



**Australian Government**  

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**Australian Research Council**

# ARC

**ANNUAL REPORT**  
2017-18

# ARC

**ANNUAL REPORT**  
2017-18

## AUSTRALIAN RESEARCH COUNCIL ANNUAL REPORT

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10 October 2018

The Hon Dan Tehan MP  
Minister for Education  
Parliament House  
CANBERRA ACT 2600

Dear Minister,

It is with great pleasure that I present the Australian Research Council (ARC) Annual Report for 2017–18.

This report has been prepared for the purposes of:

- section 46 of the *Public Governance, Performance and Accountability Act 2013*, which requires that an annual report be given to the entity's responsible Minister for presentation to the Parliament
- section 46 of the *Australian Research Council Act 2001* (ARC Act), which requires that the report given to the Minister must deal with:
  - any matters required by other provisions of the ARC Act to be dealt with in the report (Ministerial directions)
  - any other matters that the Minister, by notice in writing to the CEO, requires to be dealt with in the report.

There were no matters to be dealt with in the 2017–18 Annual Report as required under section 46 of the ARC Act.

As the Accountable Authority of the ARC, I certify that:

- fraud risk assessments and fraud control plans have been prepared
- appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the ARC are in place
- all reasonable measures have been taken to deal appropriately with fraud relating to the ARC.

Yours sincerely,



**Professor Sue Thomas**

Chief Executive Officer

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## A GUIDE TO THIS REPORT

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### **Part 1 Review by the Accountable Authority**

The CEO introduces the report (Section 1.1) and describes the highlights of 2017–18 (Section 1.2).

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### **Part 2 Australian Research Council overview**

We describe who we are and what we do (Section 2.1), our structure (Section 2.2) and our performance framework (Section 2.3).

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### **Part 3 Report on performance**

We provide our Annual Performance Statement in accordance with requirements under the *Public Governance, Performance and Accountability Act 2013* (Section 3.1) and a report on our financial performance (Section 3.2).

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### **Part 4 Management and accountability**

We report on management and accountability matters as required under the annual report guidelines. This includes our governance structures (Section 4.1), external accountability mechanisms (Section 4.2), people management activities (Section 4.3), financial management activities (Sections 4.4–4.8) and other mandatory information (Section 4.9).

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### **Part 5 Financial statements**

We provide the financial statements for 2017–18. This includes the Independent Auditor’s Report (Section 5.1), the Statement by the Accountable Authority and Chief Financial Officer (Section 5.2) and the ARC’s Financial Report (Section 5.3).

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### **Part 6 Appendices**

We provide additional information to support the performance story provided in Parts 3 and 4.

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### **Part 7 Aids to access**

This section provides material to help the reader access the report including a list of figures and tables, a list of abbreviations/acronyms, a glossary, a compliance index and an alphabetical index.

## STYLE CONVENTIONS

The following style conventions are used in the report:

- acronyms are spelt out for their first use in each part, except for the acronym for the Australian Research Council—ARC, and the acronym for the Chief Executive Officer—CEO, which are used throughout
- n/a means not applicable.

## CONTACT

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**PART 1**

# Review by the Accountable Authority



**1.1 FROM THE CHIEF EXECUTIVE OFFICER**

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**1.2 HIGHLIGHTS OF 2017–18**

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# 1.1 From the Chief Executive Officer



Professor Sue Thomas

## INTRODUCTION

As the Chief Executive Officer of the Australian Research Council I am pleased to present the *ARC Annual Report 2017–18*.

This year has seen the ARC continue to support the growth of knowledge and innovation for the benefit of all Australians through funding the highest quality research, assessing the quality, engagement and impact of research, and providing advice on research matters. By giving some of our brightest minds the funding, support and time that they need for outcomes-focused and ‘discovery’ research, the ARC is assisting researchers to tackle some of the most challenging issues facing Australia.

## SIGNIFICANT ISSUES AND DEVELOPMENTS

In 2017–18, the ARC continued to support two new measures announced by the Australian Government in December 2015 as part of the *National Innovation and Science Agenda* (NISA). Firstly, a continuous application process for the ARC *Linkage Projects* scheme has been introduced which allows proposals under this scheme to be submitted throughout the year. Secondly, the Engagement and Impact (EI) assessment has involved the development of a nationwide system facilitating the engagement and impact of university research.

The ARC developed a methodology for assessing how well researchers in Australian universities are engaging with the users of their research, the benefits of that research, and the extent to which universities are supporting those activities. This is an important initiative developed through extensive consultation with the university research sector and end-users. It will demonstrate the value of the research conducted in Australian universities and provide incentives for more effective collaboration for the benefit of the Australian community.

In late 2017, a Special Research Initiative (SRI) was established for the PFAS (per- and poly-fluoroalkyl substances) Remediation Research Program. The ARC SRI scheme provides funding for new and emerging fields of research and builds capacity in strategically important areas. The PFAS Remediation Research Program is an important initiative that will support the development of innovative technologies to investigate and remediate PFAS contaminated areas, including soil and other solid contaminated debris, groundwater, waterways and marine systems.

To support our commitment to ensuring the highest quality research in Australia, the ARC worked with the National Health and Medical Research Council and Universities Australia to release the *Australian Code for the Responsible Conduct of Research, 2018* (the Code) and the *Guide to Managing Potential Breaches of the Australian Code for the Responsible Conduct of Research, 2018* (the Investigation Guide). The Code, which replaced the previous version (2007), provides a clear set of principles for the ethical conduct of research. The Investigation Guide helps institutions to investigate potential breaches of the Code and determine corrective actions. The Code and Investigation Guide provide assurance that the Australian research effort is underpinned by honesty, rigour, transparency and accountability.

## PERFORMANCE AND FINANCIAL RESULTS

### Funding the highest quality research

The ARC has a strong commitment to funding the highest quality fundamental and applied research across all disciplines with all fields of knowledge playing a role in contributing to Australia's future. In 2017–18, the National Competitive Grants Program (NCGP) administered 4586 new and ongoing grants, resulting in over \$758.030 million in grant payments to administering organisations.

A selection round for the *Supporting Responses to Commonwealth Science Council Priorities* scheme was conducted for the first time in 2017–18. This scheme aims to support the development of Australian research in priority areas as set by the Commonwealth Science Council.

To showcase the high quality research that the ARC supports, and the difference that it is making to Australia and the world, the ARC compiled a 2017–18 edition of our annual *Making a difference—Outcomes of ARC supported research* publication. Each edition is a snapshot of research projects underway at universities across Australia that are funded by the ARC. The publication provides examples of ARC supported research projects, across the full spectrum of humanities and social sciences disciplines, through to the science, technology, engineering and mathematics disciplines that are delivering cultural, economic, social and/or environmental benefits to Australia.

### Assessing the quality, engagement and impact of research

In 2017–18, implementation commenced for the fourth round of Excellence in Research for Australia (ERA 2018). ERA 2018 will evaluate research quality by discipline at Australian universities across the full range of research activities.

In conjunction with ERA, the implementation of an EI assessment which will examine the social, economic, environmental and cultural benefits of Australian university research commenced.

### Providing advice on research matters

During the year the ARC continued to participate in policy forums and prepare ARC policies, including:

- reviewing and publishing an updated *ARC Research Workforce Statement* and *ARC Gender Equality in Research Statement* (and released the *ARC Gender Equality Action Plan 2018–19*)
- reviewing and updating the *Aboriginal and Torres Strait Islander Researchers and Research: ARC Statement of Support and Action Plan 2018–2019*
- evaluating the ARC's support for Indigenous researchers and Indigenous research
- finalising the *ARC Intellectual Property Policy*
- releasing a revised *ARC Conflict of Interest and Confidentiality Policy*
- revising the *ARC Medical Research Policy*.

### Building and sustaining a strong organisational capability

The ARC administered a budget of \$789.7 million for 2017–18, comprising \$764.6 million for the administered appropriation and \$25.1 million for the departmental appropriation. Further information on the financial performance of the agency is provided in Section 3.2.

In 2017–18, the ARC expanded its program of direct engagement with grant recipients, holding workshops for research centre staff and new Australian Laureate Fellows. The workshops provided an opportunity for researchers to network and ARC staff to share post-award expectations.

The ARC hosted a forum for the Kathleen Fitzpatrick and Georgina Sweet Australian Laureate Fellows to share experiences, as well as ideas to promote female researchers. These fellowships are awarded to highly ranked women in the humanities, arts and social science disciplines and the science and technology disciplines respectively, after the Selection Advisory Committee has recommended them as Australian Laureate Fellows. The two fellowships provide additional funding to undertake an ambassadorial role to promote women in research.

### OUTLOOK FOR 2018–19

The ARC will continue to support the research sector to build a strong, diverse and sustainable workforce to ensure Australia's ongoing research competitiveness. ARC policies and programs will support researchers of the highest calibre, regardless of gender, ethnicity or career stage. The ARC will work with the sector to improve the participation of researchers in the research workforce at all career stages and from under-represented groups.

The ARC has a well-established schedule of responsibilities as indicated by the broad priorities for the coming year outlined in the *2018–19 ARC Portfolio Budget Statements* (PBS), listed below, as well as the more detailed strategies and actions identified in our Corporate Plan.

#### PBS priorities:

- delivering the NCGP effectively and efficiently
- conducting the ERA 2018 evaluation
- continuing to support the Australian Government's NISA by: conducting a continuous application process under the *Linkage Projects* scheme, conducting an Engagement and Impact assessment as a companion to ERA 2018 and contributing to other NISA initiatives as required
- continuing to provide high quality advice to the Minister on research matters including in areas of Australian Government focus (for example, strengthening linkages between research and business)
- 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 through 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 Australian Government's expectations for the agency as articulated in the ARC outcome statement.

### CONCLUSION

The ARC is proud to support excellent Australian research, the outcomes of which deliver significant cultural, economic, social and environmental benefits to all Australians.

The ARC's performance during the year was made possible by the support of our stakeholders and staff, and I thank everyone for their contribution. It is vital that the ARC continues to work to support and demonstrate the immense value of publicly funded research in Australia, whether this is through ERA, the EI assessment or by promoting the great outcomes of ARC-funded research.

I look forward to the year ahead and achieving our 2018–19 goals—so that the ARC continues to grow knowledge and innovation for the benefit of the Australian community.

# 1.2 Highlights of 2017–18

## POLICY ENVIRONMENT

### Science and Research Priorities

In May 2015 the Australian Government identified nine Science and Research Priorities: food, soil and water, transport, cybersecurity, energy, resources, advanced manufacturing, environmental change and health. The ARC supports the Australian Government's Science and Research Priorities, and corresponding Practical Research Challenges, by funding the highest quality research and research training under the National Competitive Grants Program, aimed at building Australia's capacity in these areas.

### National Innovation and Science Agenda

In December 2015 the Australian Government released its *National Innovation and Science Agenda* (NISA), which is aimed at improving commercial returns from research.

The ARC is responsible for implementing two NISA measures: a continuous application process under the *Linkage Projects* scheme, which was implemented on 1 July 2016; and the establishment of an Engagement and Impact (EI) assessment to be conducted concurrently with Excellence in Research for Australia (ERA) in 2018.

### Australia 2030: Prosperity through Innovation

On 30 January 2018 Innovation and Science Australia released its strategic plan, *Australia 2030: Prosperity through Innovation* (the 2030 Plan). The 2030 Plan makes recommendations to the Australian Government framed around five strategic imperatives, one of which is to 'Improve research and development effectiveness by increasing translation and commercialisation of research'.

In May 2018 the Australian Government indicated strong endorsement for the 2030 Plan. In the 2018–19 Australian Government Budget, a number of these recommendations were implemented through investment in research and development, including long-term support for national research infrastructure, genomics research, coral reef research and women in science.

The ARC is providing funding through the *Supporting Responses to Commonwealth Science Council Priorities* scheme for research to inform the artificial intelligence roadmap and ethics framework which were recommended in the 2030 Plan.

### National Science Statement

The *National Science Statement*, released in March 2017, sets out the Australian Government's enduring science objectives and principles. It also positions the Australian Government to respond to the science elements of the 2030 Plan in a considered and targeted manner. This statement will continue to provide guidance for the Australian Government's other science-related policies and initiatives into the future.

### Inquiry into Funding Australia's Research

On 9 May 2018 the House of Representatives Standing Committee on Employment, Education and Training launched an inquiry into the efficiency, effectiveness and coherence of Australian Government funding for research. It is focusing on federally funded research agencies, their funding mechanisms and collaborative university research. The ARC provided a submission to the inquiry.

## Australian Antarctic Strategy and 20 Year Action Plan

The Australian Government's 2016 *Australian Antarctic Strategy and 20 Year Action Plan* called for a revitalisation of Antarctic science through the implementation of a coordinated Antarctic science funding model. To progress this, the Department of the Environment and Energy commissioned the Clarke Review to examine the governance arrangements supporting the Australian Antarctic Science Program, and to provide advice on a new governance model. This review made nine recommendations centred on institutionalising long-term collaborative science, ensuring coherent science leadership, integrating strategy and planning, and streamlining administration.

The ARC's *Special Research Initiatives* (SRI) scheme provides funding for new and emerging fields of research and builds capacity in strategically important areas. The ARC currently funds several SRIs in a wide range of research areas.

As part of its response to the *Australian Antarctic Strategy and 20 Year Action Plan*, the Australian Government announced \$56 million of funding over seven years to support the work of Antarctic researchers in Australian universities through the ARC's SRI: Excellence in Antarctic Science. The program is designed to examine the strategic, economic, scientific and environmental significance of Antarctica to Australia. It will foster collaboration between Australian researchers, industry and international stakeholders.

## ARC ACTIVITIES

### July 2017

Senator the Hon Simon Birmingham, the then Minister for Education and Training (Senator Birmingham), announced \$1.2 million for two research projects under the *Linkage Projects 2017* scheme. The two projects involve significant partnerships between higher education researchers and other parts of the national innovation system, including industry.

### October 2017

Senator Birmingham announced \$4.3 million for 10 research projects under the *Linkage Projects 2017* scheme to promote research partnerships between key stakeholders in research and innovation, including higher education institutions, government, business, industry and end-users.

The ARC appointed 47 new members to the ARC College of Experts to replace outgoing members in 2018. These nominations are approved by the ARC CEO for appointments of one to three years on a rotational basis. Its members are experts of international standing drawn from the Australian research community, including higher education, industry and public sector research organisations.

### November 2017

Senator Birmingham released the findings of the 2017 Engagement and Impact pilot and announced the measures for the first full 2018 EI assessment.

Senator Birmingham launched the ARC Training Centre in Alloy Innovation for Mining Efficiency led by Deakin University.

Senator Birmingham announced funding of: \$225.6 million for 594 projects under the *Discovery Projects* scheme; \$70.9 million for 197 projects under the *Discovery Early Career Researcher Award* scheme; \$7.2 million for 13 projects under the *Discovery Indigenous* scheme; \$28.6 million for 50 projects under the *Linkage Infrastructure, Equipment and Facilities* scheme; and \$1.1 million for five projects under the *Linkage Learned Academies Special Projects* scheme.

### December 2017

Senator Birmingham announced \$6.9 million for 16 research projects under the *Linkage Projects 2017* scheme. University researchers are collaborating with industry to undertake new research projects designed to deliver tangible outcomes to Australia.

The Australian Government announced a \$13 million research program to tackle per- and poly-fluoroalkyl substances (PFAS) in the environment, to be administered by the ARC through the SRI scheme.

### February 2018

Senator Birmingham made two announcements under the *Linkage Projects 2017* scheme; \$9.2 million to fund 22 research projects and \$1.9 million for six research projects that provide support for universities to collaborate with other parts of the innovation system.

### March 2018

Professor Sue Thomas, ARC CEO, announced the appointment of eight Research Evaluation Committee (REC) chairs for the 2018 round of ERA.

### April 2018

Professor Sue Thomas, ARC CEO, announced the appointment of five Assessment Panel chairs for the inaugural round of the EI assessment.

### May 2018

Professor Sue Thomas, ARC CEO, announced the appointment of 140 distinguished researchers as members of the 2018 ERA RECs.

Senator Birmingham announced \$3.4 million for 10 research projects under the *Linkage Projects 2017* scheme. Together with their research partners, university-based researchers are developing practical solutions to 'real world' industry and community challenges.

The Australian Government announced two research projects, worth \$417,941, awarded to the Australian Council of Learned Academies to advance Australia's knowledge and expertise in the emerging areas of Artificial Intelligence and the Internet of Things, through the *Supporting Responses to Commonwealth Science Council Priorities* scheme.

### June 2018

The ARC, the National Health and Medical Research Council, and Universities Australia jointly announced the release of the *Australian Code for the Responsible Conduct of Research, 2018* and *Guide to Managing and Investigating Potential Breaches of the Australian Code for the Responsible Conduct of Research, 2018*, to safeguard the quality and integrity of Australian research.

Senator Birmingham announced \$26.5 million for 66 research projects under the *Linkage Projects 2017* scheme to provide support for universities to collaborate with other parts of the innovation system including industry and community organisations.

Professor Sue Thomas, ARC CEO, announced a joint review of the Australian and New Zealand Standard Research Classification to start in 2018. The review will be carried out by the ARC, the Australian Bureau of Statistics, Stats NZ, and the New Zealand Ministry of Business, Innovation and Employment to ensure the research classifications reflect current practice and remain responsive to change in the sector.

# Breakthrough technique developed to make ultra-thin metal oxides



Researchers have developed a breakthrough method for creating ultra-thin metal oxide sheets, which have wide applications in today's electronic and optical devices. This process has implications for catalysis, which is the basis of the modern chemical industry, with the potential to reshape how medicines, fertilisers and plastics are made.

## LEAD INVESTIGATORS

Professor Kouros Kalantar-zadeh;  
Dr Torben Daeneke

## INSTITUTION

ARC Centre of Excellence in Future Low-Energy Electronics Technology at RMIT University

## SCHEME

ARC Centres of Excellence

This image of a liquid metal 'slug' and its clear atom-thick 'trail' shows the breakthrough in action. When dissolved in a liquid metal core, certain metals leave behind this clear layer of their oxide, which is no thicker than a few atoms and can be peeled away by touching or rolling. Image credit: RMIT University.

# Shark-deterrent surfboards

Macquarie University researchers are developing a radical shark-deterrent surfboard. Extensive field tests of the LED system in waters with white sharks were found to be highly effective in preventing the sharks from attacking. When the light system was attached, the research found that sharks didn't attack; when it was not attached, they didn't hesitate.

## LEAD INVESTIGATOR

Associate Professor Nathan Hart

## INSTITUTION

Macquarie University

## SCHEME

Linkage Projects



White shark (*Carcharodon carcharias*) attacking a control seal-shaped decoy without the new counter-illumination technology attached. Image credit: Associate Professor Nathan Hart, Macquarie University.

# Virtual plant cell explores the inner world of a plant

To engage the wider community, the ARC Centre of Excellence in Plant Energy Biology has created a number of targeted education, training and outreach programs, aimed at schools, farmers, teachers, universities, science museums, field days, careers festivals and even pubs.

**LEAD INVESTIGATOR**  
Professor Harvey Millar

**INSTITUTION**  
ARC Centre of Excellence in Plant Energy Biology at The University of Western Australia

**SCHEME**  
ARC Centres of Excellence



The Virtual Plant Cell uses virtual reality technology to engage the community in plant science and connect audiences to plant energy biology research. Image credit: Plant Energy Biology. Photographer: James Campbell.

The blue-ringed octopus (*Hapalochlaena sp.*) is predated by stomatopod crustaceans (*mantis shrimp*). All octopus, including blue-ringed octopuses, are colour blind, while mantis shrimps possess four times as many colour channels as humans. The blue-ring's colours evolved to warn other species that can see the colour contrast of their rings. Image credit: Roy Caldwell.

# Exploring vision in animals



Researchers have advanced our understanding of how animals see and use colour and colour patterns to sense the world, and how their colour vision has evolved. From this, we can also learn about how this might apply to humans.

**LEAD INVESTIGATOR**  
Professor Justin Marshall

**INSTITUTION**  
Queensland Brain Institute based at The University of Queensland

**SCHEME**  
Australian Laureate Fellowships



## Researchers helping raspberry farmers to improve yield and quality

Insect pollinators significantly contribute to the world's biodiversity and the provision of ecosystem services within agricultural systems. This work is being conducted in collaboration with commercial raspberry growers at Costa Group and the results of these studies are helping farmers to find the sweet spot where honeybees and wild pollinator visits can maximize raspberry fruit yield.

**LEAD INVESTIGATOR**  
Dr Romina Rader

**INSTITUTION**  
University of New England

**SCHEME**  
Discovery Early Career Researcher Award

Raspberries. Image credit: Dr Romina Rader, University of New England.

## Low cost precision agriculture for Aussie farmers

Developed by The University of South Australia with the Plant Accelerator at The University of Adelaide and LongReach Plant Breeders, the drone senses a vegetation index—signifying the crop health, moisture and nutrient content, making it easier and more efficient for farmers to manage agricultural land and for breeders to generate new varieties.

Aerial drone flying over wheat field. Image credit: The University of South Australia.

**LEAD INVESTIGATOR**  
Associate Professor Delphine Fleury

**INSTITUTION**  
ARC Industrial Transformation Research Hub for Wheat in a Hot and Dry Climate, based at The University of Adelaide

**SCHEME**  
Industrial Transformation Research Hubs



# Songlines

## —tracking the seven sisters

Songlines are the ways of passing on knowledge from Nation to Nation right across the continent. Minyari artists camp (front from left) May Wokka Chapman, Thelma Judson, Mulyatingki Marney, Karen Rogers, Ngalangka Nola Taylor, Nancy Martu Jakulyukulyu (back) Renelle Simpson, Rachael Handley. National Museum of Australia  
Photo: Rebecca Dagnall.

The Songlines exhibition tracks the epic story of the Seven Sisters, through sections of five Indigenous songlines that traverse the Western and Central Desert of Australia. The first exhibition of its kind, Songlines is attempting to tell—in an exhibition space—an Indigenous narrative, using Indigenous ways of passing on knowledge, in a highly interactive and immersive way.

**LEAD INVESTIGATOR**  
Professor Howard Morphy

**INSTITUTION**  
The Australian National University

**SCHEME**  
Linkage Projects



**PART 2**

# Australian Research Council overview



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# 2.1 Role and functions

## LEGISLATION

The ARC is established under the *Australian Research Council Act 2001* (ARC Act). The ARC Act provides details in relation to:

- the functions of the ARC
- the establishment of designated committees by the responsible Minister
- the CEO and ARC staff
- reporting requirements
- funding of research including the funding cap, funding assistance, funding rules and the ARC research endowment fund.

The ARC Act is updated annually through an amendment bill, which allows continued funding under the National Competitive Grants Program (NCGP).

The ARC Act was last amended in June 2018.

## ROLE AND FUNCTIONS

The ARC administers the NCGP, assesses the quality, engagement and impact of research, and advises the Australian Government on research matters.

### Funding the highest quality research

Through the NCGP, the ARC supports excellent research and research training across all disciplines. The NCGP comprises two programs—Discovery and Linkage—under which the ARC funds a range of complementary schemes that provide funding for fundamental and applied research, research training, research collaboration and research infrastructure.

Funding is awarded on the basis of a competitive peer review process.

### Assessing the quality, engagement and impact of research

The ARC administers two evaluation frameworks to assess the quality, engagement and impact of research.

Excellence in Research for Australia (ERA) is a comprehensive evaluation of the quality of all research produced in Australian universities against national and international benchmarks. In 2018 the ARC is conducting the fourth ERA evaluation following evaluations in 2010, 2012 and 2015.

As part of the *National Innovation and Science Agenda* (NISA) the Australian Government announced the establishment of an Engagement and Impact (EI) assessment of Australian university research. The assessment will assess the engagement of researchers with end-users, and show how universities are translating their research into economic, social, environmental and other impacts. The ARC is conducting the inaugural EI assessment in 2018.

### Providing advice on research matters

The ARC provides advice to the responsible Minister on matters related to the portfolio, including research and research training, research partnerships and the quality, engagement and impact of research in Australia.

## RESOURCES

In 2017–18 the ARC:

- managed a total estimated budget of \$789.7 million, of which approximately \$758.1 million was provided to support research through the NCGP
- had an average staffing level of 124 employees.

## STAKEHOLDERS

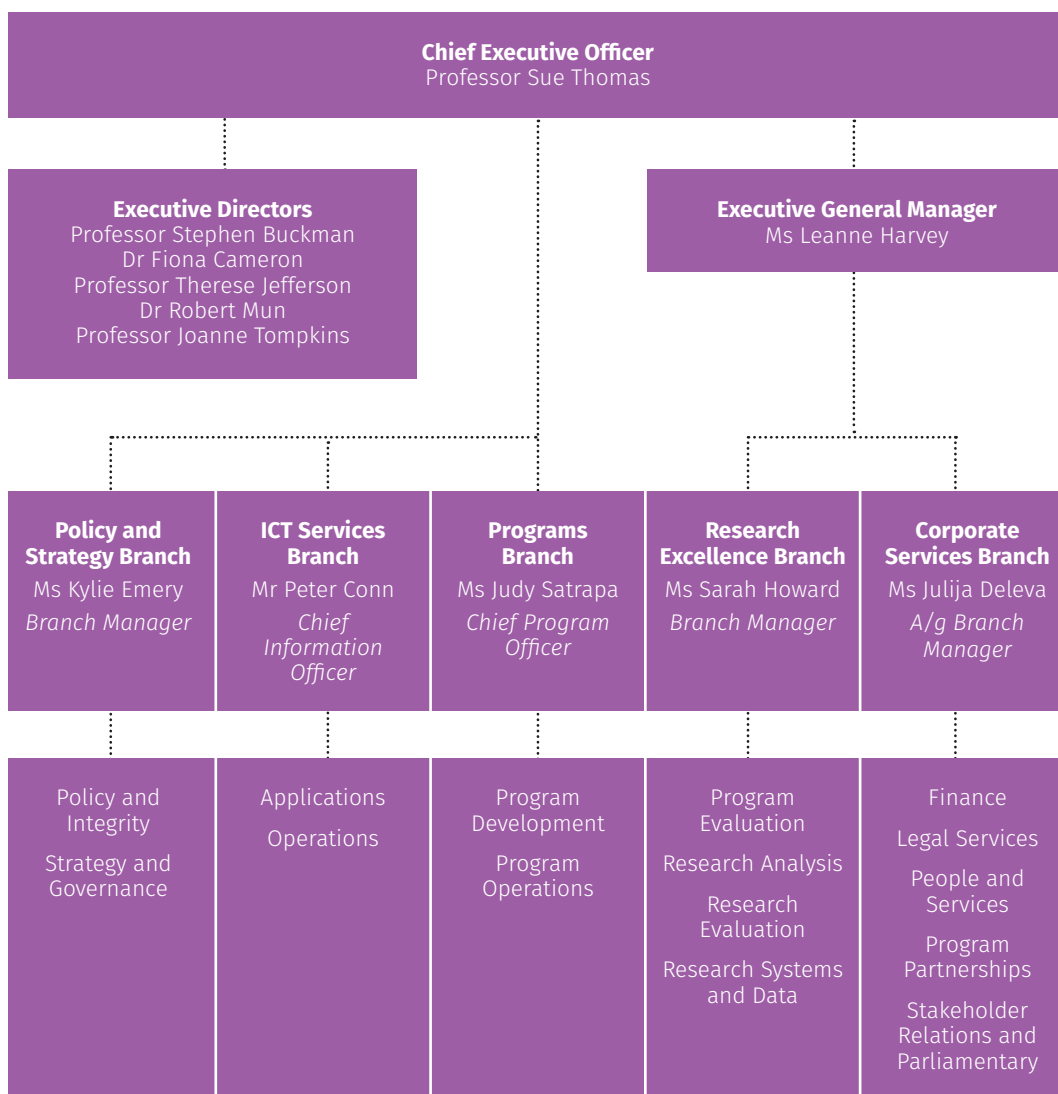
The ARC's key stakeholders are the Australian Government, Australian universities, partner organisations, industry, government, not-for-profit, business, publicly funded research agencies, research peak bodies, the global research sector and Australian taxpayers.

Within the Australian Government, the ARC works closely with a number of other agencies. It works collaboratively with the National Health and Medical Research Council (NHMRC) on a range of research matters including the administration of competitive grants schemes, the review of the *Australian Code for the Responsible Conduct of Research*, and the administration of the Australian Research Integrity Committee. While the ARC funds research across all disciplines (with the exception of clinical medicine), the NHMRC provides funding for all areas of research relevant to human health and medicine.

The ARC also works closely with its portfolio agency, the Department of Education and Training, and the Department of Industry, Innovation and Science. Areas of common interest include implementation of the Australian Government's NISA initiatives, international engagement, and mechanisms of government support for building Australia's research capacity, for example, through funding for infrastructure, research training and collaboration.

# 2.2 Organisational structure

Figure 1 Structure of the Australian Research Council (2017–18)



# 2.3 Performance framework

The ARC’s performance measurement framework is consistent with the requirements of the *Public Governance, Performance and Accountability Act 2013* and the enhanced Commonwealth performance framework.

