Australian Research Council

Entity resources and planned performance

Australian Research Council

Section 1: Entity overview and resources 112

1.1 Strategic direction statement 112

1.2 Entity resource statement 114

Section 2: Outcomes and planned performance 116

2.1 Budgeted expenses and performance for Outcome 1 117

Section 3: Budgeted financial statements 125

3.1 Budgeted financial statements 125

3.2 Budgeted financial statements tables 126

# Australian Research Council

## Section 1: Entity overview and resources

### 1.1 Strategic direction statement

The Australian Research Council (ARC) is a non-corporate Commonwealth entity established under the *Australian Research Council Act 2001*. The ARC is responsible for administering the National Competitive Grants Program (NCGP), assessing the quality, engagement and impact of research and providing advice on research matters.

Through the NCGP, the ARC supports excellent research and research training across all disciplines, awarding funding based on a competitive peer review process. The NCGP comprises two programs, Discovery and Linkage, which fund a range of complementary schemes that provide funding for basic and applied research, research training, research collaboration and infrastructure.

The ARC administers Excellence in Research for Australia (ERA), which assesses research quality by research discipline at eligible Australian higher education institutions. ERA is an established evaluation framework that reflects the Government’s commitment to a transparent and streamlined approach to research evaluation. The ARC is also responsible for administering the Engagement and Impact (EI) assessment, which assesses the engagement of researchers with end-users, and shows how universities are translating their research into economic, social, environmental and other impacts.

The ARC’s priorities for 2019–20 include:

* delivering the NCGP effectively and efficiently, including responding to any recommendations from the Australian National Audit Office audit into the administration of the NCGP
* continuing to provide high quality advice to the Minister on research matters including in areas of Government focus (for example, strengthening linkages between research and business)
* analysing and disseminating data and insights arising from the ERA and EI exercises for the benefit of Government, universities, and other stakeholders
* reviewing the ERA and EI exercises
* working with stakeholders in delivering program and policy responsibilities, including through consultations and in raising awareness of research funded by the ARC
* continuing to monitor the performance of selected NCGP schemes though scheduled reviews and evaluations
* ensuring that the NCGP supports participation by all researchers, including Aboriginal and Torres Strait Islander researchers, women researchers and early and mid-career researchers
* maintaining a strong governance framework to support delivery against legislative requirements as well as the Government’s expectations for the agency as articulated in the ARC outcome statement.

### 1.2 Entity resource statement

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity’s operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the ‘Budgeted expenses by Outcome’ tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: ARC resource statement — Budget estimates for 2019–20 as at Budget April 2019



All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

Prepared on a resourcing (i.e. appropriations available) basis.

(a) Appropriation Bill (No. 1).

(b) Excludes departmental capital budget (DCB).

(c) Departmental capital budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(d) Appropriation Bill (No. 2).

(e) Special Appropriation funded under *Australian Research Council Act 2001*.

(f) ARC Research Endowment Account - s80 PGPA Act 2013 [s62 *Australian Research Council Act 2001].* Excludes trust moneys held in Services for Other Entities and Trust Moneys (SOETM) and other special accounts. For further information on special accounts, please refer to Budget Paper No. 4 - Agency Resourcing. Please also see Table 2.1.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.

(g) Administered appropriations drawn from annual appropriations and credited to special account.

## Section 2: Outcomes and planned performance

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 entities achieve the intended results of their outcome statements. Entities 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. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity’s corporate plans and annual performance statements – included in Annual Reports - to provide an entity’s complete performance story.

[The most recent corporate plan for ARC can be found at: www.arc.gov.au> News> Publications> Corporate Plan](https://www.arc.gov.au/policies-strategies/policy/corporate-plan)

[The most recent annual performance statement can be found in the Australian Research Council Annual Report at: www.arc.gov.au > News> Publications > Annual Report](https://www.arc.gov.au/policies-strategies/policy/annual-reports-australian-research-council)

### 2.1 Budgeted expenses and performance for Outcome 1

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

#### Budgeted expenses for Outcome 1

This table shows how much the ARC intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1



Table 2.1.1: Budgeted expenses for Outcome 1 (continued)



Prepared on Australian Accounting Standards basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

(a) Figures displayed are expenses only. This does not align to resourcing because appropriations credited to special account are not recognised as expense.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, audit fees and estimated expenses incurred in relation to revenue received under section 74 of the PGPA Act 2013 in 2017–18.

