

Australian Research Council

AGENCY RESOURCES AND PLANNED PERFORMANCE

AUSTRALIAN RESEARCH COUNCIL

Section 1: Agency overview and resources	231
1.1 Strategic Direction Statement	231
1.2 Agency Resource Statement	233
1.3 Budget Measures.....	234
Section 2: Outcomes and planned performance	235
2.1 Outcomes and performance information	235
Section 3: Explanatory tables and budgeted financial statements	249
3.1 Explanatory tables	249
3.2 Budgeted Financial Statements.....	251

AUSTRALIAN RESEARCH COUNCIL

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

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

The ARC is responsible for the Excellence in Research for Australia (ERA) evaluations. ERA assesses research quality within Australia's higher education research institutions using a combination of indicators and expert review by committees comprising experienced, internationally recognised experts. ERA details areas within disciplines at Australian institutions that are internationally competitive and points to emerging research areas where there are opportunities for development and further investment. The effective and comprehensive evaluation of Australia's research effort is crucial to the understanding of the national research landscape.

In 2012-13 priorities for the ARC will include:

- implementation of the Industrial Transformation Research Program, under which the Government will invest \$236 million in quality research and development partnerships to transform Australian industries. The Program comprises Industrial Transformation Research Hubs and Industrial Transformation Training Centres
- establishment of a multi-disciplinary Science of Learning Centre under the Special Research Initiatives scheme
- finalisation of the selection round for an Aboriginal and Torres Strait Islander Researchers' Network under the Special Research Initiatives scheme
- administration of funding for the Special Research Initiative in Synchrotron Science

- implementation of the ERA 2012 evaluations. This includes collection of data from institutions, evaluations of research disciplines conducted by Research Evaluation Committees, and publication of the outcomes of the evaluations in the *ERA 2012 National Report*.

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

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Australian Research Council Resource Statement — Budget Estimates for 2012-13 as at Budget May 2012

	Estimate of prior year amounts available in 2012-13 \$'000	Proposed at Budget 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	6,270	-	6,270	-
Departmental appropriation ³	-	20,328	20,328	20,482
s31 Relevant agency receipts ⁴	-	-	-	200
Total	6,270	20,328	26,598	20,682
Administered expenses				
Outcome 1	-	5,625	5,625	2,539
Total	-	5,625	5,625	2,539
Total ordinary annual services	A 6,270	25,953	32,223	23,221
Departmental non-operating				
Equity injections	-	1,589	1,589	1,480
Total	-	1,589	1,589	1,480
Total other services	B -	1,589	1,589	1,480
Total available annual appropriations	6,270	27,542	33,812	24,701
Special appropriations by amount				
Special Appropriation ARC Act 2001	-	879,107	879,107	808,837
Total special appropriations	C -	879,107	879,107	808,837
Total appropriations excluding Special Accounts	6,270	906,649	912,919	833,538

Table 1.1: Australian Research Council Resource Statement — Budget Estimates for 2012-13 as at Budget May 2012 (continued)

	Estimate of prior year amounts available in 2012-13 \$'000	Proposed at Budget 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Special Accounts				
Opening balance ⁵	-	-	-	3,933
Appropriation receipts				
- other agencies ⁶	-	2,360	2,360	7,276
Non-appropriation receipts to Special Accounts	-	-	-	-
Total Special Account	D -	2,360	2,360	11,209
Total resourcing				
A+B+C+D	6,270	909,009	915,279	844,747
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	-	-	-	-
Total net resourcing for ARC	6,270	909,009	915,279	844,747

¹Appropriation Bill (No.1) 2012-13.

²Estimated adjusted balance carried forward from previous year.

³Includes an amount of \$1.270m in 2012-13 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'.

⁴s31 Relevant Agency receipts — estimate.

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

⁶Appropriation receipts from other agencies credited to ARC's special accounts.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

ARC does not have any Budget measures; therefore Table 1.2 is not presented.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 Strategy

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

- supporting excellence in research and building Australia's research capacity through administration of the National Competitive Grants Program
- measuring research excellence at Australia's universities by conducting research evaluation
- advancing Australian research and innovation by providing strategic policy advice to Government.

