

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 ARC is a non-corporate Commonwealth entity established under the *Australian Research Council Act 2001*.

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

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

The ARC is responsible for:

- funding excellent research and research training
- measuring the quality, engagement and impact of research
- providing policy advice on research matters.

The ARC administers 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 programs, 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.

In 2016-17, the ARC will change the application cycle for the Linkage Projects scheme, one component of the Linkage Program, from an annual cycle to a continuous cycle where applications can be made to the ARC at any time. This is a new measure, announced by the Australian Government on 7 December 2015, within the National

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Innovation and Science Agenda (NISA) to assist in boosting the commercial returns of publicly-funded research.

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

The ARC is currently developing an engagement and impact assessment that will run in conjunction with the existing ERA framework. The engagement and impact assessment, also a new measure announced within NISA, will measure the engagement of university researchers with end-users, and assess the benefits of Australia's investment in university research by showing how universities are translating their research into economic, social, environmental and other impacts.

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

The implementation of a continuous application cycle for the Linkage Projects scheme and the development of an engagement and impact assessment will require close cooperation with stakeholders during 2016-17. Engagement with stakeholders will support the smooth establishment of these new measures and will mitigate the risk that the measures are not successfully delivered. The ARC's stakeholders include researchers, universities, industry, other end-user organisations, Australian Government departments and research agencies.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the ARC 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 ARC's operations) classification.

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

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' 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 2016–17 as at Budget May 2016

	<i>2015–16 Estimated actual \$'000</i>	<i>2016–17 Estimate \$'000</i>
Departmental		
Annual appropriations - ordinary annual services ^(a)		
Prior year appropriations available ^(b)	10,147	10,147
Departmental appropriation	21,017	21,839
Departmental capital budget ^(c)	1,253	1,251
Annual appropriations - other services - non-operating ^(d)		
Prior year appropriations available ^(b)	740	740
Equity injection	2,572	3,536
<i>Total departmental annual appropriations</i>	35,729	37,513
Total departmental resourcing	35,729	37,513
Administered		
Annual appropriations - ordinary annual services ^(a)		
Prior year appropriations available ^(b)	3,025	3,025
Outcome 1	5,707	6,915
<i>Total administered annual appropriations</i>	8,732	9,940
Special Appropriation <i>Australian Research Council Act 2001</i> ^(e)	815,521	744,363
<i>Total administered special appropriations</i>	815,521	744,363
Total administered resourcing	824,253	754,303
Total resourcing for entity ARC	859,982	791,816
	<i>2015–16</i>	<i>2016–17</i>
Average staffing level (number)	128	136

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

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

(a) Appropriation Bill (No. 1) 2016–17.

(b) Estimated adjusted balance carried forward from previous year. Represents funding available to be drawn in the financial year but may be subject to administrative quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(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 'contributions by owner'.

(d) Appropriation Bill (No. 2) 2016–17.

(e) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and 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.

1.3 BUDGET MEASURES

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

Table 1.2: ARC 2016–17 Budget measures

Part 1: Measures announced since the 2015–16 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	
Expense measures							
Higher Education Reform – further consultation ^(a)							
	Administered expenses	1.1 & 1.2	-	(733)	(1,497)	(1,510)	(1,569)
Total			-	(733)	(1,497)	(1,510)	(1,569)
Total expense measures							
	Administered		-	(733)	(1,497)	(1,510)	(1,569)
Total			-	(733)	(1,497)	(1,510)	(1,569)

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

(a) The lead entity for this measure is the Department of Education and Training. The full measure description and package details appear in Budget Paper No. 2 under the Education and Training portfolio.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. This document identifies the programs which contribute to government outcomes over the Budget and forward years.

The outcome and its related programs are described below. The following tables provide information on outcomes and programs by funding source.

