



Australian Government
Australian Research Council

ARC

ANNUAL REPORT

2018-19

ARC

ANNUAL REPORT

2018–19

AUSTRALIAN RESEARCH COUNCIL ANNUAL REPORT

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2 October 2019

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 Annual Report 2018–19*.

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 you 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.
- all other enabling legislation that specifies requirements in relation to the report.

There were no relevant matters to be dealt with in the Annual Report 2018–19 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



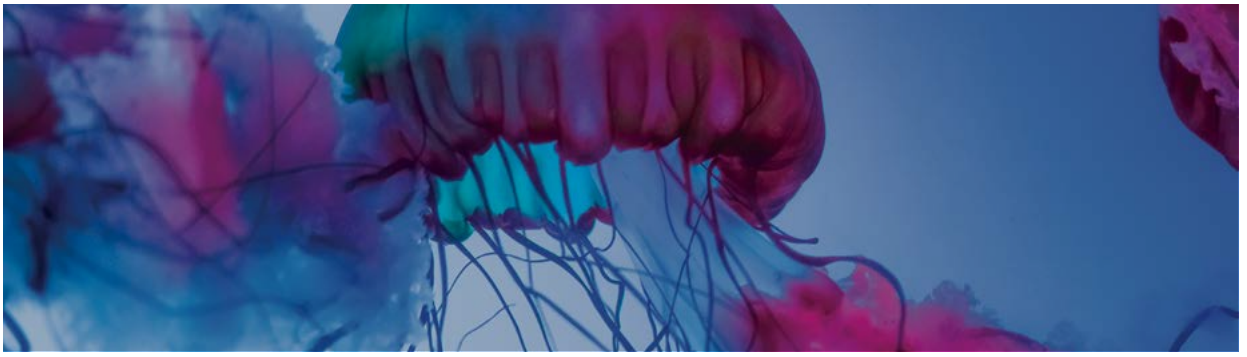
Professor Sue Thomas
Chief Executive Officer



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A GUIDE TO THIS REPORT

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.

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Entity website	www.arc.gov.au



ARC Snapshot



Linkage Projects
Partners **\$1.91** : ARC **\$1**

The ARC funded
4559
new and ongoing
research projects in
2018–19



ERA 2018 included



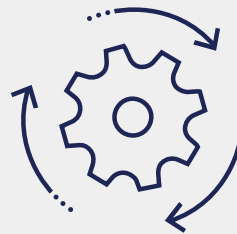
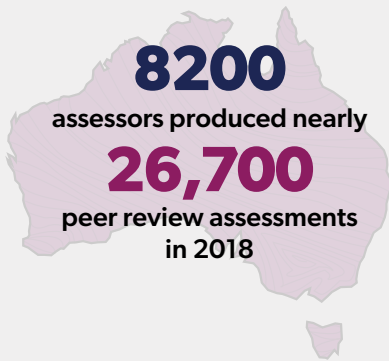
506,294
research outputs from



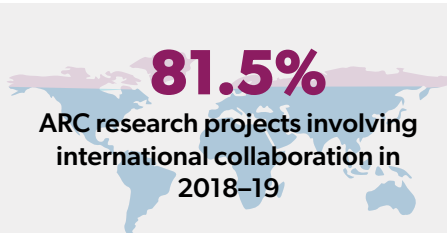
76,261
researchers



7.95%
of Australian Government
investment in research
and development
administered



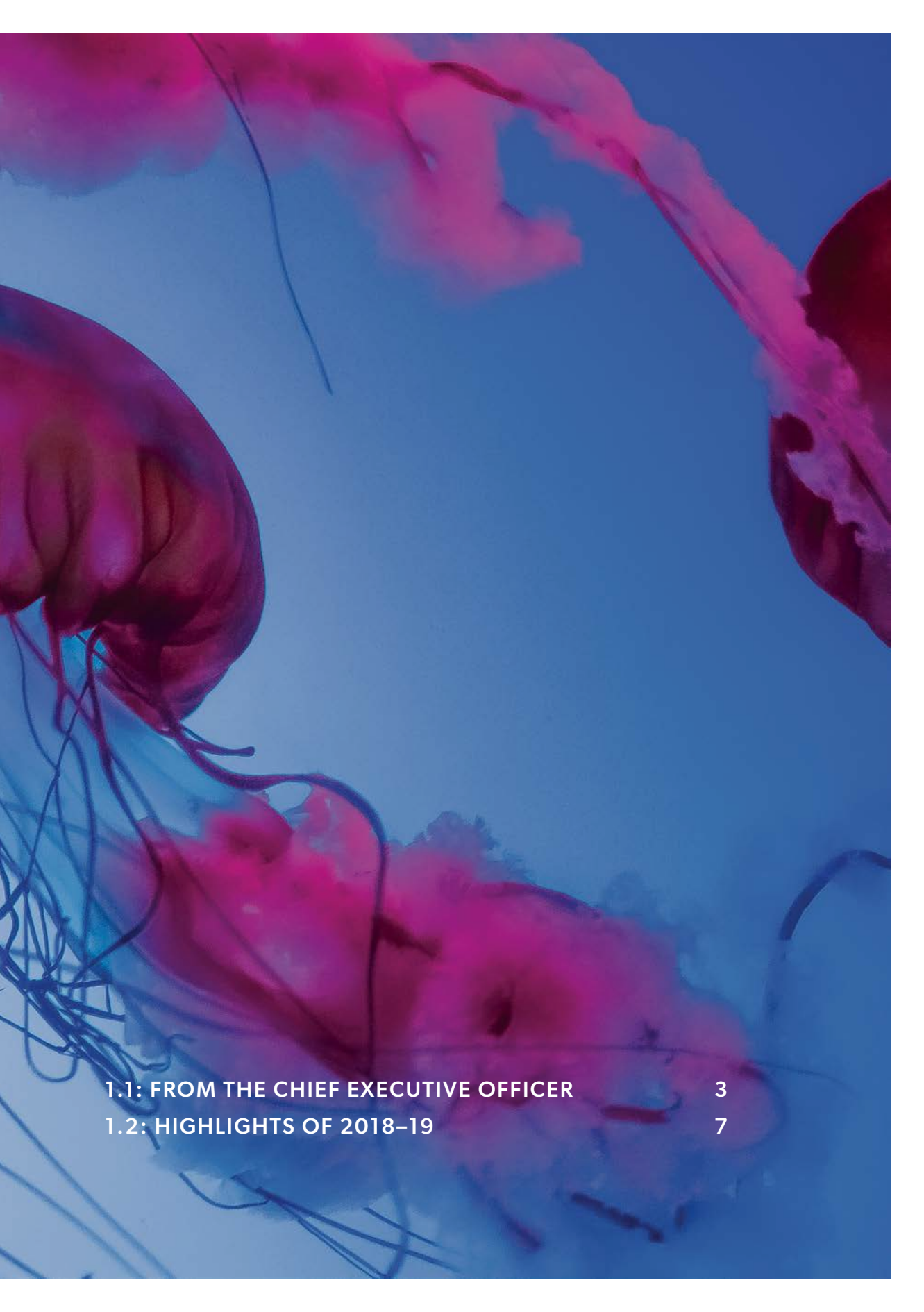
The ARC processes
5000+
applications and funds
1000+
projects per year



The EI 2018 assessment included:
626 engagement narratives and
637 impact studies



**PART 1: REVIEW BY THE
ACCOUNTABLE
AUTHORITY**



1.1: FROM THE CHIEF EXECUTIVE OFFICER

3

1.2: HIGHLIGHTS OF 2018-19

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1.1: FROM THE CHIEF EXECUTIVE OFFICER

INTRODUCTION

As the Chief Executive Officer of the Australian Research Council, I am pleased to present the *ARC Annual Report 2018–19*.

Throughout the year, the ARC has contributed to the growth of knowledge and innovation for the benefit of the Australian community. We funded the highest quality research through the National Competitive Grants Program (NCGP), a core component of the Australian Government's investment in research and innovation. We evaluated the quality, engagement and impact of research, finalising the Excellence in Research for Australia (ERA) 2018 Report and our inaugural Engagement and Impact (EI) assessment. We provided timely, impartial and expert research policy advice, and actively sought opportunities to improve the effectiveness and efficiency of our processes.

The Annual Report is a key opportunity for the ARC to document the outcomes it has achieved, and to reflect on opportunities for future growth.



Professor Sue Thomas, ARC CEO

FUNDING THE HIGHEST QUALITY RESEARCH

The ARC remains committed to funding nationally and internationally competitive research. In 2018–19 the NCGP supported 1155 new research projects, involving 2464 researchers.

The ARC recognises the importance of ensuring the funding we administer is returned to the community through benefits to Australia. In late 2018 the Australian Government announced the introduction of the National Interest Test, to be applied to all NCGP schemes. The National Interest Test provides the Australian public with further assurance that ARC-funded research will continue to deliver positive economic, environmental, social, health and cultural outcomes.

The value of the NCGP reflects not only the benefits delivered through individual research projects, but also the underlying support it provides to the national research and innovation system. Our schemes support researchers at all career stages, and provide research training and mentoring opportunities. They invest in the infrastructure, equipment and facilities underpinning Australia's international research competitiveness, and encourage university researchers to productively partner with commercial, government, community and international stakeholders. Our schemes recognise the value of all disciplines in addressing the significant issues facing Australia.



ASSESSING THE QUALITY, ENGAGEMENT AND IMPACT OF RESEARCH

The outcomes of the ERA 2018 assessment were released in March 2019, evaluating the quality of Australian university research against international benchmarks. The assessment found that the quality of our national research output continued to improve, compared to outcomes from three years ago. Of the 506,294 unique research outputs submitted, 90 per cent were assessed as being at, above, or well above, world standard.

In March 2019 the ARC also finalised the inaugural EI assessment. This assessment highlighted the extensive, diverse and innovative ways Australian universities engage with business, community, government and end-users. It also demonstrated how research being produced by Australian higher education institutions is delivering public benefits well beyond the realm of scholarship.

The findings of the ERA 2018 and EI 2018 assessments demonstrate the exceptional effort, ingenuity and commitment of Australian university researchers. We warmly congratulate the national research and innovation sector on these results.

PROVIDING ADVICE ON RESEARCH MATTERS

The ARC engages in a range of research policy development activities to underpin program delivery. During 2018–19 we:

- finalised an updated version of the *ARC Reconciliation Action Plan*
- developed and released the *ARC Early Career Researchers Statement of Support*
- finalised revisions to the *ARC Statement of Support for Assessors within the National Competitive Grants Program*
- reviewed and updated the *ARC Medical Research Policy*
- reviewed and updated the *ARC Research Integrity Policy*
- released the *ARC Intellectual Property Policy*
- partnered in the development of guides supporting the *Australian Code for the Responsible Conduct of Research*.

BUILDING AND SUSTAINING A STRONG ORGANISATIONAL CAPACITY

The ARC managed resourcing of \$796.7 million in 2018–19, comprising \$774.0 million for the administered appropriation and \$22.7 million for the departmental appropriation. Of the ARC's administered expenditure, \$766.4 million was used to fund the NCGP. Further information on the financial performance of the agency is provided in Section 3.2.

Through ongoing innovations to our Research Management System, the ARC has developed a digital platform that leads the way in Australian Government grants administration. A key achievement in 2018–19 was to enhance functionality by allowing research outputs to be automatically populated within a user's profile. This capability supports the streamlining of research output data collection and retention, effectively reducing the burden on applicants for the repeated manual entry of publication information.



SIGNIFICANT ISSUES AND DEVELOPMENTS

The ARC is supporting the review of the Australian and New Zealand Standard Research Classification (ANZSRC). This work is being undertaken in collaboration with the Australian Bureau of Statistics, Statistics New Zealand and the New Zealand Ministry of Business, Innovation and Employment. This review, which will ensure our research classifications remain contemporary and align with changes in the research sector, is expected to be finalised by mid-2020.

In the second half of 2018 the ARC commenced the Streamlining NCGP Project, a systematic examination of how the ARC administers the entire grant life cycle. In late 2018 the ARC also welcomed representatives from the Australian National Audit Office (ANAO), who assessed the effectiveness of the ARC's administration of the NCGP. These reviews are providing further opportunities for the ARC to reflect on its approach to grants administration.

The *Special Research Initiatives* (SRI) scheme provides funding to new and emerging fields of research, and builds capacity in strategically important areas. Over the reporting period, the ARC administered two programs within the SRI scheme. The PFAS (Per- and Poly-Fluoroalkyl Substances) Remediation Research Program is supporting the development of innovative technologies to investigate and remediate PFAS-contaminated areas, while the Special Research Initiative in Excellence in Antarctic Science was established to examine the strategic, economic, scientific and environmental significance of Antarctica to Australia. The SRI scheme demonstrates the ARC's capacity to administer grant schemes in partnership with other Australian Government agencies.

OUTLOOK FOR 2019–20

The ARC is looking forward to a busy 2019–20. Over this period, we will continue working towards finalising the evaluation of ANZSRC to ensure that our research classifications reflect current practice and remain responsive to changes in the sector.

We will be commencing a review of the ERA and EI activities to maintain methodological rigour and the support of the university sector. Australia's innovative strength is well known overseas, and this strength is underpinned by the excellence that is found across all research disciplines and in universities all around the country—as we know, from measuring Australian research against world-standard benchmarks in our *State of Australian University Research 2018–19: ERA National Report*, which is accessible through the ARC website, www.arc.gov.au > ERA > ERA 2018 National Report. The impact of this research on the lives of ordinary Australians is significant. The ARC's EI 2018 assessment represents a national mechanism for understanding how universities are translating their research into economic, environmental, social, cultural and other benefits for the Australian community.

The ARC has accepted the three recommendations of the ANAO's recent performance audit of the NCGP, which found that the ARC has mature and effective processes in place to assess grants and manage conflicts of interest. The ANAO also identified instances of good practice at the ARC. In the coming year, the ARC will remain committed to continuous improvement, identifying and implementing further enhancements to the systems and processes which underpin our programs.

The ARC's Streamlining NCGP Working Group has identified a range of streamlining opportunities in grant guidelines, applications, assessment, agreement variations, progress reports, final reports and Selection Advisory Committee processes, which will be implemented gradually over 2019–20. The agency will continue its benchmarking and streamlining activities in this area including any necessary refinements to our Key Performance Indicators to deliver robust efficiency measurements and manage risk in support of our Corporate Plan and broader objectives.



Portfolio Budget Statements 2019–20 priorities

- delivering the NCGP effectively and efficiently, including responding to any recommendations from the ANAO audit into the administration of the NCGP
- continuing to provide high quality advice to the Minister on research matters including in areas of Government focus (for example, strengthening linkages between research and business)
- analysing and disseminating data and insights arising from the ERA and EI exercises for the benefit of Government, universities, and other stakeholders
- reviewing the ERA and EI exercises
- 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 Government's expectations for the agency as articulated in the ARC outcome statement.

CONCLUSION

The achievements documented within this Annual Report reflect the efforts of a diverse range of national and international stakeholders. In particular, I would like to acknowledge the work of our former Executive General Manager, Ms Leanne Harvey, who left the ARC in December 2018. Leanne worked at the ARC for over a decade, and her contributions to the agency were innumerable.

The Australian research sector is a wonderful community to support, with new incredible stories of innovation and discovery year on year. Our lives and culture are much richer for the work of our research community, and I thank them for what they give back to us all.

I look forward to the year ahead and achieving our 2019–20 goals which reflect the ARC's purpose—to grow knowledge and innovation for the benefit of the Australian community.





1.2: HIGHLIGHTS OF 2018–19

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 by funding the highest quality research and research training under the NCGP, to build Australia's capacity in these areas.

In October 2018 the Hon Dan Tehan MP, Minister for Education (Minister Tehan), requested that the ARC CEO review the ARC's implementation of the National Science and Research Priorities, as they relate to the NCGP. The ARC Research Priorities Panel was established to assist in the review. The ARC distributed a discussion paper for feedback, and consulted with key stakeholders within the research and innovation sector.

National Interest Test

In October 2018 the Australian Government announced the introduction of a National Interest Test to all NCGP schemes. The National Interest Test requires applicants to clearly articulate how their research will deliver economic, commercial, environmental, social and/or cultural benefits to the Australian community.

The National Interest Test provides further assurance to the Australian public that ARC funding is supporting research that returns substantive outcomes to the nation.

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 coherency of Australian Government research funding. The inquiry focused on federally funded research agencies, their funding mechanisms and collaborative university research. The inquiry did not consider funding administered through the National Health and Medical Research Council (NHMRC).

The ARC provided a submission to the inquiry. The Committee tabled its report—titled *Australian Government Funding Arrangements for non-NHMRC Research*—on 27 November 2018. The Committee made 15 recommendations in its report, including a number directly relevant to the ARC.

STEM and Gender

On 1 April 2019 the Australian Academy of Science and the Australian Academy of Technology and Engineering launched the *Women in STEM Decadal Plan*, which was funded by the Australian Government. It outlined six opportunities to strengthen gender equity in Science, Technology, Engineering and Mathematics (STEM) in Australia over the next 10 years. This included the establishment of a national evaluation framework to guide decision-making and drive investment in

STEM measures that work. The Minister for Industry, Science and Technology, the Hon Karen Andrews MP, subsequently released the *Advancing Women in STEM Strategy*, which set out the Australian Government's vision to improve the participation of women across all STEM fields. The ARC provided input to support the development of both documents.

The ARC implements policies that support women researchers in all disciplines, including both STEM and the Humanities, Arts and Social Sciences (HASS). These include the provision of paid maternity leave and part-time opportunities to researchers under certain NCGP fellowships and awards, as well as the development of assessment criteria that consider career interruptions and caring responsibilities. The ARC also administers the Kathleen Fitzpatrick and Georgina Sweet Australian Laureate Fellowships, which fund recipients to engage in ambassadorial work supporting the female STEM and HASS research workforce.

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 *Australian Antarctic Science Program Governance Review* to examine the governance arrangements supporting the Australian Antarctic Science Program, and to provide advice on a new model. This review made nine recommendations centred on institutionalising long-term collaborative science, ensuring coherent science leadership, integrating strategy and planning, and streamlining administration.

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 Excellence in Antarctic Science round under the SRI scheme. The grant will support examinations of the strategic, economic, scientific and environmental significance of Antarctica to Australia. It will foster collaboration between Australian researchers, and national and international stakeholders.

ARC ACTIVITIES

July 2018

Professor Sue Thomas, ARC CEO, announced the appointment of seven new members to the ARC Advisory Council. She also attended the official opening of the *ARC Industrial Transformation Research Hub for Energy-Efficient Separation* at Monash University.

August 2018

Senator the Hon Simon Birmingham, the then Minister for Education and Training (Minister Birmingham) announced \$180.4 million for 132 research projects, including: \$84.7 million for 100 fellowships under the *Future Fellowships* scheme; \$46.4 million for 16 fellowships under the *Australian Laureate Fellowships* scheme; \$28.9 million for seven training centres under the *Industrial Transformation Training Centres (ITTC)* scheme; \$18 million for four research hubs under the *Industrial Transformation Research Hubs* scheme; and \$2.4 million for five projects under the *Linkage Projects* scheme.

Professor Thomas announced the appointment of 62 panel members, across five panels, for the inaugural round of the EI assessment.

Minister Birmingham announced \$8.2 million for the first round of the PFAS Remediation Research Program, under the SRI scheme.

September 2018

Minister Tehan announced the launch of the *ARC Training Centre for Innovation in Biomedical Imaging Technology* at The University of Queensland, and the *ARC Training Centre for the Chemical Industries* at The University of Melbourne.

October 2018

Minister Tehan announced the launch of the *ARC Training Centre in Cognitive Computing for Medical Technologies* at The University of Melbourne, the *ARC Research Hub for Processing Lignocellulosics into High Value Products* at Monash University, and the *ARC Centre of Excellence in Population Ageing Research* at The University of New South Wales.