The National Competitive Grants Program (NCGP) supports two main streams of research funding—Discovery and Linkage (Program 1.1 and Program 1.2). Through Discovery, funding is available for investigator-initiated research 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. Together, the ARC funding schemes: support the generation of new ideas, knowledge and breakthrough discoveries; provide incentives for researchers to partner with business, the public sector and community organisations; build the scale and focus of research in areas of national priority; and support the development of highly trained personnel.

The ARC evaluates the excellence of research undertaken in Australia's universities. Excellence in Research for Australia (ERA) evaluates research quality using a combination of indicators and expert review by committees comprising experienced, internationally recognised experts. It identifies excellence across the full spectrum of research activities and compares Australia's university research effort against international benchmarks.

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

Outcome Expense Statement

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

Table 2.1: Budgeted Expenses for Outcome 1

Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.1: Discovery - Research and Research Training		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	40	40
Special appropriations	502,229	541,901
Departmental expenses		
Departmental appropriation ¹	7,589	7,464
Expenses not requiring appropriation in the Budget year ²	465	605
Total for Program 1.1	510,323	550,011
Program 1.2: Linkage - Cross Sector Research Partnerships		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	534	1,067
Special appropriations	314,399	334,846
Special Accounts	11,209	2,360
Departmental expenses		
Departmental appropriation ¹	9,507	9,384
Expenses not requiring appropriation in the Budget year ²	465	605
Total for Program 1.2	336,113	348,263
Program 1.3: Excellence in Research for Australia		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,965	4,518
Departmental expenses		
Departmental appropriation ¹	3,586	3,479
Expenses not requiring appropriation in the Budget year ²	465	605
Total for Program 1.3	6,016	8,603
Outcome 1 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,539	5,625
Special appropriations	816,628	876,747
Special Accounts	11,209	2,360
Departmental expenses		
Departmental appropriation ¹	20,682	20,328
Expenses not requiring appropriation in the Budget year ²	1,394	1,816
Total expenses for Outcome 1	852,452	906,876
	2011-12	2012-13
Average Staffing Level (number)	107	115

¹Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.
²Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense and Audit Fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Program 1.1: Discovery—research and research training

Program 1.1 objective

The Discovery Program is aimed at supporting the growth of Australia's research capacity, resulting in the development of new technologies, products and ideas, the creation of jobs, economic growth and an enhanced quality of life in Australia. Specifically the Discovery Program aims to:

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

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

Program 1.1 expenses

Administered and departmental funding for the Discovery Program decreases over the forward estimates due to the winding-down of the Future Fellowships scheme and the Super Science Fellowships scheme.

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual administered expenses:					
Administered item	40	40	-	-	-
Special Appropriations:					
<i>Australian Research Council Act 2001</i>	502,229	541,901	555,805	523,498	576,712
Program support	7,589	7,464	7,100	7,196	7,368
Expenses not requiring appropriation in the Budget year ¹	465	605	744	632	629
Total program expenses	510,323	550,011	563,650	531,326	584,709

¹Expenses not requiring appropriation in the Budget year is largely made up of Depreciation Expense, Amortisation Expense and Audit Fees.

Program 1.1 Deliverables

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

Specific deliverables include:

- number of grants awarded
- number of researchers supported (investigators named in funding proposals)
- amounts awarded to administering organisations
- policy advice relating to research and research training.

Program 1.1 Key Performance Indicators		
Indicator	Measure	2012–13 Target
Outputs and outcomes arising from ARC-supported research are of a high quality and produce national benefits	Evidence of impact of ARC-funded research	Significantly exceeds benchmarks where available
	Outcomes arising from ARC-funded research that provide social, economic, environmental and cultural benefits	Evidence of benefits arising from the outcomes of ARC-funded research
ARC funding supports excellent researchers	External recognition of the achievements of ARC-funded researchers	Prestigious prizes and awards are received by ARC-funded researchers
	Evidence of impact of research conducted by ARC-funded fellows	Exceeds benchmarks where available
ARC-supported research contributes significantly to high quality research training	Proportion of ARC-funded researchers who are early career researchers (within five years of completion of their PhD)	Greater than 20 per cent
ARC fellowship and award schemes attract high quality international applicants	Proportion of fellowships and awards that are awarded to international applicants (foreign nationals)	Greater than 28 per cent

	and returning Australians)	
ARC-funded research makes a significant contribution to research activity and capability in areas of national need	Proportion of funded proposals that address the National Research Priorities (NRPs)	Greater than 85 per cent
	Evidence of impact in NRP areas	Examples of impact in NRP areas
There is a high level of collaboration between ARC-funded researchers and those within other components of the national and international innovation systems	Proportion of projects involving international collaboration	Greater than 65 per cent
Policy advice enhances Australia's capacity and excellence in research	Evidence of impact of policy advice	Policy advice improves the ARC's capacity to contribute to the national innovation agenda

