Australian Research Council

Entity resources and planned performance

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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 is responsible for administering the National Competitive Grants Program (NCGP), assessing the quality, engagement and impact of research and providing advice and support on research matters.

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

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

The ARC’s priorities for 2021–22 include:

* delivering the NCGP effectively and efficiently
* continuing to provide high quality advice to the Minister on research matters including in areas of Government focus (for example, strengthening linkages between research and business)
* implementing outcomes of the review of ERA and EI
* working with universities to prepare for the ERA 2023 and EI 2024 rounds
* working with stakeholders in delivering program and policy responsibilities, including through consultations and in raising awareness of research funded by the ARC
* continuing to monitor the performance of selected NCGP schemes though scheduled reviews and evaluations
* ensuring that the NCGP supports participation by all researchers, including Aboriginal and Torres Strait Islander researchers, women researchers and early and mid-career researchers
* maintaining a strong governance framework to support delivery against legislative requirements as well as the Government’s expectations for the agency as articulated in the ARC outcome statement
* providing specialist research-based grants administration services to other Australian Government agencies that is standardised, streamlined and supports Australian Government standards and requirements.

The ARC acknowledges the impact that COVID‑19 has had on the university research sector. It will continue to monitor the ongoing impact of COVID‑19 on researchers and institutions and make further modifications to its activities as needed.

### 1.2 Entity resource statement

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

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

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the ‘Budgeted expenses by Outcome 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 2021–22 as at Budget May 2021**

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

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

(a) Appropriation Bill (No. 1) and Supply Bill (No. 1).

(b) Excludes Departmental Capital Budget (DCB).

(c) Estimated External Revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act 2013).

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

(e) Prior year Administered annual appropriations are only available to meet commitments entered into prior to 2020–21. This figure excludes amounts that are subject to or anticipated to be subject to administrative quarantine by Finance or withheld under section 51 of the PGPA Act 2013.

(f) Special Appropriation funded under the *Australian Research Council Act 2001*. Note the figure shown is the appropriation applied in 2020–21. It includes funding reprofiled for the Special Research Initiative for Australian Society, History and Culture from 2019–20.

(g) ARC Research Endowment Account - s80 PGPA Act 2013 (s62 *Australian Research Council Act 2001)*. Excludes trust moneys held in Services for Other Entities and Trust Moneys (SOETM) and other special accounts. For further information on special accounts, please refer to *Budget Paper No. 4 -* *Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special account.

(h) Amounts credited to the special account(s) from ARC's annual appropriation.

## Section 2: Outcomes and planned performance

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

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

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

The most recent corporate plan for ARC can be found at: www.arc.gov.au

The most recent annual performance statement can be found in the ARC Annual Report at: www.arc.gov.au

### 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 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

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**Table 2.1.1: Budgeted expenses for Outcome 1 (continued)**

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

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

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

#### Performance criteria for Outcome 1

This section details the performance criteria for each program associated with Outcome 1. It summarises how each program is delivered and where 2021–22 Budget measures have created new programs or materially changed existing programs.

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

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

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

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

| Year | Performance criteria | **Actual Achievements/Targets** |
| --- | --- | --- |
| 2020–21 | The Discovery Program contributes to the growth of knowledge and innovation in Australia by funding:* excellent research and researchers
* research training and career development
* international collaboration
* research in areas of priority.