Minister Tehan announced the introduction of the National Interest Test, to be applied to all NCGP schemes.

November 2018

Minister Tehan launched the *ARC Training Centre for Personalised Therapeutics Technologies* at The University of Melbourne.

Minister Tehan announced funding of: \$262.2 million for 653 projects under the *Discovery Projects* scheme; \$76.9 million for 200 projects under the *Discovery Early Career Researcher Award* scheme; \$6.7 million for 12 projects under the *Discovery Indigenous* scheme; \$27.4 million for 36 projects under the *Linkage Infrastructure, Equipment and Facilities* scheme; and \$7.6 million for 19 projects under the *Linkage Projects* scheme.

January 2019

Minister Tehan announced funding of \$5.2 million for 11 projects under the *Linkage Projects* scheme.

February 2019

Minister Tehan launched the *ARC Centre of Excellence in Quantum Computation and Communication Technology* at The University of New South Wales.



Minister Tehan announced funding of \$6 million for 14 projects under the *Linkage Projects* scheme.

Minister Tehan announced the panel of experts and terms of reference for a review of the 2015 Science and Research Priorities as they apply to the NCGP.

March 2019

Minister Tehan announced funding of \$5.7 million for 13 projects under the *Linkage Projects* scheme.

Minister Tehan announced the opening of the Conceptual PlayLab at Monash University, supported by a five-year \$3.2 million fellowship funded under the *Australian Laureate Fellowships* scheme.

Minister Tehan released the ARC's *State of Australian University Research 2018–19: ERA National Report*.

Minister Tehan released the ARC's inaugural *Engagement and Impact Assessment 2018–19 National Report*.

April 2019

Minister Tehan announced funding of \$4.9 million for 12 projects under the *Linkage Projects* scheme.

June 2019

NSW Senator Arthur Sinodinos, on behalf of Minister Tehan, launched the *ARC Training Centre for CubeSats, Uncrewed Aerial Vehicles and their Applications* at The University of Sydney.





**PART 2: AUSTRALIAN
RESEARCH COUNCIL
OVERVIEW**



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2.1: ROLE AND FUNCTIONS

LEGISLATION

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

- the functions of the ARC
- the establishment of designated committees by the responsible Minister
- the CEO and ARC staff
- reporting requirements
- the 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

The NCGP supports the highest quality research and research training across all disciplines. The NCGP comprises two funding programs—Discovery and Linkage—each incorporating a range of complementary schemes that support basic and applied research, and research training, collaboration and 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) provides a comprehensive evaluation of the quality of research produced by Australian universities against national and international benchmarks. In 2018 the ARC conducted its fourth ERA evaluation, following the 2010, 2012 and 2015 evaluations.

The ARC is also responsible for administering the Engagement and Impact (EI) assessment of university research. EI assesses the engagement of researchers with research end-users and shows how universities are translating their research into economic, social, environmental, cultural and other impacts. The ARC conducted 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 2018–19 the ARC:

- managed a total estimated budget of \$796.7 million, of which approximately \$766.4 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, research partner organisations, industry, government, not-for-profit entities, business, publicly funded research agencies, research peak bodies, the global research sector and Australian taxpayers.

The ARC maintains close relationships with a range of Australian Government agencies to support the national research and innovation system. It collaborates with the National Health and Medical Research Council (NHMRC) on matters relating to the joint administration of the Australian Research Integrity Committee, the implementation of the *Australian Code for the Responsible Conduct of Research* and the administration of competitive grant schemes. 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 works collaboratively with its portfolio agency, the Department of Education, as well as the Department of Industry, Innovation and Science. Areas of common interest include international engagement, and mechanisms of government support for building Australia's research capacity, for example, through funding infrastructure, research training and collaboration.

2.2: ORGANISATIONAL STRUCTURE

Figure 1: Structure of the Australian Research Council, June 2019

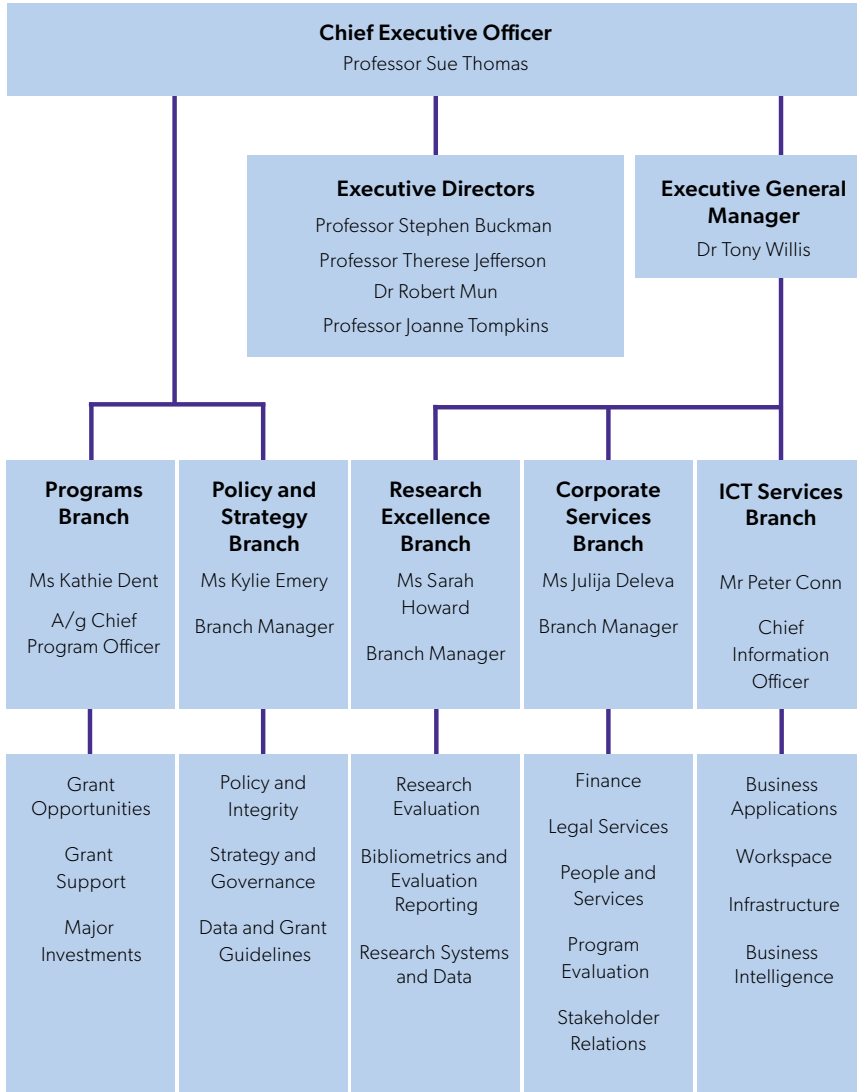


Table 1: Details of the Accountable Authority during 2018–19

Name	Position title/Position held	Period as the Accountable Authority	
		Date of commencement	Date of cessation
Professor Sue Thomas	Chief Executive Officer	3 July 2017	–

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 a clear line of sight between the objectives, resources and criteria identified within the agency’s Portfolio Budget Statements (PBS) and Corporate Plan, and the performance outcomes documented by the Annual Report.

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

PORTFOLIO BUDGET STATEMENTS

The ARC had one Outcome and three Programs in its 2018–19 PBS (Figure 2).

Figure 2: ARC Outcome and Programs

Outcome 1		
Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice		
Program 1.1	Program 1.2	Program 1.3
Discovery —research and research training Administered expenses \$495.099m	Linkage —cross-sector research partnerships Administered expenses \$273.990m	Excellence in Research for Australia Administered expenses \$4.981m
Departmental		
ARC Departmental Departmental expenses \$25.107m		

Note: Budgeted expenses are as published in the 2018–19 PBS and do not include changes identified within the 2019–20 Australian Government Budget.



CORPORATE PLAN

The ARC Corporate Plan 2018–19 states that the agency’s purpose is:

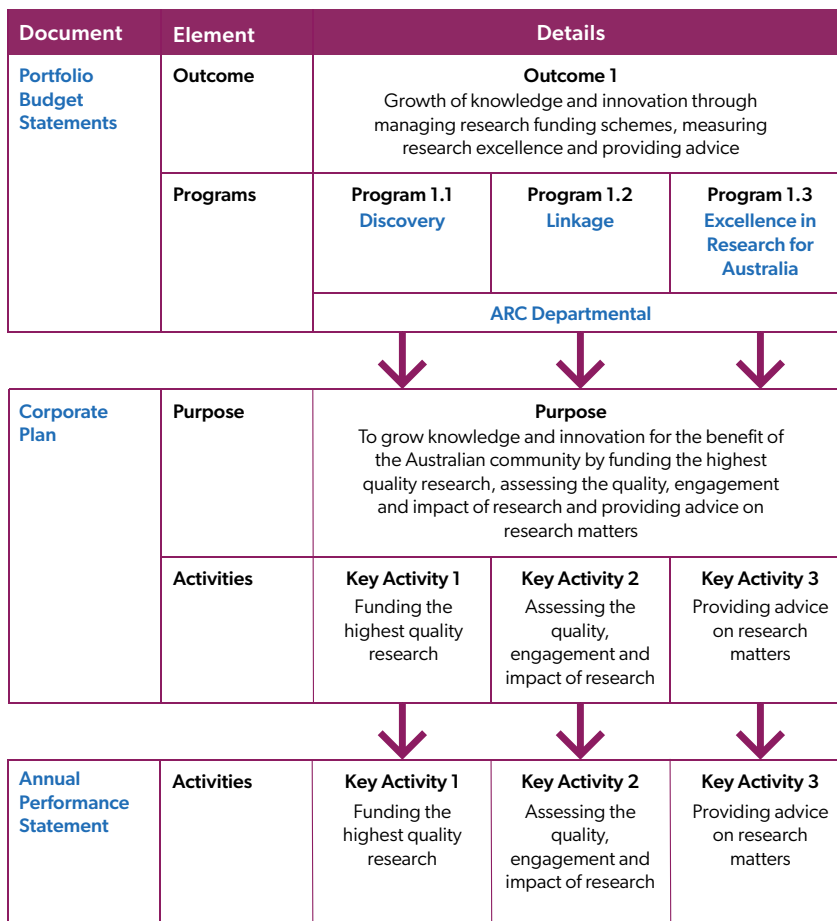
To grow knowledge and innovation for the benefit of the Australian community by funding the highest quality research, assessing the quality, engagement and impact of research and providing advice on research matters.

ANNUAL PERFORMANCE STATEMENT

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

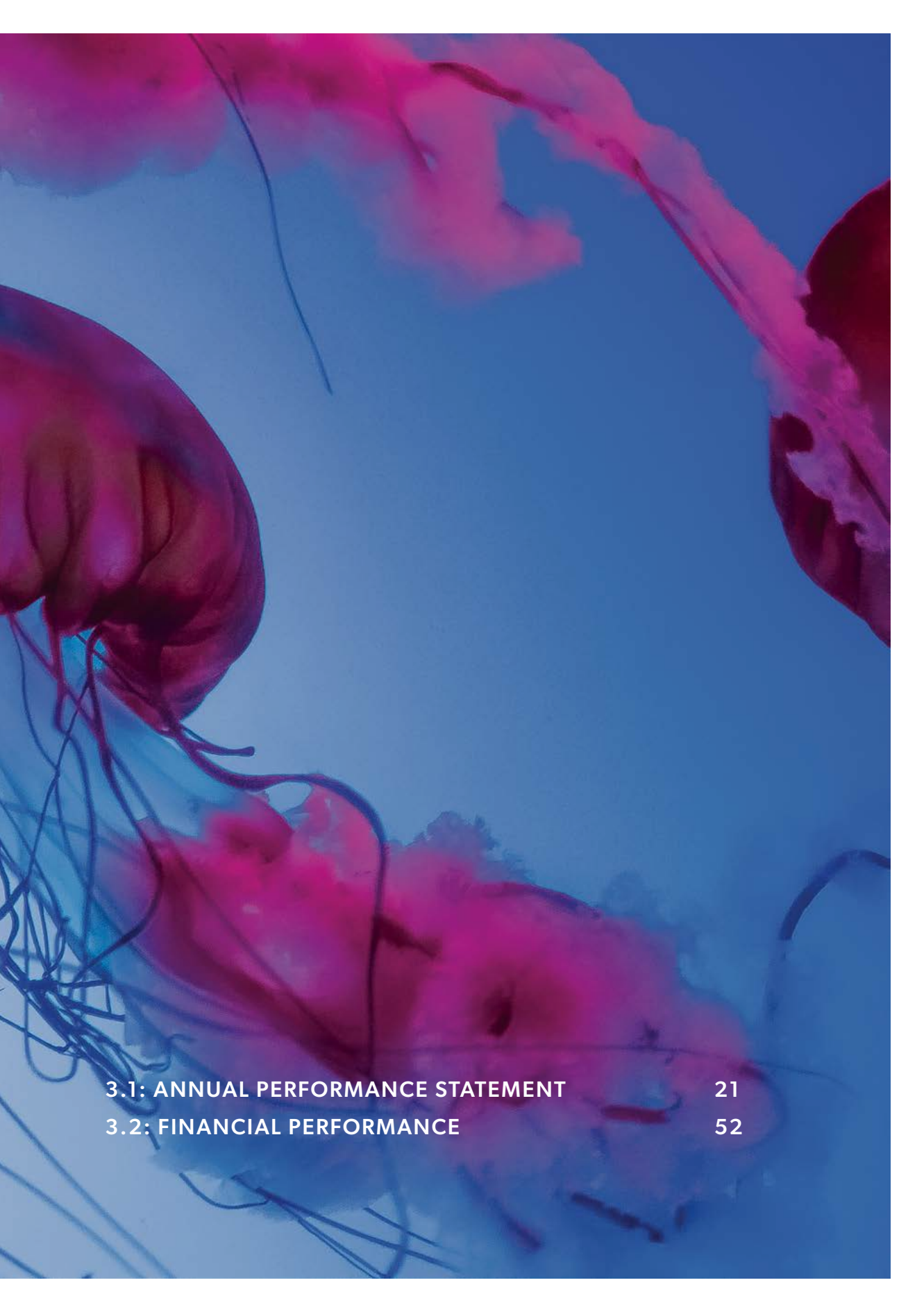
Figure 3 maps the relationship between the ARC’s PBS, Corporate Plan and Annual Performance Statement.

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





**PART 3: REPORT ON
PERFORMANCE**



3.1: ANNUAL PERFORMANCE STATEMENT

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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, present the 2018–19 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*. In my opinion, this Annual Performance Statement is based on properly maintained records, accurately reflects the performance of the entity, and complies 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 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 (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.

The ARC's activities are primarily directed towards the achievement of a purpose that is fundamentally long-term in nature—the growth of knowledge and innovation in Australia. The following statement outlines the ARC's performance within a single financial year, reflecting a cross-sectional snapshot of the effectiveness of the agency in achieving its purpose.

To highlight the benefits being generated by ARC-funded research, and how these will be shaping Australia over coming years, case studies from the ARC's *Making a difference—Outcomes from ARC supported research 2018–19* booklet have been included. These case studies demonstrate how ARC-funded research is delivering economic, environmental, social, health and cultural outcomes to Australia.

APPROACH

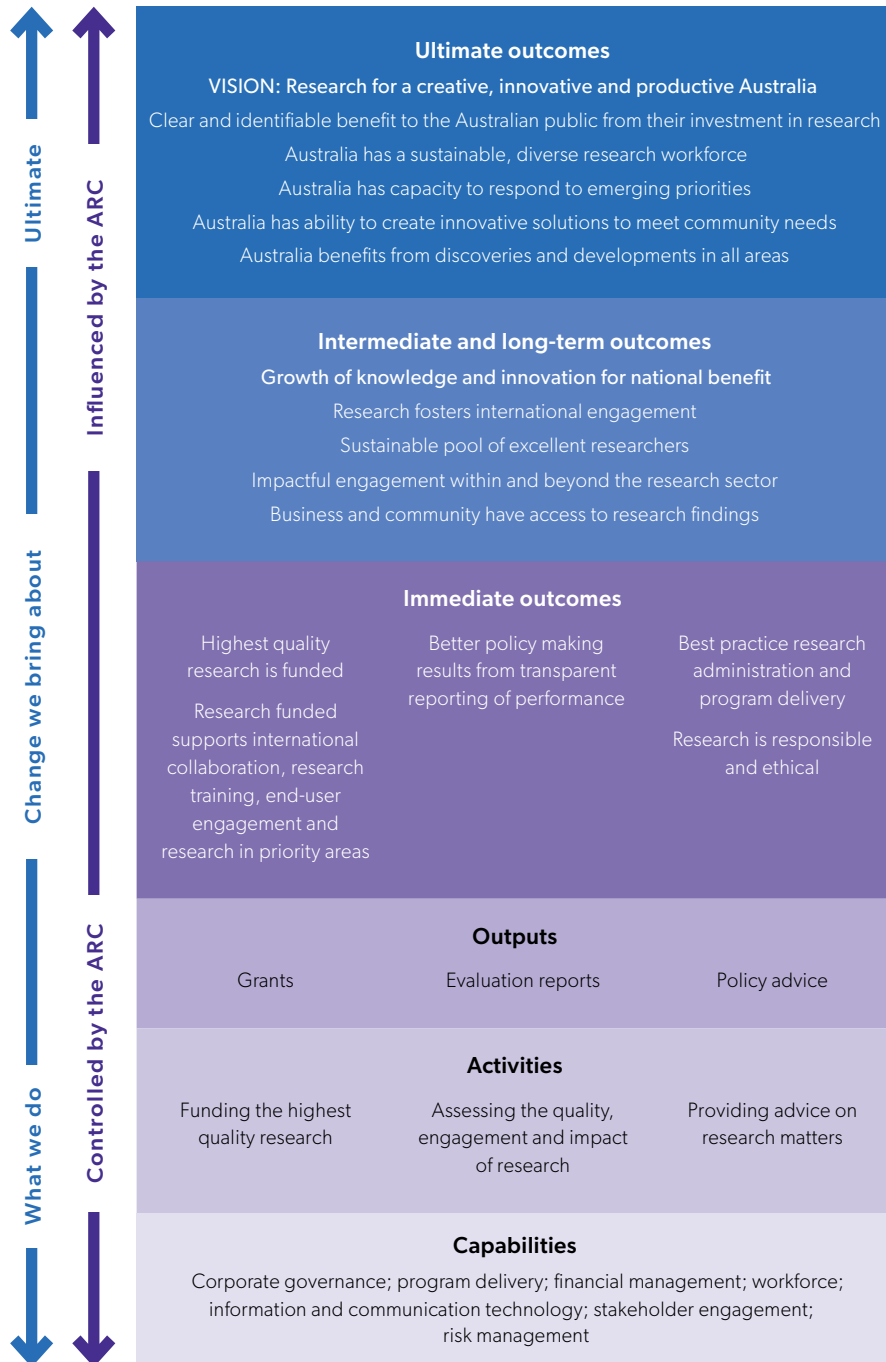
For each key activity, the Annual Performance Statement includes:

- 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 key activity.



The Annual Performance Statement reports against the full set of performance indicators outlined in the ARC's PBS for 2018–19 and the *ARC Corporate Plan 2018–19*. The broad level logic model underpinning the ARC's performance framework is outlined in Figure 4. A report on the ARC's performance against the full set of indicators is provided on pages 23–36 for Key Activity 1, pages 36–40 for Key Activity 2 and pages 40–45 for Key Activity 3.