Program 1.2: Linkage—cross-sector research partnerships

Program 1.2 objective

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

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

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

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

Program 1.2 expenses

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

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
Annual administered expenses:					
Administered item	534	1,067	1067	1067	1067
Special Appropriations:					
<i>Australian Research Council Act 2001</i>	314,399	334,846	329,333	330,239	271,720
Special Accounts Expenses:					
<i>ARC Research Endowment Account</i>	11,209	2,360	3,933	2,704	627
Program support	9,507	9,384	8,950	9,041	9,259
Expenses not requiring appropriation in the Budget year ¹	465	605	744	632	629
Total program expenses	336,113	348,263	344,027	343,683	283,302

¹Expenses not requiring appropriation in the Budget year is largely made up of Depreciation Expense, Amortisation Expense and Audit Fees.

Program 1.2 Deliverables

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

Specific deliverables include:

- number of grants awarded
- number of researchers supported (investigators named in funding proposals)
- amounts awarded to administering organisations
- policy advice relating to encouraging research collaboration.

Program 1.2 Key Performance Indicators

- There is a high level of collaboration between ARC-supported researchers and those within other components of the national and international innovation systems
- Outputs and outcomes arising from ARC-supported research are of a high quality and produce national benefits
- ARC-supported research contributes significantly to high quality research training
- ARC-supported research makes a significant contribution to research activity and capability in areas of national need
- Policy advice enhances Australia’s capacity and excellence in research

As noted under the Discovery Program, there are limitations to the ways in which the effectiveness of the Linkage Program in meeting its objectives can be measured because the contribution of excellent research to growth and innovation can only be measured in the long term

Measures and targets have been added to the KPIs for 2012–13 (see below)

Indicator	Measure	2012–13 Target
There is a high level of collaboration between ARC-funded researchers and those within other components of the national and international innovation systems	Financial commitment (cash and in-kind) from partner organisations for every dollar contributed by the ARC (Linkage Projects, Industrial Transformation Research Hubs and Industrial Transformation Training Centres schemes)	Greater than \$1.90
	Proportion of partner organisations that indicate that their involvement in projects was beneficial or very beneficial (Linkage Projects scheme)	Greater than 90 per cent
	Proportion of projects involving international collaboration	Greater than 42 per cent
	Average number of organisations involved in projects funded (Linkage Infrastructure, Equipment and Facilities scheme)	Greater than 3.5

Outputs and outcomes arising from ARC-supported research are of a high quality and produce national benefits	Evidence of impact of ARC-funded research	Significantly exceeds benchmarks where available
	Outcomes arising from ARC-funded research that provide social economic, environmental and cultural benefits	Evidence of benefits arising from the outcomes of ARC-funded research
ARC-supported research contributes significantly to high quality research training	Proportion of ARC-funded researchers who are early career researchers (within five years of completion of their PhD)	Greater than 12 per cent
	Support for research training in areas of strategic importance to Australian industries	Provide funding to support the establishment of Industrial Transformation Training Centres
ARC-funded research makes a significant contribution to research activity and capability in areas of national need	Proportion of funded proposals that address the National Research Priorities (NRPs)	Greater than 90 per cent
	Evidence of impact in NRP areas	Examples of impact in NRP areas
Policy advice enhances Australia's capacity and excellence in research	Evidence of impact of policy advice	Policy advice improves the ARC's capacity to contribute to the national innovation agenda

Program 1.3: Excellence in Research for Australia

Program 1.3 objective

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

Specifically, the ERA initiative aims to:

- Administer an evaluation framework that gives Government, industry, business and the wider community assurance of the excellence of research conducted in Australia's higher education institutions
- Provide a national overview of areas of research strength and areas where there may be opportunity for development
- Allow for comparisons of Australia's research nationally and internationally for all disciplines offered in Australian higher education institutions
- Allow for comparisons of Australia's research effort over time.

