creation of jobs, economic growth and an enhanced quality of life in Australia.

Specifically the Discovery Program aims to:

- Fund excellent, internationally competitive research by individuals and teams that will produce high quality outcomes
- Build Australia’s research capacity through supporting and facilitating research training and career opportunities for excellent Australian and international researchers
- Support research in priority areas that will deliver national benefits, and
- Enhance research capacity and outcomes through support for international collaboration.

The Discovery Program schemes are: Australian Laureate Fellowships, Discovery Early Career Researcher Award, Discovery Indigenous, Discovery Projects, Future Fellowships and Super Science Fellowships.

Program 1.1 Expenses

Administered and departmental expenses for the Discovery Program decreases over the forward estimates due to the lapsing of the Future Fellowships scheme.

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forw ard year 1 \$'000	2015-16 Forw ard year 2 \$'000	2016-17 Forw ard year 3 \$'000
Annual administered expenses:					
Administered item	40	1,044	-	-	-
Special Appropriations:					
<i>Australian Research Council Act 2001</i>	541,901	551,488	548,652	530,766	485,555
Annual departmental expenses:					
Program support	7,190	7,496	7,357	7,435	7,522
Expenses not requiring appropriation in the Budget year ¹	1,028	1,062	1,186	1,359	1,528
Total program expenses	550,159	561,090	557,195	539,560	494,605

¹Expenses not requiring appropriation in the Budget year¹ is made up of Depreciation Expense, Amortisation Expense and Audit Fees.

Program 1.1 Deliverables

Through the Discovery Program schemes, the ARC delivers funding to individual research projects and research fellowships and awards. Funding is awarded to administering organisations on the basis of competitive peer review processes involving Australian and international experts.

Specific deliverables include:

- number of grants awarded
- number of researchers supported (investigators named in funded proposals)
- amounts awarded to administering organisations, and
- policy advice relating to research and research training.

Program 1.1 Key Performance Indicators

- Outputs and outcomes arising from ARC-supported research are of a high quality and produce national benefits.
- ARC funding supports excellent researchers.
- ARC-supported research contributes significantly to high quality research training.
- ARC fellowship and award schemes attract high quality Australian and international applicants.
- ARC-funded research makes a significant contribution to research activity and capability in areas of national need.
- There is a high level of collaboration between ARC-funded researchers and those within other components of the national and international innovation systems.

The ARC is currently conducting a review of the Future Fellowships scheme to assess its effectiveness in achieving its objectives. The review will be informed by stakeholder consultation.

Note that there are limitations to the way in which the effectiveness of the Discovery Program in meeting its objectives can be measured because the full contribution of excellent research to growth and innovation can often only be measured in the long term.

KPIs have changed since the 2012–13 PBS. ‘Policy advice enhances Australia’s capacity and excellence in research’ has been removed as a KPI. This is because the ARC’s policy contributions can best be reported as deliverables. It is difficult to measure the outcomes of policy activity and the impact of ARC advice in the broader policy sphere.

Program 1.1 Key Performance Indicators

Indicator	Measure	2013–14 Target
Outputs and outcomes arising from ARC-supported research are of a high quality and produce national benefits	Evidence of impact of ARC-funded research	Significantly exceeds benchmarks where available
	Outcomes arising from ARC-funded research that provide social, economic, environmental and cultural benefits	Evidence of benefits arising from the outcomes of ARC-funded research

ARC funding supports excellent researchers	External recognition of the achievements of ARC-funded researchers	Prestigious prizes and awards are received by ARC-funded researchers
	Evidence of impact of research conducted by ARC-funded fellows	Exceeds benchmarks where available
ARC-supported research contributes significantly to high quality research training	Proportion of ARC-funded researchers who are early career researchers (within five years of completion of their PhD)	Greater than 20 per cent
	Number of research students supported through ARC funding	An average of three per grant (Discovery Projects)
ARC fellowship and award schemes attract high quality international applicants	Proportion of fellowships and awards that are awarded to international applicants (foreign nationals and returning Australians)	Greater than 28 per cent
ARC-funded research makes a significant contribution to research activity and capability in areas of national need	Proportion of funded proposals that address the National Research Priorities (NRPs)	Greater than 85 per cent
	Evidence of impact in NRP areas	Examples of impact in NRP areas
There is a high level of collaboration between ARC-funded researchers and those within other components of the national and international innovation systems	Proportion of projects involving international collaboration	Greater than 65 per cent