The ARC’s performance measurement framework ensures there is a clear line of sight between the performance criteria published in the ARC’s Portfolio Budget Statements (PBS) and the performance information presented in its Corporate Plan and Annual Report.

Together, these three documents provide the ARC’s complete performance story. In addition to the ARC’s published performance information, the ARC’s performance measurement framework is supported by internal planning, monitoring and reporting processes.

## PORTFOLIO BUDGET STATEMENTS

The ARC had one Outcome and four Programs in its 2017–18 PBS (Figure 2).

Figure 2 ARC Outcome and Programs

Outcome 1			
Growth of knowledge and innovation through managing research funding schemes, research excellence and providing policy advice			
Program 1.1	Program 1.2	Program 1.3	
Discovery—research and research training Administered expenses \$493.858m	Linkage—cross-sector research partnerships Administered expenses \$266.768m	Excellence in Research for Australia Administered expenses \$2.940m	
Program 1.4			
ARC Departmental Departmental expenses \$25.311m			

Note: Budgeted expenses are as published in the 2017–18 PBS and do not include changes identified within the 2017–18 Portfolio Additional Estimates or the 2018–19 Budget.

## CORPORATE PLAN

The ARC’s purpose in the *ARC Corporate Plan 2017–18* is:

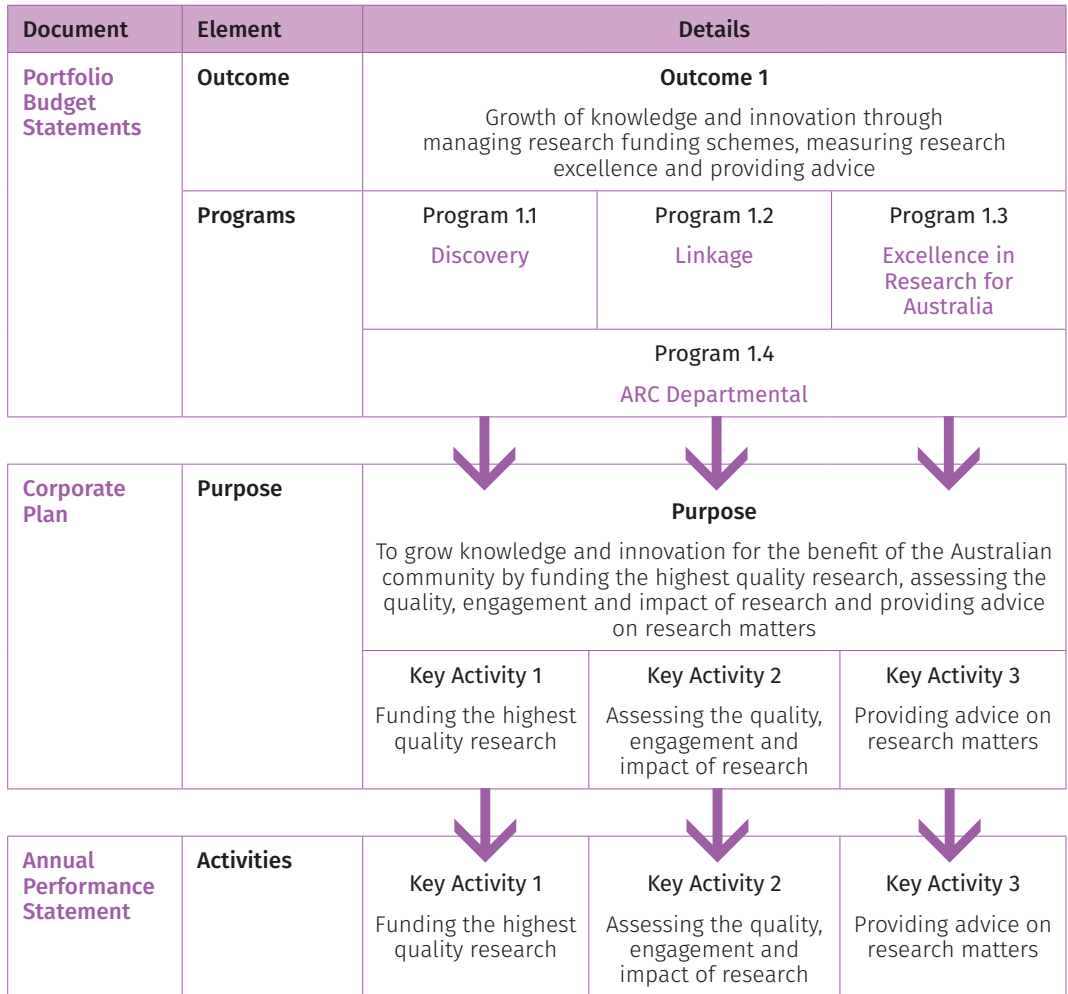
To grow knowledge and innovation for the benefit of the Australian community by funding the highest quality research, assessing the quality, engagement and impact of research and providing advice on research matters.

## ANNUAL PERFORMANCE STATEMENT

The Annual Performance Statement in Section 3.1 shows the ARC’s achievements against its purpose in the Corporate Plan, and Outcome and Programs from the PBS.

A mapping between the elements of the PBS, Corporate Plan and Annual Performance Statement is provided in Figure 3.

Figure 3 Mapping the ARC Outcome and Programs to the ARC’s purpose





# PART 3

## Report on performance



**3.1 ANNUAL PERFORMANCE STATEMENT**

**22**

**3.2 FINANCIAL PERFORMANCE**

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# 3.1 Annual Performance Statement

## INTRODUCTORY STATEMENT

I, as the Accountable Authority of the Australian Research Council (ARC), present the 2017–18 Annual Performance Statement of the ARC, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Australian Research Council Act 2001* (ARC Act). In my opinion, these Annual Performance Statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.



**Professor Sue Thomas**  
Chief Executive Officer

## PURPOSE

The ARC's purpose is to grow knowledge and innovation by funding the highest quality research, assessing the quality, engagement and impact of research and providing advice on research matters (Outcome 1 from the ARC Portfolio Budget Statements [PBS]).

A statement is provided for each of the three key activities that support the ARC's purpose as follows:

- Key Activity 1: Funding the highest quality research
- Key Activity 2: Assessing the quality, engagement and impact of research
- Key Activity 3: Providing advice on research matters.

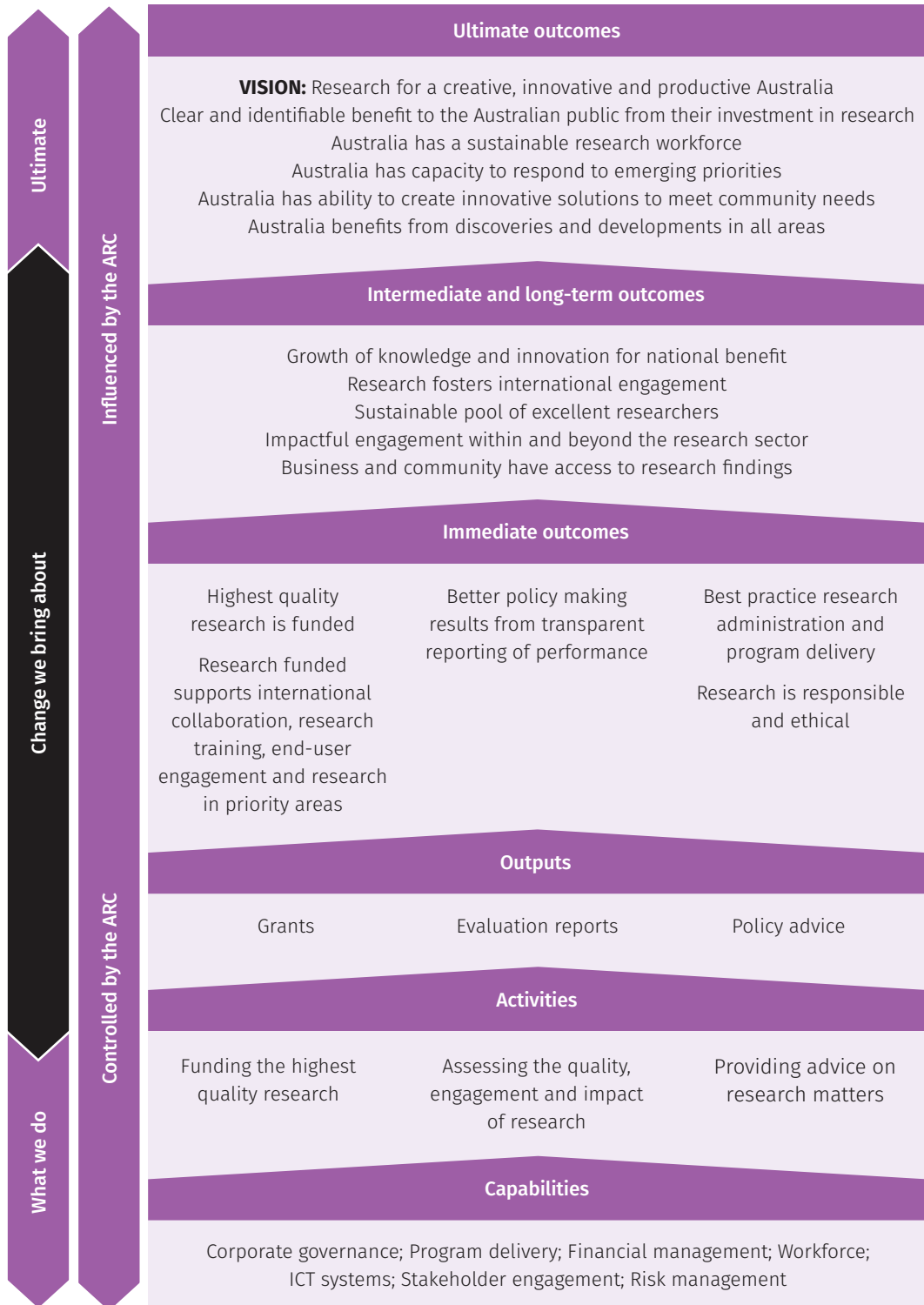
## APPROACH

The performance statement for each key activity comprises:

- a description of the key activity
- a description of the key deliverables
- a description of performance against each indicator including a description of why it is important, the result(s), an analysis of the result(s) and additional context if appropriate
- a performance summary or overall analysis of performance against the activity.

The indicators addressed in detail in the performance statement are the key indicators as identified in the ARC's PBS 2017–18. They are supported by the full set of indicators identified in the *ARC Corporate Plan 2017–18* against the ARC's broad level logic model (Figure 4). A report on the ARC's performance against the full set of indicators is provided on pages 24–39 for Key Activity 1, pages 40–46 for Key Activity 2 and pages 47–52 for Key Activity 3.

Figure 4 Performance measurement framework (ARC Corporate Plan 2017–18, page 33)



## KEY ACTIVITY 1: FUNDING THE HIGHEST QUALITY RESEARCH

### Description

The ARC administers the National Competitive Grants Program (NCGP). It comprises two programs, Discovery and Linkage, which include a range of research funding schemes.

In 2017–18 the ARC administered the following schemes (see Appendix 1 for description):

- **Discovery Program:** Australian Laureate Fellowships; Discovery Early Career Researcher Award (DECRA); Discovery Indigenous; Discovery Projects; and Future Fellowships
- **Linkage Program:** ARC Centres of Excellence (CoE); Industrial Transformation Research Hubs (ITRH); Industrial Transformation Training Centres (ITTC); Linkage Infrastructure, Equipment and Facilities (LIEF); Linkage Learned Academies Special Projects (LASP); Linkage Projects; Special Research Initiatives (SRI); and Supporting Responses to Commonwealth Science Council Priorities.

A selection round for the *Supporting Responses to Commonwealth Science Council Priorities* scheme was conducted for the first time in 2017–18. This ongoing scheme aims to support the development of Australian research in priority areas as set by the Commonwealth Science Council.

The ARC also sought applications for the SRI: PFAS (per- and poly-fluoroalkyl substances) Remediation Research Program. The program funds research to: minimise PFAS in the environment; develop effective technologies that can be applied to remediate PFAS contaminated soil, waterways, waste, debris and/or large volumes of groundwater; and develop options and mechanisms through which these effective technologies can be applied in the field.

By supporting excellent internationally competitive research through the NCGP funding schemes, the ARC aims to deliver outcomes of benefit to Australia and to build Australia's research capacity.

### Deliverables

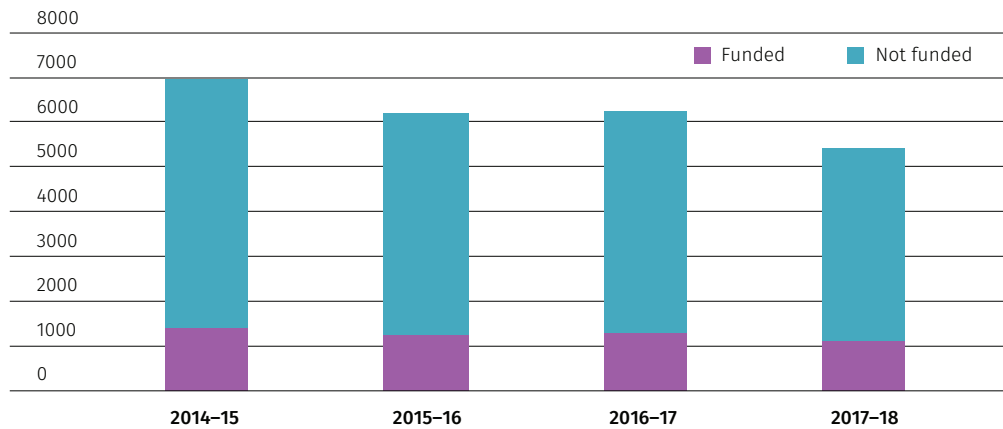
The key deliverables for the NCGP, as identified in the PBS 2017–18 (pages 151–154), were that the ARC:

- awards research grants through a competitive peer review process
- manages the administration of ARC-funded research grants
- provides strategic policy advice on research, research training and research partnerships.

In 2017–18 the ARC:

- conducted selection processes that considered 5381 proposals for NCGP funding and awarded 1111 grants for research projects (Figure 5), involving 2521 researchers (Chief Investigators), worth \$561.52 million
- administered 4586 new and ongoing grants under the NCGP, providing over \$686.45 million in payments to administering organisations (based on planned allocations recorded at the time of grant award)
- undertook a range of NCGP-related policy development activities (page 49).

Figure 5 Proposals received and projects funded, 2014–15 to 2017–18



## Performance

Key indicators of the NCGP's success in meeting its *ARC Corporate Plan 2017–18* objectives relate to:

- the sustainability of Australia's research workforce
- improved engagement between universities, industry and other research sectors
- improved international engagement
- the extent to which research projects address areas of Australian Government research priority
- benefits to Australia.

## Explanatory notes

- Some measures relate to matters which are outside the ARC's influence, potentially impacting the ARC's ability to achieve the targets identified. Factors include economic conditions affecting the ability of partner organisations to make financial contributions to research projects, and the longer-term realisation of research benefits.
- Measuring performance against a target of maintaining or increasing certain performance levels is done in the context of multiple year trends rather than single year results.
- The figures reported in this section are grants awarded and do not directly reflect financial statement information provided elsewhere in this report.

## Data notes

- Data for the Discovery and Linkage Programs includes the outcomes of scheme rounds with funding commencing in 2017–18 unless otherwise stated. Those scheme rounds are:
  - **Discovery Program:** *Future Fellowships* (2017), *Australian Laureate Fellowships* (2017), *DECRA* (2018), *Discovery Indigenous* (2018) and *Discovery Projects* (2018) schemes
  - **Linkage Program:** *Linkage Projects* (2017), *ITRH* (2018), *ITTC* (2018) and *LIEF* (2018) schemes.
- Data and information are drawn from final reports that have been submitted to the ARC for research projects commencing in 2012 (noting that most ARC projects involve multi-year funding).

## Extent to which ARC-funded research supports the sustainability of Australia's research workforce

### Why is this important?

Research performance is critically dependent on access to highly qualified and skilled personnel. The ARC's aim is to foster research training and career development opportunities through its funding schemes, including opportunities under its Linkage Program for researchers to spend time in industry organisations.

Performance				
<b>KPI</b>	Proportion of Discovery Program funding allocated to support early career researchers under the DECRA scheme			
<b>Source</b>	CP 2017–18 page 35, PBS 2017–18 page 152			
<b>Target</b>	Maintain			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>Discovery</b>	16.3% Target met	16.0%	15.1%	14.7%
<b>KPI</b>	Proportion of Linkage Program funding allocated to support industrial research training under the ITTC scheme			
<b>Source</b>	CP 2017–18 page 35, PBS 2017–18 page 154			
<b>Target</b>	Maintain			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>Linkage</b>	8.1% Target met	5.8%	4.7%	3.5%

In 2017–18, 16.3 per cent of Discovery Program funding (new and ongoing) was allocated to the DECRA scheme and 8.1 per cent of Linkage Program funding (new and ongoing) was allocated to the ITTC scheme.

For both Key Performance Indicators (KPIs), the proportions have increased slightly over the past four years. The steadier results for the DECRA scheme may reflect the nature of the support provided, as the number of fellowships awarded is set. Under the ITTC scheme, alternatively, projects funded are dependent on the total funding available, the number of applications received and the quality of those applications.

### Additional context

In 2017–18 the ARC:

- provided direct salary support for 309 new awards and fellowships encompassing every stage of a research career, from early career researchers to senior researchers
- funded 1111 new research projects, involving 2521 researchers. This funding support enabled the employment of additional research personnel and contributed significantly to the development of Australia's research capacity.

## Extent to which ARC-funded research results in improved engagement between universities, industry and other research sectors

### Why is this important?

Research is a collaborative activity with successful researchers and research organisations working together, partnering and networking to generate multiplier effects. The ARC's aim in supporting engagement between universities and other sectors is to maximise opportunities to build the scale and focus of research involving end-users, potentially resulting in direct benefits to Australia.

Performance				
<b>KPI</b>	Level of co-funding from partner organisations involved in ARC-funded research projects ( <i>Linkage Projects</i> scheme)			
<b>Source</b>	CP 2017–18 page 36, PBS 2017–18 page 154			
<b>Target</b>	\$1 of co-funding per \$1 of ARC funding			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>Linkage</b>	\$1.76 Target met	\$1.98	\$1.76	\$1.93
<b>KPI</b>	Proportion of partner organisations satisfied with the research partnership supported through the <i>Linkage Program</i> ( <i>Linkage Projects</i> scheme)			
<b>Source</b>	CP 2017–18 page 36, PBS 2017–18 page 154			
<b>Target</b>	Maintain; with baseline based on four year rolling average			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>Linkage</b>	97.0% Target met	98.0%	98.0%	98.0%
<b>KPI</b>	Efficient delivery of <i>Linkage Projects</i> scheme			
<b>Source</b>	CP 2017–18 page 36, PBS 2017–18 page 154			
<b>Target</b>	100 per cent of <i>Linkage Projects</i> scheme announcements are made within six months of submission of application			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>Linkage</b>	76.1% Target not met	n/a	n/a	n/a

Under the *Linkage Projects* scheme, the combined cash and in-kind contributions pledged by partner organisations are required to match, at least, the funding sought from the ARC. In 2017–18 this requirement was exceeded with every ARC dollar attracting \$1.76 from partner organisations.

A partner organisation's commitment of funding and other resources to a research project indicates an expectation of gain from that investment. Analysis of partner organisation feedback conducted for this Annual Report showed that a majority of partners that provided feedback on final reports (97 per cent) found that the collaborative research project had been either 'very beneficial' or 'beneficial' to their organisation. The feedback also showed that:

- 46 per cent of partner organisations were entering into a new relationship and 53 per cent were building on a previously established collaborative relationship (one per cent selected 'other')
- 95 per cent indicated that they would be willing to conduct a collaborative research project again, depending on the circumstances.

In 2016, the ARC introduced a continuous application process for the *Linkage Projects* scheme. This process, which was announced as part of the Australian Government's *National Innovation and Science Agenda* (NISA), aimed to shorten the duration of the assessment process. Approximately 76 per cent of applications received under the 2017 selection round for the *Linkage Projects* scheme were announced within six months of submission.

### Additional context

The Linkage Program comprises a range of schemes aimed at building collaborative research partnerships between researchers in universities and other organisations. These include: Linkage Projects; ITRH; ITTC; LIEF; and the ARC CoE.

Each scheme is targeted at a different element of end-user engagement:

- the *Linkage Projects* scheme aims to support innovation at all levels, involving end-users from government, not-for-profit and both domestic and international industry
- the Industrial Transformation Research Program (ITRP) aims to support the development of solutions for industry, and train future researchers, through partnerships between universities and industry in identified industrial transformation priority areas
- the ARC CoE scheme aims to build linkages across all sectors including a strong international focus
- the LIEF scheme aims to support collaborative use of infrastructure, primarily between universities, but also involving partner organisations from outside the sector where appropriate.

### Extent to which ARC-funded research results in improved international engagement

#### Why is this important?

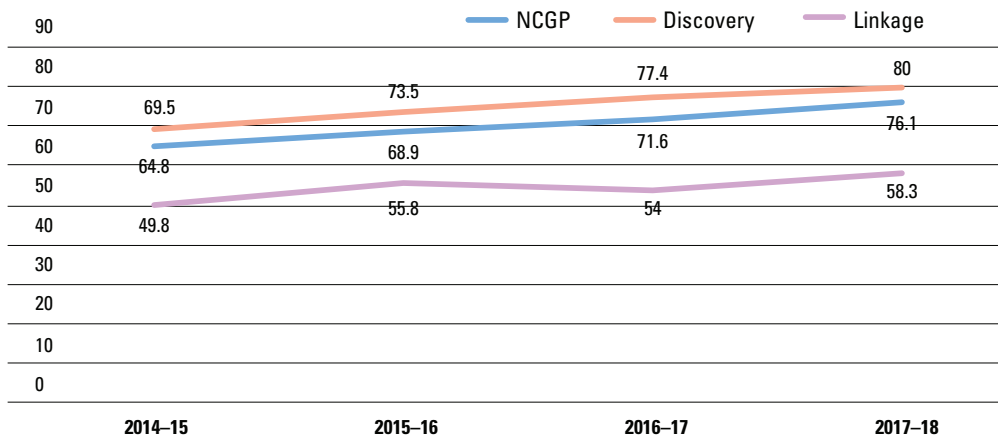
Research is a global activity with researchers seeking access to the best partners and facilities worldwide. The ARC's aim in supporting international research collaboration is to maximise Australia's contribution to, and benefits from, international research collaborations, partnerships, developments and policy.

Performance				
KPI	Proportion of ARC-funded research projects that involve international collaboration			
Source	CP 2017–18 page 35, PBS 2017–18 page 152			
Target	Maintain/increase the proportion			
Results	2017–18	2016–17	2015–16	2014–15
NCGP	76.1% Target met	71.6%	68.9%	64.8%
Discovery	80.0% Target met	77.4%	73.5%	69.5%
Linkage	58.3% Target met	54.0%	55.8%	49.8%

The proportion of ARC-funded research projects involving international collaboration has slowly increased over the past four years (Figure 6).

The ARC's mechanisms of support for international collaboration have not changed significantly in the past four years, indicating that the general upward trend of results for the Discovery and Linkage Programs represents a real change in levels of collaboration.

Figure 6 Proportion of projects involving international collaboration, by program



### Additional context

NCGP funding schemes use a variety of mechanisms to support international research collaboration, including:

- all NCGP schemes are open to overseas researchers as long as they apply through an Australian eligible organisation. If successful, Chief Investigators, fellows and awardees must reside predominantly in Australia for the duration of the project
- as appropriate, researchers located overseas may participate in ARC-funded projects as Partner Investigators without any residency requirements
- project funding can be requested to support international travel by Chief Investigators, fellows, and Partner Investigators associated with a project, to foster and strengthen collaborations between researchers in Australia and overseas
- organisations based overseas (including higher education, companies, not-for-profit and government) are eligible to participate in projects funded under the NCGP, as a partner, other, or host organisation
- funding may be sought for Discovery International Awards (DIAs) under the *Discovery Projects* scheme. DIAs may be requested for up to two researchers per proposal, for a Chief Investigator to work overseas with an overseas based Partner Investigator, or an overseas based Partner Investigator to travel to Australia for research on the project
- international subscriptions are an eligible budget item under the LIEF scheme.

In relation to research projects awarded funding commencing in 2017-18:

- 1823 instances of potential international collaboration were identified with more than 85 countries. The five countries most commonly identified were the United States of America, the United Kingdom, Germany, China and Canada
- 662 international participating organisations (or 446 unique international organisations) were identified (including 'other' and host organisations under the Discovery Program, and partner and 'other' organisations under the Linkage Program)
- 48 international partner organisations (or 47 unique international partner organisations) on projects were awarded funding under the *Linkage Projects* scheme

- the top five fields of international collaboration research were pure mathematics, astronomical and space sciences, materials engineering, biochemistry and cell biology, and atomic, molecular, nuclear, particle and plasma physics
- one international subscription was funded under the LIEF scheme—Contribution to the AugerPrime upgrade of the Pierre Auger Observatory
- 23 per cent of the fellowships and awards under the DECRA, *Future Fellowships* and *Australian Laureate Fellowships* schemes were awarded to researchers from overseas.

### Extent to which ARC-funded research addresses Australian Government priority areas

#### Why is this important?

Through the identification of priority areas, the Australian Government aims to focus research on areas that address challenges facing Australia. The ARC contributes to this aim by funding research in priority areas under the NCGP.

Performance				
<b>KPI</b>	Proportion of ARC-funded research projects that involve research in one of the Australian Government’s Science and Research Priority areas			
<b>Source</b>	CP 2017–18 page 36, PBS 2017–18 pages 152 and 154			
<b>Target</b>	Maintain; with baseline based on four year rolling average			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>NCGP</b>	60.4% Target not measureable	66.0%	n/a	n/a
<b>Discovery</b>	56.1% Target not measureable	59.7%	n/a	n/a
<b>Linkage</b>	79.9% Target not measureable	85.4%	n/a	n/a

Approximately 60.4 per cent of research projects awarded funding commencing in 2017–18 involved research relevant to the Australian Government’s Science and Research Priority areas.

The result recorded for the Discovery Program is lower than the result recorded for the Linkage Program, reflecting the different objectives of the two programs. The Discovery Program is aimed at supporting fundamental research, while the Linkage Program has a greater focus on supporting research partnerships between universities and organisations that will result in the applied use of research.

Performance against the target cannot be measured in 2017–18 as the Science and Research Priority areas have not been in place for four years and were not implemented until 2016–17.

#### Additional context

The Australian Government announced the Science and Research Priority areas in May 2015. The nine cross-disciplinary priorities are food, soil and water, transport, cybersecurity, energy, resources, advanced manufacturing, environmental change and health.

In applying for NCGP funding, researchers are asked to indicate if their proposed research project falls within a priority area. While funding is not specifically directed to these areas, most schemes ask assessors to consider whether the research will address or has the potential to address these areas.

In addition to the Science and Research Priority areas, in 2017–18 the ARC:

- conducted an SRI to support the development of innovative technologies to investigate and remediate PFAS contaminated areas, including soil and other solid contaminated debris, groundwater, waterways and marine systems. The program will build on the Australian Government's investment in responding to PFAS contamination, including investigations, community support, remediation and research
- continued to support Industrial Transformation Priorities under the ITRP. The priorities for funding commencing in 2018 are advanced manufacturing, cyber security, food and agribusiness, medical technologies and pharmaceuticals, mining equipment, technology and services, and oil, gas and energy resources. These priorities are consistent with the six high-growth sectors established under the Australian Government's Industry Growth Centres initiative.

## Extent to which ARC-funded research results in outcomes of benefit to Australia

### Why is this important?

In a tight fiscal government environment it is important that the outcomes of the Australian Government's investment in research can be clearly demonstrated. ARC-funded research provides economic, environmental, social, health and/or cultural benefits to Australia.

Performance				
<b>KPI</b>	Evidence of outcomes arising from ARC-funded research projects, improving our fundamental understanding of the world and/or providing economic, environmental, social, health and/or cultural benefits to Australia			
<b>Source</b>	CP 2017–18 page 36, PBS 2017–18 pages 152 and 154			
<b>Target</b>	Evidence of outcomes arising from ARC-funded research			
Results	2017–18	2016–17	2015–16	2014–15
<b>Discovery</b>	Target met	Met	Met	Met
<b>Linkage</b>	Target met	Met	Met	Met

### Additional context

In 2016–17 the ARC published the *Making a difference* booklet, an annual publication that demonstrates the economic, environmental, social, health and/or cultural benefits stemming from research supported under the NCGP. *Making a difference* can be accessed via the ARC website, [www.arc.gov.au](http://www.arc.gov.au) > *About Us* > *Publications* > *Making a difference*.

### Performance summary

There were no changes in the ARC's activities, organisational capability or environment that impacted significantly on its performance in delivering Key Activity 1: Funding the highest quality research.

As indicated on page 24, during the year:

- a selection round for the *Supporting Responses to Commonwealth Science Council Priorities* scheme was conducted for the first time
- a call for applications was made for the SRI: PFAS Remediation Research Program.