Figure 4: Performance measurement framework (*ARC Corporate Plan 2018–19*, page 36)



KEY ACTIVITY 1: FUNDING THE HIGHEST QUALITY RESEARCH

Description

The ARC administers the National Competitive Grants Program (NCGP), which comprises the Discovery Program and the Linkage Program. Each program includes a range of research funding schemes. In 2018–19 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.

During the reporting period, the ARC administered the SRI: Per- and Poly-Fluoroalkyl Substances (PFAS) Remediation Research Program for funding commencing in 2018–19. This program funds research to: minimise PFAS in the environment; develop technologies that can be applied to remediate PFAS contaminated soil, waterways, waste, debris and/or large volumes of groundwater; and support the application of these technologies in the field. In 2018–19 the ARC announced funding for the first round of the SRI: PFAS initiative, and commenced the selection process for the second round of funding.

In 2018–19 the ARC sought applications for the SRI: Excellence in Antarctic Science. This program will retain and build upon the significant Australian scientific capability that has been developed through prior investment by the Australian Government. It is designed to foster a coordinated and collaborative approach to Antarctic, Subantarctic and Southern Ocean research that builds on Australia's existing capabilities in these areas.

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

Deliverables

The key deliverables for the NCGP, as identified in the PBS 2018–19 (pages 122–125), were that the ARC:

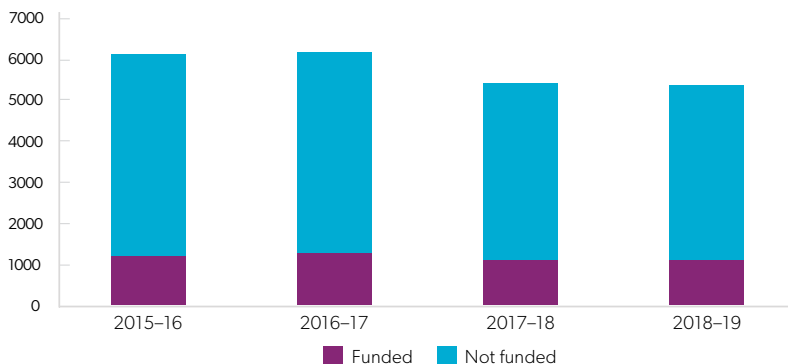
- awards research grants through a competitive peer review process
- manages the administration of ARC-funded research grants
- provides strategic policy advice on research, research training and research partnerships.

In 2018–19 the ARC:

- conducted selection processes that considered 5343 applications for NCGP funding and awarded 1155 grants for research projects (Figure 5), involving 2464 researchers (Chief Investigators), worth \$576.3 million
- administered 4559 new and ongoing grants under the NCGP, providing \$652.3 million to administering organisations (based on planned allocations recorded at the time of grant award)
- undertook a range of NCGP-related policy development activities (page 43).



Figure 5: Applications received and projects funded, 2015–16 to 2018–19



PERFORMANCE

Key indicators of the NCGP’s success in meeting *ARC Corporate Plan 2018–19* (page 14) objectives relate to:

- the sustainability of Australia’s research workforce
- improved engagement between universities, industry and other research sectors
- support received from the university sector
- improved international engagement
- the extent to which research projects address Australian Government research priorities
- providing economic, environmental, social, health and/or cultural benefits to Australia.

Explanatory notes

- Some measures relate to matters which are outside the ARC’s influence, potentially impacting the agency’s ability to achieve the targets identified. For instance, economic conditions may impact both the capacity of partner organisations to financially contribute to research projects, as well as the 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.
- Figures used in Section 3.1 to assess performance outcomes reflect data collected on the basis of grants awarded, and do not directly correspond to financial statement information provided elsewhere in this report.

Data notes

- Unless otherwise stated, data for the Discovery and Linkage Programs for 2018–19 relate to new funding from the following scheme rounds:
 - ◆ **Discovery Program:** Australian Laureate Fellowships (2018), DECRA (2019), Discovery Indigenous (2019), Discovery Projects (2019) and Future Fellowships (2018)
 - ◆ **Linkage Program:** ITRH (2019), LIEF (2019), Linkage Projects (2017, 2018) and Supporting Responses to Commonwealth Science Council Priorities (2017).
- Data and information are drawn from final reports that have been submitted to the ARC for research projects commencing in 2013 (noting that most ARC projects involve multi-year funding).
- Key Activity 1 performance measurement data identified as incorporating ‘new and ongoing’ funding includes all projects that received funding in 2018–19 (that is, projects commencing in 2018–19 as well as projects that commenced in a previous year and continued to receive funding in 2018–19).

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.

KPI		Proportion of Discovery Program funding allocated to support early career researchers under the DECRA scheme			
Metric	Immediate outcome				
Methodology	Quantitative—Data mining from the ARC’s data warehouse				
Source	Corporate Plan (CP) 2018–19 page 39, PBS 2018–19 pages 122–123				
Target	Maintain				
Results	2018–19	2017–18	2016–17	2015–16	
Discovery	16.4% Target met	16.3%	16.0%	15.1%	

KPI		Proportion of Linkage Program funding to support industrial research training under the ITTC scheme			
Metric	Immediate outcome				
Methodology	Quantitative—Data mining from the ARC’s data warehouse				
Source	CP 2018–19 page 40, PBS 2018–19 pages 124–125				
Target	Maintain				
Results	2018–19	2017–18	2016–17	2015–16	
Linkage	10.4% Target met	8.1%	5.8%	4.7%	

Analysis of results

In 2018–19 16.4 per cent of Discovery Program funding (new and ongoing) was allocated to the DECRA scheme and 10.4 per cent of Linkage Program funding (new and ongoing) was allocated to the ITTC scheme.

The proportion of DECRA funding allocated under the Discovery Program has gradually increased over the past four reporting periods. The ARC has a range of mechanisms to support early career researchers. The agency’s Research Opportunity and Performance Evidence (ROPE) assessment criterion ensures that the research output of funding applicants is assessed within the context of their career stage. In 2018–19 the ARC also released the *Early Career Researchers Statement of Support*, which outlines the strategies used by the ARC to provide opportunities to early career researchers, both within the DECRA scheme and the NCGP more broadly.

The proportion of ITTC scheme funding allocated under the Linkage Program has also increased over time. The ITTC scheme, funded as part of the Industrial Transformation Research Program (ITRP), fosters opportunities for Higher Degree by Research candidates and postdoctoral fellows to pursue training in industrial priority areas identified by the ARC. These priorities reflect the six high-growth sectors established under the Industry Growth Centres Initiative. The ARC conducted a range of outreach and engagement activities with research and innovation sector stakeholders to support applications for the ITRP in 2018–19.

The more consistent results for the DECRA scheme may reflect the nature of the support provided, as the maximum number of fellowships that may be awarded is set, subject to the quality of applications.



Under the ITTC scheme, alternatively, the number of projects funded are dependent on the total funding available, the number of applications received and the quality of those applications.

Additional context

In 2018–19 the ARC:

- provided direct salary support for 320 new awards and fellowships encompassing every research career stage, from early career researchers to senior researchers
- funded 1155 new projects, involving 2464 researchers across the NCGP. 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, resulting in direct benefits to Australia.

KPI		Level of co-funding from partner organisations involved in ARC-funded research projects (<i>Linkage Projects</i> scheme)			
Metric	Immediate outcome				
Methodology	Quantitative—Data mining from <i>Linkage Projects</i> scheme applications				
Source	CP 2018–19 page 40, PBS 2018–19 pages 124–125				
Target	Maintain or increase the level of co-funding from partner organisations under the <i>Linkage Projects</i> scheme [\geq \$1 for every ARC dollar]				
Results	2018–19	2017–18	2016–17	2015–16	
Linkage	\$1.91 Target met	\$1.76	\$1.98	\$1.76	

KPI		Proportion of participating organisations satisfied with the research partnership supported through the Linkage Program (<i>Linkage Projects</i> scheme)			
Metric	Intermediate outcome				
Methodology	Quantitative—Data mining from <i>Linkage Projects</i> scheme final reports				
Source	CP 2018–19 page 41, PBS 2018–19 pages 124–125				
Target	Maintain; with baseline based on four year rolling average				
Results	2018–19	2017–18	2016–17	2015–16	
Linkage	96.0% Target met	97.0%	98.0%	98.0%	



KPI	Length of <i>Linkage Projects</i> scheme application and assessment process			
Metric	Activity			
Methodology	Quantitative—Data mining from the ARC’s data warehouse			
Source	CP 2018–19 page 39, PBS 2018–19 pages 124–125			
Target	100 per cent of recommendations are made to the Minister within six months of submission ¹			
Results	2018–19	2017–18	2016–17	2015–16
Linkage	100% Target met	n/a	n/a	n/a

Analysis of results

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 2018–19 this requirement was exceeded with every ARC dollar attracting \$1.91 from partner organisations. This outcome reflects a slight increase when compared to partner organisation contributions provided in the previous financial year.

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 (96 per cent) found that the collaborative research project had been either ‘very beneficial’ or ‘beneficial’ to their organisation. The feedback also showed that:

- 39 per cent of partner organisations were entering into a new collaborative relationship and 60 per cent were building on a previously established relationship (one per cent selected ‘other’)
- 93 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 was announced as part of the Australian Government’s 2015 *National Innovation and Science Agenda* initiative, aimed to shorten the duration of the assessment process. One hundred per cent of applications received under the relevant selection rounds for the *Linkage Projects* scheme had recommendations made to the Minister within six months of submission in 2018–19.

Additional context

The Linkage Program comprises a range of schemes aimed at building collaborative research partnerships between researchers in universities and other organisations. These schemes are targeted at different elements of end-user engagement:

- the *Linkage Projects* scheme aims to support innovation at all levels, involving end-users from government, not-for-profit organisations and both domestic and international industry
- the 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.

¹ Target for this KPI has changed from 2017–18, which was ‘100 per cent of *Linkage Projects* scheme announcements are made within six months of submission of application’.



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.

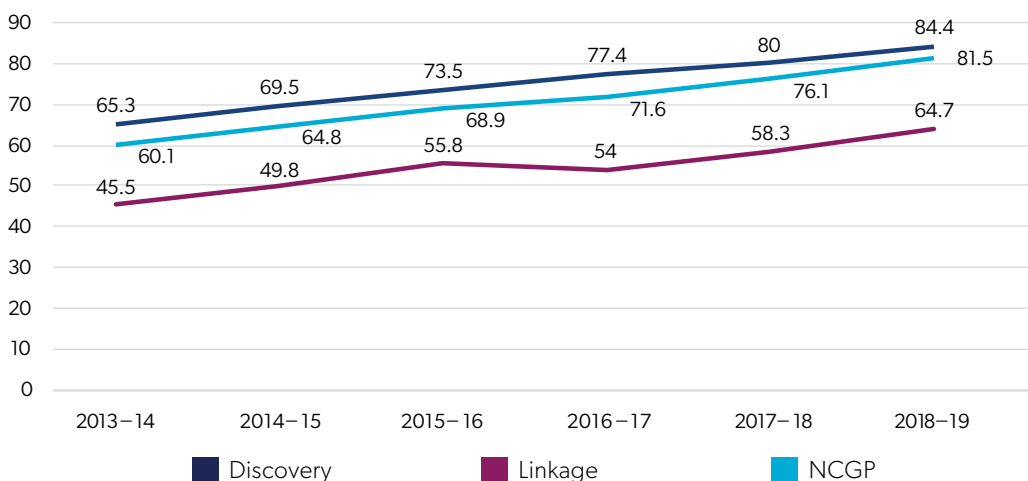
KPI	Proportion of ARC-funded research projects that involve international collaboration			
Metric	Immediate outcome			
Methodology	Quantitative—Data mining from NCGP applications			
Source	CP 2018–19 page 40, PBS 2018–19 pages 122–123			
Target	Maintain/increase the proportion			
Results	2018–19	2017–18	2016–17	2015–16
NCGP	81.5% Target met	76.1%	71.6%	68.9%
Discovery	84.4% Target met	80.0%	77.4%	73.5%
Linkage	64.7% Target met	58.3%	54.0%	55.8%

Analysis of results

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

The ARC’s mechanisms of support for international collaboration have not changed significantly over this period, 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, 2013–14 to 2018–19



Additional context

In supporting international collaboration, the ARC seeks to build the capacity of Australia's research workforce by facilitating engagement with outstanding researchers overseas, as well as drawing on best practice and research developments internationally. These opportunities strengthen Australia's research capacity, and maintain and expand upon Australia's position as a world leader in research.

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, awardees 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, host or 'other' organisation
- international subscriptions are an eligible budget item under the LIEF scheme.

In relation to projects awarded funding commencing in 2018–19:

- 2175 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
- 721 cases of international participating organisations (comprising 466 unique international organisations) were identified (including host and 'other' organisations under the Discovery Program, and partner and 'other' organisations under the Linkage Program)
- 130 cases of international partner organisations (comprising 126 unique international partner organisations) were identified on projects awarded funding under the *Linkage Projects* scheme
- the top five fields of international collaboration were: pure mathematics; astronomical and space sciences; materials engineering; atomic, molecular, nuclear, particle and plasma physics; and genetics
- international subscriptions were funded under the LIEF scheme project—*Enabling the future of the Australian collider physics program*.

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

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.



KPI	Proportion of ARC-funded research projects that involve research in one of the Australian Government's Science and Research Priority areas			
Metric	Immediate outcome			
Methodology	Quantitative—Data mining from NCGP applications			
Source	CP 2018–19 page 41, PBS 2018–19 pages 122–125			
Target	Maintain; with baseline based on four year rolling average			
Results	2018–19*	2017–18	2016–17	2015–16
NCGP	60.7%	60.4%	66.0%	n/a
Discovery	56.9%	56.1%	59.7%	n/a
Linkage	82.1%	79.9%	85.4%	n/a

* Performance against the target cannot be measured in 2018–19 as the National Science and Research Priority areas have not been in place for four years.

Analysis of results

Approximately 60.7 per cent of projects awarded funding commencing in 2018–19 involved research relevant to the Australian Government's Science and Research Priority areas. This figure is consistent with the outcome achieved in 2017–18.

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.

Additional context

The Australian Government announced the National 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. These are supported by 30 Practical Research Challenges at the Practical Research Challenge level.

In applying for NCGP funding, researchers are asked to indicate if their 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. The ARC engaged with stakeholders to review its implementation of the National Science and Research Priorities within the NCGP throughout 2018–19.

In addition to the National Science and Research Priority areas, in 2018–19 the ARC:

- administered a *Special Research Initiatives* scheme 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. Funding from the first round of the PFAS Remediation Research Program was announced, and the selection process for the second round commenced, within this reporting period
- began the selection process for Excellence in Antarctic Science, which is funded under the ARC's SRI scheme. This program was developed as part of the Australian Government's response to the *Australian Antarctic Strategy and 20 Year Action Plan*. It will fund research examining the strategic, economic, scientific and environmental significance of Antarctica to Australia, as well as fostering collaboration between Australian researchers, industry and international stakeholders
- continued to support Industrial Transformation Priorities under the ITRP. The priorities for funding commencing in 2018 were 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 positive outcomes of the Australian Government’s investment in research can be clearly demonstrated. ARC-funded research provides economic, environmental, social, health and cultural benefits to Australia.

KPI	NCGP funded projects contribute towards the growth of knowledge and innovation in Australia and produce outcomes that improve our fundamental understanding of the world and/or provide economic, environmental, social, health and/or cultural benefits to Australia				
Metric	Intermediate/long-term outcome				
Methodology	Qualitative—Case studies from <i>Making a difference—Outcomes of ARC supported research</i> booklet				
Source	CP 2018–19 page 41, PBS 2018–19 pages 122–123				
Target	Evidence of outcomes arising from ARC-funded research				
Results	2018–19	2017–18	2016–17	2015–16	
Discovery	Target met	Met	Met	Met	
Linkage	Target met	Met	Met	Met	
KPI	Proportion of ARC-funded research projects that meet their objectives				
Metric	Intermediate outcome				
Methodology	Quantitative—Data mining from NCGP final reports				
Source	CP 2018–19 page 41				
Target	Maintain				
Results	2018–19	2017–18	2016–17	2015–16	
NCGP	99.4%	97.0%	n/a	n/a	
	Target met				

Analysis of results

The ARC delivers a broad and diverse range of benefits to the Australian community through research funded under the NCGP. These include economic benefits through opportunities for commercialisation, the promotion of environmental sustainability and ecological responsibility, improvements to social well-being, support for positive health outcomes, and enhanced cultural and historical awareness. While the full scope of the impacts delivered through ARC-funded research is difficult to quantify, case study methodologies can usefully exemplify the positive outcomes delivered through NCGP funding.

In July 2019 the ARC released the *Making a difference—Outcomes of ARC supported research 2018–19* booklet, an annual publication that demonstrates the economic, environmental, social, health and cultural benefits arising from a sample of the research supported under the NCGP. Various case studies from this publication have been used to exemplify some of the benefits stemming from ARC-funded research (see pages 46–51). *Making a difference* can be accessed via the ARC website, www.arc.gov.au > News > Publications > *Making a difference*. Case studies from the *Making a difference* booklet are drawn from the ARC’s *Research Highlights* stories, which are published regularly on the ARC’s website and social media, www.arc.gov.au > News > Media > *Research Highlights*.

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 23, during the year the ARC:

- announced funding for the first round of the SRI: PFAS initiative, and commenced the selection process for the second round of funding
- sought applications for the SRI: Excellence in Antarctic Science.

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

KEY ACTIVITY 1: ADDITIONAL 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 cultural benefits to Australia.

Volume/efficiency and outputs				
KPI	Number of applications submitted to the ARC for funding			
Metric	Activity			
Methodology	Quantitative—Data mining from the ARC’s data warehouse			
Source	CP 2018–19 page 39			
Target	Not applicable; metric of activity			
Results	2018–19	2017–18	2016–17	2015–16
NCGP	5343	5381	6219	6186
Discovery	4757	4792	5216	5265
Linkage	586	589	1003	921
Additional explanation	The number of applications received by the ARC has been decreasing from 2016–17. This reduction reflects the outcomes of the ARC’s collaboration with stakeholders to develop processes encouraging only high quality, well-developed research applications to be submitted to the ARC.			
KPI	Number of research projects funded by the ARC			
Metric	Activity			
Methodology	Quantitative—Data mining from the ARC’s data warehouse			
Source	CP 2018–19 page 39			
Target	Not applicable; metric of activity			
Results	2018–19	2017–18	2016–17	2015–16
NCGP	1155	1111	1272	1227
Discovery	982	912	957	910
Linkage	173	199	315	317
Additional explanation	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 for 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. The number of projects funded in 2018–19 increased compared to the previous financial year.			



ARC funding supports excellent researchers

KPI	External recognition of the achievements of ARC-funded researchers			
Metric	Immediate/intermediate outcome			
Methodology	Qualitative—Development of prizes and awards database by ARC			
Source	CP 2018–19 page 39			
Target	Prizes and awards are won by ARC-funded researchers			
Results	2018–19	2017–18	2016–17	2015–16
NCGP	Target met	Met	n/a	n/a

Additional explanation

External acknowledgement is considered to be a proxy indicator of the excellence of the researchers supported by the ARC. The agency’s rigorous peer review processes provide assurance that funding is directed to high quality researchers and research. The ARC has a comprehensive database of national and international prizes and awards that key research sector stakeholders regard as demonstrations of research excellence. Specific criteria have been developed to determine the eligibility of prizes and awards for inclusion within this database, emphasising their status in recognising discipline-leading research excellence. ARC-funded researchers have a strong record of winning prizes and awards and this continued in 2018–19 (see Appendix 3).

