

Australian Research Council

Entity resources and planned performance

AUSTRALIAN RESEARCH COUNCIL

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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's mission is to deliver policy and programmes that advance Australian research and innovation globally and benefit the community.

The mission aligns with the ARC outcome statement which is growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.

The ARC is responsible for:

- funding excellent research and research training
- evaluating the quality of research
- providing policy advice on research matters.

The ARC manages the National Competitive Grants Program (NCGP), a significant component of the Australian Government's investment in research and innovation. Through the NCGP, the ARC supports excellent research and research training across all disciplines, awarding funding on the basis of a competitive peer review process. The NCGP comprises two programmes, Discovery and Linkage, under which the ARC funds a range of complementary schemes that provide funding for basic and applied research, research training, research collaborations and infrastructure. Together, the ARC funding schemes:

- support the generation of new knowledge, technologies, products and innovations
- provide incentives for researchers to partner with each other, business, the public sector and community organisations to undertake research in areas of importance to the end-users of research outcomes
- build the scale and focus of research in areas of national priority
- support the development of highly trained research personnel.

The ARC manages the 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. It provides a national stocktake of discipline-level areas of research

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strength and areas where there is opportunity for development across the full spectrum of research activity.

The ARC is also responsible for the provision of high quality advice to the Minister about matters related to research.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Australian Research Council Resource Statement Budget estimates for 2015–16 as at Budget May 2015

	<i>Actual Available Appropriation 2014–15</i> \$'000	Estimate of prior year amounts available in 2015–16 \$'000	Proposed at 2015–16 Budget \$'000	Total 2015–16 estimate \$'000
Ordinary annual services ^(a)				
Departmental appropriation				
Prior year appropriations ^(b)	8,557	8,108	-	8,108
Departmental appropriation ^(c)	21,014	-	20,813	20,813
Total	29,571	8,108	20,813	28,921
Administered expenses				
Outcome 1	5,397	-	5,156	5,156
Total	5,397	-	5,156	5,156
Total ordinary annual services [A]	34,968	8,108	25,969	34,077
Departmental non-operating				
Prior year appropriations ^(b)	278	1,173	-	1,173
Equity injections	2,605	-	2,572	2,572
Total	2,883	1,173	2,572	3,745
Total other services [B]	2,883	1,173	2,572	3,745
Total available annual appropriations [A+B]	37,851	9,281	28,541	37,822
Special appropriations				
Special appropriations limited by amount				
<i>Special Appropriation ARC Act 2001</i>	875,642	-	789,659	789,659
Total special appropriations [C]	875,642	-	789,659	789,659
Total appropriations excluding special accounts	913,493	9,281	818,200	827,481
Special accounts				
Opening balance ^(d)	6,667	-	-	-
Total special accounts [D]	6,667	-	-	-
Total resourcing [A+B+C+D]	920,160	9,281	818,200	827,481
Less appropriations drawn from annual or special appropriations above and credited to special accounts	(6,667)	-	-	-
Total net resourcing for ARC	913,493	9,281	818,200	827,481

(a) Appropriation Bill (No. 1) 2015–16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$1.253m in 2015–16 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'.

(d) Estimated opening balance for special accounts (less 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for other Government and Non-agency Bodies accounts (SOG), or Services for Other Entities and Trust Moneys accounts (SOETM)).

Notes:

For further information on special accounts see Table 3.1.2.

All figures are GST exclusive.

1.3 BUDGET MEASURES

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

Table 1.2: ARC 2015–16 Budget measures

Part 1: Measures announced since the 2014–15 Mid-Year Economic and Fiscal Outlook (MYEFO)

Since the 2014–15 MYEFO, the ARC did not have any Budget measures therefore Table 1.2 Part 1 is not presented.