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth Performance Framework. The performance criteria described in these Portfolio Budget Statements should be read with broader information provided in the ARC's corporate plan and annual report to provide the complete performance story.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
Program 1.1: Discovery - research and research training					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	1,086	1,112	1,138	1,164	1,193
Special appropriations <i>Australian Research Council Act 2001</i>	526,692	481,390	497,197	497,591	521,435
Administered total	527,778	482,502	498,335	498,755	522,628
Total expenses for program 1.1	527,778	482,502	498,335	498,755	522,628
Program 1.2: Linkage - cross-sector research partnerships					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	1,032	1,455	1,469	1,512	1,552
Special appropriations <i>Australian Research Council Act 2001</i>	288,829	262,973	264,218	270,581	276,822
Administered total	289,861	264,428	265,687	272,093	278,374
Total expenses for program 1.2	289,861	264,428	265,687	272,093	278,374
Program 1.3: Excellence in Research for Australia					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	3,589	4,348	2,981	3,232	3,142
Administered total	3,589	4,348	2,981	3,232	3,142
Total expenses for program 1.3	3,589	4,348	2,981	3,232	3,142

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Table 2.1.1: Budgeted expenses for Outcome 1 (continued)

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
Program 1.4: ARC Departmental					
Departmental expenses					
Departmental appropriation	21,017	21,839	21,594	22,098	22,031
Expenses not requiring appropriation in the Budget year ^(a)	4,077	4,585	4,693	4,693	4,672
Departmental total	25,094	26,424	26,287	26,791	26,703
Total expenses for program 1.4	25,094	26,424	26,287	26,791	26,703
Outcome 1 Totals by appropriation type					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	5,707	6,915	5,588	5,908	5,887
Special appropriations	815,521	744,363	761,415	768,172	798,257
Administered total	821,228	751,278	767,003	774,080	804,144
Departmental expenses					
Departmental appropriation	21,017	21,839	21,594	22,098	22,031
Expenses not requiring appropriation in the Budget year ^(a)	4,077	4,585	4,693	4,693	4,672
Departmental total	25,094	26,424	26,287	26,791	26,703
Total expenses for Outcome 1	846,322	777,702	793,290	800,871	830,847
Movement of administered funds between years ^(b)					
	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
Outcome 1:					
Program 1.1 - Discovery	(7,040)	7,040			
Program 1.2 - Linkage	(3,790)	3,790			
Total movement of administered funds	(10,830)	10,830	-	-	-
Average staffing level (number)					
	2015–16	2016–17			
	128	136			

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

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

Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016–17 Budget measures have created new programs or materially changed existing programs.

The Performance Criteria and Targets in the following table for 2016–17 and 2017–18 and onwards, while closely aligned, represent a material change from the 2015–16 indicators to respond to the requirements and guidance provided under the Enhanced Commonwealth Performance Framework.

Table 2.1.2: Performance criteria for Outcome 1

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		
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 to respond to emerging priorities.		
Delivery	<ul style="list-style-type: none"> Administering NCGP funding schemes—Australian Laureate Fellowships, Discovery Early Career Researcher Award, 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. 	
Performance information		
Year	Performance criteria	Targets
2015–16	<ul style="list-style-type: none"> Outcomes of benefit to Australia Building Australia’s research capacity <ul style="list-style-type: none"> excellent research and researchers research training and careers international collaboration research in areas of priority. <p>Expected achievement against the criterion: To date, the ARC has released funding outcomes for the 2015–16 rounds of the Australian Laureate Fellowships, Discovery Early Career Researcher Award, Discovery Indigenous, Discovery Projects and Future Fellowships schemes, based on expert advice and robust peer review.</p>	<p>The ARC will publish case studies highlighting outcomes of benefit in the 2015–16 Annual Report</p> <p>[Target: Evidence of economic, environmental, social, health and/or cultural benefits to Australia arising from Discovery research, including in areas of priority]</p> <p>The ARC will report against this target in the 2015–16 Annual Report ⁴⁹</p> <p>[Target: Greater than 95 per cent of completed Discovery research projects report their objectives were met]</p> <p>The ARC will report against this target in the 2015–16 Annual Report ⁴⁹</p> <p>[Target: Evidence that Discovery research projects produce excellent, internationally competitive research]</p> <p>ARC-funded researchers have won prestigious prizes and awards. The ARC will publish a list in the 2015–16 Annual Report</p>

⁴⁹ Reporting data for the target becomes available at the end of the 2015–16 financial year.

