

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 authority within the portfolio. Its mission is to deliver policy and programs that advance Australian research and innovation globally and benefit the community. The mission aligns with the ARC's outcome statement, which is: 'Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.'

The ARC provides advice to the Government on research matters and manages the National Competitive Grants Program (NCGP), a significant component of Australia's investment in research and development. Through the NCGP, the ARC supports the highest-quality fundamental and applied research and research training. Funding is allocated through national competition across all research disciplines.

The ARC is responsible for the implementation of the Excellence in Research for Australia (ERA) initiative. 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.

In 2011-12 priorities for the ARC will include:

- finalisation of the first selection round of the Discovery Early Career Researcher Awards scheme, which will support and advance the careers of promising early career researchers
- establishment of the Research Industry Training Awards scheme, which will enable talented research students to work in emerging green industries and on projects that help existing industries to reduce their environmental impact
- review of the ERA 2010 process, through targeted and broad sector-wide reviews. These include reviews of the measures used to assess quality of research, such as applied measures, the ERA evaluation process more broadly, and the discipline and discipline groups examined

ARC Budget Statements

- implementation of improvements to the Linkage Projects scheme in response to the recent evaluation of the scheme.

In working to achieve its outcome the ARC will continue to engage with its stakeholders across the national and international innovation systems. The ARC will also participate in the whole-of-government approach to areas relevant to research matters such as higher education, health and science communication.

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: ARC Resource Statement — Budget Estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	5,370	-	5,370	-
Departmental appropriation ³	-	19,781	19,781	20,895
s31 Relevant agency receipts ⁴	-	200	200	200
Total	5,370	19,981	25,351	21,095
Administered expenses				
Outcome 1	-	2,555	2,555	4,528
Total	-	2,555	2,555	4,528
Total ordinary annual services	A 5,370	22,536	27,906	25,623
Departmental non-operating				
Equity injections	-	1,380	1,380	2,574
Total	-	1,380	1,380	2,574
Total other services	B -	1,380	1,380	2,574
Total available annual appropriations	5,370	23,916	29,286	28,197
Special appropriations				
Special appropriations limited by amount				
<i>Special Appropriation ARC Act 2001</i>	-	810,172	810,172	708,733
Total special appropriations	C -	810,172	810,172	708,733
Total appropriations excluding Special Accounts	5,370	834,088	839,458	736,930

ARC Budget Statements

Table 1.1: ARC Resource Statement — Budget Estimates for 2011-12 as at Budget May 2011 (continued)

	Estimate of prior + year amounts available in 2011-12 \$'000	Proposed at Budget = 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Special Accounts				
Opening balance ⁵	3,558	-	3,558	3,558
Appropriation receipts				
- other agencies ⁶	-	1,901	1,901	7,293
Non-appropriation receipts to Special Accounts	-	-	-	-
Total Special Account	D 3,558	1,901	5,459	10,851
Total resourcing				
A+B+C+D	8,928	835,989	844,917	747,781
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	-	-	-	-
Total net resourcing for ARC	8,928	835,989	844,917	747,781

¹ Appropriation Bill (No.1) 2011-12.

² Estimated adjusted balance carried forward from previous year.

³ Includes an amount of \$1.686 in 2011-12 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 s31 Relevant Agency receipts — estimate.

⁵ 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 Monies Special accounts (SOETM). For further information on special accounts see Table 3.1.2.

⁶ Appropriation receipts from other agencies credited to agency ARC's special accounts.
Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

The following cross-portfolio measure is detailed in Budget Paper No. 2 and the impact on the ARC is shown below.

Table 1.2 Agency 2010-11 Budget measures

Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Measures					
Efficiency dividend - temporary increase in the rate					
Departmental expenses (incl. DCB)	-	(101)	(202)	(239)	(296)
Total	-	(101)	(202)	(239)	(296)
Total measures					
Departmental	-	(101)	(202)	(239)	(296)
Total	-	(101)	(202)	(239)	(296)

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 Australian Research Council 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
- advancing Australian research and innovation by providing strategic policy advice to Government
- measuring research excellence at Australia's universities by conducting research evaluation.