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

	Programme	2014–15 \$'000	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000
Measures (if applicable)						
Communications and Public Affairs						
Functions – target savings ^(a)						
	All					
	Administered expenses	0	0	0	0	0
	Departmental expenses	(11)	(21)	(21)	(22)	0
	Total	(11)	(21)	(21)	(22)	0
Total measures						
	Administered	0	0	0	0	0
	Departmental	(11)	(21)	(21)	(22)	0
	Total	(11)	(21)	(21)	(22)	0

(a) These measures were announced at Budget 2014–15 but not reported in the ARC's Portfolio Budget Statements.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of the Australian Research Council (ARC) in achieving government outcomes.

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

Outcome 1 strategy

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

- supporting excellent research and research training and cross-sector research partnerships through administration of the National Competitive Grants Program (NCGP)
- measuring research excellence at Australia's higher education institutions through administration of Excellence in Research for Australia (ERA)
- advancing Australian research and innovation by providing high-quality advice on research matters to Government.

The NCGP supports two main streams of research funding – Discovery and Linkage (programme 1.1 and programme 1.2). Through Discovery, funding is available for investigator-initiated research projects and research fellowships and awards. Through Linkage, funding is available for research projects, infrastructure, hubs and centres that foster collaboration among researchers and research teams in Australia and internationally, and with industry and other end-users of research.

The ARC evaluates the excellence of research undertaken within eligible Australian higher education institutions. 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 data generated through the ERA process provides a unique resource

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for informing evidence-based policy on higher education and publicly funded research across government.

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

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

	2014–15 Estimated actual expenses \$'000	2015–16 Estimated expenses \$'000
Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.		
Programme 1.1: Discovery - Research and Research Training		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,060	1,086
Special appropriations	549,879	514,269
Departmental expenses		
Departmental appropriation ^(a)	7,463	7,357
Expenses not requiring appropriation in the Budget year ^(b)	1,186	1,359
Total for programme 1.1	559,588	524,071
Programme 1.2: Linkage - Cross Sector Research Partnerships		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,067	1,032
Special appropriations	319,096	275,390
Special accounts	6,667	-
Departmental expenses		
Departmental appropriation ^(a)	9,498	9,364
Expenses not requiring appropriation in the Budget year ^(b)	1,186	1,359
Total for programme 1.2	337,514	287,145
Programme 1.3: Excellence in Research for Australia		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,270	3,038
Departmental expenses		
Departmental appropriation ^(a)	2,789	2,839
Expenses not requiring appropriation in the Budget year ^(b)	1,186	1,359
Total for programme 1.3	7,245	7,236
Outcome 1 Totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,397	5,156
Special appropriations	868,975	789,659
Special accounts	6,667	-
Departmental expenses		
Departmental appropriation ^(a)	19,750	19,560
Expenses not requiring appropriation in the Budget year ^(b)	3,558	4,077
Total expenses for Outcome 1	904,347	818,452
	2014–15	2015–16
Average staffing level (number)	120	120

(a) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.

(b) Expenses not requiring appropriation in the budget year are 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.

Programme 1.1: Discovery – research and research training

Programme 1.1 objective

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

Specifically, the objectives of the Discovery programme are to deliver outcomes of benefit to Australia and build Australia’s research capacity through support for:

- excellent, internationally competitive research by individuals and teams
- research training and career opportunities for the best Australian and international researchers
- international collaboration
- research in priority areas.

The Discovery programme schemes providing funding (new and/or ongoing) in 2015–16 are Australian Laureate Fellowships, Discovery Early Career Researcher Award, Discovery Indigenous, Discovery Projects and Future Fellowships.

Programme 1.1 expenses

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000
Annual administered expenses:					
Administered item	1,060	1,086	1,114	1,142	1,171
Special appropriations:					
<i>Australian Research Council Act 2001</i>	549,879	514,269	488,792	515,239	517,498
Annual departmental expenses:					
Programme support	7,463	7,357	7,287	7,155	7,190
Expenses not requiring appropriation in the Budget year ^(a)	1,186	1,359	1,528	1,564	1,564
Total programme expenses	559,588	524,071	498,721	525,100	527,423

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

Programme 1.1 deliverables

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

Specific deliverables are as follows:

- Deliverable: Grants
- Deliverable: Grants management
- Deliverable: Strategic policy advice on research and research training.