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Performance information		
Year	Performance criteria	Targets
	<p>The ARC is undertaking application and assessment processes for all Discovery funding schemes that will run funding rounds in 2016–17 (and beyond).</p> <p>The ARC has continued to manage post award administration of research projects funded under the Discovery program, including capturing research outcomes of completed projects.</p>	<p>[Target: Winning of prestigious prizes and awards by Discovery researchers]</p> <p>21.1 per cent of all researchers awarded funding under the Discovery program were early-career researchers</p> <p>[Target: Evidence that Discovery research projects support career opportunities for early-career researchers]</p> <p>The ARC will report against this target in the 2015–16 Annual Report ⁵⁰</p> <p>[Target: Evidence that Discovery research projects involve higher degree by research students]</p> <p>32.1 per cent of all researchers awarded fellowships and awards under the Discovery program were international applicants</p> <p>[Target: Evidence that Discovery fellowships and awards are accessible to international applicants]</p> <p>73.5 per cent of research projects, fellowships and awards funded under the Discovery program indicated the research would involve international collaboration</p> <p>[Target: Evidence that Discovery research projects involve international collaboration]</p> <p>79.7 per cent of research projects, fellowships and awards funded under the Discovery program indicated the research was relevant to an Australian Government priority</p> <p>[Target: Evidence that Discovery research projects address an area of research priority]</p>
2016–17	<p>The Discovery program contributes to the growth of knowledge and innovation in Australia by funding excellent, internationally competitive research projects, fellowships and awards that:</p> <ul style="list-style-type: none"> • are relevant to Australia's needs and expectations • build Australia's research capacity and ability to respond to emerging priorities • enhance international engagement • produce outcomes that improve our understanding of the world and/or provide economic, environmental, social, health and/or cultural benefits to Australia 	<p>Maintain or increase the proportion of Discovery research projects, fellowships and awards that address an area of research priority</p> <p>Maintain or increase the proportion of Discovery research projects, fellowships and awards that support research training and early-career researchers</p> <p>Maintain or increase the proportion of Discovery research projects, fellowships and awards that support international collaboration</p> <p>Outcomes arising from Discovery research projects, fellowships and awards improve our understanding of the world and/or provide economic, environmental, social, health and/or cultural benefits to Australia</p>

⁵⁰ Reporting data for the target becomes available at the end of the 2015–16 financial year.

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Performance information		
Year	Performance criteria	Targets
2017–18 and beyond	As per 2016–17	As per 2016–17
Purposes	The ARC supports excellent research and research training, across all disciplines, through the NCGP. The NCGP, which has two streams—Discovery and Linkage—provides funding for basic and applied research, research training, research collaboration and infrastructure. The excellence of research proposals is determined by competitive peer review processes involving national and international assessors.	

Program 1.2 – Linkage – Cross Sector Research Partnerships		
<p>Through the Linkage program, the ARC aims to build Australia’s research 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 to respond to emerging priorities.</p>		
Delivery	<ul style="list-style-type: none"> • Administering NCGP 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—to provide funding to eligible administering organisations for excellent, internationally competitive research projects, infrastructure, hubs and centres. • Informing policy on cross sector research partnerships. 	
Performance information		
Year	Performance criteria	Targets
2015–16	<ul style="list-style-type: none"> • Outcomes of benefit to Australia • Building Australia’s research capacity <ul style="list-style-type: none"> – excellent research and researchers – collaboration – research training and careers – research in areas of priority. <p>Expected achievement against the criterion: To date, the ARC has released funding outcomes for the 2015–16 rounds of the Linkage Infrastructure, Equipment and Facilities and Linkage Projects schemes, based on expert advice and robust peer review. The Industrial Transformation Research Hubs scheme (for funding commencing in 2015) and Industrial Transformation Training Centres (for funding commencing in 2016) are currently under assessment with outcomes expected to be announced in 2015–16.</p> <p>The ARC is undertaking planning, application and assessment processes for all Linkage funding schemes that will run funding rounds in 2016–17 (and beyond), including the ARC Centres of Excellence scheme (for funding commencing in 2017).</p> <p>The ARC has continued to manage post award administration of research projects funded under the Linkage program, including capturing research outcomes of completed projects.</p>	<p>The ARC will publish case studies highlighting outcomes of benefit in the 2015–16 Annual Report</p> <p>[Target: Evidence of economic, environmental, social, health and/or cultural benefits to Australia arising from Linkage research, including in areas of priority]</p> <p>The ARC will report against this target in the 2015–16 Annual Report ⁵¹</p> <p>[Target: Greater than 95 per cent of completed Linkage research projects report their objectives were met]</p> <p>The ARC will report against this target in the 2015–16 Annual Report ⁵¹</p> <p>[Target: Evidence that Linkage research projects produce excellent, internationally competitive research]</p> <p>Under the Linkage Projects and Linkage Infrastructure, Equipment and Facilities schemes an average of 2.35 and 2.45 partner organisations were involved in projects funded by the respective schemes</p> <p>[Target: Average number of partner organisations involved in Linkage research projects is maintained or increased.]</p> <p>The ARC will report against this target in the 2015–16 Annual Report ⁵¹</p> <p>[Target: Greater than 90 per cent of partner organisations rate the research partnerships supported through Linkage research projects as beneficial or very beneficial]</p> <p>\$1.76 (cash and/or in-kind) was leveraged per dollar contributed by the ARC to projects awarded funding under the Linkage Projects scheme</p> <p>[Target: Linkage research projects leverage</p>