Selection rounds for these schemes were conducted in line with established processes for the LASP and SRI schemes respectively.

### 3.1 ANNUAL PERFORMANCE STATEMENT < PART 3

The ARC commenced implementation planning for the SRI: Excellence in Antarctic Science announced in the 2018 Australian Government budget.

The ARC continued to implement a continuous application and assessment process under the *Linkage Projects* scheme. The continuous process was announced as part of the Australian Government's NISA and was implemented by the ARC for all Linkage Projects applications submitted after 1 July 2016. During 2017–18 the ARC continued to consolidate the processes established in the first year, including the use of video conferencing arrangements for meetings. An evaluation of the ARC's implementation of the continuous application and assessment processes is expected to be undertaken in 2019.

The ARC also continued to build upon its program of stakeholder engagement, particularly with the larger scale funding schemes, including the ARC CoE and ITRP. The focus was on improved grants management by grantees and the promotion of high quality applications for major awards, which typically commence many months before the scheme opens.

#### Key Activity 1: Indicators

Performance criteria: The NCGP contributes to the growth of knowledge and innovation in Australia by funding excellent research and researchers, research training and career development, international collaboration and research in areas of priority. It produces outcomes that improve our fundamental understanding of the world and/or provide economic, environmental, social, health and/or cultural benefits to Australia.

Volume/efficiency and outputs				
KPI	Number of applications submitted to the ARC for funding			
Metric	Activity			
Source	CP 2017–18 page 34			
Target	Not applicable; metric of activity			
Results	2017–18	2016–17	2015–16	2014–15
NCGP	5381	6219	6186	6926
Discovery	4792	5216	5265	6035
Linkage	589	1003	921	891
<b>Additional explanation</b>	The decrease in the number of applications submitted in 2017–18 reflects the lower number of applications received under the <i>Discovery Projects</i> and <i>Linkage Projects</i> schemes and that an ARC CoE selection round was not conducted.			

<b>KPI</b>	Number of research projects funded by the ARC			
<b>Metric</b>	Activity			
<b>Source</b>	CP 2017–18 page 3			
<b>Target</b>	Not applicable; metric of activity			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>NCGP</b>	1111	1272	1227	1368
<b>Discovery</b>	912	957	910	1041
<b>Linkage</b>	199	315	317	327
<b>Additional explanation</b>	Research projects are awarded funding following a competitive peer review process involving national and international assessors. Under the Discovery Program fellowship schemes, the maximum number of awards is set (up to 200 for the DECRA scheme, up to 100 for the <i>Future Fellowships</i> scheme and up to 17 under the <i>Australian Laureate Fellowships</i> scheme). The number of projects funded under other schemes will depend on the total funding available, the funding sought and the quality of those applications.			

<b>KPI</b>	Length of <i>Linkage Projects</i> scheme application and assessment processes			
<b>Metric</b>	Output			
<b>Source</b>	CP 2017–18 page 34, PBS 2017–18 page 154			
<b>Target</b>	Announcement within six months of submission			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>Linkage</b>	76.1%	n/a	n/a	n/a
<b>Additional explanation</b>	See pages 27–28.			

### ARC funding supports excellent researchers

<b>KPI</b>	External recognition of the achievements of ARC-funded researchers			
<b>Metric</b>	Immediate/Intermediate outcome			
<b>Source</b>	CP 2017–18 page 34			
<b>Target</b>	Prizes and awards are won by ARC-funded researchers			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>NCGP</b>	Target met	n/a	n/a	n/a
<b>Additional explanation</b>	External acknowledgement is considered to be a proxy indicator of the excellence of the researchers supported by the ARC. ARC-funded researchers have a strong record of winning prizes and awards and this continued in 2017–18 (see Appendix 3).			

**ARC funding supports research training and career development**

**KPI** Proportion of Discovery Program funding allocated to support early career researchers under the DECRA scheme

**Metric** Immediate outcome

**Source** CP 2017–18 page 35, PBS 2017–18 page 152

**Target** Maintain

Results	2017–18	2016–17	2015–16	2014–15
Discovery	16.3% Target met	16.0%	15.1%	14.7%

**Additional explanation** See page 26.

**KPI** Proportion of Linkage Program funding allocated to support industrial research training under the ITTC scheme

**Metric** Immediate outcome

**Source** CP 2017–18 page 35, PBS 2017–18 page 154

**Target** Maintain

Results	2017–18	2016–17	2015–16	2014–15
Linkage	8.1%	5.8%	4.7%	3.5%

**Additional explanation** See page 26.

**KPI** Number of researchers (unique individuals) on ARC-funded grants (Chief Investigators only)

**Metric** Immediate outcome

**Source** CP 2017–18 page 35

**Target** Not applicable; metric of participation

Results	2017–18	2016–17	2015–16	2014–15
NCGP	2521	2938	2666	2920
Discovery	1611	1649	1571	1730
Linkage	1064	1523	1275	1438

**Additional explanation** The total number of researchers on ARC-funded grants is restricted by the NCGP grant limits. Numbers will fluctuate depending on the size of teams participating in ARC-funded research projects.

**KPI** Number of researchers (unique individuals) on ARC-funded grants who identified as Aboriginal and Torres Strait Islander peoples

Results	2017–18	2016–17	2015–16	2014–15
NCGP	29 (1.2%)	28 (1.0%)	23 (0.9%)	27 (0.9%)
Discovery	27	17	17	18
Linkage	2	12	8	11

**Additional explanation** The proportion of Aboriginal and Torres Strait Islander researchers on ARC grants has remained constant at approximately 1.0 per cent. This figure is consistent with the total proportion of Aboriginal and Torres Strait Islander academics recorded in 2017.

KPI	Number of researchers (unique individuals) on ARC-funded grants who are women			
Results	2017–18	2016–17	2015–16	2014–15
NCGP	736 (29.2%)	784 (26.7%)	690 (25.9%)	780 (26.7%)
Discovery	530	477	440	502
Linkage	224	343	284	328

**Additional explanation** The proportion of female investigators increased slightly in 2017–18 to 29.2 per cent (up from 26.7 per cent in 2014–15).

KPI	Number of researchers (unique individuals) on ARC-funded grants who are early career researchers			
Results	2017–18	2016–17	2015–16	2014–15
NCGP	339 (13.4%)	362 (12.3%)	393 (14.7%)	425 (14.6%)
Discovery	273	278	285	300
Linkage	74	95	118	141

**Additional explanation** Early career researchers are defined as researchers within five years of completion of their PhD. The proportion of early career researchers increased slightly in 2017–18.

KPI	Number of researchers on ARC-funded grants who are fellows or awardees			
Results	2017–18	2016–17	2015–16	2014–15
Discovery	309	320	268	370

**Additional explanation** Under the Discovery Program, the ARC administers fellowship schemes aimed at early career researchers, mid-career researchers, established researchers and Aboriginal and Torres Strait Islander researchers. The drop in 2015–16 is due to the smaller number of awards made under the *Future Fellowships* scheme in that year.

### ARC funding supports international collaboration

KPI	Proportion of ARC-funded research projects that involve international collaboration			
Metric	Immediate outcome			
Source	CP 2017–18 page 35, PBS 2017–18 page 152			
Target	Maintain/increase the proportion			
Results	2017–18	2016–17	2015–16	2014–15
NCGP	76.1%	71.6%	68.9%	64.8%
Discovery	80.0%	77.4%	73.5%	69.5%
Linkage	58.3%	54.0%	56.0%	49.8%

**Additional explanation** See pages 28–30.

<b>KPI</b>	Proportion of financial (cash) contributions to ARC-funded research made by international partner organisations			
<b>Metric</b>	Immediate outcome			
<b>Source</b>	CP 2017–18 page 35			
<b>Target</b>	Not applicable; metric of participation			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>Linkage</b>	20.2%	22.7%	24.4%	22.9%

**Additional explanation** The decrease in the proportion of cash contributions made by international organisations in 2016–17 and 2017–18 may be the result of changes to the Linkage Projects application and assessment processes in 2016. An evaluation of the implementation of these changes will be conducted in 2019.

<b>KPI</b>	Proportion of participating organisations that are international organisations			
<b>Metric</b>	Immediate outcome			
<b>Source</b>	CP 2017–18 page 35			
<b>Target</b>	Not applicable; metric of participation			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>NCGP</b>	39.2%	36.6%	35.0%	37.7%
<b>Discovery</b>	62.9%	62.4%	61.3%	60.6%
<b>Linkage</b>	16.1%	20.3%	16.4%	18.4%

**Additional explanation** Under the NCGP, international organisations are eligible to participate as a partner, host or other organisation in research projects administered by an eligible organisation. The proportion of international organisations has remained relatively constant under the NCGP in recent years.

#### ARC funding supports expanded engagement between researchers and end-users

<b>KPI</b>	Level of co-funding from partner organisations involved in ARC-funded research projects (Linkage Projects)			
<b>Metric</b>	Immediate outcome			
<b>Source</b>	CP 2017–18 page 36, PBS 2017–18 page 154			
<b>Target</b>	Maintain/increase the level of co-funding from partner organisations under the <i>Linkage Projects</i> scheme (greater than \$1 of co-funding per \$1 of ARC funding)			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>Linkage</b>	\$1.76	\$1.98	\$1.76	\$1.93

**Additional explanation** See page 27.

<b>KPI</b>	Proportion of partner organisations satisfied with research partnerships supported through the Linkage Program (Linkage Projects)			
<b>Metric</b>	Intermediate outcome			
<b>Source</b>	CP 2017–18 page 36, PBS 2017–18 page 154			
<b>Target</b>	Maintain; with baseline based on four-year rolling average			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>Linkage</b>	97.0% Target met	98.0%	98.0%	98.0%

**Additional explanation** See page 27.

### ARC funding grows Australia's research capacity in priority research areas

<b>KPI</b>	Proportion of ARC-funded research projects that involve research in one of the Australian Government's Science and Research Priority areas			
<b>Metric</b>	Immediate outcome			
<b>Source</b>	CP 2017–18 page 36, PBS 2017–18 pages 152 and 154			
<b>Target</b>	Maintain; with baseline based on four-year rolling average			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>NCGP</b>	60.4%	66.0%	n/a	n/a
<b>Discovery</b>	56.1%	59.7%	n/a	n/a
<b>Linkage</b>	79.9%	85.4%	n/a	n/a

**Additional explanation** See pages 30–31.

<b>KPI</b>	Proportion of funding allocated to ARC-funded research projects that involve research in one of the Australian Government's Science and Research Priority areas			
<b>Metric</b>	Immediate outcome			
<b>Source</b>	CP 2017–18 page 36			
<b>Target</b>	Maintain; with baseline based on four year rolling average			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>NCGP</b>	65.3%	79.6%	n/a	n/a
<b>Discovery</b>	58.0%	62.5%	n/a	n/a
<b>Linkage</b>	88.9%	96.1%	n/a	n/a

**Additional explanation** The falling proportion of funding reflects the decrease in the number of projects involving research in one of the Science and Research Priority areas.

**ARC funding grows knowledge and innovation****KPI** Number of research outputs arising from ARC-funded research projects**Metric** Immediate outcome**Source** CP 2017–18 page 36**Target** Not applicable; output metric

Results	2017–18	2016–17	2015–16	2014–15
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<b>NCGP</b>	16,187	n/a	n/a	n/a
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**Additional explanation** ARC-funded research projects commencing in 2012 produced 16,187 research outputs, including 10,372 articles in scholarly refereed journals.

**KPI** Number of commercialisation outputs arising from ARC-funded research projects including start-up companies, licensed technologies, invention disclosures and patents**Metric** Immediate outcome**Source** CP 2017–18 page 36**Target** Not applicable; output metric

Results	2017–18	2016–17	2015–16	2014–15
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<b>NCGP</b>	128	n/a	n/a	n/a
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**Additional explanation** ARC-funded research projects commencing in 2012 produced 128 commercialisation outputs, including 46 invention disclosures, 54 patents filed, and six plant breeder rights. In addition, the establishment of nine start-up companies was identified as being the result of projects commencing in 2012.

**KPI** Proportion of established ARC research centres demonstrating growth of knowledge and innovation**Metric** Intermediate outcome**Source** CP 2017–18 page 36**Target** 100 per cent

Results	2017–18	2016–17	2015–16	2014–15
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<b>Linkage</b>	100.0% Target met	n/a	n/a	n/a
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**Additional explanation** Each year research centres provide information on knowledge and innovation activities through a final report provided to the ARC. Copies of these final reports may be found on the website of individual centres.

**ARC-funded research produces outcomes of benefit**

<b>KPI</b>	Proportion of ARC-funded research projects that meet their objectives			
<b>Metric</b>	Intermediate outcome			
<b>Source</b>	CP 2017–18 page 36			
<b>Target</b>	Maintain			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>NCGP</b>	97.0%	n/a	n/a	n/a
	Target not measureable			

**Additional explanation** Of the final reports received for ARC-funded research projects commencing in 2012, 97% indicated that they had either met all the objectives of their research or met over half of their objectives.

<b>KPI</b>	Evidence of outcomes arising from ARC-funded research projects, fellowships and awards improving our fundamental understanding of the world and/or providing economic, environmental, social, health and/or cultural benefits to Australia			
<b>Metric</b>	Intermediate/long-term outcome			
<b>Source</b>	CP 2017–18 page 36, PBS 2017–18 pages 152 and 154			
<b>Target</b>	Evidence of outcomes arising from ARC-funded research			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
<b>Discovery</b>	Target met	Met	Met	Met
<b>Linkage</b>	Target met	Met	Met	Met

**Additional explanation** See pages 31–32.

## KEY ACTIVITY 2: ASSESSING THE QUALITY, ENGAGEMENT AND IMPACT OF RESEARCH

### Description

Excellence in Research for Australia (ERA) evaluates research quality by discipline at Australian universities. Evaluating research against international benchmarks, ERA identifies excellence across the full spectrum of research activities. ERA aims to improve Australia's research capabilities and inform government policy.

In 2017–18 the ARC completed development and commenced implementation of an Engagement and Impact (EI) assessment. Drawing on the lessons of a successful pilot, the first full EI assessment is being run in 2018 in conjunction with ERA. It will examine the social, economic, environmental and cultural benefits of Australian university research and provide incentives for universities to improve their collaborations with industry and other research end-users.

Together these frameworks:

- provide a unique, evidence-based resource to inform Australian Government research policy and the strategic direction of Australian universities
- encourage researchers to produce high-quality research with real-world benefits.

### Deliverables

The key deliverables for ERA and EI as identified in the PBS 2017–18 (page 155) were:

- administering an evaluation framework to measure and report on the quality of research conducted at Australian universities
- developing a framework to assess engagement and show how universities are translating their research into economic, social, environmental and other impacts
- informing strategic policy advice on research quality, engagement and impact.

In 2017–18, the ARC:

- commenced implementation of the fourth round of ERA
- completed the EI pilot and reported on the EI pilot outcomes
- finalised the development of the EI 2018 methodology and commenced implementation of EI 2018
- provided strategic policy advice on a wide range of research matters relating to research quality, engagement and impact.

### ERA provides assurance of the quality of research in Australia

#### Why is this important?

ERA informs existing and prospective stakeholders about the performance of each university by discipline and helps promote Australia's research strengths on the world stage. Providing assurance of the quality of research enables strategic planning by universities and the Australian Government. This strategic planning further strengthens Australia's research capabilities.

Performance					
<b>KPI</b>	Evidence that ERA provides assurance of the quality of research in Australia				
<b>Source</b>	CP 2017–18 pages 16 and 37–38, PBS 2017–18 pages 155–156				
<b>Target</b>	ERA reports and activities inform Australian Government policy				
<b>Results</b>	2017–18	2016–17	2015–16	2014–15	
	Target met	Met	Met	Met	
<b>Indicator</b>	Number of organisations participating				
<b>Results</b>	2017–18	2016–17	2015–16	2014–15	
	42	n/a	41	41	
<b>Target</b>	ERA evaluations are delivered in line with planned timelines				
<b>Results</b>	2017–18	2016–17	2015–16	2014–15	
	n/a	n/a	Met	n/a	

#### Analysis of results—ERA informs Australian Government policy

The three rounds of ERA conducted to date have established a dataset documenting the research activity and performance of Australian universities that spans over a decade. The dataset is a unique and valuable resource for a range of stakeholders. The ARC responds to requests from government agencies for information about university research and performance to inform Australian Government policy on research quality.

#### Analysis of results—Number of organisations participating

As ERA is an evaluation of the quality of Australian university research, widespread participation by the university sector is needed for the program to meet its objectives. In 2017–18 the submission stage of ERA 2018 was completed. All 42 eligible institutions identified in the *ERA 2018 Submission Guidelines* made submissions for ERA 2018.

Note: the years 2014–15 and 2015–16 cover the ERA 2015 round. In those years only 41 institutions were eligible to participate in ERA.

#### Analysis of results—ERA delivered on time

Due to the triennial timeframe of ERA, an assessment was not completed in 2017–18. However, as scheduled, in 2017–18 the ARC assisted universities with preparations for ERA 2018 and the ERA 2018 submission process was completed in May 2018.

## ERA encourages excellent, internationally competitive research

### Why is this important?

Improvements in research quality lead to a better return on investment in research, and improve the social rate of return of research<sup>1</sup>. The ARC's aim is to ensure these outcomes can be realised for Australia through the conduct of a best practice assessment of the quality of research at Australian universities.

Performance				
<b>KPI</b>	ERA encourages excellent, internationally competitive research			
<b>Source</b>	CP 2017–18 pages 16, 37–38, PBS 2017–18 pages 155–156			
<b>Target</b>	ERA reports and activities inform strategic planning at eligible Australian higher education institutions			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
	Target met	Met	Met	Met
<b>Target</b>	Research performance of higher education institutions improves			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
	n/a	n/a	Met	n/a

### Analysis of results—Informs strategic planning activities

A survey of the websites of ERA participating universities revealed that about 22 per cent of institutions referenced ERA in their strategic planning documents and about 54 per cent referenced ERA in their annual report of performance. In addition, more than 90 per cent referred to ERA and/or their ERA performance on their website.

Over 63 per cent of universities listed their ERA results as a measure of success (across their strategic plans, annual reports and webpages). Almost half of universities framed material in their annual reports and strategic plans in a manner consistent with ERA's objectives, for example, by referring to building on existing research strengths, identifying new interdisciplinary research opportunities and including research excellence as an aim.

### Analysis of results—Research performance improves

Performance against this target cannot be measured in 2017–18 because an ERA evaluation was not completed.

ERA is conducted every three years with the most recent round being in 2015 and the current round underway in the 2018 calendar year. The outcomes of ERA 2015 showed that the quality of research conducted by eligible Australian higher education institutions had improved since the previous evaluation.

<sup>1</sup> *Benefits Realisation Review of Excellence in Research for Australia*, September 2013, ACIL Allen Consulting

## The Engagement and Impact assessment encourages impactful engagement within and beyond the research sector

### Why is this important?

Existing systems of research evaluation show that transparent reporting of university performance drives institutions to modify and improve their behaviour. The assessment and reporting of a university's performance in both research engagement and impact can lead to greater collaboration between universities and research end-users. It is also expected to encourage improved performance in the translation and commercialisation of research. This will deliver economic and social benefits and maximise the value of Australia's public investment in research.

Performance				
<b>KPI</b>	The Engagement and Impact assessment encourages impactful engagement within and beyond the research sector			
<b>Source</b>	CP 2017–18 pages 16, 37–38, PBS 2017–18 pages 155–156			
<b>Target</b>	n/a—see PBS 2018–19 page 126. Relevant targets rely on information to be collected for the first time in 2018–19			
Results	2017–18	2016–17	2015–16	2014–15
	n/a	n/a	n/a	n/a

### Analysis of results

Performance against this KPI cannot be measured in 2017–18 because an EI assessment was not fully completed. The relevant targets require indicators that will be available in 2018–19, following the completion of the EI assessment. These targets, as set out in the *ARC Corporate Plan 2017–18*, are:

- number of organisations participating—data to be collected in 2018–19
- EI assessment delivered in line with planned timelines—EI to be completed in 2018–19
- engagement within and beyond the research sector is benchmarked—data to be collected in 2018–19
- engagement within and beyond the research sector improves—data to be collected in 2021–22
- impact studies submitted for the EI assessment publicly demonstrate how universities are translating their research into economic, social, environmental and other impacts—data to be collected in 2018–19.

In 2017–18 the ARC finalised the development of the EI assessment methodology, which was based on the outcomes of a successful pilot exercise. The findings were published in a report released by Senator the Hon. Simon Birmingham, the then Minister for Education and Training, on 1 November 2017. The release of the report marked the end of the pilot and the start of preparations for launching the 2018 assessment.

By the end of the 2017–18 reporting period, the ARC had completed preparations for and begun implementation of EI 2018. The submission phase of the assessment commenced on 17 May 2018 and the chairs of the panels undertaking the assessments were announced on 6 April 2018.

## Performance summary

There were no changes in the ARC's activities, organisational capability or environment that impacted on its performance in delivering Key Activity 2: Assessing the quality, engagement and impact of research.

In 2017–18, the ARC worked on preparations for and commenced implementation of EI and ERA 2018. This included:

- recruiting and training committee members for ERA, receiving submissions from universities, and commencing ERA evaluation processes
- finalising the development of the EI 2018 methodology, recruiting EI panel members, and opening the EI submission phase.

Stakeholder engagement continued to be an important input to the ARC's processes, including for developing the EI methodology and preparing for the EI and ERA 2018 submissions.

## Key Activity 2: Indicators

Performance criteria: The ERA program, including the research quality assessment framework and the 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, and encouraging impactful engagement within and beyond the research sector.

### Volume/efficiency of activity and outputs

KPI	Number of organisations participating			
Metric/Outcome	Activity			
Source	CP 2017–18 page 37			
Target	Not applicable			
Results	2017–18	2016–17	2015–16	2014–15
	42	n/a	41	41

**Additional explanation** To date this metric applies to the ERA evaluation framework only. In the years 2014–15 and 2015–16 only 41 institutions were eligible to participate in ERA. In 2017–18, 42 institutions were eligible to participate.

### KPI Delivery of ERA evaluation and EI assessment

KPI	Delivery of ERA evaluation and EI assessment			
Metric/Outcome	Output			
Source	CP 2017–18 page 37			
Target	ERA evaluations and EI assessments are delivered in line with planned timelines			
Results	2017–18	2016–17	2015–16	2014–15
	n/a	n/a	Met	n/a

**Additional explanation** Submission of data for ERA 2018 was completed in May 2018 in line with anticipated timeframes. The completion of ERA evaluations and EI assessments is scheduled for the 2018 calendar year.

<b>Outcomes</b>					
<b>KPI</b>	Australian Government policy				
<b>Metric/Outcome</b>	Immediate; intermediate outcome				
<b>Source</b>	CP 2017–18 page 37, PBS 2017–18 page 155				
<b>Target</b>	The ERA program delivers reports and activities that inform Australian Government policy				
<b>Results</b>	2017–18	2016–17	2015–16	2014–15	
	Target met	Met	Met	Met	
<b>Additional explanation</b>	See page 41.				
<b>KPI</b>	Strategic planning at eligible Australian universities				
<b>Metric/Outcome</b>	Immediate/intermediate outcome				
<b>Source</b>	CP 2017–18 page 37, PBS 2017–18 pages 155–56				
<b>Target</b>	The ERA program delivers reports and activities that inform strategic planning at eligible Australian universities				
<b>Results</b>	2017–18	2016–17	2015–16	2014–15	
	Target met	Met	Met	Met	
<b>Additional explanation</b>	See page 42.				
<b>KPI</b>	Engagement within and beyond the research sector (2018–19)				
<b>Metric/Outcome</b>	Immediate outcome				
<b>Source</b>	CP 2017–18 page 37, PBS 2017–18 page 156 (amended in Corporate Plan)				
<b>Target</b>	Engagement within and beyond the research sector is benchmarked				
<b>Results</b>	2017–18	2016–17	2015–16	2014–15	
	n/a	n/a	n/a	n/a	
<b>Additional explanation</b>	Data scheduled for collection in 2018–19.				
<b>KPI</b>	Engagement within and beyond the research sector (2021–22)				
<b>Metric/Outcome</b>	Immediate/intermediate/long-term outcome				
<b>Source</b>	CP 2017–18 page 38, PBS 2017–18 page 156 (amended in Corporate Plan)				
<b>Target</b>	Engagement within and beyond the research sector improves				
<b>Results</b>	2017–18	2016–17	2015–16	2014–15	
	n/a	n/a	n/a	n/a	
<b>Additional explanation</b>	Data scheduled for collection in 2021–22.				

### 3.1 ANNUAL PERFORMANCE STATEMENT < PART 3

<b>KPI</b>	Translation of university research into economic, social, environmental and other impacts			
<b>Metric/Outcome</b>	Immediate/intermediate/long-term outcome			
<b>Source</b>	CP 2017–18 page 38, PBS 2017–18 page 156 (amended in Corporate Plan)			
<b>Target</b>	Impact studies submitted for the EI assessment publicly demonstrate how universities are translating their research into economic, social, environmental and other impacts			
<b>Results</b>	<b>2017–18</b>	<b>2016–17</b>	<b>2015–16</b>	<b>2014–15</b>
	n/a	n/a	n/a	n/a
<b>Additional explanation</b>	Data scheduled for collection in 2018–19.			
<b>KPI</b>	Research performance of higher education institutions			
<b>Metric/Outcome</b>	Immediate/intermediate/long-term outcome			
<b>Source</b>	CP 2017–18 page 38, PBS 2017–18 page 156			
<b>Target</b>	Research performance of higher education institutions improves			
<b>Results</b>	<b>2017–18</b>	<b>2016–17</b>	<b>2015–16</b>	<b>2014–15</b>
	n/a	n/a	Met	n/a
<b>Additional explanation</b>	Data scheduled for collection in 2018–19.			

## KEY ACTIVITY 3: PROVIDING ADVICE ON RESEARCH MATTERS

### Description

The ARC's commitment and contribution to policy development plays an essential role in facilitating excellent research outcomes for Australia. The ARC takes an active and collegiate approach to identifying and responding to emerging issues and challenges within Australia's research sector.

Through policy development and advice, the ARC aims to:

- reflect current Australian Government priorities and initiatives in its operations
- contribute to the development of national research and innovation policy
- provide advice on research matters to the Australian Government
- support the effective delivery of ARC programs.

### Deliverables

As identified in the PBS 2017–18, policy advice underpins the ARC's delivery of the NCGP, ERA and EI assessment (PBS pages 151–156).

In 2017–18, the ARC:

- reviewed research-related policies and consulted with stakeholders regarding potential changes
- finalised a revision of the *Australian Code for the Responsible Conduct of Research*, in conjunction with the National Health and Medical Research Council (NHMRC) and Universities Australia (UA)
- participated in policy development across portfolios, including Aboriginal and Torres Strait Islander ethical guidelines for undertaking research
- continued to look for ways to increase the efficiency, comprehensiveness and timeliness of data gathering and reporting
- continued to monitor emerging issues relevant to the research sector
- monitored, incorporated and contributed to international developments in research and research funding.

### ARC policy advice contributes and responds to Australian Government policy development

#### Why is this important?

The ARC's aim is to develop policy advice and implement policies regarding research that support achieving tangible benefits for Australia.

Performance				
<b>KPI</b>	ARC policy advice reflects Australian Government priorities and policies			
<b>Source</b>	CP 2017–18, pages 17–18, 39			
<b>Target</b>	ARC policy reflects Government priorities and initiatives			
Results	2017–18	2016–17	2015–16	2014–15
	Target met	Met	Met	Met

### Analysis of results

During 2017–18, the ARC:

- implemented initiatives from NISA and other reviews
- continued to implement the Australian Government’s Science and Research Priority areas through all NCGP funding schemes, and Industrial Transformation Priority areas through the ITRP
- worked cooperatively with other agencies, including the NHMRC and the Department of Education and Training on a range of research policy activities.

### National Innovation and Science Agenda

The ARC is leading implementation of two initiatives under NISA: (i) the introduction of continuous application and expedited decision-making processes under the *Linkage Projects* scheme, and (ii) a systematic national assessment of research engagement and impact at a university level by discipline, as a companion to the ERA exercise. In 2017–18, the ARC completed a year of the continuous submission and assessment process for Linkage Projects 2017, and initiated Linkage Projects 2018.

### Special Research Initiative—PFAS Remediation Research Program

In 2018 the ARC commenced funding through the SRI for the PFAS Remediation Research Program. The SRI funding will facilitate the development of innovative technologies to investigate and remediate PFAS contaminated waterways, waste, debris and/or large volumes of groundwater. It will also develop options and mechanisms through which these technologies can be applied in the field.

### Review of Research Policy and Funding Arrangements (Watt Review)

The final report of the Watt Review, released in December 2015, included 28 recommendations. The Australian Government formally responded to the review in May 2016, accepting all 28 recommendations. In addition to the NISA initiatives, the report included recommendations that relate to the ARC in a number of key areas including the use of experts with experience in industry in assessing proposals for funding, and intellectual property requirements relating to ARC-funded research.