Program 1.3 expenses

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

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
Annual administered expenses:					
Administered item	1,965	4,518	1,000	3,270	3,140
Program support	3,586	3,479	3,312	3,701	3,536
Expenses not requiring appropriation in the Budget year ¹	465	605	744	632	629
Total program expenses	6,016	8,603	5,056	7,603	7,305

¹Expenses not requiring appropriation in the Budget year is largely made up of Depreciation Expense, Amortisation Expense and Audit Fees.

Program 1.3 Deliverables

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

Specific deliverables include implementation of the ERA 2012 evaluations. This includes collection of data from institutions, evaluations of research disciplines conducted by Research Evaluation Committees, and publication of the outcomes of the evaluations in the *ERA 2012 National Report*.

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

The ARC also provides ongoing policy advice on broader research matters related to the measurement of research quality.

Program 1.3 Key Performance Indicators

- Contribution to best practice evaluation of Australia's research investment in universities
- Achievement of milestone for delivery of ERA 2012
- Successful outreach initiatives that further inform the sector and other key stakeholders of overarching ERA policy and implementation

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2012-13 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

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

Table 3.1.1: Movement of Administered Funds between years¹

	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Outcome 1:					
Program 1.3 Excellence in Research for Australia (ERA)	(550)	2,850	(2,300)	-	-
Total Movement of Administered Funds	(550)	2,850	(2,300)	-	-

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

The movement of \$0.6 million administered funds from 2011-12 to 2012-13 and \$2.3 million of future administered funds from 2013-14 to 2012-13 will ensure that the ERA election commitment is met. The movement of funds is required to provide appropriate support and remuneration for the committee members associated with ERA evaluation process.

3.1.2 Special Accounts

Special Accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the FMA Act or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the ARC.

Table 3.1.2: Estimates of Special Account Flows and Balances

	Opening balance 2012-13 2011-12	Receipts 2012-13 2011-12	Payments 2012-13 2011-12	Adjustments 2012-13 2011-12	Closing balance 2012-13 2011-12
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
ARC Research Endowment	-	2,360	(2,360)	-	-
Account - Australian Research Council Act 2001 (A)	1 3,933	7,276	(11,209)	-	-
Total Special Accounts					
2012-13 Budget estimate	-	2,360	(2,360)	-	-
<i>Total Special Accounts</i>					
<i>2011-12 estimate actual</i>	3,933	7,276	(11,209)	-	-

(A) = Administered

3.1.3 Australian Government Indigenous Expenditure**Table 3.1.3: Australian Government Indigenous Expenditure**

	Appropriations				Other	Total	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
Outcome 1							
Research and research training							1.1
Administered 2012-13	-	-	1,920	1,920	-	1,920	
<i>Administered 2011-12</i>	-	-	1,067	1,067	-	1,067	
Total outcome 2012-13	-	-	1,920	1,920	-	1,920	
<i>Total outcome 2011-12</i>	-	-	<i>1,067</i>	<i>1,067</i>	-	<i>1,067</i>	
Total AGIE 2012-13	-	-	1,920	1,920	-	1,920	
<i>Total AGIE 2011-12</i>	-	-	<i>1,067</i>	<i>1,067</i>	-	<i>1,067</i>	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material variances between the agency 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 programs in 2012-13 is \$22.1 million.

The ARC is expecting an operating loss in 2012-13 and forward estimates due to the removal of the depreciation funding as part of the Operation Sunlight net cash appropriation framework.

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 2012-13 are \$27.6 million, comprising \$8.1 million for financial assets and \$19.5 million for non-financial assets.

The \$19.5 million in non-financial assets includes \$2.5 million for land and buildings, \$0.4 million for plant and equipment and \$16.6 million for intangibles (including internally developed software). The \$8.1 million in financial assets consists of \$0.5 million in cash and \$7.6 million in receivables.

Liabilities

Total departmental liabilities budgeted for in 2012-13 are \$7.1 million, comprising \$1.5 million for payables, \$2.9 million for interest bearing liabilities and \$2.7 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 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 programs administered by the ARC on behalf of the Government.