⁵¹ Reporting data for the target becomes available at the end of the 2015–16 financial year.

Performance information		
Year	Performance criteria	Targets
		<p>significant national and international investment from partner organisations (cash and in-kind)</p> <p>59.1 per cent of Linkage Projects involved collaboration with industry partner organisations (Australian and international companies and industry bodies)</p> <p>[Target: Evidence that Linkage funding supports research projects that involve collaboration with industry]</p> <p>To date, 54.6 per cent of research projects, fellowships and awards funded under the Linkage program in 2015–16 indicated the research would involve international collaboration</p> <p>[Target: Proportion of Linkage research projects involve international collaboration]</p> <p>11.7 per cent of all researchers awarded funding under the Linkage Projects scheme were early-career researchers</p> <p>[Target: Evidence that Linkage research projects support career opportunities for early-career researchers]</p> <p>The ARC will report against this target in the 2015–16 Annual Report ⁵²</p> <p>[Target: Evidence that Linkage research projects involve higher degree by research students]</p> <p>The ARC will report against this target in the 2015–16 Annual Report, informed by the funding outcomes of the Industrial Transformation Training Centres round currently under assessment</p> <p>[Target: Evidence that Linkage research projects support research training in areas of strategic importance to Australian industries]</p> <p>To date, 95.8 per cent of research projects, infrastructure, hubs and centres funded under the Linkage program in 2015–16 indicated the research was relevant to an Australian Government priority</p> <p>[Target: Evidence that Linkage research projects address areas of research priority]</p>

⁵² Reporting data for the target becomes available at the end of the 2015–16 financial year.

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Performance information		
Year	Performance criteria	Targets
2016–17	<p>The Linkage program contributes to the growth of knowledge and innovation in Australia by funding excellent, internationally competitive research projects, infrastructure, hubs and centres that:</p> <ul style="list-style-type: none"> • are relevant to Australia's needs and expectations • build Australia's research capacity and ability to respond to emerging priorities • encourage collaboration among researchers within and beyond the research sector (particularly industry) • enhance international engagement • produce outcomes that improve our understanding of the world and/or provide economic, environmental, social, health and/or cultural benefits to Australia. 	<p>Maintain or increase the proportion of Linkage research projects, infrastructure, hubs and centres that address an area of research priority</p> <p>Maintain or increase the proportion of Linkage research projects, infrastructure, hubs and centres that support research training and early-career researchers</p> <p>Maintain or increase the extent Linkage research projects, infrastructure, hubs and centres involve collaboration with partner organisations (including industry or other end-users)</p> <p>Maintain or improve stakeholder satisfaction with the research partnerships supported through Linkage research projects, infrastructure, hubs and centres</p> <p>Maintain or increase the proportion of Linkage research projects, infrastructure, hubs and centres that support international collaboration</p> <p>Outcomes arising from Linkage research projects, infrastructure, hubs and centres improve our understanding of the world and/or provide economic, environmental, social, health and/or cultural benefits to Australia</p>
2017–18 and beyond	As per 2016–17	As per 2016–17
Purposes	<p>The ARC supports excellent research and research training, across all disciplines, through the NCGP. The NCGP, which has two streams—Discovery and Linkage—provides funding for basic and applied research, research training, research collaboration and infrastructure. The excellence of research proposals is determined by competitive peer review processes involving national and international assessors.</p>	