The National Competitive Grants Program (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 and research fellowships. Through Linkage, funding is available for research projects, infrastructure, fellowships 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 business, the public sector and community organisations; build the scale and focus of research in areas of national priority; and support the development of highly trained personnel.

ARC Budget Statements

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, jointly with the National Health and Medical Research Council, provides ongoing support for the Australian Research Integrity Committee (ARIC). The primary role of ARIC is to provide assurance that institutions take—and are seen to take—appropriate action on serious allegations of research misconduct.

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	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Discovery - Research and Research Training		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	40	40
Special appropriations	445,536	502,229
Departmental expenses		
Departmental appropriation ¹	7,671	7,284
Expenses not requiring appropriation in the Budget year ²	458	462
Total for Program 1.1	453,705	510,015
Program 1.2: Linkage - Cross Sector Research		
Administered expenses		
Special appropriations	280,286	324,042
Special Accounts	7,293	2,901
Departmental expenses		
Departmental appropriation ¹	9,611	9,117
Expenses not requiring appropriation in the Budget year ²	458	462
Total for Program 1.2	297,648	336,522
Program 1.3: Excellence in Research for Australia		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	4,488	2,515
Departmental expenses		
Departmental appropriation ¹	4,655	3,589
Expenses not requiring appropriation in the Budget year ²	458	462
Total for Program 1.3	9,601	6,566
Outcome 1 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	4,528	2,555
Special appropriations	725,822	826,271
Special Accounts	7,293	2,901
Departmental expenses		
Departmental appropriation ¹	21,937	19,990
Expenses not requiring appropriation in the Budget year ²	1,374	1,385
Total expenses for Outcome 1	760,954	853,102
	2010-11	2011-12
Average Staffing Level (number)	107	107

¹ Departmental Appropriation combines Ordinary annual services (Appropriation Bill No. 1) and Revenue from independent sources (s31).

² Expenses not requiring appropriation in the Budget year is made up of depreciation expenses, amortisation expenses 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 is aimed at supporting the growth of Australia's research capacity, 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:

- support excellent fundamental research by individuals and teams
- support the development of young researchers as well as the ongoing careers of individuals and research teams
- provide incentives for researchers to build the scale of their work, develop teams and support the growth of networks of research (both nationally and internationally)
- enhance the scale and focus of research in areas of national priority.

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

Program 1.1 expenses

Administered and departmental funding for the Discovery Program increases over the forward estimates due to the implementation of the Future Fellowships scheme announced in 2008-09 Budget and the commencement of the new Super Science Fellowships in 2009-10.

	2010-11 Revised budget (\$'000)	2011-12 Budget (\$'000)	2012-13 Forward year 1 (\$'000)	2013-14 Forward year 2 (\$'000)	2014-15 Forward year 3 (\$'000)
Annual administered expenses:					
Administered item	40	40	40	-	-
Special Appropriations:					
<i>Australian Research Council Act 2001</i>	445,536	502,229	541,684	555,893	542,836
Program support	7,671	7,284	7,235	6,820	6,910
Expenses not requiring appropriation in the Budget year ¹	458	462	494	626	483
Total program expenses	453,705	510,015	549,453	563,339	550,229

¹ Expenses not requiring appropriation in the Budget year is made up of depreciation expenses, amortisation expenses and audit fees.

Program 1.1 Deliverables

Through the Discovery Program, the ARC delivers funding to individual research projects and research fellowships through a range of schemes (listed under the program objectives above). Funding is awarded to administering organisations on the basis of competitive peer review processes involving Australian and international experts. The ARC also provides policy advice on matters related to research and research training, and undertakes communications activities to promote the benefits of research.

Specific deliverables include:

- number of grants awarded
- number of researchers supported (investigators named in funding proposals)
- amounts awarded to administering organisations
- communications activities that foster stakeholder and community awareness of the role of the ARC and benefits of ARC activities to support research and research training
- 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-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.
- Policy advice that enhances Australia's capacity and excellence in research.