Programme 1.1 key performance indicators

The key performance indicators (KPIs) of the Discovery programme are identified in the table below. The KPIs focus on long-term outcomes as well as medium-term outcomes relating to building Australia's research capacity, for example, generating knowledge and supporting research training and careers, international collaboration and contributions in areas of priority.

The Discovery programme KPIs used in the 2015–16 Portfolio Budget Statements have been revised to provide flexibility for the transition to new performance measurement requirements for Corporate Plans. A report against the KPIs and targets in the 2014–15 PBS will be provided in the 2014–15 ARC Annual Report.

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Key performance indicators
Outcomes of benefit to Australia
Evidence of economic, environmental, social, health and/or cultural benefits to Australia arising from Discovery research, including in areas of priority
Greater than 95 per cent of completed Discovery research projects report their objectives were met
Building Australia's research capacity – excellent research and researchers
Evidence that Discovery research projects produce excellent, internationally competitive research
Winning of prestigious prizes and awards by Discovery researchers
Building Australia's research capacity – research training and careers
Evidence that Discovery research projects support career opportunities for early-career researchers
Evidence that Discovery research projects involve higher degree by research students
Evidence that Discovery fellowships and awards are accessible to international applicants (foreign nationals and returning Australians)
Building Australia's research capacity – international collaboration
Evidence that Discovery research projects involve international collaboration
Building Australia's research capacity – research in areas of priority
Evidence that Discovery research projects address an area of research priority

Programme 1.2: Linkage – cross-sector research partnerships
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Programme 1.2 objective

The Linkage programme supports research collaboration by encouraging partnerships between university-based researchers and researchers in other sectors in Australia and overseas that generate new knowledge, technologies and innovations.

The objectives of the Linkage programme are to deliver outcomes of benefit to Australia and build Australia's research and innovation capacity through support for:

- excellent, internationally competitive collaborative research between university-based researchers and researchers in other sectors
- research training and career opportunities that enable Australian and international researchers and research students to work with industry and other end-users
- research in priority areas.

The Linkage programme schemes providing funding (new and/or ongoing) in 2015–16 are ARC Centres of Excellence, co-funded research centres, Industrial Transformation Research Hubs, Industrial Transformation Training Centres, Linkage Infrastructure, Equipment and Facilities, Linkage Learned Academies Special Projects, Linkage Projects and Special Research Initiatives.

Programme 1.2 expenses

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000
Annual administered expenses:					
Administered item	1,067	1,032	1,033	1,032	1,067
Special appropriations:					
<i>Australian Research Council Act 2001</i>	319,096	275,390	262,431	268,368	274,809
Special account expenses:					
ARC Research Endowment Account	6,667	-	-	-	-
Annual departmental expenses:					
Programme support	9,498	9,364	9,275	9,106	9,150
Expenses not requiring appropriation in the Budget year ^(a)	1,186	1,359	1,528	1,564	1,564
Total programme expenses	337,514	287,145	274,267	280,070	286,591

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

Programme 1.2 deliverables

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

Specific deliverables are:

- Deliverable: Grants
- Deliverable: Grants management
- Deliverable: Strategic policy advice on research partnerships.

Programme 1.2 key performance indicators

The key performance indicators (KPIs) of the Linkage programme are identified in the table below. The KPIs focus on long-term outcomes as well as medium-term outcomes relating to building Australia’s research capacity, for example, generating knowledge and supporting research partnerships, research training and careers, and contributions in areas of priority.

The Linkage programme KPIs used in the 2015–16 Portfolio Budget Statements have been revised to provide flexibility for the transition to new performance measurement requirements for Corporate Plans. A report against the KPIs and targets in the 2014–15 PBS will be provided in the 2014–15 ARC Annual Report.