<p>Program 1.3 – Excellence in Research for Australia</p> <p>Through the Excellence in Research for Australia 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 assessment framework, Excellence in Research for Australia, and a new engagement and impact assessment framework which will assess the engagement of university researchers with end-users, and show 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.</p>		
<p>Delivery</p>	<ul style="list-style-type: none"> • Administering an evaluation framework to measure and report on the quality of research conducted at Australia's higher education institutions. • Developing a framework to measure engagement and impact of research conducted at Australia's higher education institutions. • Informing strategic policy advice on research quality, engagement and impact. 	
<p>Performance information</p>		
<p>Year</p>	<p>Performance criteria</p>	<p>Targets</p>
<p>2015–16</p>	<ul style="list-style-type: none"> • Conduct high-quality evaluation • Outcomes of benefit to Australia. <p>Expected achievement against the criterion: On 7 December 2015, the ARC released the State of Australian University Research 2015–16: Volume 1 ERA National Report. The report includes the ERA 2015 national results and comprehensively details the quality of Australian university research benchmarked against world standards.</p> <p>Overall the quality of Australian university research continues to improve. The ERA 2015 evaluation identified excellence in research across a broad range of universities and the outstanding performances in areas of specialisation.</p>	<p>Feedback received through post-ERA 2015 reviews has indicated a high level of sector satisfaction with the methodology and outcomes [Target: Evidence that the ERA framework remains relevant and best practice]</p> <p>Feedback received through post-ERA 2015 reviews has indicated a high level of sector satisfaction with the methodology and outcomes [Target: Evidence that ERA National Reports provide assurance of the excellence of research conducted in Australia]</p> <p>The ERA 2015 National Report shows that overall the quality of research conducted by eligible Australian higher education institutions has improved [Target: Evidence that ERA improves the research performance of eligible Australian higher education institutions]</p> <p>The ARC will report against this target in the 2015–16 Annual Report⁵³ [Target: Evidence that ERA improves strategic planning at eligible Australian higher education institutions]</p> <p>The ARC will report against this target in the 2015–16 Annual Report⁵³ [Target: Evidence that ERA positively informs Australian government policy]</p>

⁵³ Reporting data for the target becomes available at the end of the 2015–16 financial year.

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Performance information		
Year	Performance criteria	Targets
2016–17	<p>The ERA program, including the research quality assessment framework and development of the engagement and impact assessment framework, contributes to the growth of knowledge and innovation in Australia by:</p> <ul style="list-style-type: none"> • providing assurance of the quality of research in Australia • encouraging excellent, internationally competitive research • encouraging impactful engagement within and beyond the research sector. 	<p>ERA reports and activities inform Australian Government policy</p> <p>ERA reports and activities inform strategic planning at eligible Australian higher education institutions</p> <p>Research performance of Australian higher education institutions improves</p>
2017–18 and beyond	<p>The ERA program, including the research quality assessment framework and the engagement and impact assessment framework, contributes to the growth of knowledge and innovation in Australia by:</p> <ul style="list-style-type: none"> • providing assurance of the quality of research in Australia • encouraging excellent, internationally competitive research • encouraging impactful engagement within and beyond the research sector. 	<p>The ERA program delivers reports and activities that inform Australian Government policy</p> <p>The ERA program delivers reports and activities that inform strategic planning at eligible Australian higher education institutions</p> <p>Research performance of Australian higher education institutions improves</p> <p>Engagement within and beyond the research sector is benchmarked and improves</p>
Purposes ⁵⁴	<p>The ARC evaluates the quality of research in Australia through ERA. ERA is an evaluation framework which identifies research excellence in eligible Australian higher education institutions by comparing Australia's research effort against international benchmarks. ERA currently assesses research quality using a combination of indicators and expert review by experienced, internationally recognised experts.</p> <p>In conjunction with existing measures under the ERA program, the ARC is developing a new engagement and impact assessment as part of the Australian Government's National Innovation and Science Agenda. The new system will assess the engagement of university researchers with end users, and measure the commercial, economic, social and other impacts of research.</p>	

⁵⁴ Refers to updated purposes that will be reflected in the 2016–17 Corporate Plan.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of the ARC's finances for the 2016-17 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between ARC resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted financial statements

The financial statements have been updated to reflect changes resulting from the new measures as outlined in Table 1.2 and other variations since the 2015-16 Portfolio Additional Estimates (PAES).

