

AUSTRALIAN RESEARCH COUNCIL

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AUSTRALIAN RESEARCH COUNCIL

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Research Council (ARC) was established as a statutory authority under the *Australian Research Council Act 2001*. Its mission is to advance Australia's research excellence to be globally competitive and deliver benefits to the community.

In seeking to achieve its mission, 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 innovation.

Through the NCGP, the ARC supports the highest-quality fundamental and applied research and research training through national competition across all disciplines, with the exception of clinical medicine and dentistry.

The ARC is a primary agency responsible for administering Australian Government competitive funding for research in universities. In addition, the ARC brokers partnerships between researchers and industry, government, community organisations and the international community.

In 2008-09 the ARC will administer a budget of \$595.8 million for the NCGP. Also in 2008, the ARC will develop a new Australian research quality and evaluation system, called Excellence in Research for Australia (ERA).

The ARC is developing the ERA initiative, in conjunction with the Department of Innovation, Industry, Science and Research, which will assess research quality. The ARC assumed responsibility for this initiative following the transfer of the previous Research Quality Framework from the former Department of Education, Science and Training on 6 March 2008.

The ERA initiative is intended to recognise excellence in research across the range of research conducted in Australia's higher education institutions, from fundamental to applied research. It will identify the quality and activity of research across the full spectrum of disciplines undertaking research.

The ERA initiative indicates the government's move towards a streamlined, metrics and other relevant quality measures based approach to evaluating the excellence of research conducted in Australia's universities.

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The Government has provided \$844.1 million over nine years for the ARC to establish a new Future Fellowships scheme. The Future Fellowships will be administered by the ARC as a separate scheme under the NCGP. The Fellowships will provide up to \$190,000 a year over four years to support 1,000 mid-career researchers over the period 2009 to 2013. The first cohort of Future Fellowships will commence in 2009.

Future Fellowships are awarded on a competitive basis to Australian and international mid-career researchers working in areas of national priority across the six research clusters. Preference will be given to researchers who can demonstrate a capacity to build collaboration across industry, research institutions, and with other disciplines.

In March 2008, the Government announced a new approach to publicly-funded research in Australia that would progressively open up ARC fellowship schemes to international competition and lift restrictions on the use of ARC funds for collaboration-related international travel.

Enhanced international collaboration will become a key priority for all future funding rounds for ARC fellowship schemes, enabling Australia to participate effectively in the global competition for research talent, to attract and retain the world's finest minds and to actively pursue partnerships that will reap truly innovative rewards.

This new approach will bring ARC schemes into line with those of overseas counterpart agencies, which are increasingly encouraging international mobility of researchers and international collaborative research.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. 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 2008-09 as at Budget May 2008

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Ordinary Annual Services				
Departmental outputs				
Departmental outputs	6,321 ⁴	15,856 ¹	22,177	21,361
s31 Relevant agency receipts	-	- ³	-	-
Total	6,321	15,856	22,177	21,361
Administered expenses				
Outcome 1: Australian research that advances the global knowledge and skills base leading to economic, social, cultural and environmental benefits for the Australian community.	-	40 ¹	40	-
Total	-	40	40	-
Total ordinary annual services	A 6,321	15,896	22,217	21,361
Departmental non-operating				
Equity injections	-	- ²	-	4,320
Total	-	-	-	4,320
Total other services	B -	-	-	4,320
Total Available Annual Appropriations	6,321	15,896	22,217	25,681
Special Appropriations				
Special Appropriations limited by amount				
Financial assistance for approved research programmes - s57 ARC Act 2001	-	595,764	595,764	571,800
Total Special Appropriations	C -	595,764	595,764	571,800
Total Appropriations excluding Special Accounts	6,321	611,660	617,981	597,481

Table 1.1: ARC resource statement — Budget estimates for 2008-09 as at Budget May 2008 (cont)