Total administered expenses budget in 2012-13 are \$884.7 million, comprising \$879.1 million for grant expenses, representing new and ongoing research funding agreements awarded under the National Competitive Grants Program (NCGP) and \$5.6 million for supplier expenses reflecting the funding provided for the Excellence in Research for Australia and the new Industrial Transformation Research Program. Administered funding for grants decreases over the forward estimates due to the lapsing of the Future Fellowships and the Super Science schemes.

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 financial assets budgeted in 2012-13 are \$1.5 million, representing estimated GST receivable.

Total liabilities budgeted in 2012-13 are \$311.1 million, representing the balance of payments under research funding agreements for new and ongoing research projects for calendar year 2013.

3.2.3 Budgeted financial statements tables

**Table 3.2.1 Comprehensive Income Statement (Showing Net Cost of Services)
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	12,356	13,027	12,531	12,615	12,673
Suppliers	6,429	5,821	5,680	5,847	6,020
Depreciation and amortisation	2,983	2,998	3,098	3,098	3,098
Write-down and impairment of assets	-	-	-	-	-
Finance costs	308	298	286	274	259
Total expenses	22,076	22,144	21,595	21,834	22,050
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	200	-	-	-	-
Resources received free of charge	88	88	88	88	88
Total own-source revenue	288	88	88	88	88
Net cost of (contribution by) services	21,788	22,056	21,507	21,746	21,962
Revenue from Government	18,805	19,058	18,409	18,648	18,864
Surplus (Deficit) attributable to the Australian Government	(2,983)	(2,998)	(3,098)	(3,098)	(3,098)
Total comprehensive income (loss) attributable to the Australian Government	(2,983)	(2,998)	(3,098)	(3,098)	(3,098)
Note: Impact of Net Cash Appropriation Arrangements					
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(2,983)	(2,998)	(3,098)	(3,098)	(3,098)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(2,983)	(2,998)	(3,098)	(3,098)	(3,098)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	520	520	520	520	520
Trade and other receivables	7,363	7,543	7,543	7,543	7,543
Total financial assets	7,883	8,063	8,063	8,063	8,063
Non-financial assets					
Land and buildings	2,754	2,497	2,210	1,923	1,923
Property, plant and equipment	211	380	577	442	439
Intangibles	16,620	16,569	14,514	13,127	11,332
Other	58	58	58	58	58
Total non-financial assets	19,643	19,504	17,359	15,550	13,752
Total assets	27,526	27,567	25,422	23,613	21,815
LIABILITIES					
Payables					
Suppliers	102	102	102	102	102
Other payables	1,446	1,446	1,446	1,446	1,446
Total payables	1,548	1,548	1,548	1,548	1,548
Interest bearing liabilities					
Leases	2,876	2,876	2,876	2,876	2,876
Total interest bearing liabilities	2,876	2,876	2,876	2,876	2,876
Provisions					
Employee provisions	2,223	2,403	2,403	2,403	2,403
Other provisions	252	252	252	252	252
Total provisions	2,475	2,655	2,655	2,655	2,655
Total liabilities	6,899	7,079	7,079	7,079	7,079
Net assets	20,627	20,488	18,343	16,534	14,736
EQUITY*					
Parent entity interest					
Contributed equity	21,692	24,551	25,504	26,793	28,093
Retained surplus (accumulated deficit)	(1,065)	(4,063)	(7,161)	(10,259)	(13,357)
Total parent entity interest	20,627	20,488	18,343	16,534	14,736
Total Equity	20,627	20,488	18,343	16,534	14,736

Prepared on Australian Accounting Standards basis.

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

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2012-13)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	(1,065)	-	-	21,692	20,627
Operating result after extraordinary item	(2,998)	-	-	-	(2,998)
Adjusted opening balance	(4,063)	-	-	21,692	17,629
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	1,589	1,589
Departmental Capital Budget (DCB)	-	-	-	1,270	1,270
Sub-total transactions with owners	-	-	-	2,859	2,859
Estimated closing balance as at 30 June 2013	(4,063)	-	-	24,551	20,488
Closing balance attributable to the Australian Government	(4,063)	-	-	24,551	20,488

Prepared on Australian Accounting Standards basis.