Experts with experience in industry, collaboration and commercialising research have been identified for assessing grant proposals for funding under schemes in the Linkage Program. The Selection Advisory Committee for the ITRP 2018, for example, has its membership sourced equally from industry and academia.

During 2017–18, the ARC finalised a new intellectual property policy which was developed in consultation with relevant government agencies and universities.

### Implementation of Science and Research Priority areas

Information about the ARC’s implementation of Science and Research Priority areas under the NCGP is provided on page 5.

### National policy initiatives and discussions

The ARC continued to ensure that the benefits of publicly funded research are realised and disseminated as widely as possible. It does this by working with the research sector to facilitate compliance with the ARC’s open access policy and open data requirements. The ARC continued to be an active observer on the Universities Australia Deputy Vice Chancellors (Research) Committee working group tasked with progressing an agenda around FAIR (Findable, Accessible, Interoperable and Reusable) access to research outputs.

The ARC has reviewed its *Research Workforce Statement*, its *Gender Equality in Research Statement*, and its annual gender equality action plan.

### Working with the National Health and Medical Research Council

The ARC finalised and released a revised version of the *Australian Code for the Responsible Conduct of Research, 2018* with the NHMRC and UA. The ARC also participated in the review of Aboriginal and Torres Strait Islander research ethics guidelines. The ARC's active contribution to these reviews has ensured that the scope of these documents is relevant to research across all disciplines.

### ARC policy advice supports best practice research

#### Why is this important?

Best practice research is critical for the development of the robust evidence base required to drive discoveries that will benefit Australia. It provides the basis for high quality research training and career development and delivers assurance to those who use outcomes of research for innovation. Best research practice also helps build assurance and public confidence in the research process and its outcomes.

Performance				
<b>KPI</b>	ARC policy advice supports best practice research			
<b>Source</b>	CP 2017–18, pages 17–18, 39			
<b>Target</b>	ARC policies support the NCGP, particularly industry engagement and research workforce			
Results	2017–18	2016–17	2015–16	2014–15
	Target met	Met	Met	Met

#### Analysis of results

The ARC's administration of the NCGP is supported by a range of policy documents. During 2017–18 the ARC:

- reviewed and re-released its *Research Workforce Statement*, *Gender Equality in Research Statement of Support and Action Plan*, and *Aboriginal and Torres Strait Islander Researchers and Research: ARC Statement of Support and Action Plan 2018–2019*
- released the *ARC Reconciliation Action Plan 2018–2019*
- finalised the *ARC Intellectual Property Policy*
- released a revised *ARC Medical Research Policy*
- released a revised *ARC Conflict of Interest and Confidentiality Policy*.

#### Research workforce

The *ARC Research Workforce Statement* outlines how the ARC contributes to establishing a sustainable research workforce in Australia. The ARC does this by funding the highest quality research in all disciplines and supporting researchers at all career stages as well as from under-represented groups. The ARC provides funding that supports researchers' flexibility in shaping their careers, and helps attract and retain the highest quality researchers.

To assist in the implementation of the *Research Workforce Statement*, the ARC developed the *Gender Equality in Research* and *Aboriginal and Torres Strait Islander Researchers and Research* statements of support and action plans. The action plans are reviewed annually.

## ARC policy advice engages researchers, including international organisations and researchers

### Why is this important?

Involving stakeholders in policy development and evaluation processes helps to ensure policies and activities align with their expectations and needs. It increases the diversity of experience and knowledge available to the ARC in identifying relevant issues, analysing policy options and deciding on the appropriate policy instruments. Stakeholder feedback surrounding the implementation of policies gives the ARC exposure to valuable information about policy effects, resulting in more successful policy outcomes.

Performance				
<b>KPI</b>	ARC policy advice engages stakeholders in ARC policy development, including international organisations and researchers			
<b>Source</b>	CP 2017–18, pages 16 and 39			
<b>Target</b>	Stakeholder engagement in ARC policy development activities			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
	Target met	Met	Met	Met
<b>KPI</b>	Stakeholders are satisfied with ARC policy advice			
<b>Source</b>	CP 2017–18, pages 16 and 39			
<b>Target</b>	Stakeholders are satisfied with the quality of ARC policy advice			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
	Target met	Met	Met	Met

### Analysis of results

During 2017–18 the ARC:

- continued to engage with a broad range of national and international stakeholders on research matters, including research integrity, open research and program evaluation
- continued to provide evidence-based policy advice, including investigating different ways of interrogating data to help reveal trends or issues of concern
- communicated policy changes to stakeholders in Australia and internationally
- maintained an evaluation plan for key program initiatives
- through its consultation and development activities for ERA and EI, engaged with a wide range of researchers, research leaders and managers, and experts in research evaluation, nationally and internationally.

### National engagement

In 2017–18, the ARC engaged with a range of stakeholders on ERA and EI in a variety of forums. In 2017–18 the ARC sought feedback and input from universities, peak bodies and representatives from industry to finalise the development of the methodology for EI 2018. In addition, the ARC engaged directly with eligible universities to assist in the preparation of submissions for the ERA and EI 2018 processes. This included direct requests for feedback, face-to-face meetings with participating universities, as well as meetings with researchers and other interested stakeholders.

### International engagement

The ARC hosted several international delegations in 2017–18, sharing information on the ERA and EI methodologies. International researchers participated in the steering committee and working groups that developed the assessment methodology for EI 2018. ARC representatives took part in a major international conference in Rome, attended by international government representatives, to share lessons on the methodologies suitable for nationwide assessments of the engagement and impact of university research.

The ARC continued to be an active participant in the Global Research Council, attending the Asia-Pacific regional meeting in Sri Lanka in November 2017 and contributing to the items discussed at the annual meeting in Russia in May 2018.

Seventeen international delegations visited the ARC throughout 2017–18 to explore and better understand the opportunities available to international researchers and research organisations through the NCGP. In addition, there were 20 instances where the ARC attended or contributed to meetings, interviews or engagements with international stakeholders.

### Performance summary

There were no changes in the ARC's activities, organisational capability or environment that impacted its performance in delivering Key Activity 3: Providing advice on research matters.

A key development during the year was the Australian Government's review of a range of research and higher education activities. This provided opportunities for the ARC to engage in discussions and respond to requests for information about a broad range of research and higher education issues.

### Key Activity 3: Indicators

Performance criteria: ARC policy advice contributes to the growth of knowledge and innovation in Australia by providing a robust framework for the administration of the NCGP, ERA and the EI assessment. It provides a robust framework that supports the conduct of the highest quality research leading to outcomes of benefit for Australia.

Volume/efficiency of activity and outputs				
<b>KPI</b>	Number of policies developed			
<b>Metric</b>	Activity			
<b>Source</b>	CP 2017–18 page 39			
<b>Target</b>	Not applicable			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
	5	n/a	n/a	n/a
<b>Additional explanation</b>	Policies developed reflect NCGP needs.			
<b>KPI</b>	ARC policy advice reflecting Australian Government priorities and policies			
<b>Metric</b>	Immediate			
<b>Source</b>	CP 2017–18 page 39			
<b>Target</b>	ARC policy advice reflects Australian Government priorities and policies			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
	Target met	Met	Met	Met
<b>Additional explanation</b>	See pages 47–49.			

### 3.1 ANNUAL PERFORMANCE STATEMENT < PART 3

<b>KPI</b>	ARC policy advice supporting best practice research			
<b>Metric</b>	Immediate; intermediate			
<b>Source</b>	CP 2017–18 page 39			
<b>Target</b>	ARC policy advice supports best practice research			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
	Target met	Met	Met	Met
<b>Additional explanation</b>	Policies developed by the ARC are responsive to NCGP and industry activities. The biannual review of ARC policies has facilitated improvement in the diversity of the research workforce.			
<b>KPI</b>	Stakeholder engagement in ARC policy development activities (including international organisations and researchers)			
<b>Metric</b>	Immediate; intermediate			
<b>Source</b>	CP 2017–18 page 39			
<b>Target</b>	Stakeholder engagement in ARC policy development activities			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
	Target met	Met	Met	Met
<b>Additional explanation</b>	Key stakeholders contributed to the development of new ARC policies.			
<b>KPI</b>	Stakeholder satisfaction with the quality of ARC policy advice			
<b>Metric</b>	Immediate; intermediate			
<b>Source</b>	CP 2017–18 page 39			
<b>Target</b>	ARC policies reflect national and international research policy developments			
<b>Results</b>	2017–18	2016–17	2015–16	2014–15
	Target met	Met	Met	Met
<b>Additional explanation</b>	Stakeholders are supportive of ARC policies, and have actively participated in policy development.			

# 3.2 Financial performance

## SUMMARY

This section provides an overview of the ARC's financial performance during 2017–18 for both departmental and administered activities. It should be read in conjunction with the information on financial performance provided in Part 5, which includes:

- the ARC's financial statements
- the Australian National Audit Office unqualified audit opinion for the statements
- a statement from the CEO and Acting Chief Financial Officer that the statements comply with the PGPA Act.

The ARC Resource Statement is presented in Appendix 4, Table A3, followed by the ARC Expenses by Outcome table, Table A4.

The ARC's total appropriated resources for 2017–18 were \$789.7 million. This comprised:

- \$764.6 million for the administered appropriation (\$758.1 million special appropriation for the NCGP and \$6.5 million for the annual administered appropriation)
- \$25.1 million for the departmental appropriation (\$23.2 million for operating expenses, \$1.2 million for the Departmental Capital Budget and \$0.7 million for an equity injection).

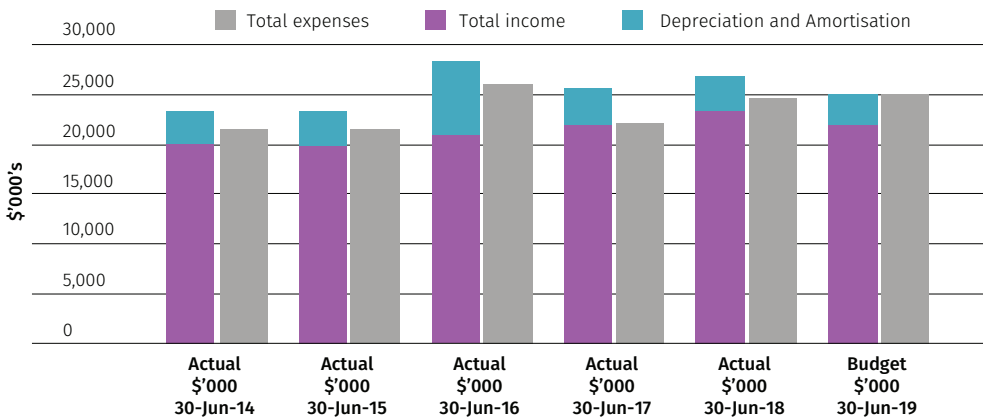
## DEPARTMENTAL ACTIVITIES

Departmental activities include assets, liabilities, revenues and expenses that the ARC controls directly and uses to produce outcomes on behalf of the Australian Government.

Figure 7 outlines the ARC's departmental financial performance over the past five years and the current budget for 2018–19. Expenditure and Government revenue was consistent over the 2012–13 to 2014–15 financial years. The increase in 2015–16 and 2016–17 expenditure mainly reflected the 2015–16 Mid-Year Economic and Fiscal Outlook measures relating to NISA.

For 2017–18 the ARC recorded an operating deficit of \$1.4 million. If the depreciation and amortisation expenditure is excluded to account for the net cash arrangements, this results in a \$2.2 million surplus. This is mainly attributable to the \$2 million received from the Department of Defence for the administration of the PFAS Remediation Research Program.

Figure 7 Departmental financial performance, 2013–14 to 2018–19

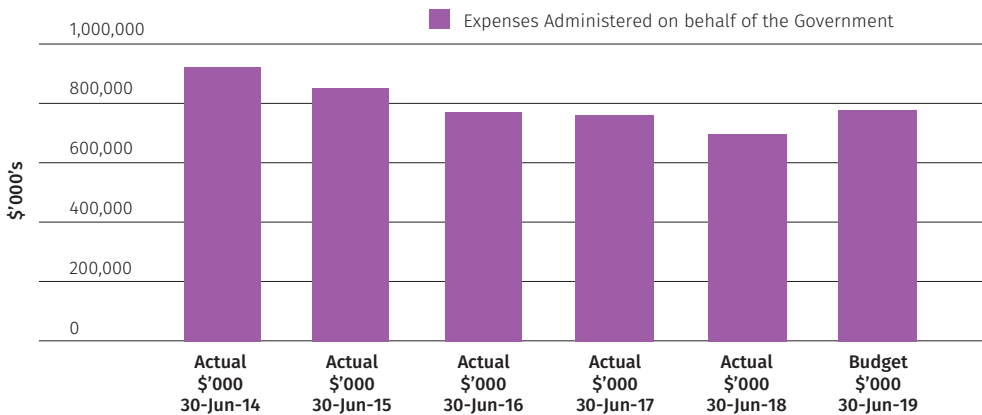


## ADMINISTERED ACTIVITIES

Administered activities include assets, liabilities, revenues and expenses that are managed by the ARC on behalf of the Australian Government, which includes grants and supplier costs.

Figure 8 outlines the ARC’s administered financial expenditure over the past five years and the budget for 2018–19. The expenditure fluctuates from year to year and reflects the Government’s priorities and also the timing of when expenditure has been recognised.

Figure 8 Administered financial performance, 2013–14 to 2018–19





**PART 4**

# Management and accountability



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# 4.1 Corporate governance

## FRAUD MANAGEMENT

In accordance with section 10 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) the ARC CEO must take all reasonable measures to prevent, detect and deal with fraud relating to the agency.

The ARC recognises the need for a sound and robust financial framework based on legal and ethical decision making. Management has a key responsibility to ensure that the ARC's assets are safeguarded against loss by fraud or negligence. ARC staff are required to implement and adhere to fraud control procedures and report all instances of suspected fraud.

The *ARC Fraud Control Plan* complies with the *Australian/New Zealand Standard for Risk Management* (AS/NZS ISO 31000: 2009) and the *Commonwealth Fraud Control Framework 2014*. This plan was reviewed and updated in April 2018 and is due to be reviewed in 2020. The Chief Financial Officer reports at each ARC Audit Committee meeting on potential fraud incidents or changes to fraud risk.

## CORPORATE GOVERNANCE STRUCTURES AND PROCESSES

### Senior executive and their responsibilities

At 30 June 2018 the ARC had nine senior executive staff: the CEO; Executive General Manager; Branch Manager Policy and Strategy; Acting Branch Manager Corporate Services; Branch Manager Research Excellence; and four Executive Directors. Executive Directors are academics drawn from the higher education and research sectors usually for a period of between three and five years.

In addition to the senior executive staff, the ARC had three other senior staff at 30 June 2018—the Chief Information Officer, Acting Chief Financial Officer, and Chief Program Officer.

There were three significant changes to the ARC's senior executive over the 2017–18 period. Dr Robert Mun joined the ARC on 7 May 2018 as an Executive Director, Professor Stephen Buckman ended his term as an Executive Director on 31 May 2018, and Dr Fiona Cameron ended her term as an Executive Director on 30 June 2018.

## Responsibilities



**Professor Sue Thomas**  
**Chief Executive Officer**

Professor Sue Thomas has statutory responsibilities for managing and leading the agency in accordance with the requirements of relevant legislation. Under the *Australian Research Council Act 2001* (ARC Act), the CEO is required to make recommendations to the Minister on which proposals should be approved for funding, administer the financial assistance for research provided through the National Competitive Grants Program (NCGP) and provide advice to the Minister on research matters.



**Ms Leanne Harvey**  
**Executive General Manager**

Ms Leanne Harvey is responsible for the Research Excellence and Corporate Services branches of the ARC. The Research Excellence Branch comprises three sections—bibliometrics and evaluation reporting, research systems and data, and research evaluation.



**Ms Kylie Emery**  
**Branch Manager, Policy and Strategy**

Ms Kylie Emery is responsible for the Policy and Strategy Branch. The Branch comprises two sections—strategy and governance, and policy and integrity. These areas involve responsibility for NCGP policy, non-financial corporate governance, risk management, research integrity, internal audit, ARC guidelines, and data provision and analysis activities.



**Ms Julija Deleva**  
**Acting Branch Manager, Corporate Services**

Ms Julija Deleva is responsible for the management of corporate services which includes finance, legal, people and services, program evaluation, and stakeholder relations and parliamentary engagement.



**Ms Sarah Howard**

**Branch Manager, Research Excellence**

Ms Sarah Howard is responsible for the ongoing implementation of the Excellence in Research for Australia (ERA) program, and the development and implementation of a new Engagement and Impact (EI) assessment. Ms Howard also oversees the management of the longitudinal datasets for these evaluation programs and the provision of policy advice on research evaluation and the state of the Australian university research landscape more broadly.



**Professor Stephen Buckman**

**Executive Director, Physical Sciences, Engineering, Mathematics and Information Sciences (PSEMIS)**

Professor Stephen Buckman was responsible for PSEMIS issues and NCGP funding schemes. Professor Buckman joined the ARC in November 2016. Previously, Professor Buckman was Director of the Research School of Physics and Engineering at The Australian National University until July 2015 when he retired. Professor Buckman was awarded a Member of the Order of Australia in 2013 for service to science in the field of experimental atomic physics as a leading researcher, academic and author. Professor Stephen Buckman ended his term as an Executive Director on 31 May 2018.



**Dr Fiona Cameron**

**Executive Director, Biological Sciences and Biotechnology (BSB)**

Dr Fiona Cameron was responsible for BSB issues and NCGP funding schemes. Prior to joining the ARC, Dr Cameron led the Innovation and Consulting Unit at Western Sydney University. In this role, she worked closely with the university executive, academics, researchers and the university research office to identify opportunities to protect, develop and commercialise intellectual property and build relationships with industry and government. Dr Cameron ended her term as an Executive Director on 30 June 2018.



**Professor Therese Jefferson**

**Executive Director, Social, Behavioural and Economic Sciences (SBE)**

Professor Therese Jefferson is responsible for SBE issues and NCGP funding schemes. Professor Jefferson joined the ARC in February 2017. Previously, Professor Jefferson was a Research Fellow at Curtin University of Technology, within the Curtin Business School. Professor Jefferson's research expertise lies in the gendered aspects of employment, economic security and labour markets, with a special interest in the economic well-being of people in later life and the use of mixed methodologies in economics.



**Dr Robert Mun**

**Executive Director, Engineering and Information Sciences (EIS)**

Dr Robert Mun is responsible for EIS issues and NCGP funding schemes. Dr Mun joined the ARC in May 2018. Previously, Dr Mun was Branch Head at the Defence Science and Technology Group with the Australian Department of Defence, and Scientific Advisor to the Navy and also to the Defence Material Organisation. Dr Mun's research expertise relates to chemical engineering. He managed the Department of Defence's Capability and Technology Demonstrator Program, a grant funding scheme promoting innovative defence technologies.



**Professor Joanne Tompkins**

**Executive Director, Humanities and Creative Arts (HCA)**

Professor Joanne Tompkins is responsible for HCA issues and NCGP funding schemes. Professor Tompkins joined the ARC in April 2017. Previously, she was Associate Dean (Research) in the Faculty of Humanities and Social Sciences at The University of Queensland. Professor Tompkins' research expertise lies in the humanities and creative arts, particularly in spatial theories and virtual reality, multicultural theories and drama, intercultural performance and feminist performance. Her research has assisted the development of cultural spaces for theatres, galleries and museums through the three-dimensional visualisation and modelling of theatre spaces.

### ARC committees and their roles

The ARC's committees support activities across four key areas:

- governance
- administration of the NCGP
- administration of ERA and the EI assessment
- research integrity matters arising from ARC funded-research.

### Governance

#### Senior Management Group

Senior Management Group (SMG) supports the CEO to deliver their responsibilities under the ARC Act, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and the *Public Service Act 1999* (PS Act). It oversees management of the agency, monitors and reviews the operations of the agency, and ensures effective communication of the agency's priorities across all business areas.

SMG generally meets every two weeks and consists of the CEO, Executive General Manager, Branch Manager Policy and Strategy, Acting Branch Manager Corporate Services, Branch Manager Research Excellence, Chief Information Officer, Chief Financial Officer, Chief Program Officer and Director, People and Services.

During the year, the following management committees reported through SMG to the CEO:

- Business Continuity Plan Committee, which ensures that the *Business Continuity Plan* (BCP) remains current and practical, and is tested on a scheduled basis to minimise the likelihood and/or consequence of any potential risk exposure to the ARC's core business processes
- Delta Project Board, which provides oversight and operational management for work packages within Project Delta surrounding scope, budget, risk management and scheduling
- Diversity Working Group, which integrates diversity and equity matters into workplace practice
- Information and Communications Technology (ICT) Change Control Committee, which approves changes to ICT applications and infrastructure, and coordinates the release of these changes
- ICT Governance Committee, which reviews the ICT services requirements for the ARC, and provides recommendations on priorities for the ICT Services Branch
- Information Governance Committee, which ensures that there is a consistent, systematic and whole-of-agency approach to managing information
- People Management and Development Committee, which provides a forum for the ARC to consult with employees and their representatives about workplace issues
- Planning and Reporting Committee, which provides advice on all elements of the ARC planning and reporting framework
- Program, Strategy and Executive Committee, which provides advice and recommendations on policy and programs as they relate to the NCGP
- Security Committee, which oversees adherence to physical, personal and IT security measures
- Work Health and Safety Committee, which develops and promotes initiatives to protect the health and safety of employees, contractors and visitors through the implementation and review of the ARC's work health and safety policies and practices.

### Audit Committee

The Audit Committee (the Committee) provides the CEO with independent assurance by reviewing the ARC's financial and performance reporting responsibilities, systems for internal control, risk management and corporate governance.

The Committee is established by the CEO in compliance with the PGPA Act and PGPA Rule (section 17). Its functions and responsibilities are detailed in the *ARC Audit Committee Charter* which is reviewed annually or as required. Members are a mix of internal and external appointments who collectively possess a broad range of skills and experience relevant to the operations of the ARC (Table 1). During 2017–18 the ARC Audit Committee held five meetings.

**Table 1 Membership of the ARC Audit Committee, 2017–18**

Member	Date of appointment	Expiry of appointment
Mr P Kennedy, External member (Chair)	01/01/2010	30/09/2018
Dr E Arthur, External member	01/11/2013	31/10/2017
Dr J Baker, Internal member	01/03/2016	03/04/2018
Ms S Howard, Internal member	01/10/2014	30/09/2017
Mr G Rankin, External member	01/11/2013	31/10/2018
Ms J Satrapa, Internal member	01/06/2018	30/05/2021
Mrs K Toole, External member	15/03/2017	31/03/2019
Mr J Withers, Internal member	01/10/2017	30/09/2020

### Advisory Council

The ARC Advisory Council provides strategic advice to the CEO on issues relating to the purpose of the ARC. This includes: advice on strategic planning; policy matters relating to innovation, research and research training; and matters relating to the evaluation of the quality and outcomes of research and research training in an international context.

The Advisory Council is chaired by the CEO and comprises up to nine additional members appointed by the CEO on the basis of their distinguished academic research records and/or achievements in business and/or research (Table 2). There were no meetings of the Advisory Council in 2017–18. Seven new members of the ARC Advisory Council were appointed in 2017–18 with a commencement date of 1 July 2018. It is expected that the Council will meet in the first half of 2018–2019.

Table 2 Membership of the ARC Advisory Council, 2017–18

Member, Institution	Date of appointment	Expiry of appointment
Professor S Thomas, ARC (Chair)	03/07/2017	30/07/2022
Professor K Hall, The University of Newcastle	01/07/2018	30/06/2019
Professor D Ivison, The University of Sydney	01/07/2018	30/06/2019
Professor D Lloyd, University of South Australia	01/07/2018	30/06/2019
Ms L Marshall, Museums Victoria	01/07/2018	30/06/2019
Mr M McKenzie, Council of Small Business Australia	01/07/2018	30/06/2019
Emeritus Professor C Shannon, Shannon Consulting	01/07/2018	30/06/2019
Professor D Terry, Curtin University	01/07/2018	30/06/2019

### Administration of the National Competitive Grants Program

#### ARC College of Experts

The ARC College of Experts plays a key role in identifying research excellence, moderating external assessments of grant applications and recommending projects to be funded. The College comprises a wide range of experienced and highly qualified people of international standing, drawn from across academia, industry and public sector research organisations. Members are appointed for up to three years and are announced annually, ensuring a constant source of expertise. At the discretion of the ARC, extensions of up to one year may be offered to ensure the availability of expertise across the range of proposals being submitted.

The College comprised 195 members in 2018. On 23 October 2017 the ARC announced 47 new members of the College for 2018. In the 2018 nomination round, strong emphasis was placed on interdisciplinary expertise, as well as interest in a wide range of research areas. This year, to assist with the continuous application and assessment process implemented under the *Linkage Projects* scheme, two existing members received extensions to continue as members of the College. In support of the ARC's *Reconciliation Action Plan April 2018–March 2019*, an additional 10 Aboriginal and Torres Strait Islander members were appointed to the College, nominated by Indigenous Groups and recruited for the Discovery Indigenous Selection Advisory Committee. A list of members is on the ARC website, [www.arc.gov.au](http://www.arc.gov.au) > *About Us* > *Committees* > *ARC College of Experts*.

#### National Competitive Grants Program Appeals Committee

The NCGP Appeals Committee considers appeals submitted to the ARC in relation to the NCGP and makes recommendations to the CEO about whether each appeal should be upheld or dismissed. This committee also provides general advice to the ARC about how administrative processes could be modified or improved. The committee consists of external members appointed by the CEO. The 2017–18 members were Emeritus Professor A Cheetham (Chair), Professor H Bachor, and Professor L Johnson. The NCGP Appeals Committee met three times in 2017–18.

#### National Competitive Grants Program Eligibility Committee

The NCGP Eligibility Committee considers eligibility issues under the funding schemes of the NCGP. This committee, comprising Executive Directors and the Branch Manager Policy and Strategy, provides recommendations to the CEO.

### National Competitive Grants Program Scrutiny Committee

The NCGP Scrutiny Committee scrutinises the probity of ARC assessment processes in relation to funding proposals involving members of the ARC College of Experts and/or ARC staff. This committee comprises three members appointed by the CEO. In 2017, the members were Professor R Fitzgerald (Chair), Ms V Hart and Mr S Sedgley. In 2018, the members were Professor A Wells (Chair), Professor D Sharma, Professor D Siddle and Mr J Withers. The NCGP Scrutiny Committee met four times in 2017–18.

## Administration of Excellence in Research for Australia and the Engagement and Impact assessment

### EI Steering Committee

The EI Steering Committee, which included higher education and industry leaders, helped to develop an assessment framework with transparent indicators of non-academic impact, and industry and end-user engagement, to assess Australia's university research performance and inform future funding structures. Members of the Steering Committee were appointed for a term of two years.

### EI Technical Working Group

The role of the Technical Working Group was to provide expert advice on the development of indicators to support a national EI assessment. This included providing advice regarding development of an appropriate methodology; assessment requirements for different disciplines and incorporating interactions with a range of end-user groups; along with the development of appropriate indicators of research engagement and research impact.

### EI Performance and Incentives Working Group

The role of the Performance and Incentives Working Group was to provide advice to the ARC about the potential incentive effects of the preferred model for EI. This included identifying how the process and measures in the preferred model might influence the decisions of universities about the focus of their research activities.

### EI Pilot Assessment and Review Panels

The assessments for the EI pilot were undertaken by five panels each comprised of academic researchers and research end-users. A review panel was also established to examine pilot material and assessments, and provide advice to the ARC on the EI pilot methodology.

### EI 2018 Assessment Panels

The assessments for EI 2018 will be undertaken by panels comprising a mix of distinguished academic researchers and highly experienced research end-users. There are five assessment panels for EI 2018. Chairs for the EI 2018 panels were appointed in 2017–18. They are Professor R Dunford, Professor G Goggin, Professor J Grundy, Professor T Nolan and Professor M Walter.

### ERA 2018 Research Evaluation Committees

Evaluations in ERA are undertaken by Research Evaluation Committees (RECs) comprising Australian and international researchers. The committee members are drawn from nominations submitted to the ARC from the sector. There are eight RECs for ERA 2018. Chairs and members for the ERA 2018 RECs were appointed in 2017–18.

### Australian Research Integrity Committee

The ARC and the National Health and Medical Research Council (NHMRC) jointly established the Australian Research Integrity Committee (ARIC) in February 2011.

On request, ARIC reviews whether an institution's response to an allegation of research misconduct is consistent with the *Australian Code for the Responsible Conduct of Research*, and the institution's own policies and procedures.

ARIC comprises eight expert members (Table 3) and reports to both the ARC and the NHMRC. During 2017–18, the ARIC-ARC secretariat received five requests for review. It also continued consideration of two requests for review that were received in 2016–17. In relation to the seven ARIC-ARC matters active in 2017–18:

- Four requests for review were determined to be within the scope of ARIC. Of these, one review was finalised and the outcomes were communicated to the relevant parties by the ARC. Two reviews commenced and were ongoing, and the other was yet to commence, as at 30 June 2018.
- Two requests for review were outside the scope of ARIC and the complainants were notified.
- One request for review was under consideration as at 30 June 2018 to determine whether it was within the scope of ARIC.