Program 1.2: Linkage—cross-sector research partnerships

Program 1.2 objective

The Linkage Program supports research partnerships within Australia and internationally to encourage the exchange and transfer of knowledge, ideas and skills as a basis for building capacity to deliver high quality research outcomes and secure commercial and other benefits of research. Specifically, the Linkage Program aims to:

- Support excellent collaborative research initiatives involving partnerships between higher education organisations and with other sectors, in Australia and internationally
- Foster research training and career opportunities that enable excellent Australian and international researchers and research students to gain experience working in industry settings
- Support collaborative research in priority areas that will deliver national benefits, and
- Enhance capacity to deliver national benefits by investing in large-scale collaborative research programs.

The Linkage Program schemes are: ARC Centres of Excellence; Co-funded Research Centres; Industrial Transformation Research Hubs; Industrial Transformation Training Centres; Linkage Infrastructure, Equipment and Facilities; Linkage Learned Academies Special Projects; Linkage Projects and Special Research Initiatives.

Program 1.2 Expenses

Administered and departmental expenses for the Linkage Program are expected to remain relatively stable over the forward estimates.

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forw ard year 1 \$'000	2015-16 Forw ard year 2 \$'000	2016-17 Forw ard year 3 \$'000
Annual administered expenses:					
Administered item	1,067	1,067	1,067	1,067	1,067
Special Appropriations:					
<i>Australian Research Council Act 2001</i>	320,913	322,473	324,664	297,154	303,155
ARC Research Endow ment Account	16,293	9,998	6,667	6,667	-
Annual departmental expenses:					
Program support	9,150	9,540	9,363	9,463	9,573
Expenses not requiring appropriation in the Budget year ¹	1,029	1,062	1,186	1,359	1,528
Total program expenses	348,452	344,140	342,947	315,710	315,323

¹Expenses not requiring appropriation in the Budget year¹ is made up of Depreciation Expense, Amortisation Expense and Audit Fees.

Program 1.2 Deliverables

Through the Linkage Program schemes, the ARC delivers funding for individual research projects, hubs and centres. Funding is awarded to administering organisations on the basis of competitive peer review processes involving Australian and international experts.

Specific deliverables include:

- number of grants awarded
- number of researchers supported (investigators named in funded proposals)
- amounts awarded to administering organisations, and
- policy advice relating to encouraging research collaboration.

Program 1.2 Key Performance Indicators

- There is a high level of collaboration between ARC-supported researchers and those within other components of the national and international innovation systems.
- Outputs and outcomes arising from ARC-supported research are of a high quality and produce national benefits.
- ARC-supported research contributes significantly to high quality research training.
- ARC-supported research makes a significant contribution to research activity and capability in areas of national need.

As noted under the Discovery Program, there are limitations to the ways in which the effectiveness of the Linkage Program in meeting its objectives can be measured because the full contribution of excellent research to growth and innovation can often only be measured in the long term.

KPIs have changed since the 2012–13 PBS. ‘Policy advice enhances Australia’s capacity and excellence in research’ has been removed as a KPI. This is because the ARC’s policy contributions can best be reported as deliverables. It is difficult to measure the outcomes of policy activity and the impact of ARC advice in the broader policy sphere.

Program 1.2 Key Performance Indicators		
Indicator	Measure	2013–14 Target
There is a high level of collaboration between ARC-funded researchers and those within other components of the	Financial commitment (cash and in-kind) from partner organisations for every dollar contributed by the ARC (Linkage Projects and Industrial Transformation	Linkage Project: Greater than \$1.90 Industrial Transformation Research Hubs: Greater than \$1.50

national and international innovation systems	Research Hubs)	
	Proportion of partner organisations that indicate that their involvement in projects was beneficial or very beneficial (Linkage Projects scheme)	Greater than 90 per cent
	Proportion of projects involving international collaboration	Greater than 42 per cent
	Average number of organisations involved in projects funded (Linkage Infrastructure, Equipment and Facilities scheme)	Greater than 3.5
Outputs and outcomes arising from ARC-supported research are of a high quality and produce national benefits	Evidence of impact of ARC-funded research	Significantly exceeds benchmarks where available
	Outcomes arising from ARC-funded research that provide social economic, environmental and cultural benefits	Evidence of benefits arising from the outcomes of ARC-funded research
ARC-supported research contributes significantly to high quality research training	Proportion of ARC-funded researchers who are early career researchers (within five years of completion of their PhD)	Greater than 12 per cent
	Support for research training in areas of strategic importance to Australian industries	Provide funding to support the establishment of Industrial Transformation Training Centres
ARC-funded research makes a significant contribution to research activity and capability in areas of national need	Proportion of funded proposals that address the National Research Priorities (NRPs)	Greater than 90 per cent
	Evidence of impact in NRP areas	Examples of impact in NRP areas