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Special Accounts⁶				
Opening balance	2,014	-	2,014	2,014
Appropriation Receipts - other agencies ⁷	-	1,925	1,925	1,925
Total Special Account D	2,014	1,925	3,939	3,939
Total resourcing	8,335	613,585	621,920	601,420
A+B+C+D				
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	-	-	-
Total net resourcing for the Australian Research Council	8,335	613,585	621,920	601,420

1. Appropriation Bill (No.1) 2008-09.
2. Appropriation Bill (No.2) 2008-09.
3. s31 Relevant Agency receipts — estimate.
4. Estimated adjusted balance carried from previous year for Annual Appropriations.
5. The total available departmental operating appropriation (outputs) will not equal the total of all outputs in the Outcome Resource Statements as they budget for estimated appropriation attributable to outcomes and not the total available. For reconciliation see Table 3.1.1.
6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.
7. Appropriation receipts from the National Health and Medical Research Council annual appropriations for 2008-09 included above.

Third Party Drawdowns from and on behalf of other agencies

ARC has no Third Party Drawdowns from and on behalf of other agencies.

1.3 BUDGET MEASURES

Budget measures relating to the ARC are detailed in Budget Paper No. 2, Table 1.2 which provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: Agency 2008-09 Budget measures

Table 1.2 Agency 2008-09 Budget Measures					
	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures					
Future Fellowships-establishment					
	1.1				
Administered expense		9,920	68,843	100,855	144,003
Departmental outputs		800	550	657	559
Total		10,720	69,393	101,512	144,562
Expense measures					
Responsible Economic Management					
Research Quality Framework ¹					
	1.1				
Administered expense		-	-	-	-
Departmental outputs		(3,427)	(3,716)	(4,332)	(5,375)
Total		(3,427)	(3,716)	(4,332)	(5,375)
Total expense measures					
	Administered	9,920	68,843	100,855	144,003
	Departmental	(2,627)	(3,166)	(3,675)	(4,816)
	Total	7,293	65,677	97,180	139,187
Capital measures					
Responsible Economic Management					
Research Quality Framework ¹					
	1.1				
Administered capital		-	-	-	-
Departmental capital		(4,477)	(703)	-	-
Total		(4,477)	(703)	-	-
Total expense measures					
	Administered	-	-	-	-
	Departmental	(4,477)	(703)	-	-
	Total	(4,477)	(703)	-	-

Prepared on a Government Financial Statistics basis.

1. The lead agency for Research Quality Framework Saving is the Department of Innovation, Industry, Science and Research. The full measure description and package details appear in Budget Paper 2 under the Innovation, Industry, Science and Research Portfolio.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of the ARC in achieving government outcomes.

2.1.1 Outcome 1: Australian research that advances the global knowledge and skills base leading to economic, social, cultural and environmental benefits for the Australian community.

Outcome 1 Strategy

The Australian Government's investment in research and research training that is administered by the ARC supports the Government's commitment to three key elements of the process of innovation: strengthening Australia's ability to generate ideas and undertake research; accelerating the commercial application of these ideas; and developing and retaining Australian skills.

The ARC supports the generation of new knowledge and skills that are necessary to sustain innovation and the development of new businesses and jobs on which Australia's prosperity and living standards depend. It contributes to maintaining and improving the quality of Australian life through advances in the social and cultural spheres and environmental sustainability.

The ARC's competitive research funding schemes also encourage researchers to interact with businesses, industry and public sector and community organisations, facilitating the flow of people, knowledge and expertise, both locally and internationally.

The ARC's specific investment in research training supports the development of highly trained personnel who are necessary for Australia's research system to operate at a competitive level globally and for the ongoing renewal of that system.