Key performance indicators
Outcomes of benefit to Australia
Evidence of economic, environmental, social, health and/or cultural benefits to Australia arising from Linkage research, including in areas of priority
Greater than 95 per cent of completed Linkage research projects report their objectives were met
Building Australia’s research capacity – excellent research and researchers
Evidence that Linkage research projects produce excellent, internationally competitive research
Building Australia’s research capacity – collaboration
Average number of organisations involved in Linkage research projects is maintained or increased
Greater than 90 per cent of partner organisations rate the research partnerships supported through Linkage research projects as beneficial or very beneficial
Linkage research projects leverage significant national and international investment from partner organisations (cash and in-kind)
Evidence that Linkage funding supports research projects that involve collaboration with industry
Proportion of Linkage research projects involve international collaboration

Key performance indicators
Building Australia's research capacity – research training and careers
Evidence that Linkage research projects support career opportunities for early-career researchers
Evidence that Linkage research projects involve higher degree by research students
Evidence that Linkage research projects support research training in areas of strategic importance to Australian industries
Building Australia's research capacity – research in areas of priority
Evidence that Linkage research projects address areas of research priority

Programme 1.3: Excellence in Research for Australia

Programme 1.3 objective

The Excellence in Research for Australia (ERA) programme aims to improve research quality and strategic planning at eligible Australian higher education institutions and inform Government policy by identifying research strengths and disciplines that are internationally competitive and highlighting areas where there are opportunities for further development and investment.

The objectives of ERA are to:

- manage an evaluation framework that gives government, industry, business and the wider community assurance of the excellence of research conducted in Australian higher education institutions
- provide a national stocktake of discipline level areas of research strength and areas where there is opportunity for development in Australian higher education institutions
- identify excellence across the full spectrum of research performance
- identify emerging research areas and opportunities for further development
- allow for comparisons of research in Australia, nationally and internationally, for all discipline areas.

Programme 1.3 expenses

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000
Annual administered expenses:					
Administered item	3,270	3,038	2,999	2,942	3,000
Annual departmental expenses:					
Programme support	2,789	2,839	2,890	2,942	2,995
Expenses not requiring appropriation in the Budget year ^(a)	1,186	1,359	1,528	1,564	1,564
Total programme expenses	7,245	7,236	7,417	7,448	7,559

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

Programme 1.3 deliverables

Through ERA, the ARC delivers regular evaluations of the excellence of research undertaken in eligible Australian higher education institutions. The 2015 ERA evaluation is currently underway, with outcomes due to be reported during 2015–16. Evaluations are conducted using a combination of indicators and expert review by committees comprising experienced, internationally recognised experts. The ARC also provides ongoing policy advice on broader research matters related to the measurement of research quality.

Specific deliverables for 2015–16 are:

- Deliverable: ERA 2015 evaluation
- Deliverable: ERA 2015 National Report
- Deliverable: Strategic policy advice on broad research matters related to the measurement of research quality.

Programme 1.3 key performance indicators

The key performance indicators (KPIs) of ERA are identified in the table below. The ARC has conducted two full ERA evaluations (in 2010 and 2012 respectively) with a third evaluation underway in 2015.

The ERA KPIs used in the 2015–16 Portfolio Budget Statements have been revised to reflect all stages of the ERA process and provide flexibility for the transition to new performance measurement requirements for Corporate Plans. A report against the KPIs and targets in the 2014–15 PBS will be provided in the 2014–15 ARC Annual Report.

Key performance indicators
Conduct high-quality evaluation
Evidence that the ERA framework remains relevant and best practice
Evidence that ERA National Reports provide assurance of the excellence of research conducted in Australia
Outcomes of benefit to Australia
Evidence that ERA improves the research performance of eligible Australian higher education institutions
Evidence that ERA improves strategic planning at eligible Australian higher education institutions
Evidence that ERA positively informs Australian government policy

Evaluations for Outcome 1

The following programme evaluations are planned for 2015–16:

ARC Centres of Excellence

This evaluation commenced in 2014–15 and will conclude in 2015–16. Its focus is on assessing the extent to which the scheme operates as an integrated component of the NCGP, programme objectives are being achieved, and the needs of stakeholders within the research sector are being met.