**Table 3 Membership of the Australian Research Integrity Committee, 2017–18**

Member	Year of current appointment	Expiry of current appointment
Mr R Brent (Chair)	January 2017	December 2019
Dr K Breen	January 2017	December 2019
Ms J Hamblin	January 2017	December 2019
Emeritus Professor S Shaver	January 2017	December 2019
Mr M Chilcott	May 2017	December 2019
Emeritus Professor A Lawson	May 2017	December 2019
Professor M Otlowski	May 2017	December 2019
Emeritus Professor J Reid	May 2017	December 2019

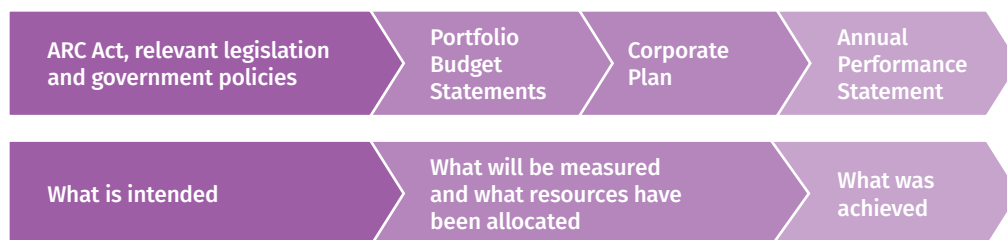
### Planning and reporting arrangements

The ARC's performance measurement framework is consistent with the requirements of the PGPA Act and the enhanced Commonwealth performance framework.

The ARC's framework ensures there is a clear line of sight between the performance criteria published in the ARC's Portfolio Budget Statements (PBS) and Corporate Plan, and the performance information published in the Annual Performance Statement in the Annual Report. Together, these documents aim to provide the ARC's complete performance story (Figure 9).

In addition to published performance information, the ARC's performance measurement framework is supported by internal operational planning, monitoring and reporting processes.

Figure 9 External planning and reporting framework, 2017–18



During 2017–18 the ARC:

- prepared the *ARC Annual Report 2016–17*, which was tabled in both Houses of Parliament on 31 October 2017
- published the *ARC Corporate Plan 2017–18*, as required by the PGPA Act
- prepared the *ARC Corporate Plan 2018–19*, as required by the PGPA Act
- developed the ARC operational plan for 2017–18 following the publication of the ARC Corporate Plan. The operational plan allowed ARC business areas to track the progress of their key activities in the Corporate Plan, and report on this progress to the SMG biannually
- enhanced the ARC’s performance planning and reporting capabilities through the internal Planning and Reporting Committee
- prepared the 2018–19 PBS in accordance with Department of Finance guidance. The 2018–19 PBS was tabled in Parliament on 8 May 2018 as part of the Education and Training PBS
- continued to review its performance measurement framework in preparation for drafting of the Corporate Plan 2018–19
- participated in Community of Practice meetings organised by the Department of Finance to share experiences and information about new planning and reporting requirements.

## Internal audit arrangements including risk

### Internal audit

An integral part of the ARC’s corporate governance framework is the ARC’s internal audit function, which provides an independent, objective review and advisory service. It gives the CEO assurance that the ARC’s financial and operational controls, designed to manage the entity’s risk and achieve the ARC’s objectives, are operating in an efficient, effective, economical and ethical manner. Internal audit also assists management in improving the ARC’s business performance.

The ARC’s internal audit function is managed by the Head, Internal Audit, who is the Branch Manager Policy and Strategy. The internal auditor role is outsourced to an independent service provider and reports to the Audit Committee through the Head, Internal Audit. In 2017–18, the ARC’s internal auditor was McGrathNicol Advisory Partnership.

McGrathNicol assisted in the development of an annual internal audit work plan and undertook the following audits during 2017–18:

- Annual Performance Statements
- IT General Controls
- Post-award Grant Management
- Research Misconduct and Integrity.

### Risk

#### Framework

The ARC manages risk in accordance with the PGPA Act, the *Commonwealth Risk Management Policy* and the *Australian/New Zealand Standard for Risk Management (AS/NZS ISO 31000: 2009)*. The ARC's risk management framework is underpinned by five key components—a policy, a plan and toolkit, an operational risk register, a strategic risk register and a network of risk champions. The framework is reviewed annually by the SMG to facilitate continual improvement.

Results from the 2018 Comcover Risk Management Benchmarking Program found that the ARC continued to achieve an overall risk maturity level of 'Advanced'. The benchmarking program concluded that the ARC had a well-established risk management framework and policy, risk management was well embedded into business processes and that there was a positive risk culture at the ARC.

#### Contribution of risk management to achieving objectives

The ARC's risk management framework is designed to minimise the possibility of loss or damage to operations, staff, property, reputation and assets, while recognising opportunities to meet the stated objectives of the entity within a good corporate framework.

In January 2018 the SMG reviewed the ARC's strategic risks for 2017–18 to ensure that they remained relevant, and that the controls for each risk were still effective and appropriate. Following consultation with senior staff across the agency, and in parallel with strategic and corporate planning activities, the SMG finalised its strategic risks for 2018–19 in June 2018.

The ARC reviewed its operational risks in October 2017 and March 2018. This biannual activity helped ensure that business areas were able to properly plan and deliver against the key activities outlined in the ARC's operational plan.

#### Business continuity and disaster recovery

The ARC's BCP sets out the controls and contingencies to minimise the likelihood and/or consequence of any potential risk exposure to the core business processes of the ARC. It includes the ARC's ICT Disaster Recovery Plan, which is designed to safeguard and recover critical ICT systems.

In 2017–18, the ARC:

- reviewed and updated the BCP
- held two meetings of the Business Continuity Plan Committee.

### Ethical standards

#### As a public service agency

The ARC is committed to high ethical standards. This commitment is promoted through:

- the ARC's guiding principles which include 'accountability through transparent, efficient and effective processes and adherence to ethical standards'
- the incorporation of ethical standards into ARC governance policies and guidelines
- the incorporation of the ARC values into performance agreements
- an Ethics, Integrity and Fraud page on the ARC intranet site and the Australian Public Service Commission (APSC) Ethics Advisory Service
- an ARC Ethics Contact Officer.

The ARC includes an overview and discussion of the Australian Public Service (APS) Values and Code of Conduct as part of induction training for new appointees. Biannual individual performance reviews provide ongoing opportunities for staff and supervisors to address ethical issues.

Data collected for the *State of the Service Report Census*, conducted by the APSC in 2017 showed that 79 per cent of ARC staff believed that ARC senior executives act in accordance with the APS values, compared to 72 per cent APS wide.

The ARC is committed to preserving public confidence in the integrity, legitimacy, impartiality and fairness of its business. ARC committee members and assessors, as well as any other people undertaking ARC business, must comply with the *ARC Conflict of Interest and Confidentiality Policy*.

### As a research funding agency

#### ARC Research Integrity and Research Misconduct Policy

To safeguard the integrity of the ARC's processes, the *ARC Research Integrity and Research Misconduct Policy* requires organisations and in some circumstances individuals, engaged in ARC business, to report to the ARC on research integrity matters. This policy outlines actions the ARC may take in response to breaches of the *Australian Code for the Responsible Conduct of Research* (the Code). It also describes pathways through which potential breaches of the Code can be referred to institutions for investigation. The *ARC Research Integrity and Research Misconduct Policy* is available on the ARC website, [www.arc.gov.au](http://www.arc.gov.au) > *Policies and Strategies* > *Policy*.

In 2017–18, the ARC was notified of, or identified, 33 new matters relating to actual or potential breaches of the Code or research misconduct. This included matters reported by institutions as well as concerns identified through ARC business or members of the public. In addition, 19 matters reported or identified prior to 1 July 2017 were still active in 2017–18.

Of the 52 matters that were active in 2017–18, 40 were finalised as at 30 June 2018. This included:

- thirteen matters where institutional investigations found breaches of the Code with the ARC taking action in response
- eleven matters where institutional investigations found breaches of the Code and the ARC determined that no ARC action was required as the breaches were minor and/or the action taken by the institution was considered sufficient to address the matter
- five matters that were dismissed following institutional investigations
- eleven matters where investigation was not required as the matters were not within the scope of the policy or insufficient information was available to provide grounds for investigation.

As at 30 June 2018 there were 12 active matters under consideration by the ARC or investigation by institutions.

#### National codes and statements on research ethics

All ARC-funded research projects must adhere to the *Australian Code for the Responsible Conduct of Research*. In June 2018 the ARC, the NHMRC and Universities Australia released a revised version of the Code 2018 and the *Guide to Managing and Investigating Potential Breaches of the Australian Code for the Responsible Conduct of Research, 2018*.

Where applicable, ARC-funded research projects must also comply with:

- the *National Statement on Ethical Conduct in Human Research* (2007)
- *Ethical Conduct in Research with Aboriginal and Torres Strait Islander Peoples and Communities* (2018)
- *Australian Institute of Aboriginal and Torres Strait Islander Studies Guidelines for Ethical Research in Australian Indigenous Studies* (2012)
- *Australian Code for the Care and Use of Animals for Scientific Purposes* (2013).

The principles and responsibilities outlined in the 2018 Code will promote greater consistency across the research sector and build upon the foundation laid by the 2007 Code. The 2018 Code will provide assurance that the Australian research effort continues to be underpinned by honesty, rigour, transparency and accountability, and that researchers treat each other fairly and show respect for the people, communities and environments impacted by their research. It will help to ensure that Australian research continues to be held in the highest regard internationally, and provides all Australians with confidence in publicly funded research.

The 2018 Code and investigation guide are the result of an extensive review and consultation process. The Code presents eight principles of responsible research and 29 key responsibilities for researchers and institutions. The supporting investigation guide describes the processes for managing and investigating potential breaches of the Code. The Code can be applied to the range of research contexts in Australia—from small medical institutions to large universities, and across all research disciplines. It aims to ensure procedural fairness for all parties.

Supplementary guidance documents are being developed to support implementation of the principles and responsibilities in the 2018 Code. The ARC is revising its *Research Integrity and Research Misconduct Policy* and, in conjunction with the NHMRC, the *Australian Research Integrity Committee Framework*. This will ensure these documents are aligned to the 2018 Code and investigation guide.

It is expected that all institutions will meet the requirements of the 2018 Code by 1 July 2019.

### Service delivery and complaints handling

The ARC sets out the standards of service clients should expect from the ARC in the *ARC Client Service Charter*.

The *ARC Complaints Handling and Appeals Policy* assists clients to make a general complaint about the ARC or submit an appeal about the administrative processes of the NCGP. In 2017–18, the ARC received:

- two general complaints about the accessibility of information on the ARC website
- one complaint about the management by the ARC of a grant assessment provided by an ARC assessor
- one complaint about the ARC's lack of involvement in the management of a university PhD student who was working on an ARC grant while not part of the research team
- five appeals relating to proposals submitted for funding under the NCGP. Of these, two were upheld by the NCGP Appeals Committee. Further information on the NCGP Appeals Committee is provided on page 64.

### Senior Executive Service remuneration

Terms and conditions for ARC Senior Executive Service (SES) staff are set out by common law contracts. As at 30 June 2018 there were four common law contracts in place for ARC SES staff.

Remuneration is reviewed annually taking into account the individual's personal skills, knowledge, experience and capabilities as well as achievements against goals set in the preceding performance cycle.

At 30 June 2018 the notional salary range for SES Band 1 and Band 2 officers was between \$170,000 and \$296,000. Further information about senior executive remuneration is available on the ARC website.

## NON-COMPLIANCE WITH FINANCE LAW

The ARC did not report any significant issues to the Minister under paragraph 19(1)(e) of the PGPA Act that relates to non-compliance with Finance law.

## 4.2 External scrutiny

### JUDICIAL DECISIONS, DECISIONS OF ADMINISTRATIVE TRIBUNALS AND BY THE AUSTRALIAN INFORMATION COMMISSIONER

There were no decisions of any Court during 2017–18 that had, or may have, a significant impact on the operations of the ARC.

There were also no decisions of administrative tribunals or the Office of the Australian Information Commissioner during 2017–18 that had, or may have, a significant impact on the operations of the ARC.

### REPORTS ON ARC OPERATIONS BY THE AUDITOR-GENERAL

During 2017–18, the ARC was not directly involved in any audits conducted by the Australian National Audit Office (ANAO).

To ensure that the ARC is adhering to best practice, ANAO performance audit reports, recommendations, and key learnings are disseminated to relevant work areas across the ARC for review and consideration.

### PARLIAMENTARY SERVICES AND REPORTING TO PARLIAMENTARY COMMITTEES

The ARC provides high-quality parliamentary services to support the agency and the Minister in fulfilling their accountability requirements. These services include: processing, monitoring and quality-assuring ministerial correspondence and briefings; coordinating question time briefs and senate estimates; liaising; and supporting the senior executive and the Minister's office.

In March 2018 the Senate Education and Employment Legislation Committee released its report on Annual Reports for the agencies for which it is responsible—*Annual Reports (No. 1 of 2018)*.

The committee assessed the *ARC Annual Report 2016–17* as meeting all the requirements under the PGPA Rule relating to the letter of transmittal, inclusion of audit reports, style and formatting, and assessment of performance against targets.

During 2017–18, the ARC appeared before the Senate Education and Employment Legislation Committee for:

- Additional Estimates—February 2018
- Budget Estimates—June 2018.

ARC officials also attended the Supplementary Budget Estimates in October 2017, but were not called to give evidence.

From these hearings, the ARC received 43 Questions on Notice and all were tabled within the required timeframe.

The ARC also prepared submissions to parliamentary committee inquiries during the year. ARC submissions were lodged directly to the relevant committee or input was provided to the responsible department.

## REPORTS ON ARC OPERATIONS BY THE COMMONWEALTH OMBUDSMAN

During 2017–18, the Commonwealth Ombudsman’s Office commenced two investigations into ARC business. These investigations involved consideration by the Ombudsman of the assessment of and scores awarded to unfunded grant proposals, along with allegations of bias and an appraisal of the grant assessment process.

The investigations are still current.

## AGENCY CAPABILITY REVIEWS

No capability reviews of the ARC were conducted or released during 2017–18.

# 4.3 Management of human resources

## EFFECTIVENESS IN MANAGING AND DEVELOPING STAFF

### Workforce planning, staff retention and turnover

During 2017–18, the ARC reviewed its priorities for the year and the need for staff in particular areas to support those priorities. The ARC maximised opportunities to develop a flexible and responsive workforce by:

- enabling staff rotations to support staff development and encouraging staff to assist with ERA and NCGP processes during peak periods of activity
- providing targeted training opportunities
- providing opportunities for staff to work at higher levels during staff absences
- ensuring relevant knowledge management and sharing processes were in place.

In 2017–18, staff turnover figures were higher than in previous years, with 21 separations recorded compared to 18 in 2016–17. Fifteen of these separations were for career opportunities both inside and outside the APS.

### Employment agreements

During 2017–18, the ARC employed non-SES staff under the following arrangements:

- **ARC Enterprise Agreement 2017–2020:** Under this agreement ARC employees receive a productivity salary increase of two per cent upon commencement of the agreement, two per cent after 12 months, and two per cent after 24 months service.
- **Australian Workplace Agreements (AWAs):** AWAs are formalised individual agreements negotiated by the employer and employee. Changes to the *Workplace Relations Act 1996* stipulated that no new AWAs could be entered into on or after 13 February 2008. The ARC has a small number of staff on AWAs that were negotiated before those changes were enacted.
- **Individual Flexibility Arrangements (IFAs):** Employees covered by the ARC Enterprise Agreement 2017–2020 may agree to make an IFA to vary the effect of terms of the agreement. IFAs within the ARC generally deal with retention allowances or remuneration, allowing the CEO to remunerate specialised employees based on market forces and experience.

### Training and development

ARC training and development activities are conducted within the framework of its *Learning and Development Strategy 2014–17*. The strategy aims to ensure that all employees have access to appropriate training opportunities to ensure the organisation has the right skills and knowledge to achieve its objectives.

In the 2017 Australian Public Service Employee Census, 78 per cent of ARC staff indicated that they believed the ARC provided access to effective learning and development opportunities compared to 69 per cent for the APS.

In 2017–18, the People and Services Section coordinated access for ARC staff to a range of training opportunities including eLearning, in-house training, as well as external opportunities such as coaching and studies assistance.

### In-house training

During the year, all employees were required to undertake mandatory eLearning modules. The modules included:

- CORE Cultural Learning: Aboriginal and Torres Strait Islander Australia
- Resilience
- Beyond Blue—Managing Mental Health Risks at Work
- Beyond Blue—What Would You Do? Approaching An Employee You're Concerned About (For Supervisors)
- Developing Self Awareness
- Creating Accessible Documents With Microsoft Office
- Reconciliation Australia's 'Share our Pride'
- Financial Management and Budgeting.

All new staff were required to undertake four eLearning modules: APS Values and Principles, Security, Privacy Awareness and Fraud Awareness.

The ARC also provided in-house training to staff on Bullying and Harassment-Free Workplaces, Organisational Behaviour, Speed Reading and Memory Enhancement, How to Write a Winning Application and Practice Interview Techniques, Professional Representational Skills, and New Supervisor Skills.

### Work health and safety performance

The ARC's workplace health and safety arrangements, provided in accordance with Schedule 2, Part 4 of the *Work Health and Safety Act 2011*, are reported in Appendix 5.

### Productivity gains

During 2017–18 the ARC continued to review its procedures to streamline administrative processes and systems for ARC staff and NCGP and ERA stakeholders. In addition, the ARC:

- implemented a new application to support ERA 2018 nominations, submissions and assignments
- automated the input of project outputs into NCGP final reports
- launched revised online forms to simplify and streamline the submission of NCGP final reports
- implemented an online College of Experts nomination process
- adopted standard Australian Government terminology templates for Grant Guidelines and Grant Agreements
- began publishing all Grant Guidelines on the GrantConnect website—the whole-of-government grants information system. Grants awarded and grant variations were also recorded on this site
- automated data extraction processes for GrantConnect
- implemented software to streamline request and issue tracking by the Facilities and Services team
- utilised the GovCMS hosting arrangements for the ARC internet site, reducing support requirements
- automated a range of manual processes into the ERA ICT platform (SEER) including:
  - nomination and selection processes for REC members and peer reviewers (for both ERA and EI)
  - preparation processes for the ERA and EI evaluation meetings
- incorporated manual report generation into the SEER interface.

## STAFF STATISTICS

### Overview

Table 4 Employment performance (at 30 June 2017 and 2018)

Indicator	2017 (no.)	2018 (no.)
Total workforce	133	145
Full-time workforce	111	116
Part-time workforce	22	29
Women	97	104
Men	36	41
Identified as Aboriginal and Torres Strait Islander Peoples	0	1

**Note:** CEO is not included in this table.

### Classification level

Table 5 Number of staff by substantive classification level (at 30 June 2017 and 2018)

Classification	Ongoing 2017	Ongoing 2018	Non-ongoing 2017	Non-ongoing 2018
SES	2	2	2	0
Executive Level 2	17	21	0	1
Executive Level 1	42	43	1	1
APS6 (ARC Level 3)	29	31	2	1
APS4-5 (ARC Level 2)	35	35	1	6
APS1-3 (ARC Level 1)	1	1	1	3
<b>Total</b>	<b>126</b>	<b>133</b>	<b>7</b>	<b>12</b>

**Note:** CEO is not included in this table.

### Full-time/part-time employment arrangements

Table 6 Number of staff by full-time/part-time employment arrangements (at 30 June 2017 and 2018)

Classification	Ongoing 2017	Ongoing 2018	Non-ongoing 2017	Non-ongoing 2018
<b>Full-time</b>				
SES	2	2	1	0
Executive Level 2	16	20	0	0
Executive Level 1	36	35	1	1
APS6 (ARC Level 3)	23	21	2	0
APS4-5 (ARC Level 2)	28	29	1	5
APS1-3 (ARC Level 1)	0	1	1	2
<b>Total</b>	<b>105</b>	<b>108</b>	<b>6</b>	<b>8</b>
<b>Part-time</b>				
SES	0	0	1	0
Executive Level 2	1	1	0	1
Executive Level 1	6	8	0	0
APS6 (ARC Level 3)	6	10	0	1
APS4-5 (ARC Level 2)	7	6	0	1
APS1-3 (ARC Level 1)	1	0	0	1
<b>Total</b>	<b>21</b>	<b>25</b>	<b>1</b>	<b>4</b>

## Gender

Table 7 Number of staff by gender (at 30 June 2017 and 2018)

Classification	Ongoing 2017	Ongoing 2018	Non-ongoing 2017	Non-ongoing 2018
<b>Female</b>				
SES	2	2	1	0
Executive Level 2	11	12	0	0
Executive Level 1	27	29	1	1
APS6 (ARC Level 3)	23	24	1	1
APS4–5 (ARC Level 2)	28	28	1	4
APS1–3 (ARC Level 1)	1	1	1	2
<b>Total</b>	<b>92</b>	<b>96</b>	<b>5</b>	<b>8</b>
<b>Male</b>				
SES	0	0	1	0
Executive Level 2	6	9	0	1
Executive Level 1	15	14	0	0
APS6 (ARC Level 3)	6	7	1	0
APS4–5 (ARC Level 2)	7	7	0	2
APS1–3 (ARC Level 1)	0	0	0	1
<b>Total</b>	<b>34</b>	<b>37</b>	<b>2</b>	<b>4</b>

## Physical location

All ARC staff are located in Canberra.

## Identify as Aboriginal and Torres Strait Islander

The ARC has one staff member who identifies as being Aboriginal or Torres Strait Islander.

## Diversity

The *ARC Workforce Diversity Program 2015–19* provides the framework for a number of diversity plans and policies including the *Multicultural Access and Equity Plan*, *Discrimination and Harassment-Free Workplace Policy*, and *Reconciliation Action Plan April 2018–March 2019*.

In 2017–18 the ARC:

- required all staff to complete Bullying and Harassment-Free Workplace training
- required all staff to complete eLearning modules on Cultural Awareness
- discussed diversity ideas and progress against commitments in the Diversity Program through the ARC Diversity Working Group
- launched the *Reconciliation Action Plan April 2018–March 2019*
- hosted National Reconciliation Week activities

- participated in National Aboriginal and Islander Day Observance Committee (NAIDOC) week activities
- celebrated Harmony Day on 21 March to recognise Australian cultural diversity
- continued to publicise R U OK? Day to raise awareness of the importance of meaningful conversations with colleagues to promote mental health
- continued to promote the use of the Employee Assistance Program.

## EMPLOYMENT ARRANGEMENTS

### Number of staff

The number of ARC staff covered by the different employment arrangements are outlined in Table 8. At 30 June 2018 all non-SES staff were covered by the ARC Enterprise Agreement.

The total number of agreements is higher than the total workforce (see Table 8) as staff covered by AWAs and IFAs are also covered by the ARC Enterprise Agreement.

**Table 8** Number of staff by employment arrangement (at 30 June 2017 and 2018)

Employment arrangement	Staff	2017 (no.)	2018 (no.)
ARC Enterprise Agreement	SES	n/a	n/a
ARC Enterprise Agreement	Non-SES	129	145
Australian Workplace Agreements	SES	0	0
Australian Workplace Agreements	Non-SES	3	2
Individual Flexibility Arrangements	SES	0	0
Individual Flexibility Arrangements	Non-SES	16	11

**Note:** CEO is not included in this table.

## Salary ranges

The salary ranges for non-SES staff are provided in Table 9. The ranges reflect the full span of salaries available under the ARC Enterprise Agreement, AWAs and IFAs.

**Table 9** Salary ranges of non-SES staff by classification level (at 30 June 2018)

Classification	Salary range (\$)
Executive Level 2	119,036–163,200
Executive Level 1	99,207–142,800
APS6	77,673–92,210
APS5	70,155–74,139
APS4	64,577–68,242
APS3	57,443–60,702
APS2	51,434–55,876
APS1	47,577–48,795

Section 4.1 provides information on SES remuneration.

## Non-salary benefits

The ARC offered a range of non-salary benefits to employees in 2017–18 including:

- flu vaccinations
- a healthy lifestyle allowance
- superannuation advice
- access to salary packaging arrangements
- access to the Employee Assistance Program.

## PERFORMANCE PAY

The ARC does not provide performance pay or performance-based bonuses.

## 4.4 Assets management

The ARC does not have any significant asset holdings.

The ARC's assets include office fit out, furniture, IT software and 'portable and attractive' equipment (such as laptops and mobile phones) held at the ARC office.

The ARC reviews its asset holdings annually to ensure cost effectiveness and whole-of-life utilisation. The ARC conducted its annual stocktake in March 2018 and also undertook a materiality review of its assets as at the end of the financial year.

# 4.5 Purchasing

The ARC's approach to purchasing is consistent with the *Commonwealth Procurement Rules*. The *Commonwealth Procurement Rules* represent the Australian Government's policy framework under which agencies govern and undertake procurement. The key rules relate to:

- value for money
- encouraging competition
- efficient, effective, economical and ethical procurement
- accountability and transparency in procurement
- procurement risk
- procurement method.

Detailed policies and procedures relating to procurement are also set out in the *ARC Accountable Authority Instructions* and specific policy and procedure guides (such as those for travel and use of Commonwealth credit cards). All policies and procedures are reviewed periodically and updated as required.

The Finance Section has overall responsibility for procurement within the ARC. Finance Section staff provide information and training about procurement policies and procedures as required.

The ARC publishes information on proposed procurements in the *Annual Procurement Plan—Australian Research Council*, available from the AusTender website, [www.tenders.gov.au](http://www.tenders.gov.au) > *Planned Procurements > List By Agency*. This plan gives potential suppliers early notice of significant planned procurements for the coming year. All procurements over \$10,000 are published on the AusTender website.

# 4.6 Consultants

## EXPENDITURE

During 2017–18, the ARC entered into 301 consultancy contracts involving total actual expenditure of \$2.1 million (inclusive of Goods and Services Tax [GST]). In addition, 137 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$1.2 million (inclusive of GST).

ARC expenditure on consultancy contracts (excluding GST) in the past three years was:

- \$3.3 million in 2015–16
- \$2.8 million in 2016–17
- \$3.0 million in 2017–18.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.

## POLICY ON SELECTION AND ENGAGEMENT

The ARC's policy on selecting and engaging consultants is set out in the *ARC Accountable Authority Instructions* and in related procurement instructions and guidance material.

The ARC engages consultants primarily for independent research or assessment or where a specialist skill or expertise is required. Consultants are engaged through a merit selection or procurement process. The majority of consultancy expenditure is for the engagement of independent members of the ARC's selection and evaluation committees.

Consultancy services are distinguished from other contracts for services by the nature of the work performed, which typically involves the development of an intellectual output that assists with agency decision-making and reflects the independent views of the service provider. By contrast, other (non-consultancy) contracts for services are typically far more restrictive in the degree of latitude afforded to the contractor.

# 4.7 Australian National Audit Office access clauses and exempt contracts

## AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

The ARC is required to provide details of any contract let during the reporting period of \$100,000 or more (inclusive of GST) that does not provide for the Auditor-General to have access to the contractor's premises. The ARC must include the name of the contractor, the purpose and value of the contract, and the reason for not including standard access clauses in the contract.

The ARC did not have any contracts over \$100,000 that did not provide for the Auditor-General to have access to the contractor's premises.

## EXEMPT CONTRACTS

The ARC CEO did not exempt any contracts from publication on the AusTender website during the reporting period.

## 4.8 Procurement initiatives to support small business

The ARC supports small business participation in the Australian Government procurement market. Small and medium enterprise (SME) and small enterprise participation statistics are available on the Department of Finance website, [www.finance.gov.au](http://www.finance.gov.au) > *Procurement* > *Statistics*.

The ARC recognises the importance of ensuring that small businesses are paid on time. The results of the *Survey of Australian Government Payments to Small Business* are available on the Treasury website, [treasury.gov.au](http://treasury.gov.au) > *Publications*.

The ARC incorporates a number of procurement practices to support SMEs, including:

- use of standard contract templates with clear and simple language
- use of electronic payment systems to facilitate on-time payment
- encouraging credit card use to expedite payments
- membership of Supply Nation, a non-profit organisation established to grow the Aboriginal and Torres Strait Islander business sector by promoting supplier diversity in Australia
- reporting against both the *Indigenous Procurement Policy* and the ARC's *Reconciliation Action Plan April 2018–March 2019* on the number of contracts, contract values and expenditure for all Aboriginal and Torres Strait Islander SMEs.

# 4.9 Other mandatory information

## ADVERTISING CAMPAIGNS

During 2017–18 the ARC conducted no advertising campaigns. Additional information on advertising and market research as required under the *Commonwealth Electoral Act 1918* is provided in Appendix 5.

## GRANT PROGRAMS

Information on grants awarded by the ARC during the period 2017–2018 is available on the ARC website, [www.arc.gov.au](http://www.arc.gov.au) > *Funded Research* > *ARC Grants Search*.