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 contribution of excellent research to growth and innovation can only be measured in the long term.

The KPIs in the ARC PBS have been revised as part of an ongoing review of the ARC's performance reporting framework. The revised indicators continue to focus on the same three key areas as the 2010–11 PBS—research careers, collaboration and areas of national priority. The new indicators are (i) better aligned with the KPIs in the ARC Strategic Plan; (ii) reflective of changes to ARC Funding Rules; and (iii) facilitate development of more suitable measures which are currently being developed through consultation. A detailed report against the KPIs identified in the 2010–11 PBS will be included in the ARC Annual Report 2010–11. The KPIs are likely to be met and at that time complete data for 2010–11 will be available.

Program 1. 2: Linkage—cross-sector research partnerships

Program 1.2 objective

The Linkage Program is aimed at improving research outcomes and the use of research outcomes by strengthening links within Australia's innovation system and with innovation systems internationally. Specifically, the Linkage Program aims to:

- encourage partnerships between university-based researchers and end-user organisations (including business, industry, community organisations and other publicly funded research agencies)
- foster opportunities for postgraduate and postdoctoral researchers to pursue research in collaboration with organisations outside the higher education sector
- support investment in strategic national research infrastructure and access to major international research facilities
- encourage the growth of clusters of research and research training as platforms for innovation through funding research centres.

By supporting the development of partnerships, the Linkage Program encourages the exchange and transfer of skills, knowledge and ideas as a basis for securing commercial and other benefits of research.

The main schemes of the Linkage Program are: Linkage Projects; Linkage Infrastructure, Equipment and Facilities; ARC Centres of Excellence; co-funded Centres of Excellence and Special Research Initiatives.

Program 1.2 expenses

Increased funding for the Linkage Program over the forward estimates is a result of additional funding for new research grants in bionic vision science and technology, and an extension of funding for the National Information and Communication Technology Centre of Excellence.

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
('000)					
Special Appropriations:					
<i>Australian Research Council Act 2001</i>	280,286	324,042	339,669	335,754	346,386
Special Accounts Expenses:					
<i>ARC Research Endowment Account</i>	7,293	2,901	-	-	-
Program support	9,611	9,117	9,062	8,570	8,646
Expenses not requiring appropriation in the Budget year ¹	458	462	494	626	483
Total program expenses	297,648	336,522	349,225	344,950	355,515

¹ Expenses not requiring a appropriation in the Budget year is made up of depreciation expenses, amortisation expenses and audit fees.

Program 1.2 Deliverables

Through the Linkage Program, the ARC delivers funding for individual research projects, research fellowships, postgraduate awards and research centres via a range of schemes (listed under Program objective above). Funding is awarded to administering organisations on the basis of competitive peer review processes involving Australian and international experts. The ARC also provides policy advice on matters related to research collaboration and undertakes communications activities to promote the benefits of collaborative research.

Specific deliverables include:

- number of grants awarded
- number of researchers supported (investigators named in funding proposals)
- amounts awarded to administering organisations
- communications activities that foster stakeholder and community awareness of the role of the ARC and benefits of ARC activities to support research collaboration
- 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.
- Policy advice that enhances Australia's capacity and excellence in research.

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 contribution of excellent research to growth and innovation can only be measured in the long term.

The KPIs for the ARC have been revised as part of an ongoing review of the ARC's performance reporting framework. The revised indicators continue to focus on the same three key areas as those in the 2010–11 PBS—collaboration, research careers and infrastructure. The new indicators are (i) better aligned with the KPIs in the ARC Strategic Plan; (ii) reflective of changes to ARC Funding Rules; and (iii) facilitate development of more suitable measures which are currently being developed through consultation. A detailed report against the KPIs identified in the 2010–11 PBS will be included in the ARC Annual Report 2010–11. The KPIs are likely to be met and at that time complete data for 2010–11 will be available.