Criteria to measure ARC’s performance relate to:* running efficient competitive processes which are transparent, fair and equitable
* supporting collaboration to enable high quality research
* growing Australia’s research knowledge and innovation.
 | Final reporting data for all 2020–21 targets will be available at the end of 2020–21 and published in the ARC annual report. To date:**NCGP applications and assessment processes are conducted in a timely manner****Target:** 100% of Discovery Program application recommendations are made to the Minister within eight months of scheme round closing dates.**Performance:** On track (100% as at March 2021).**ARC meets Commonwealth Grants Rules and Guidelines (CGRG) requirements to publish information about grant opportunities and grant awards** **Target:** 100% of Discovery Program grant opportunities and grant awards are published on GrantConnect.**Performance:** On track (100% as at March 2021).**ARC manages NCGP application and assessment processes fairly and in accordance with Grant Guidelines****Target:** The number of upheld appeals against administrative processes related to Discovery Program applications is <1% of submitted applications.**Performance: Performance:** On track (0% as at March 2021).**Proportion of ARC-funded research projects that involved international collaboration****Target:** 70% of Discovery Program research projects report involvement in international collaboration.**Performance**: In progress (reporting information for this target will be in the Annual Report).**Proportion of ARC-funded research projects that indicate their research will involve research in one of the Australian Government’s National Science and Research Priority areas****Target:** 60% of Discovery Program research projects and awards involve research in one of the Australian Government’s National Science and Research Priorities.**Performance**: On track (62.4% as at March 2021). |
| 2021–22 | As per 2020–21 | **NCGP applications and assessment processes are conducted in a timely manner****Target:** 100% of Discovery Program application recommendations are made to the Minister within eight months of scheme round closing dates.**ARC meets Commonwealth Grants Rules and Guidelines (CGRG) requirements to publish information about grant opportunities and grant awards** **Target:** 100% of Discovery Program grant opportunities and grant awards are published on GrantConnect.**ARC manages NCGP application and assessment processes fairly and in accordance with Grant Guidelines****Target:** The number of upheld appeals against administrative processes related to Discovery Program applications is <1% of submitted applications.**Proportion of ARC-funded research projects that involved international collaboration****Target:** 70% of Discovery Program research projects report involvement in international collaboration.**Proportion of ARC-funded research projects that indicate their research will involve research in one of the Australian Government’s National Science and Research Priority areas****Target:** 60% of Discovery Program research projects and awards involve research in one of the Australian Government’s National Science and Research Priorities.  |
| 2022–23 and beyond | As per 2021–22 | As per 2021–22 |

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

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

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

| Year | Performance criteria | **Actual Achievements/Targets** |
| --- | --- | --- |
| 2020–21 | The Linkage Program contributes to the growth of knowledge and innovation in Australia by funding:* excellent collaborative research and researchers
* industrial research training and career development
* partnerships between universities and research end-users
* research in areas of priority.

Criteria to measure ARC’s performance relate to:* running efficient competitive processes which are transparent, fair and equitable
* supporting collaboration to enable high quality research
* growing Australia’s research knowledge and innovation.
 | Final reporting data for all 2020–21 targets will be available at the end of 2020–21 and published in the ARC annual report. To date:**NCGP applications and assessment processes are conducted in a timely manner****Target:** 100% of Linkage Program application recommendations are made to the Minister within six months of scheme round closing dates for Linkage Projects and within eight months for all other schemes.**Performance:** On track (100% as at March 2021).**ARC meets Commonwealth Grants Rules and Guidelines (CGRG) requirements to publish information about grant opportunities and grant awards****Target:** 100% of Linkage Program grant opportunities and grant awards are published on GrantConnect.**Performance:** On track (100% as at March 2021).**ARC manages NCGP application and assessment processes fairly and in accordance with Grant Guidelines****Target:** The number of upheld appeals against administrative processes related to Linkage Program applications is <1% of submitted applications.**Performance:** On track (0% as at March 2021).**Proportion of Linkage Program funding to support industrial research training under the Industrial Transformation Training Centres (ITTC) scheme****Target:** Maintain, ±5% of three-year rolling average.**Performance:** In progress (reporting information for this target will be in the Annual Report).**Proportion of ARC-funded research projects that involved international collaboration****Target:** 70% of Linkage Program research projects report involvement in international collaboration.**Performance:** In progress (reporting information for this target will be in the Annual Report).**Maintain or increase the level of co-funding from partner organisations involved in ARC funded research (Linkage Projects scheme)****Target:** Partner Organisations contribute ≥ $1 to ARC Linkage Projects for every ARC dollar awarded.**Performance:** On track ($1.61 pledged for every ARC dollar as at March 2021).**Proportion of participating organisations satisfied with the research partnership supported through the Linkage Program (Linkage Projects scheme)****Target:** 90% of partner organisations who participate on an ARC Linkage Project report satisfaction with the research partnership supported by the grant.**Performance:** On track (91.8% as at March 2021).**Proportion of ARC-funded research projects that indicate their research will involve research in one of the Australian Government’s National Science and Research Priority areas****Target:** 60% of Linkage Program research projects and awards involve research in one of the Australian Government’s National Science and Research Priorities. **Performance:** On track (72.7% as at March 2021). |
| 2021–22 | As per 2020–21 | **NCGP applications and assessment processes are conducted in a timely manner****Target:** 100% of Linkage Program application recommendations are made to the Minister within six months of scheme round closing dates for Linkage Projects and within eight months for all other schemes.**ARC meets Commonwealth Grants Rules and Guidelines (CGRG) requirements to publish information about grant opportunities and grant awards** **Target:** 100% of Linkage Program grant opportunities and grant awards are published on GrantConnect.**ARC manages NCGP application and assessment processes fairly and in accordance with Grant Guidelines****Target:** The number of upheld appeals against administrative processes related to Linkage Program applications is <1% of submitted applications.**Proportion of Linkage Program funding to support industrial research training under the Industrial Transformation Training Centres (ITTC) scheme****Target:** Maintain, ±5% of three year rolling average.**Proportion of ARC-funded research projects that involved international collaboration****Target:** 70% of Linkage Program research projects report involvement in international collaboration.**Maintain or increase the level of co-funding from partner organisations involved in ARC funded research (Linkage Projects scheme)****Target:** Partner Organisations contribute ≥ $1 to ARC Linkage Projects for every ARC dollar awarded.**Proportion of participating organisations satisfied with the research partnership supported through the Linkage Program (Linkage Projects scheme)****Target:** 90% of partner organisations who participate on an ARC Linkage Project report satisfaction with the research partnership supported by the grant.**Proportion of ARC-funded research projects that indicate their research will involve research in one of the Australian Government’s National Science and Research Priority areas****Target:** 60% of Linkage Program research projects and awards involve research in one of the Australian Government’s National Science and Research Priorities.  |
| 2022‑23 and beyond | As per 2021–22 | As per 2021–22 |