Program 1.3: Excellence for Research in Australia

Program 1.3 objective

ERA aims to improve research outcomes by identifying universities and disciplines that are internationally competitive and highlighting areas where there are opportunities for further development and investment.

Specifically, ERA aims to:

- Administer an evaluation framework that gives Government, industry, business and the wider community assurance of the excellence of research conducted in Australia's higher education institutions
- Provide a national overview of areas of research strength and areas where there may be opportunity for development
- Allow for comparisons of Australia's research nationally and internationally for all disciplines offered in Australian higher education institutions, and
- Allow for comparisons of Australia's research effort over time.

Program 1.3 Expenses

Administered and departmental expenses reflect the funding for the ongoing development and implementation of ERA.

	2012-13 Revised	2013-14 Budget	2014-15 Forward year 1	2015-16 Forward year 2	2016-17 Forward year 3
	\$'000	\$'000	\$'000	\$'000	\$'000
Annual administered expenses:					
Administered item	3,918	1,000	3,270	3,140	3,100
Annual departmental expenses:					
Program support	2,718	2,740	2,789	2,839	2,890
Expenses not requiring appropriation in the Budget year ¹	1,029	1,062	1,186	1,359	1,528
Total program expenses	7,665	4,802	7,245	7,338	7,518

¹Expenses not requiring appropriation in the Budget year¹ is made up of Depreciation Expense, Amortisation Expense and Audit Fees.

Program 1.3 Deliverables

Through ERA, the ARC delivers regular evaluations of the excellence of research undertaken in Australia's universities. The evaluation is conducted using a combination of indicators and expert review by committees comprising experienced, internationally recognised experts.

A specific deliverable for 2013–14 is preparation for the ERA 2015 evaluation.

The ARC also provides ongoing policy advice on broader research matters related to the measurement of research quality.

Program 1.3 Key Performance Indicators

- Contribution to best practice evaluation of Australia's research investment in universities
- ERA results continue to inform other higher education research policy initiatives

Universities continue to engage with the ARC about changes to ERA for the next evaluation.

Section 3: Explanatory Tables and Budgeted Financial Statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2013-14 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 Explanatory tables

3.1.1 Movement of Administered Funds Between Years

The ARC has had no movement of administered funds; therefore Table 3.1.1 is not presented.

3.1.2 Special Accounts

Special Accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the FMA Act or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the ARC.

Table 3.1.2: Estimates of Special Account Flows and Balances

		Opening balance 2013-14	Receipts 2013-14	Payments 2013-14	Adjustments 2013-14	Closing balance 2013-14
		<i>2012-13</i>	<i>2012-13</i>	<i>2012-13</i>	<i>2012-13</i>	<i>2012-13</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
ARC Research Endowment						
Account - <i>Australian Research Council Act 2001 (A)</i>	1	9,548	9,998	(9,998)	-	9,548
		<i>9,548</i>	<i>16,293</i>	<i>(16,293)</i>	-	<i>9,548</i>
Total Special Accounts						
2013-14 Budget estimate		9,548	9,998	(9,998)	-	9,548
<i>Total Special Accounts</i>						
<i>2012-13 estimated actual</i>		<i>9,548</i>	<i>16,293</i>	<i>(16,293)</i>	-	<i>9,548</i>

(A) = Administered

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure (AGIE)

Outcome	Appropriations				Other	Total	Program
	Bill	Bill	Special	Total			
	No. 1	No. 2	approp	approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Outcome 1							1.1 & 1.2
Administered 2013-14	-	-	4,505	4,505	-	4,505	
<i>Administered 2012-13</i>	-	-	3,698	3,698	-	3,698	
Total outcome 2013-14	-	-	4,505	4,505	-	4,505	
<i>Total outcome 2012-13</i>	-	-	3,698	3,698	-	3,698	
Total AGIE 2013-14	-	-	4,505	4,505	-	4,505	
<i>Total AGIE 2012-13</i>	-	-	<i>3,698</i>	<i>3,698</i>	-	<i>3,698</i>	

3.2 Budgeted financial statements

3.2.1 Differences in Agency Resourcing and Financial Statements

There are no material variances between the agency resources table and the ARC's Budget Statements.