Linkage Projects

This evaluation will focus on the potential for programme improvements on the basis of a better understanding of the factors that shape demand for, and barriers to, participation in university research projects by Partner Organisations from the private, not-for-profit and government sectors.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015–16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

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

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under section 78 of the PGPA 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

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
ARC Research Endowment Account - Australian Research Council Act 2001 (A) 2015–16	1	-	-	-	-	-
ARC Research Endowment Account - Australian Research Council Act 2001 (A) 2014–15	1	6,667	-	(6,667)	-	-
Total special accounts 2015–16 Budget estimate		-	-	-	-	-
<i>Total special accounts 2014–15 estimated actual</i>		6,667	-	(6,667)	-	-

(A) = Administered

3.1.3 Australian Government Indigenous expenditure

Table 3.1.3: Australian Government Indigenous expenditure (AGIE)

Outcome	Approp Bill No. 1 \$'000	Approp Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000	Other \$'000	Total \$'000	Programme
Australian Research Council							
Outcome 1							1.1 & 1.2
Administered 2015–16			5,456	5,456		5,456	
Administered 2014–15			5,548	5,548		5,548	
Total outcome 2015–16	-	-	5,456	5,456	-	5,456	
Total outcome 2014–15	-	-	5,548	5,548	-	5,548	
Total AGIE 2015–16	-	-	5,456	5,456	-	5,456	
Total AGIE 2014–15	-	-	5,548	5,548	-	5,548	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

There are no material variances between the entity resources table and the ARC's budget statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The budgeted net cost of services to the ARC for delivering its programmes in 2015-16 is \$23.5 million.

As in previous years the ARC's financial statements reflect the removal of depreciation funding as part of the Operation Sunlight net cash appropriation framework, which has the effect of creating a technical operating loss in 2015-16 and the forward 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 2015-16 are \$28.0 million, comprising \$9.2 million for financial assets and \$18.8 million for non-financial assets.

The \$18.8 million in non-financial assets includes \$1.9 million for land and buildings, \$0.3 million for plant and equipment, \$16.3 million for intangibles (including internally developed software) and \$0.3 million for other non-financial assets. The \$9.2 million in financial assets consists of \$0.3 million in cash and \$8.9 million in receivables.

Liabilities

Total departmental liabilities budgeted for in 2015-16 are \$6.9 million, comprising \$0.5 million for payables, \$2.6 million for interest bearing liabilities and \$3.8 million for provisions.

Budgeted departmental statement of cash flows

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

Departmental statement of changes in equity

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

Departmental capital budget statement

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

Schedule of budgeted income and expenses administered on behalf of Government

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

Total administered expenses budget in 2015-16 are \$794.8 million, comprising \$789.7 million for grant expenses, representing research funding agreements for new and ongoing research projects under the NCGP and \$5.1 million for supplier expenses reflecting the funding provided for the ERA, the Industrial Transformation Research Programme and the Future Fellowships scheme.

Schedule of budgeted assets and liabilities administered on behalf of Government

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

Total assets budgeted in 2015-16 are \$1.3 million estimated GST receivable and \$0.3 million of non-financial assets.

Total liabilities budgeted in 2015-16 are \$362.4 million, representing the balance of payments under research funding agreements for new and ongoing research projects for the calendar year 2016.