## DISABILITY REPORTING MECHANISM

Since 1994, Australian Government departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the APSC's State of the Service reports and the APS Statistical Bulletin. These reports are available on the APSC website, [www.apsc.gov.au](http://www.apsc.gov.au) > *Media and Events* > *Publications* > *Current*. From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been replaced by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first *Progress Report to the Council of Australian Governments 2014* can be found at the Department of Social Services website.

## INFORMATION PUBLICATION SCHEME

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information for the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

ARC information relating to the IPS is published on the ARC website, [www.arc.gov.au](http://www.arc.gov.au) > *About Us* > *Privacy & Information* > *Information Publication Scheme*.

## CORRECTION OF INFORMATION PUBLISHED IN PREVIOUS ANNUAL REPORTS

The ARC identified the following error in the *ARC Annual Report 2016–17*.

In the legend of Figure 10, page 49, the white colour should have been labelled 'Total expenses' and the light aqua colour should have been labelled 'Depreciation and Amortisation'.

## INFORMATION REQUIRED BY OTHER LEGISLATION

Information required by other legislation is provided in Appendix 5 including:

- work health and safety (Schedule 2, Part 4 of the *Work Health and Safety Act 2011*)
- advertising and market research (section 311A of the *Commonwealth Electoral Act 1918*)
- ecologically sustainable development and environmental performance (section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*).

The ARC is not defined as a 'public service care agency' and has no obligations under the *Carer Recognition Act 2010*.



**PART 5**

# Financial statements



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**INDEPENDENT AUDITOR'S REPORT**

**To the Minister for Education**

**Opinion**

In my opinion, the financial statements of the Australian Research Council for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Research Council as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Research Council, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising an Overview note.

**Basis for Opinion**

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian Research Council in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Accountable Authority's Responsibility for the Financial Statements**

As the Accountable Authority of the Australian Research Council, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 19 National Circuit BARTON ACT  
 Phone (02) 6203 7300 Fax (02) 6203 7777

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Australian Research Council's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

Rahul Tejani  
Acting Executive Director  
Delegate of the Auditor-General

Canberra  
7 September 2018

## Australian Research Council

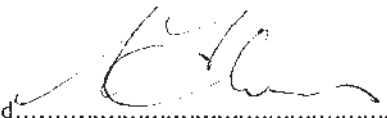
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**Australian Research Council  
Statement by the Accountable Authority and Chief Financial Officer**

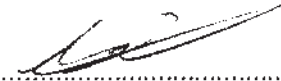
In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Research Council (ARC) will be able to pay its debts as and when they fall due.

Signed  .....

Sue Thomas  
Chief Executive Officer

7 September 2018

Signed  .....

Luke Cattle  
Acting Chief Financial Officer

7 September 2018

**FINANCIAL STATEMENTS < PART 5**
**Australian Research Council**  
**Statement of Comprehensive Income**  
*for the period ended 30 June 2018*

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits <sup>1</sup>	1.1A	15,882	13,855	16,573
Suppliers <sup>2</sup>	1.1B	4,850	4,421	4,417
Depreciation and amortisation <sup>3</sup>	3.2A	3,631	3,645	4,057
Finance costs	1.1C	286	300	264
Write-down and impairment of assets		3	3	-
<b>Total expenses</b>		<b>24,652</b>	<b>22,224</b>	<b>25,311</b>
<b>Own-source income</b>				
<b>Own-source revenue</b>				
Rendering of Services <sup>4</sup>	1.2A	2,000	-	-
Other revenue		60	92	68
<b>Total own-source revenue</b>		<b>2,060</b>	<b>92</b>	<b>68</b>
<b>Gains</b>				
Gains from sale of assets		-	28	-
<b>Total gains</b>		<b>-</b>	<b>28</b>	<b>-</b>
<b>Total own-source income</b>		<b>2,060</b>	<b>120</b>	<b>68</b>
<b>Net (cost of)/contribution by services</b>		<b>(22,592)</b>	<b>(22,104)</b>	<b>(25,243)</b>
Revenue from government	1.2B	21,186	21,839	21,186
<b>Surplus/(Deficit) on continuing operations</b>		<b>(1,406)</b>	<b>(265)</b>	<b>(4,057)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		(16)	16	-
<b>Total other comprehensive income</b>		<b>(16)</b>	<b>16</b>	<b>-</b>
<b>Total comprehensive Income/(loss)</b>		<b>(1,422)</b>	<b>(249)</b>	<b>(4,057)</b>

The above statement should be read in conjunction with the accompanying notes.

**Budget Variances Commentary**

The following commentary provides a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements (PBS) to the 2017-18 actuals.

Variances are considered to be material or major based on the following criteria:

- the variance between original budget and actual is greater than 0.5 million dollars and/or 10% of the line item; or
- an item below this threshold is considered important for the reader's understanding or is relevant to an assessment of the ARC's performance.

**Statement of Comprehensive Income**

1. Employee benefits were lower than budgeted in 2017-18 mainly due to actual ASL coming in at 124 while budgeted ASL was 136. The actual ASL was less than budgeted mainly because of staff movement and the time taken to refill vacancies.
2. Increase in suppliers is mainly due to increases in consultant expenditure over original budgeted allocations. The majority of consultancy expenditure relates to the fees paid to external committee members for the grants peer review process. The fees paid varies depending on the number of committee members required to do the peer review, the number of meeting days and also the time paid for reading applications.
3. The budgeted amount for depreciation was overstated. Taking into account the finalised position in the 2016-17 financial year the depreciation estimates were revised down to \$3.6 million as published in the 2017-18 Portfolio Additional Estimates.
4. The variance relates to the \$2 million received from the Department of Defence for the administration of the PFAS (Per- and Poly-Fluoroalkyl Substances) Remediation Research Program. This was a new activity which was not known at derivation of the 2017-18 Budget.

**Australian Research Council**  
**Statement of Financial Position**  
*as at 30 June 2018*

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.1A	281	467	305
Trade and other receivables <sup>1</sup>	3.1B	21,486	19,430	14,157
<b>Total financial assets</b>		<b>21,767</b>	<b>19,897</b>	<b>14,462</b>
<b>Non-financial assets</b>				
Buildings	3.2A	1,586	1,803	1,560
Plant and equipment	3.2A	796	938	629
Computer software <sup>2</sup>	3.2A	10,515	10,904	11,076
Prepayments	3.2B	421	360	275
<b>Total non-financial assets</b>		<b>13,318</b>	<b>14,005</b>	<b>13,540</b>
<b>Total assets</b>		<b>35,085</b>	<b>33,902</b>	<b>28,002</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	593	457	415
Other payables	3.3B	123	109	-
<b>Total payables</b>		<b>716</b>	<b>566</b>	<b>415</b>
<b>Interest bearing liabilities</b>				
Finance leases <sup>3</sup>	3.4A	2,376	2,715	3,026
<b>Total interest bearing liabilities</b>		<b>2,376</b>	<b>2,715</b>	<b>3,026</b>
<b>Provisions</b>				
Employee provisions <sup>4</sup>	6.1A	4,826	3,979	4,126
Other provisions	3.5A	362	324	334
<b>Total provisions</b>		<b>5,188</b>	<b>4,303</b>	<b>4,460</b>
<b>Total liabilities</b>		<b>8,280</b>	<b>7,584</b>	<b>7,901</b>
<b>Net assets</b>		<b>26,805</b>	<b>26,318</b>	<b>20,101</b>
<b>EQUITY</b>				
Contributed equity		36,283	34,374	36,283
Asset revaluation reserve		43	59	43
Accumulated deficit <sup>5</sup>		(9,521)	(8,115)	(16,225)
<b>Total equity</b>		<b>26,805</b>	<b>26,318</b>	<b>20,101</b>

The above statement should be read in conjunction with the accompanying notes.

### **Budget Variances Commentary**

The following commentary provides a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements (PBS) to the 2017-18 actuals.

Variances are considered to be material or major based on the following criteria:

- the variance between original budget and actual is greater than \$0.5 million dollars and/or 10% of the line item and also taking into account that the variance between 2016-17 and 2017-18 ; or
- an item below this threshold is considered important for the reader's understanding or is relevant to an assessment of the ARC's performance.

Note the original budget figures are prepared prior to the completion of the 2016-17 financial year. As a result, the 2017-18 budget does not take into account movements relating to the final 2016-17 outcome. Where there is a variation compared to budget and this variation is not solely the result of the final 2016-17 position and accounting for known movements such as depreciation this variance is further explained below.

### **Statement of Financial Position**

1. The variance arose mainly due to the departmental budgets being prepared on the assumption that all operating and capital expenditure will be expensed within the financial year. As a result last year's surplus, excluding depreciation, and delays in capital expenditure resulted in the budgeted appropriation receivable balance being understated by some \$5 million. The remaining variance is mainly attributable to the \$2 million retained revenue receipts for the administration of the PFAS (Per-And Poly-Fluoroalkyl Substances) Remediation Research Program.
2. Variance of \$0.6 million is caused by the budgeted opening carrying amount of computer software being \$1.9 million more than 2016-17 actuals. This is offset by \$0.9 million in new additions that were not originally budgeted for and then further offset by \$0.3 million because depreciation was less than originally budgeted for.
3. As finance lease repayments are made this decreases the liability as the repayments of principal are made. This decreasing in the value of the liability had not been taken into account into the original budget. The budget was revised in the 2017-18 Additional Estimates to better reflect the nature of this account and this accounts for the variation to budget.
4. The employee provisions were higher than budgeted because the budgeted employee provisions did not account for APS staff transferring into ARC with substantial leave balances and a decrease in the discount factor used to calculate the current fair value.
5. The variance arose mainly due to the departmental budgets being prepared on the assumption that all operating budget will be expensed within the financial year. The variation is explained by the current year operating result but also needs to take into account last year's operating result.

**FINANCIAL STATEMENTS < PART 5**
**Australian Research Council  
Statement of Changes in Equity  
for the period ended 30 June 2018**

	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	34,374	29,587	34,374
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Equity injection - appropriations	674	3,536	674
Departmental capital budget	1,235	1,251	1,235
<b>Total transactions with owners</b>	<b>1,909</b>	<b>4,787</b>	<b>1,909</b>
<b>Closing balance as at 30 June</b>	<b>36,283</b>	<b>34,374</b>	<b>36,283</b>
<b>ACCUMULATED DEFICIT</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	(8,115)	(7,850)	( 12,168)
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	(1,406)	(265)	( 4,057)
<b>Closing balance as at 30 June<sup>1</sup></b>	<b>(9,521)</b>	<b>(8,115)</b>	<b>( 16,225)</b>
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	59	43	43
<b>Asset Revaluation</b>			
Change in the measurement of provision to make good	(16)	16	-
<b>Closing balance as at 30 June</b>	<b>43</b>	<b>59</b>	<b>43</b>
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	26,318	21,780	22,249
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	(1,406)	(265)	( 4,057)
<b>Total comprehensive income</b>	<b>(1,406)</b>	<b>(265)</b>	<b>( 4,057)</b>
<b>Asset Revaluation</b>			
Change in the measurement of provision to make good	(16)	16	-
<b>Total asset revaluation</b>	<b>(16)</b>	<b>16</b>	<b>-</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Equity injection - appropriations	674	3,536	674
Departmental capital budget	1,235	1,251	1,235
<b>Total transactions with owners</b>	<b>1,909</b>	<b>4,787</b>	<b>1,909</b>
<b>Closing balance as at 30 June</b>	<b>26,805</b>	<b>26,318</b>	<b>20,101</b>

The above statement should be read in conjunction with the accompanying notes.

**Accounting Policy**

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

**Budget Variances Commentary**

The following commentary provides a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements (PBS) to the 2017-18 actuals.

Variances are considered to be material or major based on the following criteria:

- the variance between original budget and actual is greater than 0.5 million dollars and/or 10% of the line item; or
- an item below this threshold is considered important for the reader's understanding or is relevant to an assessment of the ARC's performance.

**Statement of Changes in Equity**

1. Please see variance explanation provided in Statement of Financial Position under note 5.

**Australian Research Council**  
**Cash Flow Statement**  
*for the period ended 30 June 2018*

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations <sup>1</sup>		20,125	19,013	21,140
Rendering of services <sup>2</sup>		2,000	9	-
GST received		739	720	550
Other		40	366	-
<b>Total cash received</b>		<b>22,904</b>	20,108	21,690
<b>Cash used</b>				
Employees <sup>1</sup>		15,021	14,241	16,200
Suppliers		4,657	4,598	4,676
GST paid		757	722	550
Section 74 receipts transferred to OPA <sup>2</sup>		2,006	9	-
Borrowing costs		278	293	264
Other		32	-	-
<b>Total cash used</b>		<b>22,751</b>	19,863	21,690
<b>Net cash from/(used by) operating activities</b>		<b>153</b>	245	-
<b>INVESTING ACTIVITIES</b>				
<b>Cash used</b>				
Purchase of property, plant and equipment		152	236	250
Purchase of intangibles <sup>3</sup>		2,748	2,177	1,659
<b>Total cash used</b>		<b>2,900</b>	2,413	1,909
<b>Net cash from/(used by) investing activities</b>		<b>(2,900)</b>	(2,413)	(1,909)
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity <sup>3</sup>		2,900	2,641	1,909
<b>Total cash received</b>		<b>2,900</b>	2,641	1,909
<b>Cash used</b>				
Repayment of finance leases		339	311	-
<b>Total cash used</b>		<b>339</b>	311	-
<b>Net cash from/(used by) financing activities</b>		<b>2,561</b>	2,330	1,909
<b>Net increase/(decrease) in cash held</b>		<b>(186)</b>	162	-
Cash and cash equivalents at the beginning of the reporting period		467	305	305
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1A	<b>281</b>	467	305

The above statement should be read in conjunction with the accompanying notes.

**Budget Variances Commentary**

The following commentary provides a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements (PBS) to the 2017-18 actuals.

Variances are considered to be material or major based on the following criteria:

- the variance between original budget and actual is greater than 0.5 million dollars and/or 10% of the line item; or
- an item below this threshold is considered important for the reader's understanding or is relevant to an assessment of the ARC's performance.

**Statement of Cash Flow**

1. Employee benefits were lower than budgeted in 2017-18 mainly due to actual ASL coming in at 124 while budgeted ASL was 136. The actual ASL was less than budgeted mainly because of staff movement and the time taken to refill vacancies. This has also resulted in less appropriation being spent as compared to budget.

2. The variance relates to the \$2 million received from the Department of Defence for the administration of the PFAS (Per- and Poly-Fluoroalkyl Substances) Remediation Research Program. This was a new activity which was not known at derivation of the 2017-18 Budget.

3. As indicated in the intangible explanation in the Departmental Financial position there approximately \$1 million more expenditure on intangibles than originally budgeted mainly driven by prior year delays in intangible expenditure.

<b>Australian Research Council</b>				
<b>Administered Schedule of Comprehensive Income</b>				
<i>for the period ended 30 June 2018</i>				
		<b>2018</b>	<b>2017</b>	<b>Original</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Budget</b>
				<b>\$'000</b>
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Suppliers <sup>1</sup>	2.1A	<b>3,191</b>	13,153	5,511
Grants <sup>2</sup>	2.1B	<b>688,073</b>	746,418	758,055
<b>Total expenses</b>		<b>691,264</b>	759,571	763,566
<b>Income</b>				
<b>Revenue</b>				
<b>Non-taxation revenue</b>				
Other revenue <sup>3</sup>	2.2A	<b>9,383</b>	10,185	7,000
<b>Total non-taxation revenue</b>		<b>9,383</b>	10,185	7,000
<b>Total revenue</b>		<b>9,383</b>	10,185	7,000
<b>Net (cost of)/contribution by services</b>		<b>(681,881)</b>	(749,386)	(756,566)
<b>Surplus/(Deficit)</b>		<b>(681,881)</b>	(749,386)	(756,566)
<b>Total comprehensive income/(loss)</b>		<b>(681,881)</b>	(749,386)	(756,566)
The above schedule should be read in conjunction with the accompanying notes.				

### Budget Variances Commentary

The following commentary provides a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements (PBS) to the 2017-18 actuals.

Variances are considered to be material or major based on the following criteria:

- the variance between original budget and actual is greater than \$2 million dollars of the line item; or
- the variance between original budget and actual is greater than \$2 million dollars of total expenses, total income; assets, liabilities or equity; or
- an item below this threshold is considered important for the reader's understanding or is relevant to an assessment of the ARC's performance.

### Schedule of Comprehensive Income

1. The supplier expenditure was less than budgeted due to several factors. There were savings against budget relating to committee expenditure for the National Competitive Grants Program (NCGP) peer review processes and committee costs associated with Program 1.3 - Excellence in Research for Australia. There was also funding set aside for consultants and other supplier costs that were not required in 2017-18. Lastly, the review of the Australian and New Zealand Standard Research Classifications was recognised as a pre payment as opposed to an expense.

2. Grant expenses and the movement of grant liabilities are budgeted to match the appropriations and cash expenditure for the financial year. This has historically been used as the best estimate of expenses to be recognised in each financial year. However, the majority of grant expenses and liabilities are recognised at the beginning of each calendar year and represents the commitment for the year consistent with the reporting periods of the education sector. Therefore the grant expense and initial liability recognised in the 2017-18 financial year is mainly for payments to be made over the 2018 calendar year. This differs from appropriations and cash expenditure which are both reported as they occur. There has also been underspends against budget because of the delay in the passage of legislation which resulted in the ARC not being able to allocate funding so as to not breach the funding limit in the *Australian Research Council Act 2001* (ARC Act). Also the change to continuous assessment for the Linkage program scheme has impacted on the profile of expenditure. The change to continuous assessment has resulted in a change in timing of when grants applications are received and this in turn has seen a delay in the commencement of projects and ultimately a delay in the expenditure.

3. Other revenue arose from the recovery of prior year unspent grant payments returned by the research sector. Under the ARC Act, grant recipients are required to return unspent grant money to the ARC unless otherwise approved. The amount of returns is not predictable as it is contingent on activities in the research sector and as a result it is difficult to derive a reliable budget amount but the amount returned is not material in relation to the amount of grants provided.

<b>Australian Research Council</b>				
<b>Administered Schedule of Assets and Liabilities</b>				
<i>as at 30 June 2018</i>				
	<b>Notes</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>	<b>Original Budget \$'000</b>
<b>ASSETS</b>				
<b>Financial assets</b>				
Trade and other receivables	4.1A	<b>288</b>	135	485
<b>Total financial assets</b>		<b>288</b>	135	485
<b>Non-financial assets</b>				
Prepayments <sup>1</sup>	4.2A	<b>707</b>	12	12
<b>Total non-financial assets</b>		<b>707</b>	12	12
<b>Total assets administered on behalf of Government</b>		<b>995</b>	147	497
<b>LIABILITIES</b>				
<b>Payables</b>				
Grants <sup>2</sup>	4.3A	<b>239,058</b>	308,898	296,908
Other payables	4.3B	<b>225</b>	1,144	88
<b>Total payables</b>		<b>239,283</b>	310,042	296,996
<b>Total liabilities administered on behalf of Government</b>		<b>239,283</b>	310,042	296,996
<b>Net assets/(liabilities)</b>		<b>(238,288)</b>	(309,895)	(296,499)

The above schedule should be read in conjunction with the accompanying notes.

#### **Budget Variances Commentary**

The following commentary provides a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements (PBS) to the 2017-18 actuals.

Variances are considered to be material or major based on the following criteria:

- the variance between original budget and actual is greater than \$2 million dollars of the line item; or
- the variance between original budget and actual is greater than \$2 million dollars of total expenses, total income; assets, liabilities or equity; or
- an item below this threshold is considered important for the reader's understanding or is relevant to an assessment of the ARC's performance.

#### **Schedule of Assets and Liabilities**

1. The variance mainly relates to \$0.6 million prepayment relating to the review of the Australian and New Zealand Standard Research Classification (ANZSRC). Information was not available when 2017-18 budget was derived and therefore was not included in the budget estimate.
2. Variance due to movements in the grant liability in 2016-17 subsequent to preparation of the 2017-18 budget, which impacted the budgeted opening liability balance by \$12 million. This is offset by approximately \$70 million with the variance linked to the grant expense variation explanation provided in the Schedule of Comprehensive Income under note 2.

<b>Australian Research Council Administered Reconciliation Schedule</b>			
	<b>Notes</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Opening assets less liabilities as at 1 July</b>		<b>(309,895)</b>	(296,498)
<b>Net (cost of)/contribution by services</b>			
Income		<b>9,383</b>	10,185
Expenses		<b>(691,264)</b>	(759,571)
<b>Transfers (to)/from the Australian Government</b>			
Appropriation transfers from OPA			
Annual appropriations	5.1A	<b>4,967</b>	2,933
Special appropriations (limited)	5.1C	<b>758,030</b>	734,662
Special accounts	5.2	-	9,000
Administered GST appropriations		<b>1,582</b>	1,572
Appropriation transfers to OPA			
Appropriations		<b>(9,659)</b>	(10,267)
Return of GST appropriation to OPA		<b>(1,432)</b>	(1,911)
<b>Closing assets less liabilities as at 30 June</b>		<b>(238,288)</b>	(309,895)

The above schedule should be read in conjunction with the accompanying notes.

#### **Accounting Policy**

##### Administered Cash Transfers to and from the Official Public Account

Revenue collected by the entity for use by the Government rather than the entity is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the entity on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

**Australian Research Council**  
**Administered Cash Flow Statement**  
for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
GST received		1,432	1,911
Other		9,659	10,267
<b>Total cash received</b>		<b>11,091</b>	<b>12,178</b>
<b>Cash used</b>			
Grants		758,030	734,499
Suppliers		4,107	12,096
GST Paid		1,582	1,572
Other		860	-
<b>Total cash used</b>		<b>764,579</b>	<b>748,167</b>
<b>Net cash from/(used by) operating activities</b>		<b>(753,488)</b>	<b>(735,989)</b>
<b>Cash from Official Public Account</b>			
Appropriations		762,997	737,595
Special accounts		-	9,000
Administered GST appropriations		1,582	1,572
<b>Total cash from official public account</b>		<b>764,579</b>	<b>748,167</b>
<b>Cash to Official Public Account</b>			
Appropriations		9,659	(10,267)
Return of GST appropriation to OPA		1,432	(1,911)
<b>Total cash to official public account</b>		<b>11,091</b>	<b>(12,178)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>-</b>	<b>-</b>

This schedule should be read in conjunction with the accompanying notes.

## Overview

### Objectives of the Entity

The ARC is an Australian Government controlled entity. It is a not-for-profit entity.

The ARC only has one outcome which is 'Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.'

### The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2017; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

### New Accounting Standards

All new and revised standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the entity's financial statements.

### Taxation

The ARC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

### Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

### Events After the Reporting Period

#### Departmental

No departmental events have occurred after the reporting period that have the potential to significantly affect the ongoing structure and financial activities of the ARC.

#### Administered

No administered events have occurred after the reporting period that have the potential to significantly affect the ongoing structure and financial activities of the ARC.

## Departmental Financial Performance

This section analyses the financial performance of the ARC for the year ended 2018.

### 1.1 Expenses

	2018 \$'000	2017 \$'000
<b>1.1A: Employee Benefits</b>		
Wages and salaries	11,237	10,220
Superannuation:		
Defined contribution plans <sup>1</sup>	1,367	1,210
Defined benefit plans <sup>2</sup>	893	746
Leave and other entitlements	1,925	1,099
Separation and redundancies	52	101
Other employee benefits	408	479
<b>Total employee benefits</b>	<b>15,882</b>	<b>13,855</b>

1. Include the Public Sector Superannuation Accumulation Plan (PSSap) and other choice of fund.
2. Include the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS).

#### Accounting Policy

Accounting policies for employee related expenses is contained in section 6 People and relationships.

**1.1 Expenses (continued)**

	2018 \$'000	2017 \$'000
<b>1.1B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Consultants	1,392	779
Contractors	511	612
Travel	186	110
IT services	488	414
Other <sup>1</sup>	588	831
<b>Total goods and services supplied or rendered</b>	<b>3,165</b>	<b>2,746</b>
Goods supplied	752	723
Services supplied	2,413	2,023
<b>Total goods and services supplied or rendered</b>	<b>3,165</b>	<b>2,746</b>
1. Other includes media monitors, subscriptions, printing, photocopier, telephone costs, staff training, staff study assistance costs, recruitment charges, office consumables and stationary, hire of equipment and comcover premium payments.		
<b>Other suppliers</b>		
Operating lease rentals	1,539	1,478
Workers compensation expenses	147	197
<b>Total other suppliers</b>	<b>1,686</b>	<b>1,675</b>
<b>Total suppliers</b>	<b>4,850</b>	<b>4,421</b>

**Leasing commitments**

In 2017-18, operating leases existed in relation to the lease for office accommodation and arrangement for the provision of motor vehicles to senior executive officers. The office accommodation leases are non-cancellable and for a fixed term of 15 years (since September 2010). Lease payments are subject to annual increase of 4.25%. The last increase was in September 2017.

No contingent rentals exists. There are no renew or purchase options available to the ARC.

**Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:**

Within 1 year	1,638	1,567
Between 1 to 5 years	7,166	6,862
More than 5 years	2,483	4,385
<b>Total operating lease commitments<sup>2</sup></b>	<b>11,287</b>	<b>12,814</b>

2. The amount listed above is the GST exclusive amount. The GST inclusive amount is \$12,415,729 (2016-17: \$14,095,723).

**Accounting Policy**

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

The ARC has a finance lease for the office fitout that is non-cancellable. Additional finance leases were entered into in 2015-16 for laptops and storage hardware.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

**1.1 Expenses (continued)**

	2018 \$'000	2017 \$'000
<b>1.1C: Finance Costs</b>		
Finance leases	264	293
Unwinding of discount	8	7
Revaluation of make-good	14	-
<b>Total finance costs</b>	<b>286</b>	<b>300</b>

**Accounting Policy**

All borrowing costs are expensed as incurred.

**1.2 Own-Source Revenue and Gains**

	2018 \$'000	2017 \$'000
<b>Own-Source Revenue</b>		
<b><u>1.2A: Rendering of Services</u></b>		
Rendering of services <sup>1</sup>	2,000	-
<b>Total rendering of services</b>	<b>2,000</b>	<b>-</b>

1. Retained revenue receipts under Section 74 of the PGPA Act for PFAS (Per- And Poly-Fluoroalkyl Substances) Remediation Research Program. The costs to administer PFAS are expected to extend over four years from 2017-18.

**1.2B: Revenue from Government**

Appropriations		
Departmental appropriations	21,186	21,839
<b>Total revenue from Government</b>	<b>21,186</b>	<b>21,839</b>

**Accounting Policy****Revenue from Government**

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

## Income and Expenses Administered on Behalf of Government

This section analyses the activities that the ARC does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

### 2.1 Administered - Expenses

	2018 \$'000	2017 \$'000
<b>2.1A: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Consultants	1,632	1,996
Contractors	759	1,165
Travel	572	740
IT services	11	6
Other	217	9,246
<b>Total goods and services supplied or rendered</b>	<b>3,191</b>	<b>13,153</b>
Goods supplied	63	108
Services rendered	3,128	13,045
<b>Total goods and services supplied or rendered</b>	<b>3,191</b>	<b>13,153</b>
<b>2.1B: Grants</b>		
Public sector		
Australian Government entities (related entities)	-	66
State and Territory Governments	620,190	673,348
Commonwealth educational institutions (related entities)	59,339	64,265
Private sector		
Other research organisations	8,544	8,739
<b>Total grants</b>	<b>688,073</b>	<b>746,418</b>

#### Accounting Policy

##### Grants

The ARC administers a number of grant schemes on behalf of the Government. Grant liabilities are recognised to the extent that the grant eligibility criteria or reporting requirements have been satisfied, but payments due have not been made (Refer to Note 4.3). When the Minister approves grants within the limits of the ARC Act but services have not been performed or criteria satisfied, this is considered a commitment.

<b>2.2 Administered - Income</b>		
	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>Revenue</b>		
<b>Non-Taxation Revenue</b>		
<b><u>2.2A: Administered Other Revenue</u></b>		
Recovery of prior year unspent grant payments	<b>9,383</b>	10,185
<b>Total other revenue</b>	<b>9,383</b>	10,185
<b>Accounting Policy</b>		
All administered revenues are revenues relating to ordinary activities performed by the ARC on behalf of the Australian Government. As such, administered appropriations are not revenues of the ARC that oversees distribution or expenditure of the funds as directed.		
Other revenue relate to the prior year unspent grant payments. Under the ARC Act, grant recipients are required to return unspent grant money to the ARC unless otherwise approved.		
Other revenue are recognised when unspent grant money is identified during the grant acquittal process. When these revenues are collected by the ARC they are then returned to OPA.		

## Departmental Financial Position

This section analyses the ARC's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 3.1 Financial Assets

	2018 \$'000	2017 \$'000
<b>3.1A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	281	467
<b>Total cash and cash equivalents</b>	<b>281</b>	<b>467</b>

#### Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand or on deposit.