3.2.2 Analysis of Budgeted Financial Statements

Budgeted Departmental Income Statement

The budgeted net cost of services to the ARC for delivering its programs in 2013-14 is \$22.9 million.

The ARC is expecting an operating loss in 2013-14 and forward estimates due to the removal of the depreciation funding as part of the Operation Sunlight net cash appropriation framework.

Budgeted Departmental Balance Sheet

The statement shows the estimated end of year position for departmental assets and liabilities.

Assets

Total departmental assets budgeted for in 2013-14 are \$29.4 million, comprising \$10.3 million for financial assets and \$19.1 million for non-financial assets.

The \$19.1 million in non-financial assets includes \$2.1 million for land and buildings, \$0.3 million for plant and equipment and \$16.7 million for intangibles (including internally developed software). The \$10.3 million in financial assets consists of \$1.1 million in cash and \$9.2 million in receivables.

Liabilities

Total departmental liabilities budgeted for in 2013-14 are \$6.6 million, comprising \$1.1 million for payables, \$2.8 million for interest bearing liabilities and \$2.7 million for provisions.

Budgeted Departmental Statement of Cash Flows

The statement provides information on estimates of the extent and nature of cash flows by categories the expected cash flows against operating investing and financing activities. Forecast cash flows for the budget and forward estimates relate to general operating activities to fund internally developed software projects.

Departmental Statement of Changes in Equity

The statement shows the expected movement of equity during the Budget year.

Departmental Capital Budget Statement

The capital budget for the ARC principally relates to internally developed software to enhance grant management and evaluation systems.

Schedule of budgeted Income and Expenses Administered on behalf of Government

The schedule shows the estimated expenses for programs administered by the ARC on behalf of the Government.

Total administered expenses budget in 2013-14 are \$887.0 million, comprising \$883.9 million for grant expenses, representing new and ongoing research funding agreements awarded under the National Competitive Grants Program (NCGP) and \$3.1 million for supplier expenses reflecting the funding provided for the Excellence in Research for Australia, the Industrial Transformation Research scheme and the Future Fellowships scheme. Administered funding for grants decreases over the forward estimates due to the lapsing of the Future Fellowships scheme.

Schedule of Budgeted Assets and Liabilities Administered on behalf of Government

The schedule shows the estimated end of year position for assets and liabilities administered by the ARC on behalf of the Government.

Total financial assets budgeted in 2013-14 are \$1.6 million estimated GST receivable.

Total liabilities budgeted in 2013-14 are \$324.3 million, representing the balance of payments under research funding agreements for new and ongoing research projects for calendar year 2014.

3.2.3 Budgeted Financial Statements Tables

Table 3.2.1 Comprehensive Income Statement (Showing Net Cost of Services) for the period ended 30 June

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	13,027	13,780	13,500	13,568	13,679
Suppliers	5,821	5,798	5,823	5,998	6,150
Depreciation and amortisation	2,998	3,098	3,470	3,989	4,497
Finance costs	298	286	274	259	244
Total expenses	22,144	22,962	23,067	23,814	24,570
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Resources received free of Charge	88	88	88	88	88
Total own-source revenue	88	88	88	88	88
Net cost of (contribution by) services	22,056	22,874	22,979	23,726	24,482
Revenue from Government	19,058	19,776	19,509	19,737	19,985
Surplus (Deficit) attributable to the Australian Government	(2,998)	(3,098)	(3,470)	(3,989)	(4,497)
Total comprehensive income (loss)	(2,998)	(3,098)	(3,470)	(3,989)	(4,497)
Total comprehensive income (loss) attributable to the Australian Government	(2,998)	(3,098)	(3,470)	(3,989)	(4,497)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations ¹	(2,998)	(3,098)	(3,470)	(3,989)	(4,497)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(2,998)	(3,098)	(3,470)	(3,989)	(4,497)

Prepared on Australian Accounting Standards basis.