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000
EXPENSES					
Employee benefits	13,955	14,019	14,128	14,829	14,769
Suppliers	5,609	5,370	5,168	4,236	4,447
Depreciation and amortisation	3,470	3,989	4,497	4,605	4,605
Finance costs	274	259	244	226	207
Total expenses	23,308	23,637	24,037	23,896	24,028
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	88	88	88	88	88
Total own-source revenue	88	88	88	88	88
Total own-source income	88	88	88	88	88
Net cost of/(contribution by) services	23,220	23,549	23,949	23,808	23,940
Revenue from Government	19,750	19,560	19,452	19,203	19,335
Surplus/(deficit) attributable to the Australian Government	(3,470)	(3,989)	(4,497)	(4,605)	(4,605)
Total comprehensive income/(loss)	(3,470)	(3,989)	(4,497)	(4,605)	(4,605)
Total comprehensive income/(loss) attributable to the Australian Government	(3,470)	(3,989)	(4,497)	(4,605)	(4,605)

Note: Impact of net cash appropriation arrangements

	2014–15 \$'000	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations ^(a)	3,470	3,989	4,497	4,605	4,605
Total comprehensive income/(loss) - as per the statement of comprehensive income	(3,470)	(3,989)	(4,497)	(4,605)	(4,605)

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

Prepared on Australian Accounting Standards basis.

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	299	299	299	299	299
Trade and other receivables	8,893	8,893	8,893	8,893	8,893
Total financial assets	9,192	9,192	9,192	9,192	9,192
Non-financial assets					
Land and buildings	2,186	1,892	1,588	1,428	1,268
Property, plant and equipment	199	234	269	82	95
Intangibles	16,253	16,348	16,039	13,042	9,853
Other non-financial assets	318	318	318	318	318
Total non-financial assets	18,956	18,792	18,214	14,870	11,534
Total assets	28,148	27,984	27,406	24,062	20,726
LIABILITIES					
Payables					
Suppliers	516	516	516	516	516
Total payables	516	516	516	516	516
Interest bearing liabilities					
Leases	2,575	2,575	2,575	2,575	2,575
Total interest bearing liabilities	2,575	2,575	2,575	2,575	2,575
Provisions					
Employee provisions	3,531	3,531	3,531	3,531	3,531
Other provisions	322	322	322	322	322
Total provisions	3,853	3,853	3,853	3,853	3,853
Total liabilities	6,944	6,944	6,944	6,944	6,944
Net assets	21,204	21,040	20,462	17,118	13,782
EQUITY*					
Parent entity interest					
Contributed equity	25,762	29,587	33,506	34,767	36,036
Reserves	43	43	43	43	43
Retained surplus (accumulated deficit)	(4,601)	(8,590)	(13,087)	(17,692)	(22,297)
Total parent entity interest	21,204	21,040	20,462	17,118	13,782
Total Equity	21,204	21,040	20,462	17,118	13,782

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

Table 3.2.3: Departmental statement of changes in equity—summary of movement (Budget year 2015–16)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	(4,601)	43	-	25,762	21,204
Comprehensive income					
Surplus/(deficit) for the period	(3,989)	-	-	-	(3,989)
Total comprehensive income	(3,989)	-	-	-	(3,989)
of which:					
Attributable to the Australian Government	(3,989)	-	-	-	(3,989)
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	2,572	2,572
Departmental Capital Budget (DCB)	-	-	-	1,253	1,253
Sub-total transactions with owners	-	-	-	3,825	3,825
Estimated closing balance as at 30 June 2016	(8,590)	43	-	29,587	21,040
Closing balance attributable to the Australian Government	(8,590)	43	-	29,587	21,040

Prepared on Australian Accounting Standards basis.

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	19,750	19,560	19,452	19,203	19,335
Net GST received	550	550	550	550	550
Total cash received	20,300	20,110	20,002	19,753	19,885
Cash used					
Employees	13,955	14,019	14,128	14,829	14,769
Suppliers	5,521	5,282	5,080	4,148	4,359
Borrowing costs	274	259	244	226	207
Net GST paid	550	550	550	550	550
Total cash used	20,300	20,110	20,002	19,753	19,885
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	3,869	3,825	3,919	1,261	1,269
Total cash used	3,869	3,825	3,919	1,261	1,269
Net cash from/(used by) investing activities	(3,869)	(3,825)	(3,919)	(1,261)	(1,269)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	3,869	3,825	3,919	1,261	1,269
Total cash received	3,869	3,825	3,919	1,261	1,269
Net cash from/(used by) financing activities	3,869	3,825	3,919	1,261	1,269
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	299	299	299	299	299
Cash and cash equivalents at the end of the reporting period	299	299	299	299	299