ARC funding supports research training and career development

KPI	Number of researchers (unique individuals) on ARC-funded grants			
Metric	Immediate outcome			
Methodology	Quantitative—Data mining from the ARC’s data warehouse			
Source	CP 2018–19 page 40			
Target	Not applicable; metric of participation			
Results	2018–19	2017–18	2016–17	2015–16
NCGP	2464	2521	2938	2666
Discovery	1765	1611	1649	1571
Linkage	832	1064	1523	1275

Additional explanation

The total number of researchers on ARC-funded grants will fluctuate depending on the size of the teams participating, the total amount of funding available and the quantity of projects funded. For all KPIs relating to unique individuals, the same researcher may be counted in figures for both the Discovery and the Linkage Program.



ARC funding supports research training and career development

KPI	Number of researchers (unique individuals) on ARC-funded research projects who identified as Aboriginal and Torres Strait Islander peoples			
Metric	Immediate outcome			
Methodology	Quantitative—Data mining from the ARC’s data warehouse			
Source	CP 2018–19 page 40			
Target	Not applicable; metric of participation			
Results	2018–19	2017–18	2016–17	2015–16
NCGP	28 (1.1%)	29 (1.2%)	28 (1.0%)	23 (0.9%)
Discovery	25	27	17	17
Linkage	3	2	12	8

Additional explanation

The proportion of Aboriginal and Torres Strait Islander researchers funded under the NCGP has remained constant at approximately 1.0 per cent. The ARC’s ongoing commitment to supporting Aboriginal and Torres Strait Islander researchers and research is set out in the ARC’s *Statement of Support and Action Plan for Aboriginal and Torres Strait Islander Researchers and Research* and the ARC’s *Reconciliation Action Plan*.

KPI	Number of researchers (unique individuals) on ARC-funded research projects who are women			
Metric	Immediate outcome			
Methodology	Quantitative—Data mining from the ARC’s data warehouse			
Source	CP 2018–19 page 40			
Target	Not applicable; metric of participation			
Results	2018–19	2017–18	2016–17	2015–16
NCGP	763 (31.0%)	736 (29.2%)	784 (26.7%)	690 (25.9%)
Discovery	571	530	477	440
Linkage	223	224	343	284

Additional explanation

Both the total number and proportion of women researchers working on ARC-funded research projects has steadily increased over the past four reporting periods. As noted on page 8, the ARC implements a series of policies and programs supporting women researchers funded under the NCGP and the research sector more broadly.

KPI	Number of researchers (unique individuals) on ARC-funded research projects who are early career researchers			
Metric	Immediate outcome			
Methodology	Quantitative—Data mining from the ARC’s data warehouse			
Source	CP 2018–19 page 40			
Target	Not applicable; metric of participation			
Results	2018–19	2017–18	2016–17	2015–16
NCGP	332 (13.5%)	339 (13.4%)	362 (12.3%)	393 (14.7%)
Discovery	282	273	278	285
Linkage	58	74	95	118

ARC funding supports research training and career development

Additional explanation

Early career researchers are defined as researchers within five years of completion of their PhD. The number and proportion of early career researchers funded by the ARC has remained relatively consistent over the past four reporting periods. As described on page 25, the ARC engages in a range of activities to support early career researcher participation across the NCGP.

KPI	Number of researchers on ARC-funded research projects who are fellows or awardees			
Metric	Immediate outcome			
Methodology	Quantitative—Data mining from the ARC’s data warehouse			
Source	CP 2018–19 page 40			
Target	Not applicable; metric of participation			
Results	2018–19	2017–18	2016–17	2015–16
Discovery	320	309	320	268
Additional explanation	Under the Discovery Program, the ARC administers fellowship and award schemes supporting early career researchers, mid-career researchers, established researchers and Aboriginal and Torres Strait Islander researchers. The 2018–19 outcome is broadly consistent with fellow and awardee numbers from previous reporting periods. The lower figure in 2015–16 is due to the smaller number of fellowships funded under the <i>Future Fellowships</i> scheme in that year.			

ARC funding supports international collaboration

Additional explanation

KPI	Proportion of financial contributions to ARC-funded research made by international partner organisations			
Metric	Immediate outcome			
Methodology	Quantitative—Data mining from NCGP applications			
Source	CP 2018–19 page 40			
Target	Not applicable; metric of participation			
Results	2018–19	2017–18	2016–17	2015–16
Linkage	23.5%	20.2%	22.7%	24.4%
Additional explanation	The proportion of financial contributions made to ARC-funded research by international partner organisations has remained relatively consistent over the past four reporting periods. As stated on page 27, financial contributions are a strong indicator of the extent to which partner organisations anticipate beneficial outcomes from research engagement.			
KPI	Proportion of participating organisations that are international organisations			
Metric	Immediate outcome			
Methodology	Quantitative—Data mining from NCGP applications			
Source	CP 2018–19 page 40			
Target	Not applicable; metric of participation			
Results	2018–19	2017–18	2016–17	2015–16
NCGP	43.9%	39.2%	36.6%	35.0%
Discovery	60.7%	62.9%	62.4%	61.3%
Linkage	19.4%	16.1%	20.3%	16.4%



ARC funding supports international collaboration

Additional explanation

Under the NCGP, international organisations are eligible to participate as a partner, host or other organisation in research projects administered by an Australian eligible organisation. The proportion of international partner organisations funded through the NCGP has gradually increased over the past four reporting periods. The ARC's strategies supporting international engagement are described on page 29.

ARC funding grows knowledge and innovation

KPI	Proportion of established ARC research centres demonstrating growth of knowledge and innovation			
Metric	Intermediate/long-term outcome			
Methodology	Quantitative—Data mining from ARC CoE scheme annual reports			
Source	CP 2018–19 page 41			
Target	100 per cent			
Results	2018–19	2017–18	2016–17	2015–16
Linkage	100% Target met	100%	n/a	n/a

Additional explanation

Each year research centres provide information on knowledge and innovation activities through an annual report provided to the ARC. These reports act as public governance mechanisms demonstrating how ARC Centres of Excellence are meeting their objectives. Copies of these reports may be found on the websites of individual centres.

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

Description

In 2018–19 the ARC completed the fourth round of Excellence in Research for Australia (ERA), which 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 2018–19 the ARC also completed the inaugural Engagement and Impact (EI) assessment. This assessment was the first of its kind in Australia and was undertaken in conjunction with ERA. EI assessed the engagement of researchers with research end-users and showed how Australian universities are translating their research into economic, social, environmental, cultural and other impacts.

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 2018–19 (page 126), were:

- administering an evaluation framework to measure and report on the quality of research conducted at Australia's higher education institutions



- administering a framework to assess engagement and show how universities are translating their research into economic, social, environmental and other impacts
- informing strategic policy on research quality, engagement and impact.

In 2018–19 the ARC:

- completed the fourth round of ERA assessments
- released the *State of Australian University Research 2018–19: ERA National Report* (ERA National Report), which presents finely-grained, sector-wide and discipline-specific information about the university research sector
- publicly released submission data from ERA 2018 university submissions for the first time
- completed the inaugural EI assessment
- released the *Engagement and Impact Assessment 2018–19 National Report* (EI National Report), which includes data and results from the assessment of engagement, impact and approach to impact submissions from each university, and qualitative analyses of these submissions
- publicly released EI impact studies that received a ‘high’ rating, to demonstrate the kinds of impacts that research is having beyond the university sector
- provided 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?

The ERA program² informs stakeholders about the performance of each university by discipline and helps promote Australia’s research strengths on the world stage. The ERA program provides assurance of the quality, engagement and impact of research through the transparent reporting of performance. This assists universities with their strategic planning and the Australian Government with policy development. The ERA program contributes to the strengthening of Australia’s research capabilities.

KPI	Australian Government Policy			
Metric	Immediate/intermediate outcome			
Methodology	Qualitative—Information gathering			
Source	CP 2018–19 page 42, PBS 2018–19 pages 126–127			
Target	ERA program reports and activities inform Australian Government policy			
Results	2018–19	2017–18	2016–17	2015–16
	Target met	Met	Met	Met

Analysis of results—ERA informs Australian Government policy

The four 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, finely-grained and valuable resource for a range of stakeholders. The inaugural round of the EI assessment also provides extensive qualitative and quantitative information on research engagement and impact. The ARC has made publicly available more than 200 highly rated impact studies across all disciplines, providing rich information about best practice in delivering research impact that has not been available previously in the Australian context. In addition, the ARC provides information and advice about university research and performance, and information about how to assess research quality, engagement and impact to a range of government agencies to inform policy development.

² The ERA Program incorporates both the ERA and EI frameworks, as per Program 1.3 of the PBS 2018–19 (pages 126–127).



ERA encourages excellent, internationally competitive research

Why is this important?

Improvements in research quality lead to a better social rate of return on research.³ 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.

KPI	Strategic planning at eligible Australian higher education institutions			
Metric	Immediate/intermediate outcome			
Methodology	Quantitative/Qualitative—Survey and analysis of Australian university planning and reporting documents			
Source	CP 2018–19 page 42, PBS 2018–19 pages 126–127			
Target	ERA program reports and activities inform strategic planning at eligible Australian higher education institutions			
Results	2018–19	2017–18	2016–17	2015–16
	Target met	Met	Met	Met
KPI	Research performance of higher education institutions			
Metric	Immediate/intermediate/long-term outcome			
Methodology	Quantitative/Qualitative—Analysis of ERA evaluation data			
Source	CP 2018–19 page 42, PBS 2018–19 pages 126–127			
Target	Research performance of Australian higher education institutions improves			
Results	2018–19	2017–18	2016–17	2015–16
	Target met	n/a	n/a	Met

Analysis of results—Informs strategic planning activities

ERA 2018

A survey of the websites of the 42 universities that participated in ERA 2018 revealed that 95 per cent specifically referenced ERA 2018 results on their website. The survey also found that approximately 38 per cent of universities used ERA in their strategic planning documents and around 55 per cent mentioned ERA in their annual reports of performance.

Around 60 per cent of universities framed material in their annual reports and strategic plans in a manner consistent with ERA’s objectives, by referring to enhancing existing research strengths, identifying emerging research areas and including research excellence as a primary aim.

EI 2018

A survey of the websites of the 40 universities who participated in the inaugural EI 2018 assessment revealed that 65 per cent referred to EI and/or their EI performance on their website. Around 78 per cent of universities identified engagement and impact as a priority for their institution.

In addition, approximately 50 per cent of universities framed material in their strategic plans, annual reports and/or webpages in a manner consistent with the objectives of EI, such as focusing on the translation of research into economic, social, environmental, cultural and other impacts.

Analysis of results—Research performance improves

ERA 2018 results provided evidence that the quality of research produced by participating universities is improving. To date, the ARC has conducted four ERA evaluations—in 2010, 2012, 2015 and 2018.

Improvement in performance can be measured in terms of improvements in ratings of ERA Units of Evaluation (UoEs). A UoE in ERA is the discipline at the university level. Disciplines are defined by the

³ *Benefits Realisation Review of Excellence in Research for Australia*, September 2013, ACIL Allen Consulting

Australian and New Zealand Standard Research Classification (ANZSRC) Fields of Research codes. The ERA 2018 report shows that 26 per cent of UoEs improved their ratings from the previous round in 2015, and 90 per cent of UoEs were rated at world standard or better.

ERA 2018 results also demonstrate growth in Australia’s university research activity between the ERA 2015 and ERA 2018 rounds, including increases in:

- the total number of assessed UoEs, up six per cent to 2603
- the number of research outputs submitted, up 17 per cent to 506,294.

As the first round of EI was conducted in 2018, there are no previous data against which to compare university performance.

The EI assessment encourages impactful engagement within and beyond the research sector

Why is this important?

Through EI, the ARC delivers a national mechanism for understanding how universities are translating their research into economic, social, environmental, cultural and other impacts.

Existing systems of research evaluation, such as ERA, show that transparent reporting of university performance drives institutions to modify and improve their behaviour. The EI National Report provides data on university performance, and offers detailed information to government, universities, research end-users and the broader public about how Australian universities and their researchers are collaborating with industry. The EI assessment encourages improved performance in the translation and commercialisation of research, ultimately to deliver increased economic, social, environmental, cultural and other benefits, and maximise the value of Australia’s public investment in research.

KPI	Engagement within and beyond the research sector			
Metric	Immediate outcome			
Methodology	Quantitative—Analysis of EI assessment data			
Source	CP 2018–19 page 42, PBS 2018–19 pages 126–127			
Target	Engagement within and beyond the research sector is benchmarked			
Results	2018–19	2017–18	2016–17	2015–16
	Target met	n/a	n/a	n/a

KPI	Translation of university research into economic, social, environmental and other impacts			
Metric	Immediate/intermediate/long-term outcome			
Methodology	Qualitative—Analysis of EI assessment data and information			
Source	CP 2018–19 page 42, PBS 2018–19 pages 126–127			
Target	Impact studies submitted for the EI assessment publicly demonstrate how universities are translating their research into economic, social, environmental and other impacts			
Results	2018–19	2017–18	2016–17	2015–16
	Target met	n/a	n/a	n/a

Analysis of results—Engagement within and beyond the research sector is benchmarked

EI 2018 assessed university research engagement using narrative studies with supporting quantitative information. Engagement ratings were provided at the discipline level where a university was considered to be research active in that discipline. Each Unit of Assessment (UoA) was rated by panels of experts as having either high, medium or low research engagement.



The results provide a benchmark of university performance for research engagement against which the results from future rounds can be compared. Detailed information on ratings is available in the EI 2018 National Report, accessible on the ARC website, www.arc.gov.au > *Engagement & Impact* > *EI 2018 National Report*.

Analysis of results—EI demonstrates research impacts beyond the university sector

The 637 impact studies submitted for the EI assessment described research impacts that have occurred beyond the university sector. Of these UoAs, 277 (43 per cent) received a rating of ‘high’; indicating research that had a highly significant social, economic, environmental or cultural impact.

Across the highly rated impact studies, key themes included delivering cutting edge technology with partners, community support and safety, improving everyday life, fostering community, and addressing challenges affecting society. In the impact studies, institutions described the contribution their research made, and supplied information about the research associated with the impact.

Altogether, the impact studies demonstrate that the benefits achieved through university research were broad, including improving the management of vital infrastructure for drinking water, improving smartphone technology through research into cutting edge technology, and supporting Australia’s systems of law and order.

Performance summary

The ERA National Report 2018 was released on 27 March 2019. It presents comprehensive, finely-grained data documenting the quality of the research produced by Australian universities. The ERA longitudinal dataset is extensive, now covering up to 14 years of research activity. University submission data was published for the first time for ERA 2018, increasing the transparency and accountability of the assessment.

The EI National Report 2018 was released on 29 March 2019. It presents a rich new national dataset examining the ways universities engage with the users of their research and how they translate their research into impacts beyond academia. The report shows that:

- the impact achieved through university research was broad
- universities used a range of successful strategies and mechanisms to support the translation of research into real world impacts
- universities employed a variety of methods underpinning effective engagements with end-users.

Impact studies that received a high rating were published on the ARC website on 29 March 2019. These provide insights into university best practice supporting highly impactful research outcomes across all disciplines.

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

In addition to contributing to broader policy developments, policy advice underpins the ARC’s core functions—delivery of the NCGP, ERA and the EI assessment—as identified in the PBS 2018–19 (pages 122–127).

In 2018–19 the ARC:

- reviewed research-related policies and consulted with stakeholders regarding potential changes
- partnered in the development of guides supporting the implementation of the *Australian Code for the Responsible Conduct of Research*, in conjunction with the National Health and Medical Research Council (NHMRC) and Universities Australia
- 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?

Integral to the achievement of the agency’s purpose, the ARC develops research policies and policy advice that support the achievement of benefits for Australia.

KPI	Number of policies developed			
Metric	Activity			
Methodology	Quantitative—Information gathering			
Source	CP 2018–19 page 43			
Target	n/a			
Results	2018–19	2017–18	2016–17	2015–16
	6	5	n/a	n/a
KPI	ARC policy advice reflecting Australian Government priorities and policies			
Metric	Immediate outcome			
Methodology	Qualitative—Case studies			
Source	CP 2018–19 page 43			
Target	ARC policy advice reflects Australian Government priorities and policies			
Results	2018–19	2017–18	2016–17	2015–16
	Target met	Met	Met	Met

Analysis of results

During 2018–19 the ARC:

- introduced the Australian Government’s National Interest Test to all NCGP Grant Guidelines for grant opportunities opening after October 2018
- supported research addressing key challenges facing Australia through the SRI scheme, and the review of the relationship between the Australian Government’s National Science and Research Priorities and the NCGP
- engaged with opportunities to improve the ARC’s grants administration processes, through the Australian National Audit Office’s (ANAO) performance audit of the NCGP and the Streamlining NCGP Project
- provided a submission to the House of Representatives inquiry into *Australian Government Funding Arrangements for non-NHMRC Research*.



National Interest Test

On 31 October 2018 the Minister for Education, the Hon Dan Tehan MP (Minister Tehan), announced a National Interest Test to be applied to all future applications submitted for funding under the NCGP. The policy provides further assurance that ARC funding aligns with the national interest by providing economic, environmental, social, health and/or cultural benefits to Australia. All ARC Grant Guidelines for grant opportunities opening after the Minister's announcement have been updated to include the National Interest Test. No research projects subject to the National Interest Test were funded in 2018–19.

Special Research Initiative: Excellence in Antarctic Science

In 2016 the Australian Government called for a coordinated Antarctic science funding model through the *Australian Antarctic Strategy and 20 Year Action Plan*. This was supported by the Australian Government's Clarke Review, which was commissioned to investigate the governance arrangements supporting the Australian Antarctic Science Program. The Australian Government subsequently announced \$56 million over seven years to support Antarctic researchers in Australian universities through the ARC's SRI: Excellence in Antarctic Science. In 2018–19 the ARC prepared and finalised the Grant Guidelines for this scheme, and commenced the selection process for funding. Funding for this scheme will begin in 2020.

Implementation of the National Science and Research Priorities

In 2018–19 Minister Tehan requested that the ARC CEO lead a review of the ARC's implementation of the National Science and Research Priorities as they relate to the NCGP. A panel of experts—the ARC Research Priorities Panel—assisted the CEO with this review. A discussion paper was released in March 2019 seeking stakeholder feedback on the ARC's implementation of the National Science and Research Priorities, with the agency receiving submissions from Australian universities and peak groups from the research and innovation sector. The panel's report was provided to the Minister on 31 July 2019.

ANAO NCGP Performance Audit

In late 2018 the ANAO commenced a performance audit of the ARC's administration of the NCGP. The audit assessed: the effectiveness of the ARC's grants administration; the alignment between NCGP guidelines, the *Commonwealth Grants Rules and Guidelines* and government research and innovation objectives; the compliance of the ARC's grant assessment processes with NCGP Grant Guidelines; and the ARC's monitoring, assurance, evaluation and reporting arrangements. The ANAO's audit report was tabled in Parliament in August 2019. The ARC will consider the recommendations in 2019–20.

Streamlining NCGP Project

In the second half of 2018 the ARC commenced the Streamlining NCGP Project to identify opportunities to improve the ARC's management of the grant life cycle. The ARC engaged in an internal review of the NCGP's processes, and sought feedback from external stakeholders through workshops and surveys. The project identified a range of recommendations, several of which are already informing ARC practices. The results of some of the streamlining activities will be realised in the 2019–20 financial year. Changes implemented during 2018–19 include revising and reducing the requirements for Grant Agreement variations and reducing reporting where information is available through other sources.

House of Representatives Inquiry—Australian Government Funding Arrangements for non-NHMRC Research

On 11 May 2018 the House of Representatives Standing Committee on Employment, Education and Training (the Committee) announced that it had been commissioned to undertake an inquiry into the efficiency, effectiveness and coherency of Australian Government funding for research. The ARC provided a submission for the Committee's consideration. The Committee tabled its report—*Australian Government Funding Arrangements for non-NHMRC Research*—on 27 November 2018. The Committee made 15 recommendations, including a number directly relevant to the ARC.