Program 1.3: Excellence in Research for Australia

Program 1.3 objective

The ERA initiative aims at improving research outcomes by identifying universities and disciplines that are internationally competitive and highlighting areas where there are opportunities for further development and investment.

Specifically, the ERA initiative 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
- Allow for comparisons of Australia's research effort over time.

Program 1.3 expenses

Administered and departmental expenses reflect the funding provided in the 2009-10 Budget to develop and implement the ERA initiative.

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forw ard year 1 \$'000	2013-14 Forw ard year 2 \$'000	2014-15 Forw ard year 3 \$'000
('000)					
Annual administered expenses:					
Administered item	4,488	2,515	1,668	3,300	3,270
Program support	4,655	3,589	3,591	3,396	3,817
Expenses not requiring appropriation in the Budget year ¹	458	462	494	626	483
Total program expenses	9,601	6,566	5,753	7,322	7,570

¹ Expenses not requiring appropriation in the Budget year is made up of depreciation expenses, amortisation expenses and audit fees.

Program 1.3 Deliverables

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

Specific deliverables include:

- Preparation for the 2012 round of ERA, including targeted and broad sector-wide review of the ERA 2010 indicators, ranked outlets, evaluation methods, discipline categories, and research definitions and reference periods
- ERA system and policy development in light of the sector-wide reviews
- Key documentation required for institutions' preparation for ERA 2012.

This will be the second full round of ERA, and will allow for comparison of Australia's research effort over time.

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
- Achievement of milestone for delivery of ERA 2012
- Successful outreach initiatives that further inform the sector and other key stakeholders of overarching ERA policy and implementation.

The KPIs for the ARC have been revised as the previous KPI for Program 1.3 referred to successful implementation of the 2010 ERA evaluation which has now been completed. The final report of the 2010 ERA National Report was released in January 2011. The new indicators are (i) aligned with the KPIs in the ARC Strategic Plan and (ii) reflective of 2011-12 priorities under the ERA initiative.

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 2011-12 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

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period with the agreement of the Finance Minister may be moved to a future year. Table 3.1.1 shows the movement of administered funds approved between years.

Table 3.1.1: Movement of Administered Funds between years¹

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Outcome 1:					
Program 1.3 Excellence in Research for Australia (ERA)	(1,200)	1,200	-	-	-
Total Movement of Administered Funds	(1,200)	1,200	-	-	-

¹ Figures displayed as a negative (-) represent a decrease in funds and a positive reflect an increase in funds.

Movement of \$1.2 million in unspent administered funds from 2010-11 to 2011-12 will ensure the ERA election commitment is met. The transfer of funds is required to provide appropriate support and remuneration for the committee members associated with the ERA evaluation process. The acceptability of results from ERA hinges on the quality and international reputation of the expert reviewers that are appointed.

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 2011-12 <i>2010-11</i>	Receipts 2011-12 <i>2010-11</i>	Payments 2011-12 <i>2010-11</i>	Adjustments 2011-12 <i>2010-11</i>	Closing balance 2011-12 <i>2010-11</i>
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
ARC Research Endowment Account - Australian Research Council Act 2001 (A)	1 3,558	1,901 7,293	2,901 7,293	- -	2,558 3,558
Total Special Accounts 2011-12 Budget estimate	3,558	1,901	2,901	-	2,558
<i>Total Special Accounts 2010-11 estimate actual</i>	<i>3,558</i>	<i>7,293</i>	<i>7,293</i>	<i>-</i>	<i>3,558</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 No. 1	Bi No. 2	Special prop	Total approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Outcome 1							
Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice							1.1
Administered 2011-12	-	-	1,067	1,067	-	1,067	
<i>Administered 2010-11</i>	-	-	<i>1,029</i>	<i>1,029</i>	-	<i>1,029</i>	
Total outcome 2011-12	-	-	1,067	1,067	-	1,067	
<i>Total outcome 2010-11</i>	-	-	<i>1,029</i>	<i>1,029</i>	-	<i>1,029</i>	
Total AGIE 2011-12	-	-	1,067	1,067	-	1,067	
<i>Total AGIE 2010-11</i>	-	-	<i>1,029</i>	<i>1,029</i>	-	<i>1,029</i>	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The estimated administered grant expenses are higher than the special appropriation figures in Table 1.1 due to timing of the recognition of grant expenses and liabilities under the ARC's accounting policies. The accounting policy for grant expenses and liability can be found in note 3 under section 3.2.4.