### 3.1B: Trade and Other Receivables

#### Goods and services receivables

Goods and services	27	61
Other	9	15
<b>Total goods and services receivables</b>	<b>36</b>	<b>76</b>

#### Appropriations receivables

Appropriations receivable	21,380	19,304
<b>Total appropriations receivables</b>	<b>21,380</b>	<b>19,304</b>

#### Other receivables

GST receivable from the Australian Taxation Office	70	50
<b>Total other receivables</b>	<b>70</b>	<b>50</b>
<b>Total trade and other receivables (net)</b>	<b>21,486</b>	<b>19,430</b>

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

#### Accounting Policy

##### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

The Appropriation Receivable balance represents the amount of undrawn appropriation available to the ARC.

**3.2 Non-Financial Assets****3.2A: Reconciliation of the Opening and Closing Balances of Buildings, Plant and Equipment and Computer Software****Reconciliation for 2018**

	Buildings <sup>1</sup> \$'000	Plant & Equipment \$'000	Computer Software <sup>2</sup> \$'000	Total \$'000
<b>As at 1 July 2017</b>				
Gross book value	2,925	1,520	23,498	27,943
Accumulated depreciation, amortisation and impairment	(1,122)	(582)	(12,594)	(14,298)
<b>Total as at 1 July 2017</b>	<b>1,803</b>	<b>938</b>	<b>10,904</b>	<b>13,645</b>
Additions				
Purchased	10	133	9	152
Internally developed	-	-	2,733	2,733
Depreciation and amortisation	(227)	(275)	(3,129)	(3,631)
Disposals				-
Other (gross book value)	(1)	(5)	(13)	(19)
Other (accumulated depreciation)	1	4	11	16
<b>Total as at 30 June 2018</b>	<b>1,586</b>	<b>796</b>	<b>10,515</b>	<b>12,897</b>
<b>Total as at 30 June 2018 represented by</b>				
Gross book value	2,934	1,649	26,227	30,809
Accumulated depreciation, amortisation and impairment	(1,348)	(853)	(15,712)	(17,912)
<b>Total as at 30 June 2018 represented by</b>	<b>1,586</b>	<b>796</b>	<b>10,515</b>	<b>12,897</b>

1. The carrying amount of \$1,585,613 (2016-17: \$1,803,217) of buildings refers to the ARC's office premises fitout.
2. The carrying amount of computer software included \$16,681 purchased software and \$10,497,963 internally developed software.

No indicators of impairment were found for buildings, plant and equipment and computer software.

No buildings, plant and equipment and computer software are expected to be sold or disposed of within the next 12 months.

**Revaluations of non-financial assets**

All revaluations were conducted in accordance with the revaluation policy stated at Note 7.4. On 30 June 2018 an independent valuer conducted a revaluation. The result of the valuation was a 0.03% variance between carrying amount and fair value in fixed assets, due to this being immaterial the asset values have not been revised.

**Contractual commitments for the acquisition of buildings, plant, equipment and computer software**

Contractual commitments for IT systems under development are predominately for ICT contractors. All commitments are due within 1 year. The GST exclusive amount is \$1,752,955 (2016-17: \$1,989,259). The GST inclusive amount is \$1,928,251 (2016-17: \$2,188,185).

**Australian Research Council**

**Accounting policy**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor’s accounts immediately prior to the restructuring.

**Asset Recognition Threshold**

Purchases of buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to ‘make good’ provisions in property leases taken up by the ARC where there exists an obligation to restore the property to its original condition. These costs are included in the value of ARC’s leasehold improvements with a corresponding provision for the ‘make good’ recognised.

**Revaluations**

Following initial recognition at cost, buildings, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets’ fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date was eliminated against the gross carrying amount of the asset and the asset was restated to the revalued amount.

**Depreciation**

Depreciable buildings, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the ARC using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2018	2017
Buildings	Lease Term	Lease Term
Plant and equipment	2 to 10 years	2 to 10 years

**Impairment**

All assets were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset’s recoverable amount is estimated and an impairment adjustment made if the asset’s recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset’s ability to generate future cash flows, and the asset would be replaced if the ARC were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

**Derecognition**

An item of buildings, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

**Computer software**

The ARC’s computer software comprise internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The ARC’s internally developed software includes directly attributable overhead costs which meet the recognition criteria in AASB 138. ARC has a capitalisation threshold of \$50,000 for the internally developed software.

Computer software is amortised on a straight-line basis over its anticipated useful life. The useful lives for the ARC’s software are 2 to 10 years (2017: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2018.

**Non-financial assets (continued)**

	2018	2017
	\$'000	\$'000
<hr/>		
<b><u>3.2B: Other Non-Financial Assets</u></b>		
Prepayments	421	360
<b>Total other non-financial assets</b>	<b>421</b>	<b>360</b>

No indicators of impairment were found for other non-financial assets.

**3.3 Payables**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000

**3.3A: Suppliers**

Trade creditors and accruals	<b>593</b>	457
<b>Total suppliers</b>	<b>593</b>	457

Settlement was usually made within 30 days.

**3.3B: Other Payables**

Wages and salaries	<b>104</b>	92
Superannuation	<b>18</b>	16
Other	<b>1</b>	1
<b>Total other payables</b>	<b>123</b>	109

**3.4 Interest Bearing Liabilities**

	2018	2017
	\$'000	\$'000
<b>3.4A: Leases</b>		
Finance leases	2,376	2,715
<b>Total leases</b>	<b>2,376</b>	<b>2,715</b>
<b>Minimum leases expected to be settled</b>		
Within 1 year		
Present value of minimum lease payment	593	593
Future finance charge	(225)	(254)
Between 1 to 5 years		
Present value of minimum lease payment	1,811	2,006
Future finance charge	(593)	(714)
More than 5 years		
Present value of minimum lease payment	894	1,291
Future finance charge	(104)	(207)
<b>Total leases</b>	<b>2,376</b>	<b>2,715</b>

In 2018, finance leases existed in relation to the ARC's office premises fitout (since September 2010), laptops and storage hardware.

The office premises fitout leases are non-cancellable and for a fixed term of 15 years. The interest rate implicit in the leases is 11%. The lease assets secure the lease liabilities. The ARC guarantees the residual values of all assets leased.

The interest rate implicit in the lease for laptops is 5.20% and the lease will end in December 2020. The interest rate implicit in the lease for storage hardware is 5.94% and the lease will end in April 2021. Remaining repayments for laptops and storage hardware leases are \$387,743 in total and will be paid by instalments.

**Accounting Policy**

Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.



## Assets and Liabilities Administered on Behalf of the Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result the ARC does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

### 4.1 Administered - Financial Assets

	2018 \$'000	2017 \$'000
<b>4.1A: Trade and Other Receivables</b>		
GST receivable from Australian Taxation Office	288	132
Grant debtors	-	3
<b>Total goods and services receivables</b>	<b>288</b>	<b>135</b>

All receivables are current assets and not overdue. Credit terms are net 30 days (2016-17: 30 days).

### 4.2 Administered - Non-Financial Assets

	2018 \$'000	2017 \$'000
<b>4.2A: Other Non-Financial Assets</b>		
Prepayments	707	12
<b>Total other non-financial assets</b>	<b>707</b>	<b>12</b>

No indicators of impairment found for other non-financial assets.

<b>4.3 Administered - Payables</b>		
	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b><u>4.3A: Grants</u></b>		
Public sector		
State and Territory Governments	<b>218,209</b>	281,658
Commonwealth educational institutions (related entities)	<b>20,616</b>	27,079
Private sector		
Other research organisations	<b>233</b>	161
<b>Total grants</b>	<b>239,058</b>	308,898

Settlement is in accordance with the terms and conditions of each grant which is consistent with the payment schedule determined by the Minister under the ARC Act.

#### **Accounting Judgements and Estimates**

##### Grants

The ARC recognises a liability for grant funding which is unpaid as at reporting date. Management has made a significant judgement that there are limited options not to pay out the entire remaining grants or enforce recovery until the recipient acquires the funds.

#### **4.3B: Other Payables**

Other <sup>1</sup>	<b>225</b>	1,144
<b>Total other payables</b>	<b>225</b>	1,144

1. Other payables mainly include accruals for the program assessment fees and committee member sitting fees.

## Funding

This section identifies the ARC's funding structure.

### 5.1 Appropriations

#### 5.1A: Annual Appropriations ('Recoverable GST exclusive')

##### Annual Appropriations for 2018

	Annual Appropriation <sup>1</sup> \$'000	Adjustments to appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance <sup>3</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	21,186	2,006	23,192	20,310	2,882
Capital budget <sup>4</sup>	1,235	-	1,235	566	669
Other services					
Equity injections	674	-	674	2,334	(1,660)
<b>Total departmental</b>	<b>23,095</b>	<b>2,006</b>	<b>25,101</b>	<b>23,210</b>	<b>1,891</b>
<b>Administered</b>					
Ordinary annual services					
Administered items	6,521	-	6,521	4,967	1,554
<b>Total administered</b>	<b>6,521</b>	<b>-</b>	<b>6,521</b>	<b>4,967</b>	<b>1,554</b>

1. In 2017-18, there is a movement of administered funds of \$2.808 million from 2016-17 to 2017-18 (\$1.01 million) and 2018-19 (\$1.798 million).

2. Retained revenue receipts under Section 74 of the PGPA Act for PFAS (Per- And Poly-Fluoroalkyl Substances) Remediation Research Program. The costs to administer PFAS are expected to extend over four years from 2017-18.

3. Equity injections appropriation applied in 2017-18 was more than the appropriation received mainly due to implementation of budget measure Impact and Engagement in University Research which was appropriated in 2016-17.

4. Departmental capital budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

**5.1 Appropriations (continued)****5.1A: Annual Appropriations ('Recoverable GST exclusive')**

Annual Appropriations for 2017					
	Appropriation <sup>1</sup> \$'000	Adjustments to appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2017 (current and prior years) \$'000	Variance <sup>3</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	21,839	9	21,848	18,851	2,997
Capital budget <sup>4</sup>	1,251	-	1,251	1,414	(163)
Other services					
Equity injections	3,536	-	3,536	1,227	2,309
<b>Total departmental</b>	<b>26,626</b>	<b>9</b>	<b>26,635</b>	<b>21,492</b>	<b>5,143</b>
<b>Administered</b>					
Ordinary annual services					
Administered items	6,915	-	6,915	2,933	3,982
<b>Total administered</b>	<b>6,915</b>	<b>-</b>	<b>6,915</b>	<b>2,933</b>	<b>3,982</b>

1. \$0.536 million of Administered 2014-15 annual appropriations and \$1.872 million of Administered 2015-16 annual appropriations were identified as permanent quarantines under Section 51 of the PGPA Act and have been returned back to OPA.

2. Retained revenue receipts under Section 74 of the PGPA Act.

3. Administered appropriation applied in 2016-17 was less than the appropriation received mainly due to unforeseen delays in implementation of budget measure Impact and Engagement in University Research.

4. Departmental capital budgets are appropriated through Appropriation Acts (No.1.3.5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

**5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	2018 \$'000	2017 \$'000
<b>Departmental</b>		
<i>Appropriation Act 3 (2015-16)</i>	-	979
<i>Appropriation Act 1 (2016-17)</i>	370	13,478
<i>Supply Act 1 (2016-17)</i>	65	1,367
<i>Appropriation Act 2 (2016-17)</i>	935	2,063
<i>Supply Act 2 (2016-17)</i>	211	1,417
<i>Appropriation Act 1 (2017-18)</i>	19,126	-
<i>Appropriation Act 2 (2017-18)</i>	674	-
<b>Total departmental<sup>1</sup></b>	<b>21,380</b>	<b>19,304</b>
<b>Administered</b>		
<i>Appropriation Act 1 (2014-15)<sup>2</sup></i>	-	536
<i>Appropriation Act 1 (2016-17)<sup>3</sup></i>	108	3,102
<i>Supply Act 1 (2016-17)</i>	9	967
<i>Appropriation Act 1 (2017-18)</i>	1,687	-
<i>Appropriation Act 3 (2017-18)</i>	1,010	-
<b>Total administered</b>	<b>2,814</b>	<b>4,605</b>

1. In addition to the above, the ARC held \$281,268 in cash as at 30 June (2016-17: \$467,107).
2. \$0.536 million of Administered 2014-15 annual appropriations was identified as permanent quarantines under Section 51 of the PGPA Act and has been returned back to OPA.
3. In 2017-18, there is a movement of administered funds of \$2.808 million from 2016-17 to 2017-18 (\$1.01 million) and 2018-19 (\$1.798 million).

**5.1C Special Appropriations ('Recoverable GST exclusive')**

	Appropriation applied	
	2018 \$'000	2017 \$'000
<i>Australian Research Council Act 2001 s.49, Administered, limit \$758,055,000 of grants funding for the current reporting period, remaining special appropriation lapsed on 30 June 2018.</i>	<b>758,030</b>	743,662
<b>Total special appropriations applied</b>	<b>758,030</b>	<b>743,662</b>

<b>5.2 Special Account</b>		
<b>ARC Research Endowment Account (Administered)<sup>1</sup></b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Balance brought forward from previous period</b>	-	-
<b>Increases</b>		
Appropriation credited to special account	-	9,000
<b>Available for payments</b>	-	9,000
<b>Decreases</b>		
Payments made to research organisations	-	(9,000)
<b>Total balance carried to the next period</b>	-	-
<p>1. Appropriation: <i>Public Governance, Performance and Accountability Act 2013</i> section 80.  Establishing Instrument: <i>Australian Research Council Act 2001</i> section 62.  Purpose: The purpose of this special account is to provide financial assistance to organisations for eligible research programs.</p>		

**5.3 Net Cash Appropriation Arrangements**

	2018 \$'000	2017 \$'000
<b>Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b>	<b>2,225</b>	<b>3,380</b>
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u><b>(3,631)</b></u>	<u><b>(3,645)</b></u>
<b>Total comprehensive income/(loss) - as per the Statement of Comprehensive Income</b>	<u><b>(1,406)</b></u>	<u><b>(265)</b></u>

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

## People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

### 6.1 Employee Provisions

	2018	2017
	\$'000	\$'000
<hr/>		
<b>6.1A: Employee Provisions</b>		
Leave	4,826	3,979
<b>Total employee provisions</b>	<u>4,826</u>	<u>3,979</u>

**Accounting policy**

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

**Leave**

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the ARC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2018. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

**Separation and Redundancy**

As at 30 June 2018 the ARC did not have any provisions for separation and redundancy benefit payments.

**Superannuation**

The ARC's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other choice of fund.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance's administered schedules and notes.

The ARC makes employer contributions to the employees' superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. The ARC accounts for the contributions as if they were contributions to defined contribution schemes.

The liability for superannuation recognised as at 30 June 2018 represents outstanding contributions for the final fortnight of the year.

**Accounting Judgements and Estimates**

Employee provisions are dependent on management assumptions for their measurement.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

**6.2 Key Management Personnel Remuneration**

	2018 \$'000	2017 \$'000
Short-term employee benefits	1,352	928
Post-employment benefits	230	149
Other long-term employee benefits	152	101
<b>Total key management personnel remuneration expenses</b>	<b>1,734</b>	<b>1,178</b>

The total number of Key Management Personnel (KMP) that are included in the above table are 6 individuals (2016-17: 5 individuals).

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. In 2017-18, there are six individuals considered KMP in the ARC that include Chief Executive Officer (CEO), Executive General Manager (EGM) and Branch Managers.

The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the ARC.

**6.3 Related Party Disclosures****Related party relationships:**

The ARC is an Australian Government controlled entity. Related parties to the ARC are KMP and the Portfolio Minister and Executives, and other Australian Government entities.

**Transactions with related parties:**

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions are not disclosed separately in this note.

In 2017-18, no Grants were paid to KMP or their related parties under AASB 124 *Related Party Disclosures*.

**The following transactions with related parties occurred during the financial year:**

The ARC transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation, insurance premiums and the payment of superannuation to the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), and the PSS accumulation plan (PSSap). These are not considered individually significant to warrant separate disclosure as related party transactions.

Grants paid and grants owing to other Australian Government controlled entities are disclosed under Notes 2.1B and 4.3A.

There was one transaction that affected the ARC's financial position during 2017-18 financial year. The ARC received \$2 million in departmental account from the Department of Defence to administer PFAS (Per-And Poly-Fluoroalkyl Substances) Remediation Research Program.

## Managing uncertainties

This section analyses how the ARC manages financial risks within its operating environment.

### 7.1 Contingent Assets and Liabilities

There were no Departmental and Administered contingent assets and liabilities in 2017-18 for the ARC (2016-17: nil).

#### **Accounting Policy**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured.

Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

**7.2 Financial Instruments**

	2018	2017
	\$'000	\$'000
<b><u>7.2A: Categories of Financial Instruments</u></b>		
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	281	467
Goods and services receivables	36	76
<b>Total loans and receivables</b>	<b>317</b>	<b>543</b>
<b>Total financial assets</b>	<b>317</b>	<b>543</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Suppliers	593	457
Other payables	123	109
Finance leases	2,376	2,715
<b>Total financial liabilities measured at amortised cost</b>	<b>3,092</b>	<b>3,281</b>
<b>Total financial liabilities</b>	<b>3,092</b>	<b>3,281</b>

## Accounting Policy

### Financial assets

The ARC classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments;
- c) available-for-sale financial assets; and
- d) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

### Effective Interest Method

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

### Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- have been acquired principally for the purpose of selling in the near future; or
- are parts of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

*Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

*Available for sale financial assets* - if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

*Financial assets held at cost* - if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

### Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

### Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are expected to be settled within 12 months. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

**7.2 Financial Instruments (continued)**

	2018	2017
	\$'000	\$'000

**7.2B: Net Gains or Losses on Financial Liabilities****Financial liabilities measured at amortised cost**

Interest expense	286	300
<b>Net gains/(losses) on financial liabilities measured at amortised cost</b>	<b>286</b>	<b>300</b>

The total interest expense from financial liabilities not at fair value through profit or loss in 2017-18 was \$285,743 (2016-17: \$299,896).

<b>7.3 Administered - Financial Instruments</b>		
	<b>2018</b>	2017
	<b>\$'000</b>	<b>\$'000</b>
<b><u>7.3A: Categories of Financial Instruments</u></b>		
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	-	-
<b>Total loans and receivables</b>	<b>-</b>	<b>-</b>
<b>Total financial assets</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Grants	<b>239,058</b>	308,898
Other payables	<b>225</b>	1,144
<b>Total financial liabilities measured at amortised cost</b>	<b>239,283</b>	<b>310,042</b>
<b>Total financial liabilities</b>	<b>239,283</b>	<b>310,042</b>

**7.4 Fair Value Measurement****Accounting Policy**

The ARC tests the procedures of the valuation model as an asset materiality review at least once every 12 months. If a particular asset class is subject to significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. The ARC engaged a valuer to undertake a valuation of all buildings, plant and equipment assets and confirm that the models developed comply with AASB 13.

**7.4 Fair Value Measurement**

	Fair value measurements at the end of the reporting period	
	2018 \$'000	2017 \$'000
<b>Non-financial assets<sup>1</sup></b>		
Buildings	1,586	1,803
Plant and equipment <sup>2</sup>	405	358
<b>Total non-financial assets</b>	<b>1,991</b>	<b>2,161</b>

1. The ARC did not measure any non-financial assets (NFAs) at fair value on a non-recurring basis as at 30 June 2018.
2. The remaining assets and liabilities reported by the ARC are not measured at fair value in the Statement of Financial Position. Finance leases carrying amount totalling of \$391,384 (2016-17: \$579,985) included in the asset register for plant and equipment have been excluded from the above table.



# PART 6

## Appendices



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# Appendix 1 National Competitive Grants Program funding schemes

This appendix provides information to support the Annual Performance Statement for Key Activity 1: Funding the highest quality research.

The Discovery and Linkage programs are funded under the National Competitive Grants Program (NCGP).

## DISCOVERY PROGRAM

### Australian Laureate Fellowships

First selection round Funding commencing in 2009

Frequency Annual

Description The *Australian Laureate Fellowships* scheme aims to attract and retain outstanding researchers in Australia. The scheme provides fellows with project funding in addition to a salary supplement and salary-related (on-cost) support.

### Discovery Early Career Researcher Award

First selection round Funding commencing in 2012

Frequency Annual

Description The *Discovery Early Career Researcher Award* (DECRA) scheme supports early career researchers.

### Discovery Indigenous

First selection round Funding commencing in 2002 (Discovery Indigenous Researchers Development); funding commencing in 2012 (Discovery Indigenous)

Frequency Annual

Description The *Discovery Indigenous* scheme aims to support research projects led by an Aboriginal and Torres Strait Islander researcher and build the research capacity of Higher Degree Research (HDR) students and early career researchers.

### Discovery Projects

First selection round Funding commencing in 2002

Frequency Annual

Description The *Discovery Projects* scheme provides funding for research projects undertaken by excellent individual researchers and/or research teams.

### Future Fellowships

First selection round Funding commencing in 2009

Frequency Annual

Description The *Future Fellowships* scheme aims to attract and retain the brightest and best mid-career researchers.

## LINKAGE PROGRAM

### ARC Centres of Excellence

First selection round	Funding commencing in 2003
Frequency	Periodic
Description	The <i>ARC Centres of Excellence</i> scheme aims to build critical mass in areas of research priority. Funding of between \$1 million and \$5 million per annum for up to seven years may be awarded for each ARC Centre of Excellence.

### Industrial Transformation Research Hubs

First selection round	Funding commencing in 2012
Frequency	Annual
Description	The <i>Industrial Transformation Research Hubs</i> scheme supports collaborative research activity between the Australian higher education sector and industry in identified Industrial Transformation Priority areas.

### Industrial Transformation Training Centres

First selection round	Funding commencing in 2013
Frequency	Annual
Description	The <i>Industrial Transformation Training Centres</i> scheme fosters close partnerships between university-based researchers and other research end-users to provide innovative HDR and postdoctoral training for industries vital to Australia's future.

### Linkage Infrastructure, Equipment and Facilities

First selection round	Funding commencing in 2002
Frequency	Annual
Description	The <i>Linkage Infrastructure, Equipment and Facilities</i> scheme encourages institutions to develop collaborative arrangements to support research infrastructure.

### Linkage Learned Academies Special Projects

First selection round	Funding commencing in 2002
Frequency	Periodic
Description	The <i>Linkage Learned Academies Special Projects</i> scheme funds the Australian Council of Learned Academies and the Learned Academies to undertake research projects.

### Linkage Projects

First selection round	Funding commencing in 2002
Frequency	Annual since 2013; continuous from 1 July 2016
Description	The <i>Linkage Projects</i> scheme supports collaborative research and research training between universities and partner organisations.

### Special Research Initiatives

First selection round	Funding commencing in 2002
Frequency	As required
Description	Under the <i>Special Research Initiatives</i> scheme, the ARC identifies new or emerging areas of research for funding. Applications for funding may be submitted only when invited by the ARC by means of a call for proposal(s).

### Supporting Responses to Commonwealth Science Council Priorities

First selection round	Funding commencing in 2018
Frequency	As required
Description	The <i>Supporting Responses to Commonwealth Science Council Priorities</i> scheme aims to support the development of Australian research in priority areas as set by the Commonwealth Science Council. Organisations eligible to administer funding under the scheme are the Australian Council of Learned Academies and the Learned Academies.

# Appendix 2 National Competitive Grants Program statistics

This appendix provides information to support the Annual Performance Statement for Key Activity 1: Funding the highest quality research.

**Table A1: Discovery Program funding commencing in 2015–16 to 2017–18**

Scheme	2015–16	2016–17	2017–18
<b>Australian Laureate Fellowships</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Number of proposals	115	124	112
Number of awards	15	16	17
Success rate (%)	13.0	12.9	15.2
Total funding (\$)	42,025,000	44,123,452	47,025,969
<b>Discovery Early Career Researcher Award</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of proposals	1220	1197	1212
Number of awards	200	200	197
Success rate (%)	16.4	16.7	16.3
Total funding (\$)	70,736,647	71,700,673	70,940,411
<b>Discovery Indigenous</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of proposals	31	31	38
Number of awards	10	11	13
Success rate (%)	32.3	35.5	34.2
Total funding (\$)	4,059,356	4,634,891	7,210,045
<b>Discovery Projects</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of proposals	3584	3540	3136
Number of awards	635	630	594
Success rate (%)	17.7	17.8	18.9
Total funding (\$)	244,935,035	234,660,652	225,661,033
<b>Future Fellowships</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Number of proposals	315	324	294
Number of awards	50	100	91
Success rate (%)	15.9	30.9	31
Total funding (\$)	38,648,000	77,023,663	77,004,106

**Table A2: Linkage Program funding commencing in 2015–16 to 2017–18**

<b>Scheme</b>	<b>2015–16</b>	<b>2016–17</b>	<b>2017–18</b>
<b>ARC Centres of Excellence</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of Expressions of Interest (EOI)	n/a	97	n/a
Number of EOI shortlisted	n/a	20	n/a
EOI success rate (%)	n/a	20.6	n/a
Number of proposals funded	n/a	9	n/a
Proposal success rate (%)	n/a	45	n/a
Total funding (\$)	n/a	283,500,000	n/a
<b>Industrial Transformation Research Hubs</b>	<b>2015</b>	<b>2017</b>	<b>2018</b>
Number of proposals	11	5	9
Number of awards	5	3	4
Success rate (%)	45.5	60.0	44.4
Total funding (\$)	15,696,194	9,603,797	17,971,900
<b>Industrial Transformation Training Centres</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of proposals	27	26	28
Number of awards	6	9	7
Success rate (%)	22.2	34.6	25.0
Total funding (\$)	22,044,067	36,990,090	28,922,441
<b>Linkage Infrastructure, Equipment and Facilities</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of proposals	173	179	171
Number of awards	54	48	50
Success rate (%)	31.2	26.8	29.2
Total funding (\$)	37,973,900	28,628,728	28,576,391
<b>Linkage Learned Academies Special Projects</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of proposals	n/a	n/a	10
Number of awards	n/a	n/a	5
Success rate (%)	n/a	n/a	50.0
Total funding (\$)	n/a	n/a	1,149,565
<b>Linkage Projects<sup>12</sup></b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Number of proposals	710	967	417
Number of awards	252	320	132
Success rate (%)	35.5	33.1	31.6
Total funding (\$)	86,927,155	115,362,905	53,330,220

Scheme	2015–16	2016–17	2017–18
<b>Special Research Initiatives<sup>3</sup></b>	<b>2015–16</b>	<b>2016–17</b>	<b>2017–18</b>
Number of proposals	n/a	n/a	31
Number of awards	n/a	n/a	9
Success rate (%)	n/a	n/a	29.0
Total funding (\$)	n/a	n/a	8,166,350

**Notes**

- 1 Linkage Projects 2016 includes six months of continuous applications (from 1 July 2016).
- 2 Linkage Projects 2017 includes all proposals received for funding under the 2017 selection round. Funding for projects in the 2017 selection round may commence in 2017 or 2018.
- 3 The Special Research Initiative reported is the PFAS (per- and poly-fluoroalkyl substances) Remediation Research Program.

# Appendix 3 Prizes and awards

This appendix provides information to support the Annual Performance Statement for Key Activity 1: Funding the highest quality research.

## 2017 PRIME MINISTER'S PRIZES FOR SCIENCE AWARDS

- **Professor Dayong Jin**, University of Technology Sydney—*Malcolm McIntosh Prize for Physical Scientist of the Year* for pioneering research in biophotonics and nanotechnology (Director, Industrial Transformation Research Hub, Future Fellow)
- **Professor Eric Reynolds**, The University of Melbourne—*Prime Minister's Prize for Innovation* for pioneering research in dentistry (Chief Investigator)
- **Professor Jenny Graves**, La Trobe University—*Prime Minister's Prize for Science* for pioneering research in evolutionary genetics (Chief Investigator)
- **Professor Jian Yang**, The University of Queensland—*Frank Fenner Prize for Life Scientist of the Year* for innovative research improving our understanding of the human genome and inherited genetic traits (Future Fellow).

## 2017 AUSTRALIAN MUSEUM EUREKA PRIZES

- **Associate Professor Madhu Bhaskaran**, RMIT University—*Macquarie University Eureka Prize for Outstanding Early Career Researcher* for research into innovative wearable electronic devices (DECRA)
- **Associate Professor Richard Mildren**, Macquarie University—*Defence Science and Technology Eureka Prize for Outstanding Science in Safeguarding Australia* for developing diamond-based technology that is capable of radically increasing the power and spectral range of lasers (Chief Investigator)
- **Dr Emilie Ens**, Macquarie University—*Department of Industry, Innovation and Science Eureka Prize for Innovation in Citizen Science* for work leading the Ngukurr Wi Stadi bla Kantri (We Study the Country) Research Team (DECRA)
- **Professor Alan Cooper**, The University of Adelaide—*UNSW Eureka Prize for Excellence in Interdisciplinary Scientific Research* for undertaking the Aboriginal Heritage Project, in partnership with Aboriginal families and communities, to reconstruct the map of Indigenous Australia using hair sampling technologies (Australian Laureate Fellow)
- **Professor Andrew Whitehouse**, The University of Western Australia—*3M Eureka Prize for Emerging Leader in Science* for national and international leadership in autism research (Chief Investigator)
- **Professor Elena Ivanova**, Swinburne University of Technology—*UNSW Eureka Prize for Scientific Research* for a novel material able to kill the bacteria, *Pseudomonas aeruginosa* (Chief Investigator)
- **Professor Saulius Juodkazis**, Swinburne University of Technology—*UNSW Eureka Prize for Scientific Research* for a novel material able to kill the bacteria, *Pseudomonas aeruginosa* (Chief Investigator)
- **Professor Geoffrey Webb**, Monash University—*University of Technology Sydney Eureka Prize for Excellence in Data Science* for forging new avenues within the field of data science research (Chief Investigator)
- **Professor Justin Gooding**, The University of New South Wales—*University of Technology Sydney Eureka Prize for Outstanding Mentor of Young Researchers* for a program of individualised mentorship in bionanotechnology and nanomedicine (Australian Laureate Fellow).