#### Performance criteria for Outcome 1

This section details the performance criteria for each program associated with Outcome 1. It summarises how each program is delivered and where 2019–20 Budget measures have created new programs or materially changed existing programs.

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

##### Program 1.1: Discovery – Research and Research Training

| Objective | Through the Discovery program, the ARC aims to build Australia’s research capacity by supporting excellent, internationally competitive research projects, fellowships and awards. This contributes to Outcome 1 by: providing training and career opportunities for current and emerging researchers; fostering international engagement; and encouraging research that will strengthen Australia’s capacity in areas of priority. |
| --- | --- |
| Delivery | The Discovery program is delivered through the following activities:administering the Discovery funding schemes—Australian Laureate Fellowships, Discovery Early Career Researcher Award (DECRA), Discovery Indigenous, Discovery Projects and Future Fellowships—which provide funding to eligible administering organisations for excellent, internationally competitive research projects, fellowships and awards* informing policy on research and research training.
 |
| Purposes | The ARC’s purpose is to grow knowledge and innovation for the benefit of the Australian community through funding the highest quality research, assessing the quality, engagement and impact of research and providing advice on research matters. |

###### Performance information 1.1 Discovery – Research and Research Training

| Year | Performance criteria | Expected achievement |
| --- | --- | --- |
| 2018–19 | The Discovery program contributes to the growth of knowledge and innovation in Australia by funding:excellent research and researchersresearch training and career developmentinternational collaborationresearch in areas of priority.The Discovery program produces outcomes that improve our fundamental understanding of the world and/or provide economic, environmental, social, health and/or cultural benefits to Australia. | Final reporting data for targets will be available at the end of 2018–19 and compared against baseline data in the annual report. To date:16% of Discovery program funding allocated for commencement in 2018–19 was allocated under the DECRA scheme84% of Discovery program research projects commencing in 2018–19 involve international collaboration57% of Discovery program research projects commencing in 2018–19 address an Australian Government Science and Research Priority area.Case studies demonstrating the benefits arising from Discovery research will be provided in the ARC annual report and *Making a Difference* publication. |

| Year | Performance criteria | Targets |
| --- | --- | --- |
| 2019–20 | The Discovery program contributes to the growth of knowledge and innovation in Australia by funding:excellent research and researchersresearch training and career developmentinternational collaborationresearch in areas of priority.The Discovery program produces outcomes that improve our fundamental understanding of the world and/or provide economic, environmental, social, health and/or cultural benefits to Australia. | Target: Maintain proportion of Discovery program funding allocated to support early career researchers under the DECRA scheme.Target: Maintain or increase the proportion of Discovery research projects, fellowships and awards that support international collaboration.Target: Maintain the proportion of Discovery research projects, fellowships and awards that involve research in one of the Australian Government’s Science and Research Priority areas.Target: Evidence of outcomes arising from Discovery research projects, fellowships and awards improving our fundamental understanding of the world and/or providing economic, environmental, social, health and/or cultural benefits to Australia. |
| 2020–21 and beyond | As per 2019–20. | As per 2019–20. |

##### Program 1.2: Linkage – Cross Sector Research Partnerships

| Objective | Through the Linkage program, the ARC aims to build Australia’s research and innovation capacity by supporting excellent, internationally competitive research projects, infrastructure, hubs and centres that involve collaboration among researchers within and beyond the research sector.This contributes to Outcome 1 by: providing training and career opportunities for current and emerging researchers; fostering industry and other end-user engagement; supporting international collaboration; and encouraging research that will strengthen Australia’s capacity in areas of priority. |
| --- | --- |
| Delivery | The Linkage program is delivered through the following activities:administering the Linkage funding schemes—ARC Centres of Excellence, Industrial Transformation Research Hubs, Industrial Transformation Training Centres, Linkage Infrastructure, Equipment and Facilities, Linkage Learned Academies Special Projects, Linkage Projects and Special Research Initiatives—which provide funding to eligible administering organisations for excellent, internationally competitive research projects, infrastructure, hubs and centresinforming policy on cross sector research partnerships. |
| Purposes | The ARC’s purpose is to grow knowledge and innovation for the benefit of the Australian community through funding the highest quality research, assessing the quality, engagement and impact of research and providing advice on research matters. |