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 2010-11 is \$23.0 million, which includes the operating loss of \$0.8 million.

The operating loss of \$0.8 million was approved by the Finance Minister and is associated with the ARC's move to new premises. As a result of the move, assets that were used by the ARC in the previous premises were written off. The old assets (predominantly fit-out and leasehold improvements) were not required at the new premises as the new lease included a full purpose-built fit-out.

The budgeted net cost of services to the ARC for delivering its programs in 2011-12 is \$21.1 million.

ARC is expecting a break-even operating result in 2011-12 and forward years; however, due to the removal of the depreciation funding as part of the Operation Sunlight net cash appropriation framework, ARC is budgeting for operating losses in 2011-12, 2012-13, 2013-14 and 2014-15 budget years.

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 2011-12 are \$24.3 million, comprising \$6.5 million for financial assets and \$17.8 million in non-financial assets.

The \$17.8 million in non-financial assets includes \$1.0 million for land and buildings, \$0.4 million plant and equipment, \$16.1 for intangibles (including internally developed software) and \$0.3 in other assets. The \$6.5 million in financial assets consists of \$0.3 million in cash and \$6.2 million in receivables.

Liabilities

Total departmental liabilities budgeted for in 2011-12 are \$5.4 million, comprising \$2.5 million in payables and \$2.9 million in provisions.

The \$2.9 million in provisions includes \$2.5 million in employee provisions and \$0.4 million in other provisions. The \$2.4 million in payables includes \$0.3 million in suppliers and \$2.1 million in other payables.

Budgeted Departmental Statement of Cash Flows

Forecast cash flows for the budget and forward estimates relate to general operating activities and investing activities to fund internally developed software projects to build new grant management and evaluation systems.

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 projects to build new grant management and evaluation systems.

Schedule of Budgeted Income and Expenses Administered on behalf of Government

In 2011-12 ARC will manage \$829.2 million in grant expenses on behalf of the Government, representing new and ongoing research funding agreements awarded under the National Competitive Grants Program (NCGP). Administered funding for the NCGP increases over the forward estimates mainly due to the implementation of the Future Fellowship scheme announced in the 2008-09 Budget, the commencement of the new Super Science Fellowships in 2009-10, additional funding for new research grants in bionic vision science and technology and an extension of funding for the National Information & Communication Technology Centre of Excellence.

Administered supplier expenses mainly reflect the funding provided to develop and implement the Excellence in Research for Australia initiative.

Schedule of Budgeted Assets and Liabilities Administered on behalf of Government

Total financial assets administered on behalf of Government are estimated to be \$4.0 million in 2011-12, representing the balance of the ARC Research Endowment Account held jointly funded projects with other research funding bodies and estimated GST receivable at year end.

The estimated liability balance of \$281.8 million in 2011-12 represents the balance of payments under research funding agreements for new and ongoing research projects for calendar year 2012.

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	Forward estimate	Forward estimate	Forward estimate
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	12,325	11,775	11,958	11,446	11,446
Supplier expenses	7,187	6,617	6,413	6,221	6,377
Depreciation and amortisation	2,957	2,983	2,998	2,998	2,998
Write-down and impairment of assets	842	-	-	-	-
Total expenses	23,311	21,375	21,369	20,665	20,821
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	200	200	-	-	-
Other	88	88	88	88	88
Total own-source revenue	288	288	88	88	88
Net cost of (contribution by) services	23,023	21,087	21,281	20,577	20,733
Revenue from Government	19,224	18,104	18,283	17,579	17,735
Surplus (Deficit) attributable to the Australian Government	(3,799)	(2,983)	(2,998)	(2,998)	(2,998)
Total comprehensive income attributable to the Australian Government	(3,799)	(2,983)	(2,998)	(2,998)	(2,998)