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	1,264	1,253	1,253	1,261	1,269
Equity injections - Bill 2	2,605	2,572	2,666	-	-
Total new capital appropriations	3,869	3,825	3,919	1,261	1,269
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	3,869	3,825	3,919	1,261	-
Total Items	3,869	3,825	3,919	1,261	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ^(a)	2,605	2,572	2,666	-	-
Funded by capital appropriation - DCB ^(b)	1,264	1,253	1,253	1,261	1,269
TOTAL	3,869	3,825	3,919	1,261	1,269
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	3,869	3,825	3,919	1,261	1,269
Total cash used to acquire assets	3,869	3,825	3,919	1,261	1,269

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations.

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

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015–16)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015				
Gross book value	3,004	620	30,024	33,648
Accumulated depreciation/amortisation and impairment	(818)	(421)	(13,771)	(15,010)
Opening net book balance	2,186	199	16,253	18,638
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity ^(a)	-	-	2,572	2,572
By purchase - appropriation ordinary annual services ^(b)	100	150	1,003	1,253
Total additions	100	150	3,575	3,825
Other movements				
Depreciation/amortisation expense	(394)	(115)	(3,480)	(3,989)
Total other movements	(394)	(115)	(3,480)	(3,989)
As at 30 June 2016				
Gross book value	3,104	770	33,599	37,473
Accumulated depreciation/amortisation and impairment	(1,212)	(536)	(17,251)	(18,999)
Closing net book balance	1,892	234	16,348	18,474

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2015–16, including CDABs.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2015–16 for depreciation/amortisation expenses, DCBs or other operational expenses.

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)

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000
EXPENSES					
Suppliers	5,397	5,156	5,146	5,116	5,238
Grants	875,642	789,659	751,223	783,607	792,307
Total expenses administered on behalf of Government	881,039	794,815	756,369	788,723	797,545

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)

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000
ASSETS					
Financial assets					
Taxation receivables	1,315	1,315	1,315	1,315	1,315
Total financial assets	1,315	1,315	1,315	1,315	1,315
Non-financial assets					
Other non-financial assets	248	248	248	248	248
Total non-financial assets	248	248	248	248	248
Total assets administered on behalf of Government	1,563	1,563	1,563	1,563	1,563
LIABILITIES					
Payables					
Suppliers	19	19	19	19	19
Grants	362,460	362,460	362,460	362,460	362,460
Total payables	362,479	362,479	362,479	362,479	362,479
Total liabilities administered on behalf of Government	362,479	362,479	362,479	362,479	362,479
Net assets/(liabilities)	(360,916)	(360,916)	(360,916)	(360,916)	(360,916)

Prepared on Australian Accounting Standards basis.

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	5,300	5,300	5,300	5,300	5,300
Total cash received	5,300	5,300	5,300	5,300	5,300
Cash used					
Grant	875,657	788,495	749,323	781,675	791,526
Suppliers	5,382	5,156	5,146	5,116	5,238
Net GST paid	5,300	5,300	5,300	5,300	5,300
Total cash used	886,339	798,951	759,769	792,091	802,064
Net cash from/(used by) operating activities	(881,039)	(793,651)	(754,469)	(786,791)	(796,764)
Net increase/(decrease) in cash held	(881,039)	(793,651)	(754,469)	(786,791)	(796,764)
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	881,039	793,651	754,469	786,791	796,764
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Administered capital budget statement (for the period ended 30 June)

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

Table 3.2.11: Statement of administered asset movements (Budget year 2015–16)

The ARC has no administered asset therefore table 3.2.11 is not presented.

3.2.4 Notes to the financial statements

The ARC budget statements have been prepared on an accrual accounting basis, having regard to the Statement of Accounting Concepts, and in accordance with the Financial Reporting Rule and the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

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

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