The major changes for the ARC since the 2015-16 PAES are the Higher Education Reform - further consultation measure, see Table 1.2, and a movement of administered funds between financial years, see Table 2.1.1.

3.1.3 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.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
EXPENSES					
Employee benefits	14,019	14,040	14,743	14,685	14,222
Suppliers	6,827	7,643	6,713	7,294	7,691
Depreciation and amortisation	3,989	4,497	4,605	4,605	4,605
Finance costs	259	244	226	207	185
Total expenses	25,094	26,424	26,287	26,791	26,703
LESS:					
OWN-SOURCE INCOME					
Gains					
Sale of assets					
Other	88	88	88	88	67
Total gains	88	88	88	88	67
Total own-source income	88	88	88	88	67
Net (cost of)/contribution by services	(25,006)	(26,336)	(26,199)	(26,703)	(26,636)
Revenue from Government	21,017	21,839	21,594	22,098	22,031
Surplus/(deficit) attributable to the Australian Government	(3,989)	(4,497)	(4,605)	(4,605)	(4,605)
Total comprehensive income/(loss)	(3,989)	(4,497)	(4,605)	(4,605)	(4,605)
Total comprehensive income/(loss) attributable to the Australian Government	(3,989)	(4,497)	(4,605)	(4,605)	(4,605)

Note: Impact of net cash appropriation arrangements

	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations ^(a)	3,989	4,497	4,605	4,605	4,605
Total comprehensive income/(loss) - as per the statement of comprehensive income	(3,989)	(4,497)	(4,605)	(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 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	295	295	295	295	295
Trade and other receivables	11,003	11,003	11,003	11,003	11,003
Total financial assets	11,298	11,298	11,298	11,298	11,298
Non-financial assets					
Land and buildings	1,953	1,649	1,489	1,329	1,169
Property, plant and equipment	232	267	80	93	106
Intangibles	16,162	16,721	14,396	11,204	8,021
Other non-financial assets	292	292	292	292	292
Total non-financial assets	18,639	18,929	16,257	12,918	9,588
Assets held for sale					
Total assets	29,937	30,227	27,555	24,216	20,886
LIABILITIES					
Payables					
Suppliers	483	483	483	483	483
Total payables	483	483	483	483	483
Interest bearing liabilities					
Leases	2,452	2,452	2,452	2,452	2,452
Total interest bearing liabilities	2,452	2,452	2,452	2,452	2,452
Provisions					
Employee provisions	3,880	3,880	3,880	3,880	3,880
Other provisions	267	267	267	267	267
Total provisions	4,147	4,147	4,147	4,147	4,147
Total liabilities	7,082	7,082	7,082	7,082	7,082
Net assets	22,855	23,145	20,473	17,134	13,804
EQUITY*					
Parent entity interest					
Contributed equity	29,587	34,374	36,307	37,573	38,848
Reserves	43	43	43	43	43
Retained surplus (accumulated deficit)	(6,775)	(11,272)	(15,877)	(20,482)	(25,087)
Total parent entity interest	22,855	23,145	20,473	17,134	13,804
Total equity	22,855	23,145	20,473	17,134	13,804

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

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016–17)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016					
Balance carried forward from previous period	(6,775)	43	-	29,587	22,855
Comprehensive income					
Surplus/(deficit) for the period	(4,497)	-	-	-	(4,497)
Total comprehensive income	(4,497)	-	-	-	(4,497)
of which:					
Attributable to the Australian Government	(4,497)	-	-	-	(4,497)
Transactions with owners					
Contributions by owners					
Equity injection - Appropriation	-	-	-	3,536	3,536
Departmental capital budget (DCB)	-	-	-	1,251	1,251
Sub-total transactions with owners	-	-	-	4,787	4,787
Estimated closing balance as at 30 June 2017	(11,272)	43	-	34,374	23,145
Closing balance attributable to the Australian Government	(11,272)	43	-	34,374	23,145