Note: Reconciliation of comprehensive income attributable to the agency

	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) Attributable to the Australian Government	(3,799)	(2,983)	(2,998)	(2,998)	(2,998)
plus non-appropriated expenses depreciation and amortisation expenses	2,957	2,983	2,998	2,998	2,998
Total Comprehensive Income (loss) Attributable to the agency	(842)	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	297	297	297	297	297
Trade and other receivables	6,069	6,243	6,423	6,423	6,423
Total financial assets	6,366	6,540	6,720	6,720	6,720
Non-financial assets					
Land and buildings	1,249	992	735	448	161
Property, plant and equipment	265	398	569	768	636
Intangibles	15,877	16,075	16,140	14,422	13,456
Other	301	301	301	301	301
Total non-financial assets	17,692	17,766	17,745	15,939	14,554
Total assets	24,058	24,306	24,465	22,659	21,274
LIABILITIES					
Payables					
Suppliers	346	346	346	346	346
Other	2,113	2,113	2,113	2,113	2,113
Total payables	2,459	2,459	2,459	2,459	2,459
Provisions					
Employee provisions	2,298	2,472	2,652	2,652	2,652
Other	426	426	426	426	426
Total provisions	2,724	2,898	3,078	3,078	3,078
Total liabilities	5,183	5,357	5,537	5,537	5,537
Net assets	18,875	18,949	18,928	17,122	15,737
EQUITY*					
Parent entity interest					
Contributed equity	18,535	21,592	24,569	25,761	27,374
Reserves	130	130	130	130	130
Retained surplus (accumulated deficit)	210	(2,773)	(5,771)	(8,769)	(11,767)
Total parent entity interest	18,875	18,949	18,928	17,122	15,737
Total Equity	18,875	18,949	18,928	17,122	15,737

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 2011-12)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	210	130	-	18,535	18,875
Operating result after extraordinary item	(2,983)	-	-	-	(2,983)
Adjusted opening balance	(2,773)	130	-	18,535	15,892
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	1,380	1,380
Departmental Capital Budget (DCB)	-	-	-	1,677	1,677
Sub-total transactions with owners	-	-	-	3,057	3,057
Estimated closing balance as at 30 June 2012	(2,773)	130	-	21,592	18,949
Closing balance attributable to the Australian Government	(2,773)	130	-	21,592	18,949

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forw ard estimate 2012-13 \$'000	Forw ard estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	200	200	-	-	-
Appropriations	19,050	17,930	18,103	17,579	17,735
Net GST received	558	550	550	550	550
Total cash received	19,808	18,680	18,653	18,129	18,285
Cash used					
Employees	12,151	11,601	11,778	11,446	11,446
Suppliers	7,099	6,529	6,325	6,133	6,289
Net GST paid	558	550	550	550	550
Total cash used	19,808	18,680	18,653	18,129	18,285
Net cash from (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	4,245	3,057	2,977	1,192	1,613
Total cash used	4,245	3,057	2,977	1,192	1,613
Net cash from (used by) investing activities	(4,245)	(3,057)	(2,977)	(1,192)	(1,613)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	4,245	3,057	2,977	1,192	1,613
Total cash received	4,245	3,057	2,977	1,192	1,613
Net cash from (used by) financing activities	4,245	3,057	2,977	1,192	1,613
Net increase (decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	297	297	297	297	297
Cash and cash equivalents at the end of the reporting period	297	297	297	297	297