Outcome 1 Resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for Outcome 1

Outcome 1: Australian research that advances the global knowledge and skills base leading to economic, social, cultural and environmental benefits for the Australian community.		2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output Group 1.1: Competitive research schemes			
Administered Items:			
Advertising cost	B1	40	-
Special Appropriations:			
Special appropriation under the <i>ARC Act 2001</i>		595,764	571,800
Departmental Outputs			
Program management of competitive research schemes	B1	15,856	21,361
System development and implementation	B2	-	4,320
Revenues from other sources (s.31) for the ARC		-	-
Special Accounts			
ARC Research Endowment Account ¹			
Opening balance		2,014	2,014
Appropriation receipts ²		1,925	1,925
Subtotal for Output Group 1.1		615,599	601,420
Total resources for Outcome 1		615,599	601,420

	2008-09	2007-08
Average staffing level (number)	74	75

1. For estimated Special Accounts payments see Table 3.1.3.

2. Appropriation item receipted into the ARC Research Endowment Account.

(B1) Annual Appropriation Bill 1 (Ordinary Services).

(B2) Annual Appropriation Bill 2 (Other Services).

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Output Group 1.1: Competitive research schemes

Output Group 1.1: Competitive research schemes	
<p>Output Group 1.1 contributes to Outcome 1 by administering the National Competitive Grants Program (NCGP) which promotes the conduct of research and research training that is of the highest quality for the benefit of the Australian community. The NCGP is the primary vehicle by which the ARC contributes to Outcome 1.</p> <p>The ARC is also developing the Excellence in Research for Australia (ERA) initiative, in conjunction with the Department of Innovation, Industry, Science and Research, which will assess research quality.</p> <p>Components of Output Group 1.1:</p> <p>Administered Items - NCPG funding under the ARC special appropriation</p> <p>The NCGP provides competitive research funding through two elements – Discovery and Linkage.</p> <p>The Discovery element of the NCGP provides Australia’s best and most promising researchers with open and transparent access to funding support, and offers incentives for researchers to build the scale of their work, develop teams and support the growth of networks of research excellence. It supports the development of young researchers and the testing of new, innovative ideas and research techniques.</p> <p>The Linkage element of the NCGP encourages collaborative research, both nationally and internationally, between universities, businesses, industry and Government and community organisations. It also funds investment in strategic national research infrastructure and access to major international research facilities. The Linkage element also funds the Centres and Networks schemes which support research requiring significant national and international collaboration. They encourage the growth of clusters and networks of research and research training as platforms for innovation.</p> <p>Output 1.1.1 - Program management of competitive research schemes.</p>	
Key Performance Indicators	2008-09 Target
Outcomes and outputs from ARC supported research.	Citation impact for ARC funded research exceeds the Australian average, and is equal to or greater than the world average citation rates.
Quality of grant administration processes.	<p>Review practices of overseas funding agencies to identify international best practice.</p> <p>Workshop with Australian and International researchers to identify improvements to the ARC’s peer review procedures.</p> <p>Increase efficiency through improved electronic processing of assessor and application forms.</p>

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Quantity and quality of researchers supported through ARC supported research.	Providing entry points for Early Career Researchers through the Discovery Projects scheme; and achieve success rates of 15 per cent for Early Career Researcher proposals assessed against the same criteria as other Discovery Proposals.
Contribution to best practice evaluation of Australia's research investment in our Universities.	Undertake consultation with sector on ERA, particularly on evaluation methodologies. Have agreed metrics in place for two Clusters.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)¹	22,177
Less estimated payments in 2008-09	15,066
Estimated departmental outputs carried forward and available for 2009-10	7,111

1. The 'total available departmental operating appropriation (outputs)' is equal to the carry-forward estimate + budget appropriation included in the Agency Resource Statement (Table 1.1).

3.1.2 Movement of administered funds between years

The ARC did not apply for movement of administered funds from 2007-08 to 2008-09 therefore Table 3.1.2 is not presented.

3.1.3 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 *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the ARC.