###### Performance information 1.2 Linkage – Cross Sector Research Partnerships

| Year | Performance criteria | Expected achievement |
| --- | --- | --- |
| 2018–19 | The Linkage program contributes to the growth of knowledge and innovation in Australia by funding:excellent collaborative research and researchersindustrial research training and career development partnerships between universities and research end-usersresearch in areas of priority. | Final reporting data for targets will be available at the end of 2018–19 and compared against baseline data in the annual report. To date:partner organisations involved in Linkage Projects have pledged $1.91 for every dollar awarded by the ARCresults indicate the Linkage Projects scheme is on track to maintain the level of stakeholder satisfaction with the research partnerships supported through the scheme82% of Linkage program research projects commencing in 2018–19 address an Australian Government Science and Research Priority area100% of recommendations to the Minister under the Linkage Projects scheme have been made within six months of application submission64% of Linkage program research projects commencing in 2018–19 involve international collaboration. |
| 2018–19 |  | In relation to the target for expenditure on the Industrial Transformation Training Centres scheme as a proportion of Linkage program funding, the selection round for Industrial Transformation Training Centres 2019 has not been finalised.Case studies demonstrating the benefits arising from Linkage research will be provided in the ARC annual report and *Making a Difference* publication. |

| Year | Performance criteria | Targets |
| --- | --- | --- |
| 2019–20 | The Linkage program contributes to the growth of knowledge and innovation in Australia by funding:excellent collaborative research and researchersindustrial research training and career development partnerships between universities and research end-usersresearch in areas of priority. | Target: Maintain or increase the level of co-funding from partner organisations under the Linkage Projects scheme [≥$1 for every ARC dollar].Target: Maintain stakeholder satisfaction with the research partnerships supported through Linkage research projects, infrastructure, hubs and centres [with baseline based on 4 year rolling average].Target: Maintain or increase the proportion of Linkage research projects, infrastructure, hubs and centres that involve research in one of the Australian Government’s Science and Research Priority areas.Target: Linkage Projects scheme is delivered efficiently [100% of recommendations are made to the Minister within six months of application submission].Target: Maintain proportion of Linkage program funding to support industrial research training under the Industrial Transformation Training Centres scheme. |
| 2020–21 and beyond | As per 2019–20. | As per 2019–20. |

##### Program 1.3: Excellence in Research for Australia

| Objective | Through the Excellence in Research for Australia (ERA) program the ARC aims to improve Australia’s research capacity by evaluating research at eligible Australian higher education institutions against international benchmarks and identifying excellence across the full spectrum of research activities. The program includes both the research quality evaluation framework, Excellence in Research for Australia, and the Engagement and Impact (EI) assessment framework, which assesses the engagement of researchers with end-users, and shows how universities are translating their research into economic, social, environmental and other impacts. This contributes to Outcome 1 by: providing a unique, evidence-based resource to inform Australian Government research policy and the strategic direction of higher education institutions; and encouraging researchers to produce high-quality and impactful research with real world benefits. |
| --- | --- |
| Delivery | The program is delivered through the following activities:administering an evaluation framework to measure and report on the quality of research conducted at Australia’s higher education institutionsadministering a framework to assess engagement and show how universities are translating their research into economic, social, environmental and other impactsinforming strategic policy advice on research quality, engagement and impact. |
| Purposes | The ARC’s purpose is to grow knowledge and innovation for the benefit of the Australian community through funding the highest quality research, assessing the quality, engagement and impact of research and providing advice on research matters. |