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
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	1,671	1,677	1,588	1,192	1,613
Equity injections - Bill 2	2,574	1,380	1,389	-	-
Total capital appropriations	4,245	3,057	2,977	1,192	1,613
Total new capital appropriations					
Represented by:					
Purchase of non-financial assets	4,245	3,057	2,977	1,192	1,613
Total Items	4,245	3,057	2,977	1,192	1,613
PURCHASE OF NON-FINANCIAL ASSETS					
ASSETS					
Funded by capital appropriations	2,574	1,380	1,389	-	-
Funded by capital appropriation - DCB ¹	1,671	1,677	1,588	1,192	1,613
TOTAL	4,245	3,057	2,977	1,192	1,613
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	4,245	3,057	2,977	1,192	1,613
Total cash used to acquire assets	4,245	3,057	2,977	1,192	1,613

Prepared on Australian Accounting Standards basis.

¹ Does not include annual finance lease costs. Includes purchase from current and previous years Departmental Capital Budgets.

Table 3.2.6: Statement of Asset Movements (2011-12)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2011				
Gross book value	3,048	1,008	2,1894	25,950
Accumulated depreciation/amortisation and impairment	(1,799)	(743)	(6,017)	(8,559)
Opening net book balance	1,249	265	15,877	17,391
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - other	30	233	2,794	3,057
Total additions	30	233	2,794	3,057
Other movements				
Depreciation/amortisation expense	(287)	(100)	(2,596)	(2,983)
As at 30 June 2012				
Gross book value	3,078	1,241	24,688	29,007
Accumulated depreciation/amortisation and impairment	(2,086)	(843)	(8,613)	(11,542)
Closing net book balance	992	398	16,075	17,465

Prepared on Australian Accounting Standards basis.

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
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Supplier expenses	4,528	2,555	1,708	3,300	3,270
Grants	733,115	829,172	881,353	891,647	889,222
Total expenses administered on behalf of Government	737,643	831,727	883,061	894,947	892,492

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 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forw ard estimate 2012-13 \$'000	Forw ard estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	3,558	2,558	2,558	2,558	2,558
Receivables	1,387	1,387	1,387	1,387	1,387
Other (Prepayments)	91	91	91	91	91
Total financial assets	5,036	4,036	4,036	4,036	4,036
Total assets administered on behalf of Government	5,036	4,036	4,036	4,036	4,036
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Grants	263,630	281,630	281,630	281,630	281,630
Total payables	263,630	281,630	281,630	281,630	281,630
Provisions					
Other	148	148	148	148	148
Total provisions	148	148	148	148	148
Total liabilities administered on behalf of Government	263,778	281,778	281,778	281,778	281,778

Prepared on Australian Accounting Standards basis.

Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forw ard estimate 2012-13 \$'000	Forw ard estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	3,350	3,350	3,350	3,350	6,700
Total cash received	3,350	3,350	3,350	3,350	6,700
Cash used					
Grant payments	709,733	811,172	881,353	891,647	889,222
Suppliers	4,528	2,555	1,708	3,300	3,270
Net GST paid	3,350	3,350	3,350	3,350	6,700
Total cash used	717,611	817,077	886,411	898,297	899,192
Net cash from (used by) operating activities	(714,261)	(813,727)	(883,061)	(894,947)	(892,492)
Net increase (decrease) in cash held					
Cash and cash equivalents at beginning of reporting period	3,558	3,558	2,558	2,558	2,558
Cash from Official Public Account for:					
- Appropriations	713,261	812,727	883,061	894,947	892,492
- Special Accounts	1,000	-	-	-	-
	717,819	816,285	885,619	897,505	895,050
Cash and cash equivalents at end of reporting period	3,558	2,558	2,558	2,558	2,558

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of Administered Capital Budget

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

Table 3.2.11: Schedule of Asset Movements — Administered

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

3.2.4 Notes to the financial statements

Note 1: Intangibles

The ARC's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost.

Note 2: Employee entitlements

The liability for employee entitlements includes provision for annual leave and long service leave.

Note 3: Grants administered

The ARC administers a number of grant schemes on behalf of the Government.

Grant liabilities are recognised to the extent that the grant eligibility criteria or reporting requirements have been satisfied. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.