Australian and New Zealand Standard Research Classification

The ARC, along with the Australian Bureau of Statistics, Statistics New Zealand and the New Zealand Ministry of Business, Innovation and Employment, is undertaking a review of the ANZSRC to ensure research classifications reflect current practice and remain responsive to change in the sector. The review is expected to be released in mid-2020. The ANZSRC is used in the measurement and analysis of research and development undertaken in Australia and New Zealand.

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 public confidence in the research process and its outcomes.

KPI	ARC policy advice supporting best practice research			
Metric	Immediate/intermediate outcome			
Methodology	Qualitative—Case studies			
Source	CP 2018–19 page 43			
Target	ARC policy advice supports best practice research			
Results	2018–19	2017–18	2016–17	2015–16
	Target met	Met	Met	Met

Analysis of results

The ARC’s administration of the NCGP is supported by a range of policy documents. During 2018–19 the ARC:

- developed and released the *ARC Early Career Researchers Statement of Support*
- finalised revisions to the *ARC Statement of Support for Assessors within the National Competitive Grants Program*
- reviewed and updated the *ARC Medical Research Policy*
- reviewed and updated the *ARC Research Integrity Policy*
- released the *ARC Intellectual Property Policy*
- partnered in the development of guides supporting the implementation of the *Australian Code for the Responsible Conduct of Research*.

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.

The *ARC Early Career Researchers Statement of Support* contributed to the implementation of the *ARC Research Workforce Statement* in 2018–19.



ARC policy advice engages researchers, both national and international

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.

KPI	Stakeholder engagement in ARC policy development activities (including international organisations and researchers)			
Metric	Immediate/intermediate outcome			
Methodology	Qualitative—Case studies			
Source	CP 2018–19 page 43			
Target	Stakeholder engagement in ARC policy development activities			
Results	2018–19	2017–18	2016–17	2015–16
	Target met	Met	Met	Met

KPI	Stakeholder satisfaction with the quality of ARC policy advice			
Metric	Immediate/intermediate outcome			
Methodology	Qualitative—Case studies			
Source	CP 2018–19 page 43			
Target	Stakeholders are satisfied with the quality of ARC policy advice			
Results	2018–19	2017–18	2016–17	2015–16
	Target met	Met	Met	Met

Analysis of results

During 2018–19 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 implementation activities for ERA and EI, engaged with a wide range of researchers, research leaders and other stakeholders.

National engagement

In 2018–19 the ARC engaged with multiple stakeholders in relation to ERA and EI. Universities, university researchers and experts from industry participated in, and provided feedback about, the ERA evaluation and the EI assessment. In addition, the ARC has engaged with government and other stakeholders in relation to ERA and EI processes and the key findings of the ERA and EI National Reports 2018.

International engagement

During 2018–19 there were 21 international delegations that visited the ARC to explore opportunities available to international researchers and research organisations within the NCGP. In addition, there were 26 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.

Throughout the year, the ARC actively contributed to a range of research and higher education policy development activities, supporting work being conducted across the Australian Government. The agency also continued to refine the policy frameworks underpinning the NCGP and the ERA and EI assessments.



MAKING A DIFFERENCE—OUTCOMES OF ARC SUPPORTED RESEARCH

The ARC's *Making a difference—Outcomes of ARC supported research* is an annual publication that demonstrates how research funded through the NCGP is making a real difference to Australia, and the world. The following case studies reflect a selection of the research projects captured by *Making a difference*, which demonstrate the economic, environmental, social, health and cultural benefits arising from ARC-funded research. The full publication can be accessed through the ARC website, www.arc.gov.au > News > Publications > Making a difference.

ON THE DOG'S TRAIL

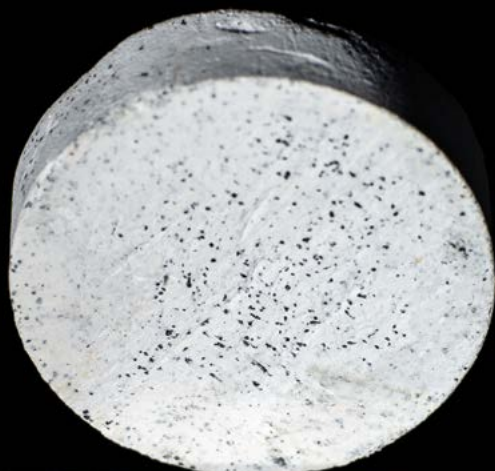
Lead Investigator: Professor Sue O'Connor
Institution: The Australian National University
Scheme: Australian Laureate Fellowships

New radiocarbon dating techniques used on the oldest known dingo bones from Madura Cave on the Nullarbor Plain found that they were between 3348 and 3081 years old, indicating that dingoes arrived in Australia as domestic animals later than previously believed. The new techniques are more accurate and also help us better understand the timing of the disappearance of other native animals, such as the Thylacine (Tasmanian Tiger), from mainland Australia, which followed their predation by newly-arrived dingoes.



Wild dog Dingo in the wild nature Australia.
Credit: iStock.com/Alexandr Baranov.

CERAMIC PARTICLES CONFER FIRE-RESISTANCE TO LIGHTWEIGHT CLADDING



The lightweight cladding core material showing the tiny ceramic particles. Credit: Sarah Fisher/The University of Melbourne.

Lead Investigator: Dr Kate Nguyen
Training Centre Director: Professor Priyan Mendis
Institution: The University of Melbourne/RMIT University
Scheme: Discovery Early Career Researcher Award/Industrial Transformation Training Centres

Ongoing research at the ARC Training Centre for Advanced Manufacturing of Prefabricated Housing (University of Melbourne) and School of Engineering (RMIT) has led to the successful development of a composite, non-combustible and lightweight cladding core—a product previously thought to be impossible to create. Experimenting with different ceramic particles to formulate a composite to withstand 750 degrees Celsius, this newly formulated material has the potential to support the global construction industry to create buildings with non-combustible claddings.



Craftmaker, Gill Cordiner.
Credit: Rosina Possingham Photography.

SUPPORT NEEDED IN AUSTRALIA'S GROWING CRAFT ECONOMY

Lead Investigator: Professor Susan Luckman
Institution: University of South Australia
Scheme: Discovery Projects

This research has examined the economic opportunities and social impacts of Australia's growing multi-million dollar craft economy. Investigations revealed that the biggest challenge for these micro businesses is being able to balance the creative aspects with the business skills and market profile required to turn great products or ideas into income. The findings highlight the importance of policies and programs that support collaboration between industry and creative micro-enterprises to expand, strengthen and support the design-craft sector and to foster the sector through education and training schemes, to ensure it grows into a sustainable and vibrant part of the Australian creative and manufacturing landscape into the future.

STUDYING ABORIGINAL STONE-WALLED FISH TRAPS IN THE GULF OF CARPENTARIA

Centre Director: Professor Richard Roberts
Institution: University of Wollongong
Scheme: ARC Centres of Excellence

Researchers at the *ARC Centre of Excellence for Australian Biodiversity and Heritage* have been using high-resolution drone photogrammetry and spatial information analytical techniques to investigate Kaiadilt Aboriginal stone-walled intertidal fishtraps in the southern Gulf of Carpentaria. Stone-walled fish traps were used to control the movements of marine animals. They are the largest structures built by Aboriginal and Torres Strait Islander people with dense complexes around the South Wellesley Islands and some Torres Strait Islands. The results will feed into plans to protect this extraordinary cultural heritage and help our understanding of how people used these island environments in the past.

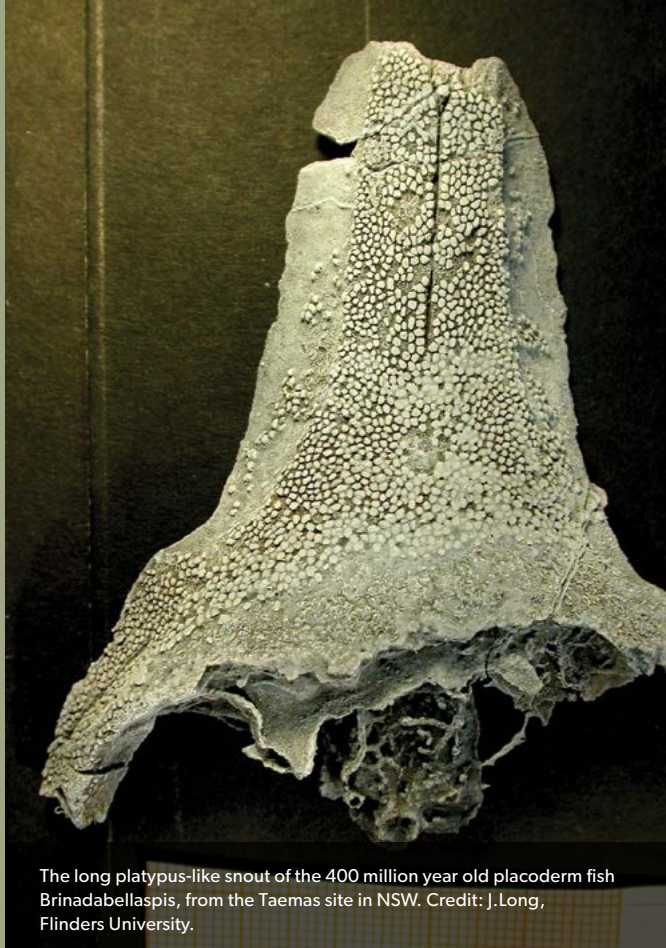


New aerial image documenting trap walls hundreds of metres long in the Gulf of Carpentaria. Credit: Anna Kreij and Sean Ulm.

BIZARRE 'PLATYPUS FISH' FOUND ON AUSTRALIA'S ORIGINAL REEF

Lead Investigator: Professor John Long
Institution: Flinders University
Scheme: Discovery Projects

Researchers have discovered a remarkable ancient fish with a snout resembling a platypus bill; similar to the modern platypus, the fish's long bill may have contained electroreceptors that helped it locate prey. Researchers have reconstructed two ancient *Brindabellaspis* fossils which existed on coral reef habitats 400 million years ago. Found near the Brindabella Ranges in New South Wales, the site of one of the world's oldest coral reefs, the fossil belongs to an extinct group of armoured fish called the placoderms. The discovery shows that these early species were highly adapted and specialised.



The long platypus-like snout of the 400 million year old placoderm fish *Brindabellaspis*, from the Taemas site in NSW. Credit: J. Long, Flinders University.



AUV near Sørdsdal Glacier.
Credit: Australian Antarctic Division.

FIRST UNTETHERED AUSTRALIAN AUTONOMOUS UNDERWATER VEHICLE DIVES UNDER ANTARCTIC ICE SHELF

Director: Professor Richard Coleman
Institution: University of Tasmania
Scheme: Special Research Initiative —
Antarctic Gateway Partnership

A \$5 million autonomous underwater vehicle named *nupiri muka* has been successfully deployed under the Sørdsdal Glacier ice shelf during the summer Antarctic season. Also supported by the Australian Antarctic Division, this research has allowed a better understanding of the processes occurring underneath the ice—including ocean circulation, water temperature and salinity—and their effect on the way ice sheets melt. Researchers are mapping the profiles of the sea bed and the underside of sea ice using sonar imagery.



A perentie (*Varanus giganteus*) observed crossing a road into reference bushland adjacent to an active mine site in Mid West Western Australia. Monitor lizards are common throughout arid Australia, but little is known of how they respond to mining activities or site restoration. Perenties forage over large distances and present an ideal species to assess landscape change and restoration success over large spatial scales. Credit: University of Technology, Sydney.

RESTORING BIODIVERSITY TO REHABILITATED MINES

Researcher: Ms Sophie Cross
Training Centre Director: Professor Kingsley Dixon
Institution: Curtin University
Scheme: Industrial Transformation Training Centres

Research at the *ARC Industrial Transformation Training Centre for Mine Site Restoration* has revealed a global bias in ecological restoration assessments, with longer-term effects on animals being overlooked. This study emphasises the need for increased fauna monitoring and behavioural studies to understand the long-term success of mine site restoration. This research shows that Australia is leading the way in addressing the issue of restoring animal communities and biodiversity to rehabilitated mine sites.

FREEZING POLAR OCEANS— A GREAT PLACE FOR FISH SPECIES FORMATION

Lead Investigator: Dr Peter Cowman
Centre Director: Professor Terence Hughes
Institution: James Cook University
Scheme: Discovery Early Career Researcher Award/ARC Centres of Excellence



Researchers at the *ARC Centre of Excellence for Coral Reef Studies* have analysed the evolutionary relationships between fish species, finding that the fastest rates of species formation have occurred in Antarctic icefish and their relatives at the highest latitudes and in the coldest ocean waters. Their results challenge the widely-held idea that the tropics serve as an evolutionary cradle for marine fish diversity.

LEADERSHIP IN MANY LANGUAGES

Centre Director: Professor Nick Evans
Institution: The Australian National University
Scheme: Australian Laureate Fellowships/
ARC Centres of Excellence

The ARC Centre of Excellence for the Dynamics of Language (CoEDL) is leading research to secure the future of hundreds of Aboriginal and Torres Strait Islander languages at risk of being lost or no longer being passed down to the next generation. Of the approximately 300 languages spoken when Europeans arrived in Australia, only 50 are still spoken—most of which are gravely endangered. The Centre is producing linguistic resources (such as dictionaries and story books), and training new field linguists using state-of-the-art methods and technologies.



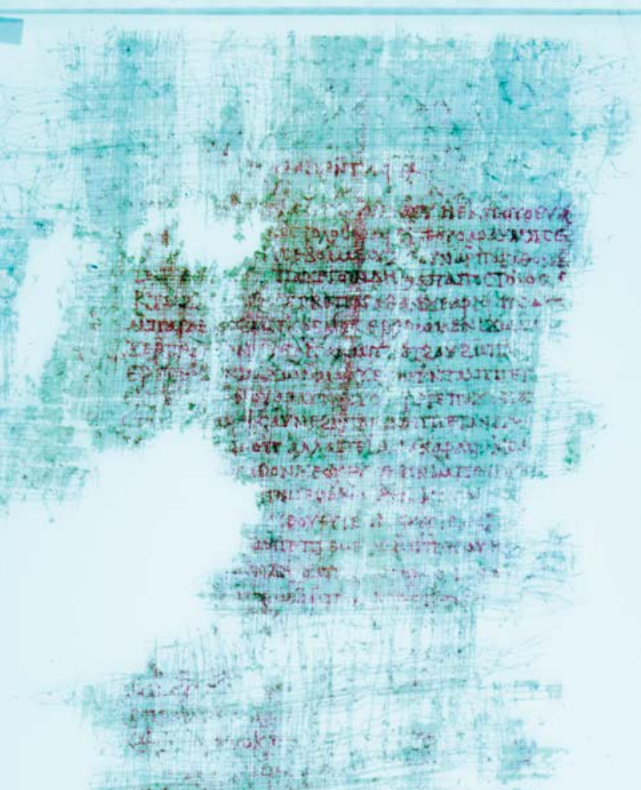
Director Nick Evans manages the lively Q&A session at the public lecture by Dr Alpheaus Graham Zobule, Founder and Executive Director of the Kulu Language Institute in the Solomon Islands, during CoEDL Summer School 2018. Credit: CoEDL.



RESTORING FISH HABITAT TO IMPROVE THE SUSTAINABILITY OF FISHERIES

Lead Investigator: Dr Christopher Brown
Institution: Griffith University
Scheme: Discovery Early Career Researcher Award

Research has found that protecting fish habitats is critical to recovering the world's fisheries. The study considered estimates that approximately 31 per cent of fish stocks globally are being over-exploited; however, these estimates ignored the effects of habitat loss, in addition to overfishing, on fishery productivity. The outcomes suggest that the resilience of fish populations will increase with the restoration of critical fish habitats, such as mangroves and seagrass.



Chester Beatty Kephalaia Codex plate 240 (image enhanced).
Credit: Daniel Boone and Ryan Belnap (Northern Arizona University IDEALab).

TRANSLATING AN ANCIENT MANICHEAN PAPYRUS MANUSCRIPT

Lead Investigator: Professor Iain Gardner
Institution: The University of Sydney
Scheme: Discovery Projects

Research has examined the Manichean religion's literary traditions, including the translation of a precious codex known as the 'Dublin Kephalaia', one of the largest papyrus books ever recovered from antiquity. The almost unreadable leaves have been damaged by moisture and blackened by age. By carefully examining each papyrus leaf, utilising various computer enhanced photographic techniques, the researchers are revealing insights into 3rd century Iran. Professor Gardner is now building upon this research through another *Discovery Projects* scheme grant, examining the liturgical life of one of the most diverse religious traditions of Eurasia.

AUTONOMOUS ROBOTIC SYSTEMS TO MAINTAIN GLOBAL INFRASTRUCTURE

Lead Investigator: Professor Dikai Liu
Institution: University of Technology Sydney
Scheme: Linkage Projects

Researchers are developing autonomous robotic systems to assist in steel bridge maintenance and underwater structure cleaning, reducing human exposure to physically demanding and potentially hazardous maintenance work. The research team has developed autonomous grit-blasting robots, an underwater robot and bio-inspired climbing robots, which mimic the work of humans and can be used to clean and inspect hard to reach parts of infrastructure, such as the Sydney Harbour Bridge. These enable access to difficult-to-reach spaces and limit exposure to potentially fatal hazards—including a 134-metre drop from the top of the bridge and risk of exposure to lead-based paint.



Autonomous climbing robot for inspection and condition assessment of confined spaces. Credit: University of Technology Sydney.

3.2: FINANCIAL PERFORMANCE

SUMMARY

This section provides an overview of the ARC's financial performance during 2018–19 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 ANAO unqualified audit opinion for the statements
- a statement from the CEO and Chief Financial Officer that the statements comply with the PGPA Act.

The ARC Resource Statement is presented in Appendix 4, Table A4, followed by the ARC Expenses for Outcome 1 table, Table A5.

The ARC's total appropriated resources for 2018–19 were \$796.7 million. This comprised:

- \$774.0 million for the administered appropriation (\$766.4 million special appropriation, including the special account, for the NCGP and \$7.6 million for the annual administered appropriation)
- \$22.7 million for the departmental appropriation (\$21.5 million for operating expenses and \$1.2 million for the Departmental Capital Budget).

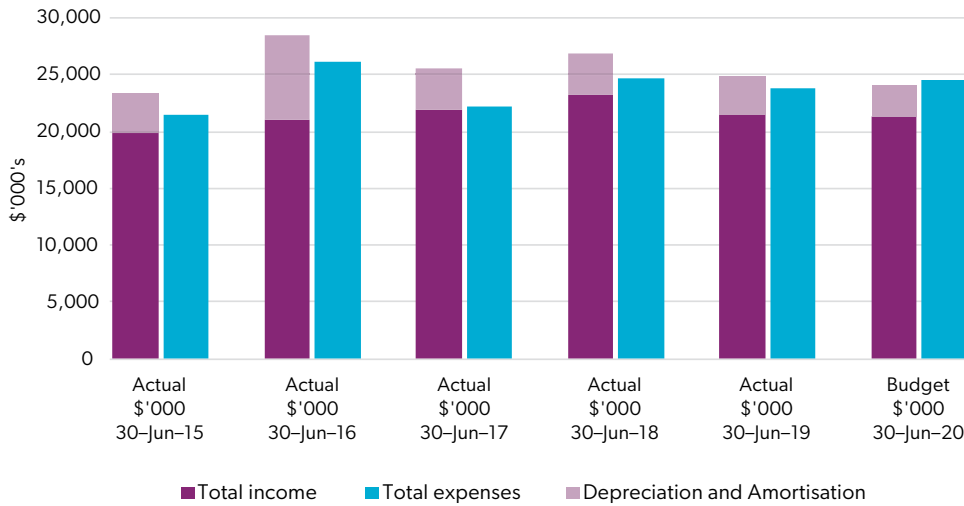
DEPARTMENTAL ACTIVITIES

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

For 2018–19 the ARC recorded an operating deficit of \$2.3 million compared to the original budget position of \$3.1 million. If the depreciation and amortisation expenditure is excluded to account for the net cash arrangements, this results in a \$1.0 million surplus (original budgeted position was \$0).