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

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

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

| Year | Performance criteria | **Actual Achievements/Targets** |
| --- | --- | --- |
| 2020–21 | The ERA program, including the research quality evaluation framework and EI assessment framework, contributes to the growth of knowledge and innovation in Australia by:* providing assurance of the quality of research in Australia
* encouraging excellent, internationally competitive research
* encouraging impactful engagement within and beyond the research sector.
 | **Target:** ERA and EI methodology is reviewed.**Performance:** On track (review outcomes are expected to be published in the second quarter of 2021).**Target:** Use of ERA program data to assist in the development of Australian Government policies.**Performance:** In progress (reporting information for this target will be in the Annual Report).**Target:** Use of ERA program data to inform the strategic planning of Australian universities.**Performance:** In progress (reporting information for this target will be in the Annual Report). |
| 2021–22 | As per 2020–21 | **Target:** Use of ERA program data to assist in the development of Australian Government policies.**Target:** Use of ERA program data to inform the strategic planning of Australian universities.**Target:** Review outcomes are implemented through revised ERA methodology, where required. |
| 2022–23 and beyond | As per 2021–22 | **Target:** Use of ERA program data to assist in the development of Australian Government policies.**Target**: Use of ERA program data to inform the strategic planning of Australian universities.**Target:** Review outcomes are implemented through revised ERA and EI methodology, where required.**Target:** 2023–24 – Research quality of participating universities is assessed and reported on. |

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of ARC’s finances for the 2021–22 budget year, including the impact of budget measures and resourcing on financial statements.

### 3.1 Budgeted financial statements

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

There are no material variances between the ARC’s resources table and the budgeted financial statements. There are minor variances between resourcing and expenses, which reflects the administered annual appropriation being credited to the ARC Research Endowment Special Account and timing differences between expenses and cash expenditure relating to the National Competitive Grants Program (NCGP).

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

The ARC has no measures announced since the 2020–21 Portfolio Budget Statements.

#### Budgeted departmental comprehensive income statement

The ARC’s income statement reflects a deficit across the forward estimates.
These deficits are predominantly attributable to the depreciation and amortisation expense for the year.

#### Budgeted departmental balance sheet

The budgeted net asset position of $19.9 million for 2021–22 represents a decrease of $1.3 million from 2020–21, the majority of which relates to a reduction in non-financial assets and leases liabilities.

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

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

The majority of the expenditure is on grants as provided under the NCGP.

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

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

### 3.2 Budgeted financial statements tables

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



**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June 2021 (continued)**

 Prepared on Australian Accounting Standards basis.

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

(b) Applies leases under AASB16 Leases.

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

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

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2021–22)**



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

Prepared on Australian Accounting Standards basis.

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

Prepared on Australian Accounting Standards basis.

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

(b) Includes the following sources of funding:

 - previous years' DCBs

 - internally developed assets.

**Table 3.6: Statement of departmental asset movements (Budget year 2021–22)**

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1)
2021–22 for depreciation and amortisation expenses, DCBs.

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

Prepared on Australian Accounting Standards basis.

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

Prepared on Australian Accounting Standards basis.

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

Prepared on Australian Accounting Standards basis.

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

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

Table 3.11: Statement of administered asset movements (Budget year 2021–22)

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