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

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	200	-	-	-	-
Appropriations	18,631	18,878	18,409	18,648	18,864
Net GST received	550	550	550	550	-
Total cash received	19,381	19,428	18,959	19,198	18,864
Cash used					
Employees	12,182	12,847	12,531	12,615	12,673
Suppliers	6,341	5,698	5,559	5,726	5,932
Borrowing costs	308	298	286	274	259
Net GST paid	550	550	550	550	-
Total cash used	19,381	19,393	18,926	19,165	18,864
Net cash from (used by) operating activities	-	35	33	33	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	(3,157)	(2,859)	(953)	(1,289)	(1,300)
Total cash used	(3,157)	(2,859)	(953)	(1,289)	(1,300)
Net cash from (used by) investing activities	(3,157)	(2,859)	(953)	(1,289)	(1,300)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	3,157	2,824	920	1,256	1,267
Total cash received	3,157	2,824	920	1,256	1,267
Net cash from (used by) financing activities	3,157	2,824	920	1,256	1,267
Net increase (decrease) in cash held	-	-	-	-	(33)
Cash and cash equivalents at the beginning of the reporting period	520	520	520	520	487
Cash and cash equivalents at the end of the reporting period	520	520	520	520	487

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	1,677	1,270	953	1,289	1,300
Equity injections - Bill 2	1,480	1,589	-	-	-
Total new capital appropriations	3,157	2,859	953	1,289	1,300
Provided for:					
Purchase of non-financial assets	3,157	2,859	953	1,289	1,300
Total Items	3,157	2,859	953	1,289	1,300
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ¹	1,480	1,589	-	-	-
Funded by capital appropriation - DCB ²	1,677	1,270	953	1,289	1,300
TOTAL	3,157	2,859	953	1,289	1,300
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	3,157	2,859	953	1,289	1,300
Total cash used to acquire assets	3,157	2,859	953	1,289	1,300

Prepared on Australian Accounting Standards basis.

¹Includes both current and prior Bill 2/4/6 appropriations

²Does not include annual finance lease costs. Includes purchase from current and previous years' Departmental Capital Budgets (DCBs).

Table 3.2.6: Statement of Asset Movements (2012-13)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2012				
Gross book value	4,860	1,028	24,375	30,263
Accumulated depreciation/amortisation and impairment	(2,106)	(817)	(7,755)	(10,678)
Opening net book balance	2,754	211	16,620	19,585
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - other	30	284	2,545	2,859
Total additions	30	284	2,545	2,859
Other movements				
Depreciation/amortisation expense	(287)	(115)	(2,596)	(2,998)
Total other movements	(287)	(115)	(2,596)	(2,998)
As at 30 June 2013				
Gross book value	4,890	1,312	26,920	33,122
Accumulated depreciation/amortisation and impairment	(2,393)	(932)	(10,351)	(13,676)
Closing net book balance	2,497	380	16,569	19,446

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	2,539	5,625	2,067	4,337	4,207
Grants	827,837	879,107	889,071	856,441	849,059
Total expenses administered on behalf of Government	830,376	884,732	891,138	860,778	853,266

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Receivables	1,402	1,402	1,402	1,402	1,402
Total financial assets	1,402	1,402	1,402	1,402	1,402
Total assets administered on behalf of Government	1,402	1,402	1,402	1,402	1,402
LIABILITIES					
Payables					
Suppliers	225	225	225	225	225
Grants	310,867	310,867	310,867	310,867	310,867
Total payables	311,092	311,092	311,092	311,092	311,092
Total liabilities administered on behalf of Government	311,092	311,092	311,092	311,092	311,092
Net assets/(liabilities)	(309,690)	(309,690)	(309,690)	(309,690)	(309,690)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'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	808,837	879,107	889,071	856,441	849,059
Suppliers	2,539	5,625	2,067	4,337	4,207
Net GST paid	5,300	5,300	5,300	5,300	5,300
Total cash used	816,676	890,032	896,438	866,078	858,566
Net cash from (used by) operating activities	(811,376)	(884,732)	(891,138)	(860,778)	(853,266)
Net increase (decrease) in cash held					
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	811,376	884,732	891,138	860,778	853,266
	811,376	884,732	891,138	860,778	853,266
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of Administered Capital Budget

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

Table 3.2.11: Schedule of Asset Movements — Administered

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

3.2.4 Notes to the financial statements

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 Finance Ministers Orders and the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

Departmental assets, liabilities, revenues and expenses are those items that are 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