Figure 7 outlines the ARC's departmental financial performance over the past five years and the current budget for 2019–20. Expenditure and Government revenue were consistent over the 2014–15 to 2018–19 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 the *National Innovation and Science Agenda*. The increase in 2017–18 income reflected funding received for the administration of the PFAS Remediation Research Program.

Figure 7: Departmental financial performance, 2014–15 to 2019–20

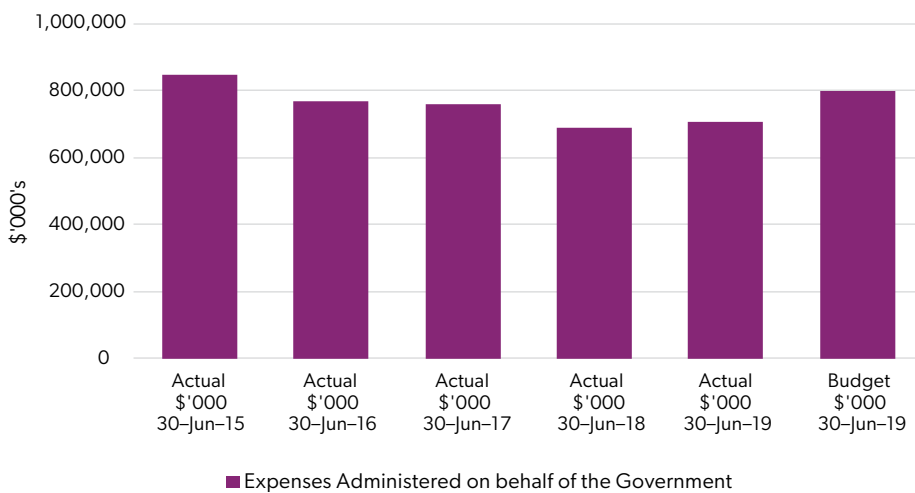


ADMINISTERED ACTIVITIES

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

Figure 8 outlines the ARC’s administered financial expenditure over the past five years and the budget for 2019–20. 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, 2014–15 to 2019–20







**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. No instances of fraud were identified in 2018–19.

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*. The plan was reviewed and updated in April 2018 and is due to be reviewed again in 2020. All potential fraud incidents are followed through until a resolution is achieved. The Chief Financial Officer reports all potential fraud incidents or changes to fraud risk at each ARC Audit Committee meeting.

CORPORATE GOVERNANCE STRUCTURES AND PROCESSES

Senior executive and their responsibilities

At 30 June 2019 the ARC had eight senior executive staff: the CEO; Executive General Manager; Branch Manager, Policy and Strategy; Branch Manager, Corporate Services; Branch Manager, Research Excellence; and three 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 senior staff at 30 June 2019—the Chief Information Officer, Chief Financial Officer and Acting Chief Program Officer.

There were three significant changes to the ARC's senior executive over the 2018–19 period. Ms Leanne Harvey ended her term as Executive General Manager on 3 December 2018. Dr Tony Willis commenced on 11 February 2019 as the new Executive General Manager. Professor Stephen Buckman ended his second term as an Executive Director on 24 June 2019.

Responsibilities



Professor Sue Thomas—Chief Executive Officer

Professor Sue Thomas has statutory responsibilities for managing and leading the agency in accordance with legislated requirements. Under the *Australian Research Council Act 2001* (ARC Act), the CEO is required to make recommendations to the Minister on which applications 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.



Dr Tony Willis—Executive General Manager

Dr Tony Willis plays a key senior leadership role in the organisation in support of the CEO, by providing advice on public service matters and by supporting a team of senior managers, with a particular focus on the Corporate Services, Research Excellence and Information and Communications Technology (ICT) Services branches. Other duties include being the agency's Chief Security Officer and Public Interest Disclosure Officer.



Ms Kylie Emery—Branch Manager, Policy and Strategy

Ms Kylie Emery is responsible for the Strategy and Governance, and Policy and Integrity sections. 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. She is also currently the ARC's Diversity Champion.



Ms Julija Deleva—Branch Manager, Corporate Services

Ms Julija Deleva oversees functions within the ARC relating to finance, legal services, people and services, program evaluation, stakeholder relations and parliamentary engagement. She became the ARC's Chief Financial Officer in 2009, and in September 2016 commenced in the role of Branch Manager, Corporate Services. She is also currently the ARC's Indigenous Champion.



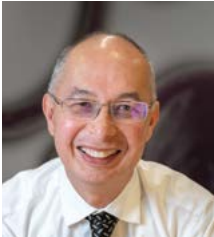
Ms Sarah Howard—Branch Manager, Research Excellence

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



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.



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 second term as an Executive Director on 24 June 2019.



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

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

The SMG generally meets every two weeks and consists of: the CEO; Executive General Manager; Branch Manager, Policy and Strategy; 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 the 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 in relation to scope, budget, risk management and scheduling for ICT work packages
- Diversity Working Group, which integrates diversity and equity matters into workplace practice
- ICT Change Control Committee, which approves changes to ICT applications and infrastructure, and coordinates the release of these changes
- ICT Technology Governance Committee, which reviews the ARC's ICT service requirements, and provides recommendations on priorities for the ICT Services Branch
- Information Governance Committee, which ensures 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's planning and reporting framework
- Program, Strategy and Executive Committee, which provides advice and recommendations on policy and programs as they relate to the NCGP
- Research Integrity Review Committee, which considers and makes recommendations on precautionary and consequential actions taken under the ARC's *Research Integrity Policy*
- Security Committee, which oversees adherence to physical, personal and Information Technology (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 provides the CEO with assurance by independently reviewing the ARC's financial and performance reporting responsibilities, systems for internal control, risk management and corporate governance.



The Audit 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 2). During 2018–19 the Audit Committee held five meetings.

Table 2: Membership of the ARC Audit Committee, 2018–19

Member	Date of appointment	Expiry of appointment
Mr P Kennedy, External member (Chair, until 30/09/18)	01/01/2010	30/09/2018
Mr G Rankin, External member (Chair, from 01/10/18)	01/11/2013	30/09/2020
Mr C Brookes, External member	01/11/2018	31/10/2020
Ms J Satrapa, Internal member	01/06/2018	30/05/2021
Mrs K Toole, External member	15/03/2017	31/03/2021
Mr J Withers, Internal member	01/10/2017	30/09/2020

ARC Advisory Council

The ARC Advisory Council provides strategic advice to the CEO on issues relating to the purpose of the ARC. This includes feedback on: strategic planning; policy matters relating to innovation, research and research training; and 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 or achievements in business research and development (Table 3). Seven new members of the Advisory Council commenced their appointment on 1 July 2018. The Advisory Council met twice in 2018–2019, on 6 November 2018 and 13 March 2019.

Table 3: Membership of the ARC Advisory Council, 2018–19

Member, Institution	Date of appointment	Expiry of appointment
Professor S Thomas, ARC (Chair)	03/07/2017	30/07/2022
Ms L Crosswell, Museums Victoria	01/07/2018	30/06/2020
Professor K Hall, The University of Newcastle	01/07/2018	30/06/2020
Professor D Ivison, The University of Sydney	01/07/2018	30/06/2020
Professor D Lloyd, University of South Australia	01/07/2018	30/06/2020
Mr M McKenzie, Council of Small Business Australia	01/07/2018	30/06/2020
Emeritus Professor C Shannon, Shannon Consulting	01/07/2018	30/06/2020
Professor D Terry, Curtin University	01/07/2018	30/06/2020



Administration of the National Competitive Grants Program

ARC College of Experts

The ARC College of Experts (College) plays a key role in identifying research excellence, moderating external assessments of grant applications and recommending projects to be funded. The College is comprised of a diverse, experienced and highly qualified membership of international standing, drawn from academia, industry and public sector research organisations. New members are announced annually for terms of up to three years, ensuring a consistent source of expertise. At the discretion of the ARC, extensions of up to one year may be offered to ensure that available expertise reflects the range of applications being submitted.

The College comprised 194 members in 2019. On 26 October 2018 the ARC announced 78 new members of the College for 2019, where strong emphasis was placed on interdisciplinary expertise, as well as the representation of a wide range of research areas. This year, to ensure that the available expertise reflects the range of applications received by the ARC, three existing members received extensions to continue as members of the College. A list of members is on the ARC website, www.arc.gov.au > About > ARC Profile > ARC Committees > ARC College of Experts.

Selection Advisory Committees

Selection Advisory Committees (SACs) recommend to the CEO which applications should be funded, and how much funding successful applications should receive. The size and structure of each SAC is influenced by the nature of the grant opportunity and the volume of applications. SACs may comprise College members and/or other distinguished academic researchers and members from end-user communities. The membership of each SAC remains confidential until funding outcomes are announced.

For most schemes, the SAC will be divided into three, four or five broad disciplinary panels. For specialist or highly prestigious schemes such as the *Australian Laureate Fellowships*, *Linkage Infrastructure, Equipment and Facilities*, *Industrial Transformation Training Centres*, *Industrial Transformation Research Hubs* and *ARC Centres of Excellence (CoE)* schemes, the SAC consists of a single interdisciplinary panel.

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 appeals should be upheld or dismissed. This committee also provides general advice to the ARC about modifications and improvements to the ARC's administrative processes. It consists of external members appointed by the CEO. The 2018 members were Emeritus Professor A Cheetham (Chair), Emeritus Professor H Bachor and Professor L Johnson. In 2019 the members were Dr K Anderson, Emeritus Professor H Bachor, Ms E Carroll and Emeritus Professor B Lohmann. The NCGP Appeals Committee met three times in 2018–19.

National Competitive Grants Program Eligibility Committee

The NCGP Eligibility Committee considers all eligibility issues identified for applications submitted under the NCGP. The committee—comprising ARC Executive Directors and the Branch Manager, Policy and Strategy—provides eligibility recommendations to the CEO based on the eligibility criteria set out in the relevant Grant Guidelines.

National Competitive Grants Program Scrutiny Committee

The NCGP Scrutiny Committee examines the probity of ARC assessment processes for applications submitted by SAC members and/or ARC staff. This committee comprises members appointed by the CEO. In 2018 the members were Professor A Wells (Chair), Professor D Sharma, Professor D Siddle and Mr J Withers. In 2019 the members were Professor J Fitness, Professor D Sharma, Professor D Siddle and Mr J Withers. The NCGP Scrutiny Committee met twice in 2018–19.



Medical Research Advisory Group

The Medical Research Advisory Group (MRAG) is responsible for providing additional technical advice regarding medical eligibility for selected applications under consideration by the NCGP Eligibility Committee. Where the NCGP Eligibility Committee considers that additional expertise is required to determine eligibility, the application is referred to MRAG members for written advice. Once this technical advice has been received, the NCGP Eligibility Committee determines medical research eligibility recommendations.

MRAG members may be individuals from current or past ARC Colleges of Experts or candidates with sufficient seniority to have broad overview of the research sector, with expertise in relevant Fields of Research (FoR) codes, notably (but not exclusively) biological sciences (FoR 06), medical and health sciences (FoR 11) and psychology and cognitive sciences (FoR 17).

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

ERA 2018 Research Evaluation Committees

Evaluations in ERA were undertaken by Research Evaluation Committees (RECs) comprising Australian and international researchers. There were eight RECs for ERA 2018, the chairs and members of which were appointed in 2017–18. Their appointments concluded in 2018–19.

EI 2018 Assessment Panels

The assessments for EI 2018 were undertaken by panels comprising a mix of distinguished academic researchers and highly experienced research end-users. There were five assessment panels for EI 2018. Chairs for the EI 2018 panels were appointed in 2017–18, and their appointments concluded in 2018–19. EI 2018 Assessment Panel members were announced in August 2018.

ERA 2018 Scrutiny Committee

The ERA Scrutiny Committee reviewed the ERA 2018 outcomes for Units of Evaluation which could be considered to have a clearly identifiable connection with members of the ERA 2018 RECs. All Scrutiny Committee members had previously been engaged with ERA as REC members. Their appointments concluded in 2018–19.

Australian Research Integrity Committee

The Australian Research Integrity Committee (ARIC) comprises eight expert members (Table 4) and reports to both the ARC and the NHMRC. During 2018–19 the ARIC-ARC secretariat received three requests for review. It also continued consideration of four cases related to requests for review that were received in 2017–18. In relation to the seven ARIC-ARC matters active in 2018–19:

- two reviews that commenced prior to 1 July 2018 were finalised and the outcomes were communicated to the relevant parties by the ARC
- two requests for review were determined to be within the scope of ARIC. One of these reviews was finalised and the outcomes were communicated to the relevant parties by the ARC, and the other review was ongoing as at 30 June 2019
- two requests for review were determined to be outside the scope of ARIC
- one request for review was closed as other institutional processes were undertaken.



Table 4: Membership of ARIC, 2018–19

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

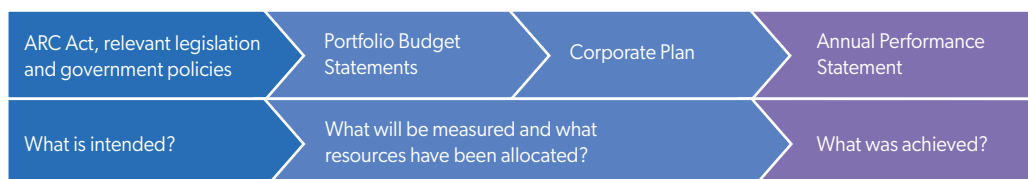
Planning and reporting arrangements

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

The ARC’s performance measurement framework ensures there is a clear line of sight between the performance criteria published in the ARC’s PBS and Corporate Plan, and the performance outcomes documented in the Annual Performance Statement. Together, these documents 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



During 2018–19 the ARC:

- published the *ARC Annual Report 2017–18*
- published the *ARC Corporate Plan 2018–19*.

Internal audit arrangements and risk management

Internal audit

An integral part of the ARC’s corporate governance framework is the ARC’s internal audit function. Internal audit provides an independent and objective review and advisory service, giving 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. In 2018–19 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 2018–19:

- Timekeeping
- Protective Security: Physical and Personnel
- Protective Security: Cyber
- Recruitment and Selection for the College of Experts, Selection Advisory Committees, Excellence in Research for Australia Research Evaluation Committees and Engagement and Impact Assessment Panels.

Risk

Framework

The ARC manages risk in accordance with the PGPA Act and the *Commonwealth Risk Management Policy*. 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 2019 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 approach to managing risk, that risk management was effectively 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 governance framework.

In January 2019 the SMG reviewed the ARC's strategic risks for 2018–19 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 2019–20 in May 2019.

The ARC reviewed its operational risks in September 2018 and March 2019. This biannual activity assisted business areas to plan and deliver against the activities outlined in the Corporate Plan and the Operational Plan.

Business continuity and disaster recovery

The ARC's BCP sets out 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 (DRP), which is designed to safeguard and recover critical ICT systems.

In 2018–19 the ARC:

- updated the BCP
- conducted disaster recovery testing in accordance with the DRP
- enhanced data protection capabilities
- held three meetings of the BCP 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'⁴
- the incorporation of ethical standards into ARC governance policies and guidelines
- the incorporation of ARC values into performance agreements
- an Ethics, Integrity and Fraud page on the ARC intranet site, as well as the Australian Public Service Commission (APSC) Ethics Advisory Service, www.apsc.gov.au > *Working in the APS* > *Integrity* > *Ethics Advisory Service*
- an ARC Ethics Contact Officer.

The ARC includes an overview and discussion of the APS Values and Code of Conduct as part of induction training for new appointees. Regular 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 2018, showed that 77 per cent of ARC staff believed that ARC senior executives act in accordance with the APS values, compared to 71 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*, which is available on the ARC website, www.arc.gov.au > *Policies & Strategies* > *Policy* > *ARC Conflict of Interest and Confidentiality Policy*.

As a research funding agency

ARC Research Integrity Policy

To safeguard the integrity of the ARC's processes, the *ARC Research Integrity 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 how potential breaches of the Code can be referred to institutions for investigation. The *ARC Research Integrity Policy* is available on the ARC website, www.arc.gov.au > *Policies & Strategies* > *Research Integrity* > *ARC Research Integrity Policy*.

In 2018–19 the ARC revised the *ARC Research Integrity Policy* to ensure its alignment to the revised Code and the *Guide to Managing and Investigating Potential Breaches of the Australian Code for the Responsible Conduct of Research, 2018* (the Investigation Guide).

The ARC was notified of, or identified, 35 new matters relating to actual or potential breaches of the Code, or research misconduct in 2018–19. This included matters reported by institutions, as well as concerns identified through ARC business or by members of the public. In addition, 12 matters reported or identified prior to 1 July 2018 were still active in 2018–19.

Of the 47 matters that were active in 2018–19, 28 were finalised as at 30 June 2019. This included:

- ten matters where institutions reported breaches of the Code and the ARC took action in response
- one matter where an institution reported a breach of the Code and the ARC determined that no ARC action was required as the breach was minor and the action taken by the institution was considered sufficient to address the matter

⁴ *ARC Corporate Plan 2018–19*, page 4

- eight matters that were dismissed following institutional preliminary assessments or investigations
- nine matters where preliminary assessments by the relevant institutions were not required. The matters were not within the scope of the policy, or insufficient information was available to provide grounds for preliminary assessments to be undertaken.

As at 30 June 2019 the ARC was awaiting preliminary assessments or investigations in relation to the outcomes of 19 matters.

National codes and statements on research ethics

All ARC-funded research projects must adhere to the Code. In June 2018 the ARC, the NHMRC and Universities Australia (UA) released a revised version of the Code and the Investigation Guide. In 2018–19 the ARC has worked closely with the NHMRC and UA to promote the revised version of the Code and the Investigation Guide. Supplementary guidance documents have been developed to support implementation of the principles and responsibilities in the 2018 Code.

From 1 July 2019 all institutions are required to comply with the expectations of the 2018 Code. 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)
- *The Australia Council for the Arts, Indigenous Cultural Protocols for Producing Indigenous Australian Music, Writing, Visual Arts, Media Arts and Performing Arts* (2007)
- *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).

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 2018–19 the ARC received:

- one general complaint about the ability to link information into the ARC’s Research Management System (RMS)
- three general complaints about the accessibility of information on the ARC website
- twenty-seven appeals relating to applications submitted for funding under the NCGP, five of which were upheld.

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 from any Court during 2018–19 that had, or may have, a significant impact on the operations of the ARC.

There were also no decisions from administrative tribunals or the Office of the Australian Information Commissioner during 2018–19 that had, or may have, a significant impact on the operations of the ARC.

REPORTS ON ARC OPERATIONS BY THE AUDITOR-GENERAL

During 2018–19 the Australian National Audit Office (ANAO) undertook a performance audit of the ARC's administration of the NCGP. The ARC will review its processes in light of the outcomes of this performance audit in 2019–20.

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; and liaising between and supporting the senior executive and the Minister's office.

In April 2019 the Senate Education and Employment Legislation Committee released its report on Annual Reports for the agencies for which it is responsible, titled *Annual Reports (No. 1 of 2019)*. The committee assessed the *ARC Annual Report 2017–18* as meeting all requirements under the PGPA Rule relating to the letter of transmittal, the inclusion of audit reports, style and formatting, and the assessment of performance against targets.