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	21,017	22,709	22,268	22,098	22,031
Net GST received	550	550	550	550	550
Total cash received	21,567	23,259	22,818	22,648	22,581
Cash used					
Employees	14,019	14,040	14,743	14,685	14,222
Suppliers	6,739	7,555	6,625	7,206	7,624
Net GST paid	550	550	550	550	550
Other	259	244	226	207	185
Total cash used	21,567	22,389	22,144	22,648	22,581
Net cash from/(used by) operating activities	-	870	674	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	3,825	4,787	1,933	1,266	1,275
Total cash used	3,825	4,787	1,933	1,266	1,275
Net cash from/(used by) investing activities	(3,825)	(4,787)	(1,933)	(1,266)	(1,275)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	3,825	3,917	1,259	1,266	1,275
Total cash received	3,825	3,917	1,259	1,266	1,275
Net cash from/(used by) financing activities	3,825	3,917	1,259	1,266	1,275
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	295	295	295	295	295
Cash and cash equivalents at the end of the reporting period	295	295	295	295	295

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	1,253	1,251	1,259	1,266	1,275
Equity injections - Bill 2	2,572	3,536	674	-	-
Total new capital appropriations	3,825	4,787	1,933	1,266	1,275
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>3,825</i>	<i>4,787</i>	<i>1,933</i>	<i>1,266</i>	<i>1,275</i>
Total items	3,825	4,787	1,933	1,266	1,275
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ^(a)	2,572	3,536	674	-	-
Funded by capital appropriation - DCB ^(b)	1,253	1,251	1,259	1,266	1,275
TOTAL	3,825	4,787	1,933	1,266	1,275
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	3,825	4,787	1,933	1,266	1,275
Total cash used to acquire assets	3,825	4,787	1,933	1,266	1,275

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

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

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016–17)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2016				
Gross book value	3,017	757	33,589	37,363
Accumulated depreciation/amortisation and impairment	(1,064)	(525)	(17,427)	(19,016)
Opening net book balance	1,953	232	16,162	18,347
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity ^(a)	-	-	3,536	3,536
By purchase - appropriation ordinary annual services ^(b)	100	150	1,001	1,251
Total additions	100	150	4,537	4,787
Other movements				
Depreciation/amortisation expense	(404)	(115)	(3,978)	(4,497)
Total other movements	(404)	(115)	(3,978)	(4,497)
As at 30 June 2017				
Gross book value	3,117	907	38,126	42,150
Accumulated depreciation/ amortisation and impairment	(1,468)	(640)	(21,405)	(23,513)
Closing net book balance	1,649	267	16,721	18,637

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016–17, including CDABs.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2016–17 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
EXPENSES					
Suppliers	5,707	6,915	5,588	5,908	5,887
Grants	815,521	744,363	761,415	768,172	798,257
Total expenses administered on behalf of Government	821,228	751,278	767,003	774,080	804,144

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
ASSETS					
Financial assets					
Taxation receivables	490	490	490	490	490
Total financial assets	490	490	490	490	490
Non-financial assets					
Other non-financial assets	192	192	192	192	192
Total non-financial assets	192	192	192	192	192
Total assets administered on behalf of Government	682	682	682	682	682
LIABILITIES					
Payables					
Suppliers	1,417	1,417	1,417	1,417	1,417
Grants	348,764	348,764	348,764	348,764	348,764
Total payables	350,181	350,181	350,181	350,181	350,181
Total liabilities administered on behalf of Government	350,181	350,181	350,181	350,181	350,181
Net assets/(liabilities)	(349,499)	(349,499)	(349,499)	(349,499)	(349,499)

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash used					
Grant	815,521	744,363	761,415	768,172	798,257
Suppliers	5,707	6,915	5,588	5,908	5,887
Net GST paid	5,300	5,300	5,300	5,300	5,300
Total cash used	826,528	756,578	772,303	779,380	809,444
Net cash from/(used by) operating activities	(826,528)	(756,578)	(772,303)	(779,380)	(809,444)
Net increase/(decrease) in cash held	(826,528)	(756,578)	(772,303)	(779,380)	(809,444)
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	821,228	751,278	767,003	774,080	804,144
- GST Increase to Appropriations	5,300	5,300	5,300	5,300	5,300
Total cash from Official Public Account	826,528	756,578	772,303	779,380	809,444
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

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

Table 3.11: Statement of administered asset movements (Budget year 2016–17)

The ARC has no administered asset therefore table 3.11 is not presented.