Table 3.1.3: Estimates of Special Account cash flows and balances

	Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
1.1					
ARC Research Endowment Account - <i>Australian Research Council Act 2001 s62 (A)</i>	2,014	1,925	1,925	-	2,014
	2,014	1,925	1,925	-	2,014
Total special accounts 2008-09 Budget estimate	2,014	1,925	1,925	-	2,014
Total special accounts 2007-08 estimated actual	2,014	1,925	1,925	-	2,014

(A) = Administered
(D) = Departmental

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure (AGIE)

Outcome	Appropriations				Other \$'000	Total \$'000	Output Group
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000			
	Australian Research Council						
Outcome 1							
Australian research that advances the global knowledge and skills base leading to economic, social, cultural and environmental benefits for the Australian community.							
Administered 2008-09	-	-	954	954	-	954	1.1
Administered 2007-08	-	-	972	972	-	972	
Total Outcome 2008-09	-	-	954	954	-	954	
Total Outcome 2007-08	-	-	972	972	-	972	
Total AGIE 2008-09	-	-	954	954	-	954	
Total AGIE 2007-08	-	-	972	972	-	972	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The estimated administered grants expenses are higher than special appropriation figures in Table 1.1 due to the timing of the recognition of grant expenses and liabilities under the ARC's accounting policies. The accounting policy for grant expense 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

Total revenue in 2008-09 is estimated to be \$15.942 million, representing an increase of \$0.675 million (or 4 per cent) from 2007-08 additional estimates. The increase of funding is mainly due to the new budget measure for implementation of the Future Fellowships scheme.

Total expenses in 2008-09 are estimated to be increased accordingly due to the Future Fellowships.

Budgeted Departmental Balance Sheet

The ARC's budgeted net asset position is estimated to be \$12.494 million, representing an increase of \$4.698 million from 2007-08 additional estimates. The increase is mainly

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due to equity injection following the s32 transfer in 2007-08 of the Research Quality Framework.

The ARC's major assets in 2008-09 are: \$7.923 million in intangibles mainly representing new grant management and evaluation systems; and \$6.231 million in financial assets indicating the estimated appropriation receivable and cash balance.

The ARC's primary liability continues to be accrued employee entitlements which are estimated to increase in 2008-09 to \$2.252 million. Other payables include mainly lease incentive liabilities and make-good provisions.

Budgeted Departmental Statement of Cash Flows

The lower appropriations drawdown in 2008-09 reflects the one-off additional cash requirements for capital project in 2007-08 as mentioned above.

Departmental Statement of Changes in Equity

The ARC's budgeted equity position of \$12.494 million in 2008-09 is unchanged from the 2007-08 Estimated Actual.

Schedule of Budgeted Revenues and Expenses Administered on behalf of Government

The ARC will manage \$603.332 million in grant expenses on behalf of the Government, representing new and ongoing research funding agreements awarded under the National Competitive Grants Program.

Schedule of Budgeted Assets and Liabilities Administered on behalf of Government

Total administered assets are estimated to be \$3.355 million in 2008-09, representing the balance of the ARC Research Endowment Account held for jointly funded projects with other research funding bodies and estimated GST receivable at year end.