During 2018–19 the ARC appeared before the Senate Education and Employment Legislation Committee for:

- Supplementary Estimates—October 2018
- Additional Estimates—February 2019.

ARC officials also attended Budget Estimates in April 2019, but were not called to give evidence due to the announcement of the Federal Election and the subsequent commencement of caretaker conventions. From these hearings, the ARC received 66 Questions on Notice, 53 of which were tabled on time.

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

REPORTS ON ARC OPERATIONS BY THE COMMONWEALTH OMBUDSMAN

During 2018–19 the Commonwealth Ombudsman’s Office commenced three investigations into ARC business. These investigations involved consideration by the Ombudsman of the assessment of scores awarded to unfunded grant applications, along with allegations of bias and an appraisal of the grant assessment process.

One investigation is ongoing. Of the two investigations finalised, the Ombudsman concluded that the allegations of bias were unfounded and the grant assessment process followed the correct administrative processes.

AGENCY CAPABILITY REVIEWS

No capability reviews of the ARC were conducted or released during 2018–19.



4.3: MANAGEMENT OF HUMAN RESOURCES

EFFECTIVENESS IN MANAGING AND DEVELOPING STAFF

Workforce planning, staff retention and turnover

During 2018–19 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
- encouraging staff to assist with NCGP and ERA processes during peak periods of activity
- providing targeted training opportunities
- providing opportunities to work at higher levels during staff absences
- ensuring relevant knowledge management and sharing processes were in place.

In 2018–19 staff turnover figures were higher than in previous years, with 31 separations recorded compared to 21 in 2017–18. Twenty-five of these separations were for career opportunities inside or outside the APS.

Employment agreements

During 2018–19 the ARC employed non-Senior Executive Service (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.
- **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 term of the agreement. IFAs within the ARC generally deal with retention allowances or remuneration, allowing the CEO to ensure the employment conditions of specialised employees reflect market forces and experience.

Training and development

ARC training and development activities are conducted within the framework of the agency's *Learning and Development Strategy 2019–2020*. This strategy aims to equip ARC staff with appropriate training opportunities to ensure the agency has access to the skills and knowledge required to achieve its objectives.

In the 2018 APS 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 as a whole.

In 2018–19 the ARC’s People and Services section coordinated access to a range of training opportunities including eLearning, in-house training, and external opportunities such as coaching and studies assistance.

In-house training

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

- Financial management and budgeting
- Leading without formal authority
- Project management foundations: Small projects
- Security
- Privacy awareness
- Commonwealth Child Safe Framework.

All new staff are required to undertake four eLearning modules—APS Values and Principles, Security, Privacy Awareness and Fraud Awareness. In 2019 all new starters to the ARC also participated in the APSC’s APS Induction Portal trial.

The ARC also provided staff with access to a range of further training opportunities, including:

- New supervisor skills
- How to apply for jobs in the APS
- Aboriginal insights: Engaging with Aboriginal communities
- Tweak your week
- Rock your routine
- Minute and brief writing skills
- Mindfulness
- Balancing your life
- Strategic thinking (APS level staff)
- Understanding strategic direction, influencing and tactical skills (Executive Level staff)
- Career coaching (Executive Level staff).

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 2018–19 the ARC continued to review its procedures to streamline administrative processes and systems for ARC staff and NCGP, ERA and EI stakeholders. In addition, the ARC:

- improved post-award grant management processes by reducing the supporting material required for variation requests
- automated the population of research output data into NCGP application forms
- improved functionality and automation for eligibility management in NCGP application forms
- removed duplication in annual reporting requirements for the CoE scheme
- removed duplication in the annual progress report template for the Industrial Transformation Research Program
- made searchable public data sets for ERA and EI available through the ARC Data Portal
- improved assessor assignment processes on RMS through the generation of additional information on the quality of assessor matching



- relaunched ARC Grants Search, which incorporates improvements to search functionality, allows results to be downloaded and includes post-award data
- adapted its phone system to make use of public cloud capabilities.

Diversity

The *ARC Workplace 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 *ARC Reconciliation Action Plan*.

In 2018–19 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, and assessed agency outcomes, through the ARC Diversity Working Group's Diversity Program
- finalised an updated version of the *ARC Reconciliation Action Plan*
- hosted National Reconciliation Week activities
- participated in National Aboriginal and Islander Day Observance Committee (NAIDOC) week activities
- celebrated Harmony Day on 21 March 2019 to recognise Australian cultural diversity
- publicised R U OK? Day to raise awareness of the importance of meaningful conversations with colleagues to foster mental health
- continued to encourage use of the Employee Assistance Program.

STAFF STATISTICS

Overview

Table 5: All ongoing employees, current reporting period (as at 30 June 2019)

	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
NSW	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	0	0	0	0	0	0	0	0	0	0
WA	0	0	0	0	0	0	0	0	0	0
ACT	35	4	39	68	27	95	0	0	0	134
NT	0	0	0	0	0	0	0	0	0	0
Overseas	0	1	1	0	0	0	0	0	0	1
Total	35	5	40	68	27	95	0	0	0	135

Note: CEO is not included in this table

Table 6: All non-ongoing employees, current reporting period (as at 30 June 2019)

	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
NSW	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	0	0	0	0	0	0	0	0	0	0
WA	0	0	0	0	0	0	0	0	0	0
ACT	1	0	1	1	1	2	0	0	0	3
NT	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	1	0	1	1	1	2	0	0	0	3

Note: CEO is not included in this table



Table 7: All ongoing employees, previous reporting period (as at 30 June 2018)

	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
NSW	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	0	0	0	0	0	0	0	0	0	0
WA	0	0	0	0	0	0	0	0	0	0
ACT	34	3	37	74	22	96	0	0	0	133
NT	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	34	3	37	74	22	96	0	0	0	133

Note: CEO is not included in this table

Table 8: All non-ongoing employees, previous reporting period (as at 30 June 2018)

	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
NSW	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	0	0	0	0	0	0	0	0	0	0
WA	0	0	0	0	0	0	0	0	0	0
ACT	3	1	4	5	3	8	0	0	0	12
NT	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	3	1	4	5	3	8	0	0	0	12

Note: CEO is not included in this table



Gender

Table 9: Number of ongoing employees by gender, current reporting period (as at 30 June 2019)

	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	1	0	1	0	0	0	0	0	0	1
SES 1	1	0	1	3	0	3	0	0	0	4
EL 2	8	1	9	8	1	9	0	0	0	18
EL 1	11	2	13	21	5	26	0	0	0	39
APS 6	10	1	11	19	9	28	0	0	0	39
APS 5	2	1	3	17	5	22	0	0	0	25
APS 4	2	0	2	5	1	6	0	0	0	8
APS 3	0	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	1	0	1	0	0	0	1
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	35	5	40	74	21	95	0	0	0	135

Note: CEO is not included in this table

Table 10: Number of non-ongoing employees by gender, current reporting period (as at 30 June 2019)

	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	0	0	0	0	0	0	0	0	0	0
EL 1	0	0	0	0	0	0	0	0	0	0
APS 6	0	0	0	1	0	1	0	0	0	1
APS 5	0	0	0	0	0	0	0	0	0	0
APS 4	1	0	1	0	0	0	0	0	0	1
APS 3	0	0	0	0	1	1	0	0	0	1
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	1	0	1	1	1	2	0	0	0	3

Note: CEO is not included in this table



Table 11: Number of ongoing employees by gender, previous reporting period (as at 30 June 2018)

	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	1	0	1	0	0	0	1
SES 1	0	0	0	1	0	1	0	0	0	1
EL 2	9	0	9	11	1	12	0	0	0	21
EL 1	12	2	14	23	6	29	0	0	0	43
APS 6	6	1	7	15	9	24	0	0	0	31
APS 5	6	0	6	16	6	22	0	0	0	28
APS 4	1	0	1	6	0	6	0	0	0	7
APS 3	0	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	1	0	1	0	0	0	1
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	34	3	37	74	22	96	0	0	0	133

Note: CEO is not included in this table

Table 12: Number of non-ongoing employees by gender, previous reporting period (as at 30 June 2018)

	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	0	1	1	0	0	0	0	0	0	1
EL 1	0	0	0	1	0	1	0	0	0	1
APS 6	0	0	0	0	1	1	0	0	0	1
APS 5	1	0	1	0	1	1	0	0	0	2
APS 4	1	0	1	3	0	3	0	0	0	4
APS 3	0	0	0	1	1	2	0	0	0	2
APS 2	1	0	1	0	0	0	0	0	0	1
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	3	1	4	5	3	8	0	0	0	12

Note: CEO is not included in this table



Full time/part time employment arrangements

Table 13: Employees by full time and part time status, current reporting period (as at 30 June 2019)

	Ongoing			Non-Ongoing			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	
SES 3	0	0	0	0	0	0	0
SES 2	1	0	1	0	0	0	1
SES 1	4	0	4	0	0	0	4
EL 2	16	2	18	0	0	0	18
EL 1	29	10	39	0	0	0	39
APS 6	29	10	39	1	0	1	40
APS 5	16	9	25	0	0	0	25
APS 4	7	1	8	1	0	1	9
APS 3	0	0	0	0	1	1	1
APS 2	1	0	1	0	0	0	1
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	103	32	135	2	1	3	138

Note: CEO is not included in this table

Table 14: Employees by full time and part time status, previous reporting period (as at 30 June 2018)

	Ongoing			Non-Ongoing			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	
SES 3	0	0	0	0	0	0	0
SES 2	1	0	1	0	0	0	1
SES 1	1	0	1	0	0	0	1
EL 2	20	1	21	0	1	1	22
EL 1	35	8	43	1	0	1	44
APS 6	21	10	31	0	1	1	32
APS 5	22	6	28	1	1	2	30
APS 4	7	0	7	4	0	4	11
APS 3	0	0	0	1	1	2	2
APS 2	1	0	1	1	0	1	2
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	108	25	133	8	4	12	145

Note: CEO is not included in this table



Location

Table 15: Employment type by location, current reporting period (as at 30 June 2019)

	Ongoing	Non-Ongoing	Total
NSW	0	0	0
QLD	0	0	0
SA	0	0	0
TAS	0	0	0
VIC	0	0	0
WA	0	0	0
ACT	134	3	137
NT	0	0	0
Overseas	1	0	1
Total	135	3	138

Note: CEO is not included in this table

Table 16: Employment type by location, previous reporting period (as at 30 June 2018)

	Ongoing	Non-Ongoing	Total
NSW	0	0	0
QLD	0	0	0
SA	0	0	0
TAS	0	0	0
VIC	0	0	0
WA	0	0	0
ACT	133	12	145
NT	0	0	0
Overseas	0	0	0
Total	133	12	145

Note: CEO is not included in this table

Indigenous employment

Table 17: Indigenous employment, current reporting period (as at 30 June 2019)

	Total
Ongoing	1
Non-Ongoing	0
Total	1



Table 18: Indigenous employment, previous reporting period (as at 30 June 2018)

	Total
Ongoing	0
Non-Ongoing	1
Total	1

EMPLOYMENT ARRANGEMENTS

Number of staff by employment arrangement

Table 19: Employment arrangements, current reporting period (as at 30 June 2019)

	SES	Non-SES	Total
ARC Enterprise Agreement	0	133	133
Australian Workplace Agreements	0	2	2
Individual Flexibility Arrangements	0	14	14
Common Law Contract	5	0	5
Total	5	133	138

Note: The total number of agreements is higher than the total workforce as staff with AWAs and IFAs are also covered by the ARC Enterprise Agreement.

Salary ranges

Table 20: Employment salary ranges by classification level, current reporting period (as at 30 June 2019)

	Minimum Salary (\$)	Maximum Salary (\$)
SES 3	-	-
SES 2	230,000	250,000
SES 1	170,000	229,380
EL 2	121,417	164,200
EL 1	101,191	142,800
APS 6	79,227	92,210
APS 5	71,558	75,622
APS 4	65,868	69,607
APS 3	58,591	61,916
APS 2	52,463	56,993
APS 1	48,529	49,771
Other	-	-
Total (Minimum/Maximum)	48,529	250,000

Note: CEO is not included in this table



Performance pay

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

Non-salary benefits

The ARC offered a range of non-salary benefits to employees in 2018–19 including:

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

Senior Executive Service remuneration

Terms and conditions for ARC SES staff are set out by common law contracts. As at 30 June 2019 there were five 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 2019 the notional salary range for SES Band 1 and Band 2 officers was between \$170,000 and \$250,000. Further information about the ARC's remuneration of key management personnel (Table 21) and senior executives (Table 22) is provided below.⁵

⁵ The ARC has no additional staff members meeting the definition of 'Other highly paid staff'.

Table 21: Information about remuneration for key management personnel, 2018–19

Name	Position title	Short-term benefits					Post-employment benefits			Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Annual Leave	Superannuation contributions	Long service leave	Other long-term benefits			
Sue Thomas	Chief Executive Officer	402,377	0	0	31,924	70,212	10,419	0	0	514,932	
Tony Willis	Executive General Manager (current)	86,415	0	9,585	7,924	14,444	12,965	0	0	131,333	
Leanne Harvey	Executive General Manager (former)	122,443	0	30,211	9,846	23,222	2,838	0	0	188,560	
Kylie Emery	Branch Manager	202,790	0	21,930	17,517	42,157	9,737	0	0	294,131	
Julija Deleva	Branch Manager	185,382	0	21,930	19,283	35,997	14,899	0	0	277,491	
Sarah Howard	Branch Manager	178,173	0	22,608	18,281	35,699	16,843	0	0	271,604	



Table 22: Information about remuneration for senior executives, 2018–19

Total remuneration bands	Number of senior executives	Short-term benefits					Post-employment benefits			Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average Annual Leave	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits				
\$0–\$220,000	2	18,654	0	0	3,906	2,817	-3,613	0	0	21,764	0	0	
\$220,001–\$245,000	0	0	0	0	0	0	0	0	0	0	0	0	
\$245,001–\$270,000	0	0	0	0	0	0	0	0	0	0	0	0	
\$270,001–\$295,000	1	190,672	0	21,930	16,488	32,357	11,557	0	0	273,004	0	0	
\$295,001–\$320,000	0	0	0	0	0	0	0	0	0	0	0	0	
\$320,001–\$345,000	0	0	0	0	0	0	0	0	0	0	0	0	
\$345,001–\$370,000	0	0	0	0	0	0	0	0	0	0	0	0	
\$370,001–\$395,000	0	0	0	0	0	0	0	0	0	0	0	0	
\$395,001–\$420,000	0	0	0	0	0	0	0	0	0	0	0	0	
\$420,001–\$445,000	0	0	0	0	0	0	0	0	0	0	0	0	
\$445,001–\$470,000	0	0	0	0	0	0	0	0	0	0	0	0	
\$470,001–\$495,000	0	0	0	0	0	0	0	0	0	0	0	0	
\$495,001–\$....	0	0	0	0	0	0	0	0	0	0	0	0	

Notes: Table 22 does not include senior executives already recognised in Table 21: information about remuneration for key management personnel, 2018–19. Two senior executives left the ARC during the 2018–19 financial year.



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 2019 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* and the PGPA Act, which regulate how agencies govern and undertake procurement. Detailed policies and procedures relating to procurement are also outlined in the *ARC Chief Executive 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 bears 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 > *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 2018–19 the ARC entered into 155 consultancy contracts involving total actual expenditure of \$1.597 million (inclusive of Goods and Services Tax [GST]). In addition, 301 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$3.672 million (inclusive of GST).

A summary of the ARC’s engagements with consultants for 2018–19 is provided in Table 23.

Table 23: Consultancy contracts and expenditure, 2018–19

	Total
Number of new contracts entered into during the period	155
Total actual expenditure during the period on new contracts (incl. GST)	\$1.597 million
Number of ongoing contracts engaging consultants that were entered into during a previous period	301
Total actual expenditure during the period on ongoing contracts (incl. GST)	\$3.672 million

Notes: The contract numbers are as per what has been reported in AusTender. The number of ongoing contracts is those that were entered into during the 2017–18 period. The expenditure on ongoing contracts represents the total expenditure in 2018–19 less the expenditure relating to new contracts.

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, www.tenders.gov.au.

Policy on selection and engagement

The ARC’s policy on selecting and engaging consultants is set out in the *ARC Chief Executive Instructions* and in related procurement instructions and guidance material.

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



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 Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance website, www.finance.gov.au > *Procurement* > *Statistics*.

The ARC recognises the importance of ensuring that small businesses are paid on time. The results of the *Australian Government Payments to Small Business Performance Report* are available on the Treasury website, www.treasury.gov.au > *Publications* > *Australian Government Payments to Small Business Performance Report 2014*.

The ARC employs 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
- utilising 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 the Indigenous Procurement Policy on the number of contracts, contract values and expenditure for all Aboriginal and Torres Strait Islander SMEs.

4.9: OTHER MANDATORY INFORMATION

GRANT PROGRAMS

GrantConnect is the Australian Government's whole-of-government, centralised, web-based grant information system. All non-corporate Commonwealth entities, including the ARC, must publish on GrantConnect to meet requirements under the *Commonwealth Grants Rules and Guidelines*. GrantConnect is the authoritative source of information in relation to Australian Government Grant Opportunities and Grant Guidelines, including for all schemes under the NCGP. Further information can be found on the GrantConnect website, www.grants.gov.au.

Information on grants awarded by the ARC during the period 2018–19 is available on the ARC website, www.arc.gov.au > Grants > Grant Outcomes. The ARC also provides access to NCGP data through ARC Grants Search, which forms part of the agency's Data Portal, www.arc.gov.au > Grants > Grants Dataset.

DISABILITY REPORTING MECHANISM

From 1994 Australian Government departments and agencies 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 > Media and Events > Publications > Archived. From 2010–11 entities have not 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 *Progress Report to the Council of Australian Governments 2016* can be found at the Department of Social Services website, www.dss.gov.au > Our Responsibilities > Disability and Carers > Supporting People With Disability > Resources.

Web versions of the *ARC Annual Report 2018–19* are conformant with WCAG 2.1 AA accessibility requirements.

INFORMATION PUBLICATION SCHEME

Entities subject to the *Freedom of Information Act 1982* are required to publish information for the public as part of the Information Publication Scheme (IPS). In compliance with Part II of the FOI Act, information relating to the IPS is published on the ARC website, www.arc.gov.au > About > Privacy and Information > Information Publication Scheme.

CORRECTION OF INFORMATION PUBLISHED IN PREVIOUS ANNUAL REPORTS

No significant errors have been identified within the *ARC Annual Report 2017–18*. There has been a restatement of prior year balances in the Financial Statements (see note 3.6).

An underwater scene featuring several jellyfish with vibrant, multi-colored bellies in shades of red, orange, and yellow. Their long, thin, translucent tentacles trail downwards. The background is a deep, clear blue, suggesting a clean, deep-sea environment. The overall lighting is soft and ethereal.

**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 ('the Entity') for the year ended 30 June 2019:

- (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 Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 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 the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

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 Entity 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* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. 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 Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result

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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 the Accountable Authority 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
Audit Principal
Delegate of the Auditor-General

Canberra
17 September 2019

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STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2019 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.



Sue Thomas
Chief Executive Officer

16 September 2019



Luke Cattle
Chief Financial Officer

16 September 2019

Australian Research Council
Statement of Comprehensive Income
for the period ended 30 June 2019

		2019	2018	Original
			Restated	Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits ¹	1.1A	15,812	15,882	16,553
Suppliers ²	1.1B	4,376	4,888	5,216
Depreciation and amortisation	3.2A	3,349	3,631	3,107
Finance costs ³	1.1C	284	286	231
Write-down and impairment of assets		10	3	-
Total expenses		23,831	24,690	25,107
Own-Source Income				
Own-source revenue				
Rendering of services ⁴	1.2A	-	2,000	500
Other revenue		61	60	60
Total own-source revenue		61	2,060	560
Total own-source income		61	2,060	560
Net (cost of)/contribution by services		(23,770)	(22,630)	(24,547)
Revenue from government	1.2B	21,440	21,186	21,440
Deficit on continuing operations		(2,330)	(1,444)	(3,107)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		-	(16)	-
Total other comprehensive income		-	(16)	-
Total Comprehensive loss		(2,330)	(1,460)	(3,107)

See Note 3.6 for further details regarding restatement of 2018 balances.