¹From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of FMA Act agencies were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.2.5 Departmental Capital Budget Statement.

Table 3.2.2: Budgeted Departmental Balance Sheet (as at 30 June)

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1,119	1,119	1,119	1,119	1,119
Trade and other receivables	9,160	9,160	9,160	9,160	9,160
Total financial assets	10,279	10,279	10,279	10,279	10,279
Non-financial assets					
Land and buildings	2,467	2,113	1,739	1,345	941
Property, plant and equipment	287	272	257	292	277
Intangibles	16,630	16,710	17,519	17,759	17,673
Other non-financial assets	12	12	12	12	12
Total non-financial assets	19,396	19,107	19,527	19,408	18,903
Total assets	29,675	29,386	29,806	29,687	29,182
LIABILITIES					
Payables					
Suppliers	1	1	1	1	1
Other payables	1,135	1,135	1,135	1,135	1,135
Total payables	1,136	1,136	1,136	1,136	1,136
Interest bearing liabilities					
Leases	2,786	2,786	2,786	2,786	2,786
Total interest bearing liabilities	2,786	2,786	2,786	2,786	2,786
Provisions					
Employee provisions	2,366	2,366	2,366	2,366	2,366
Other provisions	302	302	302	302	302
Total provisions	2,668	2,668	2,668	2,668	2,668
Total liabilities	6,590	6,590	6,590	6,590	6,590
Net assets	23,085	22,796	23,216	23,097	22,592
EQUITY*					
Parent entity interest					
Contributed equity	24,551	27,360	31,250	35,120	39,112
Reserves	43	43	43	43	43
Retained surplus (accumulated deficit)	(1,509)	(4,607)	(8,077)	(12,066)	(16,563)
Total parent entity interest	23,085	22,796	23,216	23,097	22,592
Total Equity	23,085	22,796	23,216	23,097	22,592

Prepared on Australian Accounting Standards basis.

*Equity' is the residual interest in assets after deduction of liabilities.

Table 3.2.3: Departmental Statement of Changes in Equity — Summary of Movement (Budget Year 2013-14)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	(1,509)	43		24,551	23,085
Adjusted opening balance	(1,509)	43	-	24,551	23,085
Comprehensive income					
Other comprehensive income					-
Surplus (deficit) for the period	(3,098)	-	-	-	(3,098)
Total comprehensive income	(3,098)	-	-	-	(3,098)
of which:					
Attributable to the Australian Government	(3,098)				(3,098)
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	1,861	1,861
Departmental Capital Budget (DCBs)	-	-	-	948	948
Sub-total transactions with owners	-	-	-	2,809	2,809
Estimated closing balance					
as at 30 June 2014	(4,607)	43	-	27,360	22,796
Closing balance attributable to the Australian Government	(4,607)	43	-	27,360	22,796

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted Departmental Statement of Cash Flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	18,878	19,776	19,509	19,737	19,985
Net GST received	550	550	550	550	550
Total cash received	19,428	20,326	20,059	20,287	20,535
Cash used					
Employees	12,847	13,780	13,500	13,568	13,679
Suppliers	5,733	5,710	5,735	5,910	6,062
Borrowing costs	298	286	274	259	244
Net GST paid	550	550	550	550	550
Total cash used	19,428	20,326	20,059	20,287	20,535
Net cash from (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2,859	2,809	3,890	3,870	3,992
Total cash used	2,859	2,809	3,890	3,870	3,992
Net cash from (used by) investing activities	(2,859)	(2,809)	(3,890)	(3,870)	(3,992)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	2,859	2,809	3,890	3,870	3,992
Total cash received	2,859	2,809	3,890	3,870	3,992
Cash used					
Net cash from (used by) financing activities	2,859	2,809	3,890	3,870	3,992
Net increase (decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	1,119	1,119	1,119	1,119	1,119
Cash and cash equivalents at the end of the reporting period	1,119	1,119	1,119	1,119	1,119

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	1,270	948	1,280	1,293	1,318
Equity injections - Bill 2	1,589	1,861	2,610	2,577	2,674
Total new capital appropriations	2,859	2,809	3,890	3,870	3,992
Provided for:					
Purchase of non-financial assets	2,859	2,809	3,890	3,870	3,992
Total Items	2,859	2,809	3,890	3,870	3,992
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ¹	1,589	1,861	2,610	2,577	2,674
Funded by capital appropriation - DCB ²	1,270	948	1,280	1,293	1,318
TOTAL	2,859	2,809	3,890	3,870	3,992
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,859	2,809	3,890	3,870	3,992
Total cash used to acquire assets	2,859	2,809	3,890	3,870	3,992

Prepared on Australian Accounting Standards basis.