## 2017 STATE AND TERRITORY AWARDS

- **Professor Maria Forsyth**, Deakin University—*Victoria Prize for Science and Innovation—Physical Sciences* for her groundbreaking research in electrochemical sciences (Director, Industrial Transformation Training Centre)
- **Professor Gordon Wallace**, University of Wollongong—*NSW Scientist of the Year* for his work in medical bionics and energy conversion and storage (Director, ARC Centre of Excellence)
- **Professor James Paton**, The University of Adelaide—*SA Scientist of the Year* for his world-leading research on the causes of infectious diseases (Chief Investigator)
- **Professor Svetha Venkatesh**, Deakin University—*2017 Victorian Honour Roll of Women* for outstanding leadership, innovation and mentoring within the context of research examining pattern recognition and analysis (Australian Laureate Fellow)
- **Professor Hala Zreiqat**, The University of Sydney—*2018 NSW Premier's Woman of the Year Award* for outstanding contribution to regenerative medicine and orthopaedic research, and improving opportunities for women (Director, Industrial Transformation Training Centre).

## 2017 YOUNG TALL POPPY SCIENCE AWARDS

### Australian Capital Territory

- **Dr Dave Pasalich**, The Australian National University—for his work developing, implementing and evaluating parenting programs that aim to improve the quality of the parent-child relationship and reduce behaviour problems in at-risk children (DECRA).

### Queensland

- **Dr Lee Hickey**, The University of Queensland—for work contributing to the development of genetic “speed breeding” technologies to improve plant cultivation processes (DECRA)
- **Dr Indira Prasadam**, Queensland University of Technology—for research designed to improve medical responses to osteoarthritis (Chief Investigator)
- **Dr Kirsty Short**, The University of Queensland—for work examining the relationship between the severity of flu symptoms and alternative medical conditions (DECRA).

### South Australia

- **Dr Laura Weyrich**, The University of Adelaide—for work in the field of paleomicrobiology (Future Fellow)
- **Dr Jayakumar Bose**, The University of Adelaide—for contributions to the identification of salt-tolerant genes to improve agricultural yields within the context of saline soils (DECRA).

### Victoria

- **Associate Professor Alan Duffy**, Swinburne University of Technology—for research utilising supercomputers to examine the astrophysics of dark matter (Chief Investigator)
- **Associate Professor Luke Henderson**, Deakin University—for his contributions to the development of improved medical interventions for cancer (Chief Investigator).

### Western Australia

- **Dr Monika Murcha**, The University of Western Australia—for work contributing to the development of plants with more harvestable products, and increased resilience to changing climates (Future Fellow)
- **Dr Nadim Darwish**, Curtin University—for his work within the field of nanotechnology (DECRA).

## 2018 AUSTRALIAN ACADEMY OF SCIENCE AWARDS

- **Professor Douglas MacFarlane**, Monash University—*David Craig Medal* for his work on novel liquid salt compounds (Australian Laureate Fellow)
- **Professor David Cooke**, University of Tasmania—*Haddon Forrester King Medal* for research on the geological, chemical and fluid processes that produce the world’s major copper-gold deposits (Director, Industrial Transformation Research Hub)
- **Professor Matt King**, University of Tasmania—*Mawson Medal* for his research on the functions and threats associated with ice sheet formations (Chief Investigator)
- **Professor Calum John Drummond**, RMIT University—*Ian Wark Medal* for his research on factors governing molecular assembly, and particle and surface interactions in liquids (Chief Investigator)
- **Associate Professor Shanyong Wang**, The University of Newcastle—*John Booker Medal* for his work developing novel computer codes and advanced engineering testing processes (Future Fellow)
- **Dr Ceridwen Fraser**, The Australian National University—*Fenner Medal* for the use of environmental and ecological data to understand biodiversity patterns (Future Fellow)
- **Dr Irina Voineagu**, The University of New South Wales—*Ruth Stephens Gani Medal* for research examining the genetics of neurodevelopmental disorders (Future Fellow)
- **Associate Professor Alex Fornito**, Monash University—*Gottschalk Medal* for work examining the relationship between human brain function and mental illness (Future Fellow)
- **Dr Rhodri Davies**, The Australian National University—*Anton Hales Medal* for research improving scientific understandings of solid Earth structure and evolution (Future Fellow)
- **Associate Professor Tracy Ainsworth**, The University of New South Wales—*Dorothy Hill Medal* for research examining environmental stressors on reef-building corals (Chief Investigator)
- **Dr Paul Lasky**, Monash University—*Pawsey Medal* for his development of new ways of studying the interiors of neutron stars using their gravitational-wave signatures (Future Fellow)
- **Associate Professor Amir Karton**, The University of Western Australia—*Le Fèvre Medal* for his contribution to the development of quantum chemical methods for highly accurate calculations of chemical properties (Future Fellow).

## OTHER AWARDS AND PRIZES

- **2018 Global Energy Association Global Energy Prize**  
**Professor Martin Green**, The University of New South Wales—for outstanding contribution to research, development and educational activities in the field of photovoltaics (Chief Investigator)
- **2018 Australian Academy of Technological Sciences and Engineering Batterham Medal**  
**Associate Professor Madhu Bhaskaran**, RMIT University—for pioneering work to develop oxide-based flexible electronics (DECRA)
- **2017 Council for the Humanities, Arts and Social Sciences (CHASS) Australia Prize for Distinctive Work in the Humanities, Arts and Social Sciences**  
**ARC Centre of Excellence for the History of Emotions**, The University of Western Australia—for important community engagement with the Kalbarri Development Association to create the Zest Festival

**■ 2017 Australian Institute of Physics Walter Boas Medal**

**Professor David McClelland**, ARC Centre of Excellence for Gravitational Wave Discovery, The Australian National University—for outstanding contribution to the landmark observation of gravitational waves by the Laser Interferometer Gravitational-Wave Observatory (Chief Investigator)

**■ 2017 Cronin Award for Early Achievement by the Coastal and Estuarine Research Federation (International)**

**Dr Damien Maher**, Southern Cross University—for work examining carbon cycling within coastal zones (DECRA)

**■ 2017 Tinker-Muse Prize for Science and Policy in Antarctica**

**Professor Matthew England**, The University of New South Wales—for his contribution to understanding the climatic and environmental influence of the Southern Ocean on Antarctica, and its role within global climatic systems (Chief Investigator).

# Appendix 4 Resource statements

This appendix supports the financial information in Section 3.2: Financial performance.

Table A3: ARC Entity Resource Statement 2017–18

		Actual available appropriation for 2017–18 \$'000 (a)	Payments made 2017–18 \$'000 (b)	Balance Remaining 2017–18 \$'000 (a) – (b)
<b>Ordinary annual services<sup>1</sup></b>				
Departmental appropriation <sup>2</sup>		40,718	20,876	19,842
<b>Total</b>		<b>40,718</b>	<b>20,876</b>	<b>19,842</b>
<b>Administered resourcing</b>				
Outcome 1 <sup>3</sup>		7,781	4,967	
<b>Total</b>		<b>7,781</b>	<b>4,967</b>	
<b>Total ordinary annual services</b>	<b>A</b>	<b>48,499</b>	<b>25,843</b>	
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections <sup>4</sup>		4,154	2,334	1,820
<b>Total</b>		<b>4,154</b>	<b>2,334</b>	<b>1,820</b>
<b>Total other services</b>	<b>B</b>	<b>4,154</b>	<b>2,334</b>	<b>1,820</b>
<b>Total available annual appropriations and payments</b>		<b>52,653</b>	<b>28,177</b>	
<b>Special appropriations</b>				
Special appropriations limited by criteria/entitlement				
<i>Australian Research Council Act 2001</i>		758,055	758,030	
<b>Total special appropriations</b>	<b>C</b>	<b>758,055</b>	<b>758,030</b>	
<b>Total resourcing and payments</b>	<b>A+B+C</b>	<b>810,708</b>	<b>786,207</b>	
<b>Total net resourcing and payments for the ARC</b>		<b>810,708</b>	<b>786,207</b>	

## Notes

- 1 Appropriation Act (No. 1 and No. 3) 2017–18. This also includes prior-year departmental Appropriation Act (No. 1 and No. 3) and retained revenue receipts under section 74 of the PGPA Act.
- 2 Includes an amount of \$1.235m in 2017–18 for the departmental capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.
- 3 Includes a movement of administered funds of \$2.808 million from 2016–17 to 2017–18 and 2018–19.
- 4 Appropriation Act (No. 2) 2017–18. This also includes prior year Appropriation Act (No. 2).

Table A4: ARC Expenses for Outcome 1, 2017–18

Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice	Budget*	Actual Expenses	Variation
	2017–18 \$'000 (a)	2017–18 \$'000 (b)	2017–18 \$'000 (a)-(b)
<b>Program 1.1: Discovery—research and research training</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Act No. 1 and No. 3)	1,122	532	590
Special appropriations	492,736	446,842	45,894
<b>Total for Program 1.1</b>	<b>493,858</b>	<b>447,374</b>	<b>46,484</b>
<b>Program 1.2: Linkage—cross-sector research partnerships</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Act No. 1 and No. 3)	1,449	641	808
Special appropriations	265,319	241,231	24,088
<b>Total for Program 1.2</b>	<b>266,768</b>	<b>241,872</b>	<b>24,896</b>
<b>Program 1.3: Excellence in Research for Australia</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Act No. 1 and No. 3)	3,950	2,018	1,932
<b>Total for Program 1.3</b>	<b>3,950</b>	<b>2,018</b>	<b>1,932</b>
<b>Outcome 1: Totals by appropriation type</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Act No. 1)	6,521	3,191	3,330
Special appropriations	758,055	688,073	69,982
<b>Departmental expenses</b>			
Departmental appropriation <sup>1</sup>	21,786	20,961	825
Expenses not requiring appropriation in the budget year	3,802	3,691	111
<b>Total expenses for Outcome 1</b>	<b>790,164</b>	<b>715,916</b>	<b>74,248</b>
	<b>2017–18</b>	<b>2016–17</b>	
<b>Average staffing level (number)</b>	124	114	

**Notes**

\* Full-year budget, including any subsequent adjustment made to the 2017–18 budget at 2017–18 Additional Estimates and 2018–19 Budget.

<sup>1</sup> Departmental appropriation combines ordinary annual services Appropriation Act No. 1 and No. 3 and retained revenue receipts under section 74 of the PGPA Act.

# Appendix 5 Other mandatory information

This appendix provides mandatory information referenced in Part 4: Management and accountability.

## ADVERTISING AND MARKET RESEARCH

Under section 311(A) of the *Commonwealth Electoral Act 1918*, agencies are required to report in their annual report on payments made to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

During 2017–18 the ARC paid \$969.41 (including GST) for advertising costs to Dentsu X. The advertising consisted of non-campaign advertisements for ARC funding schemes.

During 2017–18 the ARC did not employ the services of any market research, polling or direct mail organisations.

## SAFE AND HEALTHY WORK ENVIRONMENT

Under the *Work Health and Safety Act 2011* (WHS Act), agencies are required to report in their annual report on the following matters:

- initiatives taken during the year to ensure the health, safety and welfare of ARC staff
- health and safety outcomes achieved as a result of these initiatives
- statistics of any notifiable incidents the ARC became aware of during the year that arose out of the agency's business or undertakings
- any investigations conducted during the year that related to businesses or undertakings conducted by the ARC, including details of all notices given to the entity during the year under Part 10 of the WHS Act
- such other matters as are required by the guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit.

### Health and safety initiatives

During the year the ARC continued to:

- hold Work Health and Safety (WHS) meetings
- provide first aid training to nominated first aid officers
- provide employer-subsidised eyesight testing for screen-based work
- provide training for fire wardens and health and safety representatives
- provide influenza vaccinations to employees and contractors
- organise workstation assessments where required
- provide online WHS training
- organise health checks.

### Health and safety outcomes

No incidents were reported to the Director, People and Services, in accordance with the ARC's incident notification and reporting procedures.

### Notifiable incidents

The ARC had no notifiable incidents during 2017–18. Under the WHS Act, a notifiable incident is one involving the death of a person, serious injury or illness of a person, or a dangerous incident.

### Investigations including details of all notices

The ARC was not issued with any WHS notices and there were no WHS investigations undertaken during 2017–18.

### Any other matters

There are no other matters required by the guidelines.

## ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

Under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*, Australian Government entities have a statutory requirement to report against two criteria in their annual reports:

- how they accord with and contribute to ecologically sustainable development (ESD)
- their environmental performance, that is, the impact their activities have on the natural environment, how these are mitigated and how they will be further mitigated.

### Accordance with and contribution to ecologically sustainable development

#### Overview

Under the NCGP the ARC provides funding support for research in all disciplines, including issues of national significance such as health, social welfare, defence, transport, communications, and the environment.

#### Accordance with principles of ecologically sustainable development

Accordance of the ARC's activities with ESD principles is outlined in Table A5.

Table A5: Principles of ecologically sustainable development and ARC activities

Principle	ARC activities
Integration: decision making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations	Each NCGP funding scheme includes the selection criterion: Will the proposed research maximise economic, environmental, social, health and/or cultural benefit to Australia? Proposals are assessed through a competitive peer review process.
Intergenerational: if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation	The NCGP provides funding for research in all disciplines including research relevant to ESD and environmental protection. ERA identifies and promotes excellence across all research fields in Australia's higher education institutions. One aim is to build research excellence resulting in better outcomes for Australia.
Biodiversity: the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making	All ARC-funded projects must comply with ethics and research practice requirements including the <i>Australian Code for the Responsible Conduct of Research</i> . This Code includes the requirement that researchers should conduct research so as to minimise adverse effects on the wider community and the environment.
Valuation: improved valuation, pricing and incentive mechanisms should be promoted	The ARC complies with the <i>Commonwealth Procurement Guidelines</i> ensuring that any procurement takes into consideration, among other factors, the environmental sustainability of the proposed goods and services.

### National Competitive Grants Program outcomes

Of the 1111 NCGP projects awarded funding commencing in 2017–18, 143 involved research relevant to the Australian Government Science and Research Priority area 'environmental change'. These projects were allocated total funding of approximately \$63.0 million.

The ARC also funded a range of ongoing research projects conducting environment-related research. Examples of larger scale projects funded include:

- the ARC Centre of Excellence for Integrated Coral Reef Studies (established 2014), which aims to provide the scientific knowledge necessary for sustaining coral reef ecosystems and the goods and services they provide to support the livelihoods and food security of millions of people in the tropics
- the ARC Training Centre for Mining Restoration (established 2015), which aims to deliver integrated research projects and industry-ready professionals focused on the needs of the mining restoration industry
- the ARC Centre of Excellence for Australian Biodiversity and Heritage (established 2017), which aims to track changes to Australia's environment, to examine the processes responsible for these changes and to identify the lessons that can be used to promote adaptation to Australia's changing environment
- the ARC Centre of Excellence for Climate Extremes (established 2017), which is the world's first fully integrated centre focused explicitly on the understanding and prediction of climate extremes.

## Environmental performance

The ARC's daily operational activities have an impact on the environment through the use of electricity, vehicles, water, paper and other materials, and the generation of waste.

Measures to minimise this impact are outlined below.

### Building

The ARC leases office space in 11 Lancaster Place, Canberra Airport, Canberra. This location houses one of the largest tri-generation plants in Australia. Tri-generation is a process through which natural gas is used as the single input source of energy to generate electricity. Excess energy that would have been lost during the production of electricity is used to heat the buildings in winter and cool them in summer.

In addition to producing three forms of energy, tri-generation provides efficiencies of 90 per cent. This far surpasses the Commonwealth Green Lease Requirement of 4.5 Star NABERS (the National Australian Building Environment Rating System). It also equates to less than half the carbon dioxide emissions of a 5 Star NABERS building.

### Energy

ARC office lighting operates on motion sensors and automatically switches off if no movement is detected for a specified period of time.

The ARC undertakes an electrical audit of any personal devices to be used on ARC premises. The audit applies a reasonableness test, considering key priorities, including cost, productivity and environmental impact. Devices that do not meet the requirements of this test cannot be used on ARC premises.

ARC staff participated in Earth Hour on 24 March 2018. Earth Hour is a 'lights out' initiative designed to draw attention to tackling global warming. This year marked the eleventh anniversary of the initiative as a global phenomenon.

### Information management

In accordance with the Australian Government's *Digital Transformation Policy* the ARC has committed to digital information management practices and is transitioning to primarily digital record keeping.

In 2017–18 the ARC upgraded its intranet to improve information sharing with staff. The intranet is the primary mechanism to engage with staff about matters affecting the whole agency.

### Information and Communication Technology services


During 2017–18 the ARC continued to pursue the principles of the Australian Government's *ICT Sustainability Plan*, which ceased in 2015, including:

- sustainable procurement (for example, using recycled office paper and ensuring appropriate resource reuse or recovery for mobiles, toner cartridges and Information and Communication Technology [ICT] equipment)
- managing resource consumption and demand (for example, monitoring computer to printer ratios)
- managing waste (for example, ensuring e-waste is used or recycled and ICT packaging is recycled)
- managing energy consumption (for example, ensuring computers are switched off after hours).



# Aids to access

# PART 1



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# Abbreviations and acronyms

Table A8: Abbreviations and Acronyms

Abbreviation or acronym	Description
ANAO	Australian National Audit Office
APS	Australian Public Service
APSC	Australian Public Service Commission
ARC	Australian Research Council
ARC Act	<i>Australian Research Council Act 2001</i>
ARIC	Australian Research Integrity Committee
AWA	Australian Workplace Agreement
BSB	Biological Sciences and Biotechnology
CEO	Chief Executive Officer
CHASS	Council for the Humanities, Arts and Social Sciences
CoE	Centres of Excellence
CP	Corporate Plan
DECRA	Discovery Early Career Researcher Award
DIAs	Discovery International Awards
EI	Engagement and Impact
EIS	Engineering and Information Sciences
EOI	Expressions Of Interest
ERA	Excellence in Research for Australia
ESD	Ecologically Sustainable Development
FAIR	Findable, Accessible, Interoperable and Reusable
FOI Act	<i>Freedom of Information Act 1982</i>
GST	Goods and Services Tax
HCA	Humanities and Creative Arts
HDR	Higher Degree Research
ICT	Information and Communications Technology
IFA	Individual Flexibility Arrangements
IPS	Information Publication Scheme
ISO	International Organisation for Standardisation
IT	Information Technology
ITRH	Industrial Transformation Research Hubs

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Abbreviation or acronym	Description
ITRP	Industrial Transformation Research Program
ITTC	Industrial Transformation Training Centres
KPI	Key Performance Indicator
LASP	Linkage Learned Academies Special Projects
LIEF	Linkage Infrastructure, Equipment and Facilities
NABERS	National Australian Building Environment Rating System
NAIDOC	National Aboriginal and Islander Day Observance Committee
NCGP	National Competitive Grants Program
NHMRC	National Health and Medical Research Council
NISA	National Innovation and Science Agenda
PBS	Portfolio Budget Statements
PFAS	Per- and Poly-Fluoroalkyl Substances
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
PS Act	<i>Public Service Act 1999</i>
PSEMIS	Physical Sciences, Engineering, Mathematics and Information Sciences
RAP	Reconciliation Action Plan
REC	Research Evaluation Committee
RMIT	Royal Melbourne Institute of Technology
SBE	Social, Behavioural and Economic Sciences
SES	Senior Executive Service
SME	Small and Medium Enterprises
SMG	Senior Management Group
SRI	Special Research Initiatives
UA	Universities Australia
WHS	Work Health and Safety
WHS Act	<i>Work Health and Safety Act 2011</i>

# Glossary

## **Administered expenditure**

Funding that is managed by agencies on behalf of the government.

## **Applied research**

Research that aims to address real-world problems by applying existing research theories or practices in a novel or innovative way.

## **Chief Investigator**

A researcher who satisfies the eligibility criteria for a Chief Investigator under the Discovery Program or Linkage Program funding rules, and takes responsibility for the conduct of an ARC-funded project.

## **Discovery Program**

Funding for investigator-initiated research projects and research fellowships and awards. The Discovery Program comprises the *Australian Laureate Fellowships*, *Discovery Early Career Researcher Award*, *Discovery Indigenous*, *Discovery Projects* and *Future Fellowships* schemes.

## **Early career researcher**

A researcher who has held a PhD or equivalent qualification for a period less than or equal to five years at the time of their application.

## **Engagement and Impact (EI) assessment**

An assessment of researchers' engagement with end-users, to demonstrate how universities are translating their research into economic, social, environmental and other impacts.

## **Excellence in Research for Australia (ERA)**

Provides Australian Government, industry, business and the wider community assurance of the excellence of research conducted in Australia's higher education institutions through an evaluation framework that identifies universities and disciplines that are internationally competitive and highlights areas where there are opportunities for further development and investment.

## **Final report**

A report to the ARC that researchers must submit within 12 months of completing their research project. The report includes a range of data and information including a description of research outcomes, academic and commercialisation outputs and details of collaboration.

## **Fundamental research**

Research that contributes to understanding the world through discoveries and the creation of new knowledge, theories and practices.

## **Grant Agreement**

The agreement entered into by the ARC and an Administering Organisation when an application from that organisation is approved for funding.

### Grant Guidelines

Documents published on the GrantConnect website for each grant opportunity that provide applicants with information about a scheme, eligibility requirements, the application, selection and approval processes, and requirements for the administration of funding.

### Linkage Program

Provides funding for research projects, infrastructure, hubs and centres that foster collaboration among researchers and research teams in Australia and internationally, and with industry and other end-users of research. The Linkage Program comprises the *ARC Centres of Excellence*, *Industrial Transformation Research Hubs*, *Industrial Transformation Training Centres*, *Linkage Infrastructure, Equipment and Facilities*, *Linkage Learned Academies Special Projects*, *Linkage Projects*, *Special Research Initiatives*, and *Supporting Responses to Commonwealth Science Council Priorities* schemes.

### Mid-career researchers

A researcher with between five and 15 years' research experience since the award of a PhD or equivalent qualification at the time of their application.

### National Competitive Grants Program

The National Competitive Grants Program (NCGP) comprises the Discovery and Linkage Programs, under which the ARC funds a range of complementary schemes to support the highest-quality fundamental and applied research, research training, research collaboration or partnerships, and infrastructure across all research disciplines.

### Open access

The idea that research outcomes, particularly those arising from publicly funded research projects, should be available as broadly as possible.

### Partner Investigator

A researcher who satisfies the eligibility criteria for a Partner Investigator under the Discovery Program or Linkage Program funding rules, and takes significant intellectual responsibility for the research.

### Partner organisations

National or international organisations that satisfy the eligibility criteria for a partner organisation as defined under Linkage Program funding rules, and contribute to the research project in accordance with the requirements of the scheme.

### Peer review

Evaluation of research proposals or outputs by experts who assess individual research proposals within their field of research or across a broader disciplinary area on the basis of established selection criteria.

### Science and Research Priority areas

A set of priority areas identified by the Australian Government that replaced the Strategic Research Priority areas in 2015. The Australian Government identified nine Science and Research Priority areas and associated Practical Research Challenges. The priorities, developed in consultation with leaders from industry, research and government, are designed to focus Australian Government support for science and research on the most important challenges facing Australia. The current Science and Research Priority areas are: food, soil and water, transport, cybersecurity, energy, resources, advanced manufacturing, environmental change and health. Each priority is associated with three to four Practical Research Challenges, which aim to guide investment and activity in areas where the Government considers Australia must maintain a strong research and innovation capability.

### Success rate

The number of awards made in a year or funding round as a percentage of the total number of applications. Withdrawn applications are excluded from calculations.

# Compliance index

## AUSTRALIAN RESEARCH COUNCIL ACT 2001—LIST OF REQUIREMENTS

ARC Act Reference	Description	Requirement	Pages
46	The annual report prepared by the Chief Executive Officer (CEO) and given to the Minister under section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act) for a period must also deal with: (a) any matters required by other provisions of this Act to be dealt with in the report; and (b) any other matters that the Minister, by notice in writing to the CEO, requires to be dealt with in the report. Note: A provision of this Act that require matters to be dealt with in the report is subsection 33C(3).	Mandatory	iii
33(c)	Particulars of any directions given by the Minister under subsection (1) must be (b) included in the annual report prepared by the CEO and given to the Minister under section 46 of the PGPA Act, for the period in which the direction is given.	Mandatory	iii

## ANNUAL REPORTS FOR NON-CORPORATE COMMONWEALTH ENTITIES—LIST OF REQUIREMENTS

PGPA Rule Reference	Description	Requirement	Pages
<b>17AD(g)</b>	<b>Letter of transmittal</b>		
17AI	A copy of the letter of transmittal signed and dated by Accountable Authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	iii
<b>17AD(h)</b>	<b>Aids to access</b>		
17AJ(a)	Table of contents.	Mandatory	iv–v
17AJ(b)	Alphabetical index.	Mandatory	169–177
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	161–162
17AJ(d)	List of requirements.	Mandatory	163–168

PGPA Rule Reference	Description	Requirement	Pages
17AJ(e)	Details of contact officer.	Mandatory	vii
17AJ(f)	Entity's website address.	Mandatory	ii
17AJ(g)	Electronic address of report.	Mandatory	ii
<b>17AD(a)</b>	<b>Review by Accountable Authority</b>		
17AD(a)	A review by the Accountable Authority of the entity.	Mandatory	2-4
<b>17AD(b)</b>	<b>Overview of the entity</b>		
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	14-15
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	16
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	17
17AE(1)(a)(iv)	A description of the purposes of the entity as included in Corporate Plan.	Mandatory	17
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Mandatory for portfolio departments	n/a
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory	n/a
<b>17AD(c)</b>	<b>Report on the performance of the entity</b>		
	<b>Annual Performance Statements</b>		
17AD(c)(i); 16F	Annual Performance Statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	22-52
<b>17AD(c)(ii)</b>	<b>Report on Financial Performance</b>		
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	53-54
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	150-151
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.	n/a
<b>17AD(d)</b>	<b>Management and Accountability</b>		
	<b>Corporate Governance</b>		

PGPA Rule Reference	Description	Requirement	Pages
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	58
17AG(2)(b)(i)	A certification by Accountable Authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	iii
17AG(2)(b)(ii)	A certification by Accountable Authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	iii
17AG(2)(b)(iii)	A certification by Accountable Authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	58–70
17AG(2)(d) – (e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory	70
<b>External Scrutiny</b>			
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	71–72
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	71
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	71–72
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	72
<b>Management of Human Resources</b>			
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	73–74
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> <li>• Statistics on staffing classification level;</li> <li>• Statistics on full-time employees;</li> <li>• Statistics on part-time employees;</li> <li>• Statistics on gender;</li> <li>• Statistics on staff location;</li> <li>• Statistics on employees who identify as Indigenous.</li> </ul>	Mandatory	75–77
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	73

PGPA Rule Reference	Description	Requirement	Pages
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	78
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	79
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	79
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	n/a
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, Mandatory	n/a
<b>Assets Management</b>			
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	80
<b>Purchasing</b>			
17AG(6)	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	81
<b>Consultants</b>			
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	82
17AG(7)(b)	A statement that “ <i>During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]</i> ”.	Mandatory	82
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	82

PGPA Rule Reference	Description	Requirement	Pages
17AG(7)(d)	A statement that “ <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> ”	Mandatory	82
<b>Australian National Audit Office Access Clauses</b>			
17AG(8)	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	83
<b>Exempt contracts</b>			
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	83
<b>Small business</b>			
17AG(10)(a)	A statement that “[ <i>Name of entity</i> ] supports small business participation in the Commonwealth Government procurement market. <i>Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.</i> ”	Mandatory	84
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	84
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[ <i>Name of entity</i> ] recognises the importance of ensuring that small businesses are paid on time. <i>The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.</i> ”	If applicable, Mandatory	84
<b>Financial Statements</b>			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	89–136
<b>17AD(f) Other Mandatory Information</b>			
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that “ <i>During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.</i> ”	If applicable, Mandatory	n/a

PGPA Rule Reference	Description	Requirement	Pages
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	85
17AH(1)(b)	A statement that “ <i>Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].</i> ”	If applicable, Mandatory	85
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	85
17AH(1)(d)	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	85
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	86
17AH(2)	Information required by other legislation	Mandatory	86, 152–155

Source: Resource Management Guide No. 135 Annual reports for non-corporate Commonwealth entities (May 2018, Department of Finance)

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