###### Performance information 1.3 Excellence in Research for Australia

| Year | Performance criteria | Expected achievement |
| --- | --- | --- |
| 2018–19 | The ERA program, including the research quality evaluation framework and EI assessment framework, contributes to the growth of knowledge and innovation in Australia by:providing assurance of the quality of research in Australiaencouraging excellent, internationally competitive researchencouraging impactful engagement within and beyond the research sector. | ERA program reports and activities inform Australian Government policyERA program reports and activities inform strategic planning at eligible Australian higher education institutionsEngagement within and beyond the research sector is benchmarkedImpact studies submitted for the EI assessment publicly demonstrate how universities are translating their research into economic, social, environmental and other impactsResearch performance of Australian higher education institutions improves. |

| Year | Performance criteria | Targets |
| --- | --- | --- |
| 2019–20 | The ERA program, including the research quality evaluation framework and EI assessment framework, contributes to the growth of knowledge and innovation in Australia by:providing assurance of the quality of research in Australiaencouraging excellent, internationally competitive researchencouraging impactful engagement within and beyond the research sector. | ERA program reports and activities inform Australian Government policyERA program reports and activities inform strategic planning at eligible Australian higher education institutions. |
| 2020–21 and beyond | As per 2019–20. | As per 2019–20. |

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019–20 budget year, including the impact of budget measures and resourcing on financial statements.

### 3.1 Budgeted financial statements

#### 3.1.1 Differences between entity resourcing and financial statements

There are no material variances between the entity resources table and the budgeted financial statements. There is a minor variance between resourcing and expenses, which reflects the administered annual appropriation being credited to the ARC Research Endowment Special Account.

#### 3.1.2 Explanatory notes and analysis of budgeted financial statements

The ARC have not had any measures announced since the 2018–19 Budget.

##### Budgeted departmental comprehensive income statement

The ARC’s income statement reflects a deficit across the forward estimates. These deficits are predominantly attributable to the depreciation and amortisation expense for the year. Total expenses for 2019–20 are estimated to be $24.6 million.

##### Budgeted departmental balance sheet

The budgeted net asset position of $22.2 million for 2019–20 represents a decrease of $2.0 million from 2018–19.

##### Schedule of budgeted income and expenses administered on behalf of Government

The schedule of budgeted income and expenses reflects the revenues and expense relating to programs administered by the ARC on behalf of Government.

The majority of the expenditure is on grants as provided under the National Competitive Grants Program (NCGP).

##### Schedules of budgeted assets and liabilities administered on behalf of government

The ARC recognises grant liabilities to the extent that the grant eligibility criteria or reporting requirements have been satisfied. The closing liability reflects the remaining commitment, as at 30 June, for the relevant calendar year.

### 3.2 Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June



Prepared on Australian Accounting Standards basis.

(a) From 2010–11, the Government introduced net cash appropriation arrangements. This involved Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) being 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 3.5 Departmental Capital Budget Statement.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)



Prepared on Australian Accounting Standards basis.

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

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2019–20)



Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)



Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)



Prepared on Australian Accounting Standards basis.

(a) Current year's Departmental Capital Budgets (DCBs).

(b) Includes prior year Act 2 and DCB appropriations.

Table 3.6: Statement of asset movements (Budget year 2019–20)



Prepared on Australian Accounting Standards basis.

(a) 'Appropriation ordinary annual services' refers to funding provided through current and prior Appropriation Bill (No.1) for depreciation/amortisation expenses, DCBs.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)



Prepared on Australian Accounting Standards basis.

(a) Under the *Australian Research Council Act 2001*, grant recipients are required to return unspent grant money to the ARC unless otherwise approved. The ARC then returns the funding relating to prior financial years to the Official Public Account.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)



Prepared on Australian Accounting Standards basis.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)



Prepared on Australian Accounting Standards basis.

Table 3.10: Administered capital budget statement (for the period ended 30 June)

ARC has no administered capital budget therefore Table 3.10 is not presented.

Table 3.11: Statement of administered asset movements (Budget year 2019–20)

ARC has no administered asset movements therefore Table 3.11 is not presented.