The estimated liability balance of \$240.758 million in 2008-09 represents the balance of payments under research funding agreements for new and ongoing research projects for calendar year 2009.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	21,361	15,856	15,743	15,957	16,136
Total revenue	21,361	15,856	15,743	15,957	16,136
Gains					
Other	86	86	86	88	88
Total gains	86	86	86	88	88
Total income	21,447	15,942	15,829	16,045	16,224
EXPENSE					
Employees	9,880	8,206	8,436	8,766	9,111
Suppliers	10,877	6,860	6,479	6,322	6,130
Depreciation and amortisation	690	876	914	957	983
Total expenses	21,447	15,942	15,829	16,045	16,224
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	200	200	200	200	200
Trade and other receivables	5,241	6,031	6,860	7,730	8,626
Total financial assets	5,441	6,231	7,060	7,930	8,826
Non-financial assets					
Land and buildings	1,808	1,572	1,328	1,074	817
Infrastructure, plant and equipment	341	279	214	148	79
Intangibles	8,240	7,923	7,579	7,203	6,807
Other	106	106	106	106	106
Total non-financial assets	10,495	9,880	9,227	8,531	7,809
Total assets	15,936	16,111	16,287	16,461	16,635
LIABILITIES					
Provisions					
Employees	2,077	2,252	2,428	2,602	2,776
Other	222	222	222	222	222
Total provisions	2,299	2,474	2,650	2,824	2,998
Payables					
Suppliers	133	133	133	133	133
Other	1,010	1,010	1,010	1,010	1,010
Total payables	1,143	1,143	1,143	1,143	1,143
Total liabilities	3,442	3,617	3,793	3,967	4,141
Net assets	12,494	12,494	12,494	12,494	12,494
EQUITY*					
Parent entity interest					
Contributed equity	9,006	9,006	9,006	9,006	9,006
Reserves	40	40	40	40	40
Retained surpluses	3,448	3,448	3,448	3,448	3,448
Total parent entity interest	12,494	12,494	12,494	12,494	12,494
Total equity	12,494	12,494	12,494	12,494	12,494
Current assets	5,547	6,337	7,166	8,036	8,932
Non-current assets	10,389	9,774	9,121	8,425	7,703
Current liabilities	2,098	2,150	2,203	2,257	2,310
Non-current liabilities	1,344	1,467	1,590	1,710	1,831

* 'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	22,189	15,066	14,914	15,087	15,240
Other	639	607	583	558	550
Total cash received	22,828	15,673	15,497	15,645	15,790
Cash used					
Employees	9,703	8,031	8,258	8,592	8,937
Suppliers	11,415	7,381	6,978	6,792	6,592
Total cash used	21,118	15,412	15,236	15,384	15,529
Net cash from or (used by) operating activities	1,710	261	261	261	261
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	6,078	261	261	261	261
Total cash used	6,078	261	261	261	261
Net cash from or (used by) investing activities	(6,078)	(261)	(261)	(261)	(261)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,320	-	-	-	-
Total cash received	4,320	-	-	-	-
Net cash from or (used by) financing activities	4,320	-	-	-	-
Net increase or (decrease) in cash held	(48)	-	-	-	-
Cash at the beginning of the reporting period	248	200	200	200	200
Cash at the end of the reporting period	200	200	200	200	200

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	3,448	40	-	9,006	12,494
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	3,448	40	-	9,006	12,494
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Estimated closing balance as at 30 June 2009	3,448	40	-	9,006	12,494

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Total income administered on behalf of Government	-	-	-	-	-
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	577,588	603,332	676,188	717,686	775,290
Suppliers	-	40	40	40	40
Total expenses administered on behalf of Government	577,588	603,372	676,228	717,726	775,330

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	2,014	2,014	1,089	1,089	89
Receivables	1,341	1,341	1,341	1,341	1,341
Total financial assets	3,355	3,355	2,430	2,430	1,430
Total assets administered on behalf of Government	3,355	3,355	2,430	2,430	1,430
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Grants	233,190	240,758	246,308	251,690	250,690
Total payables	233,190	240,758	246,308	251,690	250,690
Total liabilities administered on behalf of Government	233,190	240,758	246,308	251,690	250,690

**Table 3.2.7: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	3,350	3,350	3,350	3,350	3,350
Total cash received	3,350	3,350	3,350	3,350	3,350
Cash used					
Grant payments	573,725	597,689	671,638	713,304	776,290
Suppliers	-	40	40	40	40
Net GST paid	3,350	3,350	3,350	3,350	3,350
Total cash used	577,075	601,079	675,028	716,694	779,680
Net cash from or (used by) operating activities	(573,725)	(597,729)	(671,678)	(713,344)	(776,330)
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	120	2,014	2,014	1,089	1,089
Cash from Official Public Account for:					
- appropriations	571,800	595,804	669,753	712,344	775,330
- special accounts	3,819	1,925	1,000	1,000	-
Cash at end of reporting period	2,014	2,014	1,089	1,089	89

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

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.