¹Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations

²Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

Table 3.2.6: Statement of Asset Movements (2013-14)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2013				
Gross book value	4,837	994	26,598	32,429
Accumulated depreciation/amortisation and impairment	(2,370)	(707)	(9,968)	(13,045)
Opening net book balance	2,467	287	16,630	19,384
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity ¹	-	-	1,861	1,861
By purchase - appropriation ordinary annual services ²	-	100	848	948
Total additions	-	100	2,709	2,809
Other movements				
Depreciation/amortisation expense	(354)	(15)	(2,629)	(3,098)
Total other movements	(354)	(115)	(2,629)	(3,098)
As at 30 June 2014				
Gross book value	4,837	1,094	29,307	35,238
Accumulated depreciation/amortisation and impairment	(2,724)	(822)	(12,597)	(16,143)
Closing net book balance	2,113	272	16,710	19,095

Prepared on Australian Accounting Standards basis.

¹'Appropriation equity' refers to equity injections provided through Appropriation Bill (No.2) 2013-14.

²'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2013-14 for depreciation / amortisation expenses, DCBs or other operational expenses.

Table 3.2.7: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	5,025	3,111	4,337	4,207	4,167
Grants	879,107	883,959	879,983	834,587	788,710
Total expenses administered on behalf of Government	884,132	887,070	884,320	838,794	792,877

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Receivables	1,602	1,602	1,602	1,602	1,602
Total financial assets	1,602	1,602	1,602	1,602	1,602
Total assets administered on behalf of Government	1,602	1,602	1,602	1,602	1,602
LIABILITIES					
Payables					
Suppliers	249	249	249	249	249
Grants	324,007	324,007	324,007	324,007	324,007
Total payables	324,256	324,256	324,256	324,256	324,256
Total liabilities administered on behalf of Government	324,256	324,256	324,256	324,256	324,256
Net assets/(liabilities)	(322,654)	(322,654)	(322,654)	(322,654)	(322,654)

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of Budgeted Administered Cash Flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	5,300	5,300	5,300	5,300	5,300
Total cash received	5,300	5,300	5,300	5,300	5,300
Cash used					
Grant	879,107	883,959	879,983	834,587	788,710
Suppliers	5,025	3,111	4,337	4,207	4,167
Net GST paid	5,300	5,300	5,300	5,300	5,300
Total cash used	889,432	892,370	889,620	844,094	798,177
Net cash from (used by) operating activities	(884,132)	(887,070)	(884,320)	(838,794)	(792,877)
Net increase (decrease) in cash held	(884,132)	(887,070)	(884,320)	(838,794)	(792,877)
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	884,132	887,070	884,320	838,794	792,877
	884,132	887,070	884,320	838,794	792,877
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of Administered Capital Budget Statement

The ARC has no administered capital budget; therefore Table 3.2.10 is not presented.

Table 3.2.11: Statement of Administered Asset Movements (2013-14)

The ARC has no administered assets; therefore Table 3.2.11 is not presented.

3.2.4 Notes to the Financial Statements

The ARC budget statements have been prepared on an accrual accounting basis, having regard to the Statement of Accounting Concepts, and in accordance with the Finance Minister's Orders and the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

Departmental assets, liabilities, revenues and expenses are those items that are controlled by the ARC that are used by the ARC in producing its outputs and include computer, plant and equipment used in providing goods and services; liabilities for employee entitlements; revenue from appropriations; and employee, supplier and depreciation expenses incurred in providing agency outputs.

Administered items are those that the ARC does not control and which are subject to prescriptive rules or conditions established by legislation or Australian Government policy, in order to achieve Australian Government outcomes. The ARC administers a number of grant schemes. Grant liabilities are recognised to the extent that the grant eligibility criteria or reporting requirements have been satisfied and is recorded when the Government enters into an agreement to make these grants but the services have not been performed or criteria satisfied.