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

The footnotes link to the budget variance commentary which follows the primary financial statement.



Australian Research Council
Statement of Financial Position
as at 30 June 2019

		2019	2018	Original
			Restated	Budget
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	362	281	467
Trade and other receivables ⁵	3.1B	<u>21,012</u>	<u>21,486</u>	<u>17,191</u>
Total financial assets		<u>21,374</u>	<u>21,767</u>	<u>17,658</u>
Non-financial assets				
Leasehold Improvement	3.2A	1,390	1,586	1,500
Plant and equipment	3.2A	631	796	565
Computer software ⁶	3.2A	9,711	10,515	10,307
Prepayments	3.2B	<u>414</u>	<u>421</u>	<u>360</u>
Total non-financial assets		<u>12,146</u>	<u>13,318</u>	<u>12,732</u>
Total assets		<u>33,520</u>	<u>35,085</u>	<u>30,390</u>
LIABILITIES				
Payables				
Suppliers ⁷	3.3A	2,344	2,428	457
Other payables ⁸	3.3B	<u>189</u>	<u>123</u>	<u>1,015</u>
Total payables		<u>2,533</u>	<u>2,551</u>	<u>1,472</u>
Interest bearing liabilities				
Finance leases	3.4A	<u>2,009</u>	<u>2,376</u>	<u>2,009</u>
Total interest bearing liabilities		<u>2,009</u>	<u>2,376</u>	<u>2,009</u>
Provisions				
Employee provisions ⁹	6.1A	4,905	4,826	3,979
Other provisions	3.5A	<u>415</u>	<u>362</u>	<u>324</u>
Total provisions		<u>5,320</u>	<u>5,188</u>	<u>4,303</u>
Total liabilities		<u>9,862</u>	<u>10,115</u>	<u>7,784</u>
Net assets		<u>23,658</u>	<u>24,970</u>	<u>22,606</u>
EQUITY				
Contributed equity		37,301	36,283	37,511
Asset revaluation reserves		43	43	58
Accumulated deficit ¹⁰		<u>(13,686)</u>	<u>(11,356)</u>	<u>(14,963)</u>
Total equity		<u>23,658</u>	<u>24,970</u>	<u>22,606</u>

See Note 3.6 for further details regarding restatement of 2018 balances

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

The footnotes link to the budget variance commentary which follows the primary financial statement.



Australian Research Council
Statement of Changes in Equity
for the period ended 30 June 2019

	2019	2018	Original
	\$'000	Restated \$'000	Budget
	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	36,283	34,374	36,283
Transactions with owners			
Distributions to owners			
Returns of capital			
Returns of appropriation (see note 5.1B)	(210)	-	-
Contributions by owners			
Equity injection - Appropriations	-	674	-
Departmental capital budget	1,228	1,235	1,228
Total transactions with owners	1,018	1,909	1,228
Closing balance as at 30 June	37,301	36,283	37,511
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(11,356)	(9,912)	(11,856)
Comprehensive income			
Surplus/(Deficit) for the period	(2,330)	(1,444)	(3,107)
Total comprehensive income	(2,330)	(1,444)	(3,107)
Closing balance as at 30 June	(13,686)	(11,356)	(14,963)
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	43	59	58
Asset Revaluation			
Change in the measurement of provision to make good	-	(16)	-
Closing balance as at 30 June	43	43	58
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	24,970	24,521	24,485
Comprehensive income			
Surplus/(Deficit) for the period	(2,330)	(1,444)	(3,107)
Total comprehensive income	(2,330)	(1,444)	(3,107)
Asset Revaluation			
Change in the measurement of provision to make good	-	(16)	-
Total asset revaluation	-	(16)	-



Australian Research Council
Statement of Changes in Equity (Continued)
for the period ended 30 June 2019

	2019	2018	Original
		Restated	Budget
	\$'000	\$'000	\$'000
Transactions with owners			
Distributions to owners			
Returns of capital			
Returns of appropriation	(210)	-	-
Contributions by owners			
Equity injection - Appropriations	-	674	-
Departmental capital budget	1,228	1,235	1,228
Total transactions with owners	1,018	1,909	1,228
Closing balance as at 30 June	23,658	24,970	22,606

See Note 3.6 for further details regarding restatement of 2018 balances

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.

Australian Research Council
Cash Flow Statement
for the period ended 30 June 2019

		2019	2018	Original Budget
	Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations ¹¹		20,757	20,125	23,649
Rendering of services ⁴		-	2,000	-
GST received		816	739	550
Other		75	40	-
Total cash received		21,648	22,904	24,199
Cash used				
Employees ¹		15,818	15,021	16,547
Suppliers ²		4,502	4,657	5,156
Borrowing costs		231	278	231
GST paid		678	757	550
Section 74 receipts transferred to OPA ⁴		-	2,006	-
Other		-	32	-
Total cash used		21,229	22,751	22,484
Net cash from/(used by) operating activities		419	153	1,715
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		184	152	250
Purchase of intangibles ⁶		1,900	2,748	2,326
Total cash used		2,084	2,900	2,576
Net cash from/(used by) investing activities		(2,084)	(2,900)	(2,576)
FINANCING ACTIVITIES				
Cash received				
Contributed equity ¹²		2,114	2,900	1,228
Total cash received		2,114	2,900	1,228
Cash used				
Repayment of finance leases		368	339	367
Total cash used		368	339	367
Net cash from/(used by) financing activities		1,746	2,561	861
Net increase/(decrease) in cash held		81	(186)	-
Cash and cash equivalents at the beginning of the reporting period		281	467	467
Cash and cash equivalents at the end of the reporting period	3.1A	362	281	467

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

The footnotes link to the budget variance commentary which follows the primary financial statement.



Australian Research Council
Administered Schedule of Comprehensive Income
for the period ended 30 June 2019

		2019	2018	Original
	Notes	\$'000	\$'000	Budget
				\$'000
NET COST OF SERVICES				
Expenses				
Suppliers ¹	2.1A	6,997	3,191	7,620
Grants ²	2.1B	<u>700,099</u>	<u>688,073</u>	<u>766,450</u>
Total expenses		<u>707,096</u>	<u>691,264</u>	<u>774,070</u>
Income				
Revenue				
Non-taxation revenue				
Other Revenue ³	2.2A	<u>10,437</u>	<u>9,383</u>	<u>7,000</u>
Total non-taxation revenue		<u>10,437</u>	<u>9,383</u>	<u>7,000</u>
Total revenue		<u>10,437</u>	<u>9,383</u>	<u>7,000</u>
Net (cost of)/contribution by services		<u>(696,659)</u>	<u>(681,881)</u>	<u>(767,070)</u>
Surplus/(Deficit)		<u>(696,659)</u>	<u>(681,881)</u>	<u>(767,070)</u>
Total comprehensive loss		<u>(696,659)</u>	<u>(681,881)</u>	<u>(767,070)</u>

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

The footnotes link to the budget variance commentary which follows the primary financial statement.



Australian Research Council
Administered Schedule of Assets and Liabilities
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Trade and Other Receivables	4.1A	295	288	135
Total financial assets		295	288	135
Non-financial assets				
Prepayments ⁴	4.2A	417	707	12
Total non-financial assets		417	707	12
Total assets administered on behalf of Government		712	995	147
LIABILITIES				
Payables				
Grants ⁵	4.3A	181,401	239,058	308,898
Other Payables	4.3B	388	225	1,144
Total payables		181,789	239,283	310,042
Total liabilities administered on behalf of Government		181,789	239,283	310,042
Net assets/(liabilities)		(181,077)	(238,288)	(309,895)

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

The footnotes link to the budget variance commentary which follows the primary financial statement.



**Australian Research Council
Administered Reconciliation Schedule**

	Notes	2019 \$'000	2018 \$'000
Opening assets less liabilities as at 1 July		(238,288)	(309,895)
Net (cost of)/contribution by services			
Income		10,437	9,383
Expenses		(707,096)	(691,264)
Transfers (to)/from the Australian Government			
Appropriation transfers from OPA			
Annual appropriations	5.1A	13,069	4,967
Special appropriations (limited)	5.1C	753,351	758,030
Special accounts	5.2	4,718	-
Administered GST appropriations		1,020	1,582
Appropriation transfers to OPA			
Appropriations		(10,746)	(9,659)
Special accounts		(6,525)	-
Return of GST appropriations to OPA		(1,016)	(1,432)
Closing assets less liabilities as at 30 June		(181,077)	(238,288)

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 2019

Notes	2019 \$'000	2018 \$'000
OPERATING ACTIVITIES		
Cash received		
GST received	1,016	1,432
Other ³	10,746	9,659
Total cash received	11,762	11,091
Cash used		
Grants ²	758,069	758,030
Suppliers ¹	6,544	4,107
GST paid	1,020	1,582
Other	-	860
Total cash used	765,633	764,579
Net cash from/(used by) operating activities	(753,871)	(753,488)
Cash from Official Public Account		
Appropriations	766,420	762,997
Special Accounts	4,718	-
Administered GST appropriations	1,020	1,582
Total cash from official public account	772,158	764,579
Cash to Official Public Account		
Appropriations	10,746	9,659
Special Accounts	6,525	-
Return of GST appropriation to OPA	1,016	1,432
Total cash to official public account	18,287	11,091
Cash and cash equivalents at the end of the reporting period	-	-

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

The footnotes link to the budget variance commentary which follows the primary financial statement.



Budget Variances

The following commentary provides a high-level commentary of major variances between the original budget as published in Education and Training's 2018-19 Portfolio Budget Statements (PBS) to the 2018-19 actuals. Note the Budget is not audited.

Departmental and Administered variances are considered to be major based on the following criteria:

- the variance between original budget and actual is greater than \$0.5 million and 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.

Explanation of major variances	Variance to Budget	Variance to Budget	Affected line items
	\$'000s	%	
Departmental			
1. Employee Benefits - Employee benefits were lower than budgeted mainly due to actual ASL coming in at 124 while budgeted ASL was 136. The actual ASL was less than budgeted because of staff movement and the time taken to refill vacancies. This underspend was offset by increases in Employee Provisions resulting from a decrease in the bond rate used to derive the provision.	-741	-4.5	Expenses – Employee Benefits <i>Consequential Impacts</i> <i>Liabilities - Employee provisions</i> <i>Cash Flow Statement - Employees</i>
2. Suppliers – The actual suppliers spend was less than budgeted across a wide variety of expense categories across the ARC and there are a number of factors across the ARC's Departmental expenditure that accumulates to the overall underspend. One such driver relates to Departmental underspends against budget relating to committee expenditure, consultants and travel, because the actual expenditure was less than budgeted or the contingency provision was not required.	-840	-16.1	Expenses – Suppliers <i>Consequential Impacts</i> <i>Cash Flow Statement - Suppliers</i>
3. Finance Costs – The provision for Make Good increased in 2018-19 due to increased estimated costs to restore the building and a reduction in the discount rates to derive the present value of Make Good.	53	22.9	Expenses – Finance Costs <i>Consequential Impacts</i> <i>Liability – Other Provisions</i>
4. Rendering of Services - 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. During the 2018-19 budgeting process it was anticipated that the revenue would have been recognised over a four year period in line with the anticipated duration of the PFAS grants. However, in the 2017-18 financial statements the full \$2 million was recognised as income.	-500	-100	Revenue – Rendering of Services <i>Consequential Impacts</i> <i>Assets – Trade and Other Receivables</i> <i>Liabilities – Other Payables</i> <i>Cash Flow Statement – rendering of services</i> <i>Cash Flow Statement – section 74 receipts transferred to the OPA</i>

<p>5. Trade and other Receivables - The variance arose mainly due to the departmental budgets being prepared on the assumption that all operating and capital expenditure would be expensed within the financial year. As a result of prior year surplus, 2017-18, excluding depreciation, and delays in capital expenditure resulted in the budgeted appropriation receivable being understated by some \$4.3 million which consequently had a flow on impact to the 2018-19 budget because the opening budget balance was understated by that amount.</p>	3,821	22.2	Assets – Trade and Other Receivables
<p>6. Computer Software - Variance of \$0.6 million is caused by both a delay in expected software project expenditure of \$0.3 million and an acceleration in amortisation of the current intangible assets due to useful life re-estimates of \$0.3 million.</p>	-596	-5.8	Assets – Computer software <i>Consequential Impacts</i> <i>Cashflow – Purchase of Intangibles</i>
<p>7. Suppliers Payable - The variance relates to the correction made to the ARC's accounting treatment of operational leases. See note 3.6 for additional detail.</p>	1,887	412.9	Liabilities – Suppliers Payable Consequential Impacts Expenses - Suppliers
<p>8. Other Payables - 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. During the 2018-19 budgeting process it was anticipated that the revenue would have been recognised over the same four year period as the PFAS grants required administration, with the excess received recognised as unearned income in the Statement of Financial Position. However, in the 2017-18 financial statements the full \$2 million was recognised as income.</p>	-826	-81.4	Liabilities – Other Payables <i>Consequential Impacts</i> <i>Revenue – Rendering of Services</i> <i>Cash Flow Statement - Rendering of Services</i>
<p>9. Employee Provisions - The employee provisions were higher than budgeted because the original budgeted employee provisions did not account for APS staff transferring into ARC with substantial leave balances. The provision also increased in 2018-19 due to a decrease in the bond rate used to value the provision.</p>	926	23.3	Liabilities – Employee Provisions <i>Consequential Impacts</i> <i>Statement of Comprehensive Income – Expenses – Employee Benefits</i>
<p>10. Retained Earnings/Comprehensive Income - Note the budgeted opening position for retained earnings was overstated, \$0.5 million, as the budget was prepared before the 2017-18 results were known. The remainder of the variance \$0.8 million relates to operating result for 2018-19, please see variance explanations relating to the Statement of Comprehensive Income.</p>	1,277	8.5	Equity – Accumulated Deficit



<p>11. Appropriations – Cash drawdown of Appropriation is \$0.7 million less due to underspend in employees and \$0.7 million less due to underspend in suppliers. The remaining \$1.5 million variance arose due to the departmental budgets being prepared prior to the finalisation of the 2017-18 financial statements. As such the budget was not able to factor the change in recognition that the full amount received from Department of Defence for PFAS was recognised in 2017-18.</p>	-2,892	-12.2	Cash received - Appropriations
<p>12. Contributed equity – Higher due to the use of prior year capital appropriation.</p>	886	72.1	Cash received – Contributed equity



Explanation of major variances	Variance to Budget \$'000s	Variance to Budget %	Affected line items
Administered			
<p>1. Suppliers - 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 2018-19. Lastly, the review of the Australian and New Zealand Standard Research Classifications was recognised as a prepayment as opposed to an expense.</p>	-623	-8.2	Expenses – Suppliers <i>Consequential Impacts Cash Flow Statement - Suppliers</i>
<p>2. Grants - 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 2018-19 financial year is mainly for payments to be made over the 2019 calendar year. This differs from appropriations and cash expenditure which are both reported as they occur. There has also been underspends against budget because the announcement of some schemes were budgeted to commence in 2018-19 but have been held over to 2019-20, the Linkage Projects spending less than budgeted and it is a financial year in which there are only 2 active Centres of Excellence rounds as opposed to 3. This creates a short term availability of funds which could not be allocated as most of the ARC grants are over multiple years.</p>	-66,351	-8.7	Expenses – Grants <i>Consequential Impacts Payables - Grants</i>
<p>3. Other Revenue - 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.</p>	3,437	49.1	Revenue – Other Revenue <i>Consequential Impacts Cash Flow Statement - Cash to the OPA</i>
<p>4. Prepayments - 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 2018-19 budget was derived and therefore was not included in the budget estimate.</p>	405	3,375.0	Assets – Prepayments <i>Consequential Impacts Expenses - Suppliers</i>
<p>5. Grants Payable - Variance due to movements in the grant liability in 2017-18 subsequent to preparation of the 2018-19 budget, which impacted the budgeted opening liability balance by \$70 million. The remainder of the variance is linked to the grant expense variation explanation provided above.</p>	-127,497	-41.3	Liability – Grants Payable

Note negative numbers indicate that the actual is less than budget.

Overview

Objectives of the Entity

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

The ARC has only 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* (PGPA).

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements 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, 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 2019.

1.1 Expenses

	2019	2018
	\$'000	\$'000
<u>1.1A: Employee Benefits</u>		
Wages and salaries	11,516	11,237
Superannuation		
Defined contribution plans ¹	1,414	1,367
Defined benefit plans ²	943	893
Leave and other entitlements	1,494	1,925
Separation and redundancies	83	52
Other employee benefits	362	408
Total employee benefits	15,812	15,882

1. Includes the Public Sector Superannuation Accumulation Plan (PSSap) and other choice of fund.

2. Includes the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme

Accounting Policy

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



1.1 Expenses (continued)

	2019	2018
		Restated
	\$'000	\$'000
1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants	633	1,392
Contractors	622	511
Travel	207	186
IT services	433	488
Other ¹	774	588
Total goods and services supplied or rendered	2,669	3,165
Goods supplied	696	752
Services rendered	1,973	2,413
Total goods and services supplied or rendered	2,669	3,165
1. Other includes media monitors, subscriptions, printing, photocopier, telephone costs, staff training, staff study assistance costs, recruitment charges, office consumables and stationery, hire of equipment and Comcover premium payments.		
Other suppliers		
Operating lease rentals	1,574	1,577
Workers compensation expenses	133	147
Total other suppliers	1,707	1,724
Total suppliers	4,376	4,888

See Note 3.6 for further details regarding restatement of 2018 balances

Leasing commitments

In 2018-19, 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 2018.

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	1,686	1,638
Between 1 to 5 years	7,462	7,166
More than 5 years	2,589	2,483
Total operating lease commitments²	11,736	11,287

2. The amount listed above is the GST exclusive amount. The GST inclusive amount is \$12,909,654 (2017-18: \$12,415,729)



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)

	2019	2018
	\$'000	\$'000
1.1C: Finance Costs		
Finance leases	231	264
Unwinding of discount	9	8
Revaluation of make-good	44	14
Total finance costs	284	286

Accounting Policy

All borrowing costs are expensed as incurred.



1.2 Own-Source Revenue and gains

	2019	2018
	\$'000	\$'000

Own-Source Revenue

1.2A: Sale of Goods and Rendering of Services

Rendering of services ¹	-	2,000
Total sale of goods and rendering of services	-	2,000

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	21,440	21,186
Total revenue from Government	21,440	21,186

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 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

	2019 \$'000	2018 \$'000
2.1A: Suppliers		
Goods and services supplied or rendered		
Consultants	4,157	1,632
Contractors	945	759
Travel	922	572
IT services	-	11
Other	973	217
Total goods and services supplied or rendered	6,997	3,191
Goods supplied	253	63
Services rendered	6,744	3,128
Total goods and services supplied or rendered	6,997	3,191
2.1B: Grants		
Public sector		
Australian Government entities (related parties)	-	-
State and Territory Governments	636,525	620,190
Commonwealth educational institutions (related parties)	62,908	59,339
Private sector		
Other research organisations	666	8,544
Total grants	700,099	688,073

Accounting Policy

The ARC administers a number of grant schemes on behalf of the Government. Grant liabilities are recognised to the extent that the grant liability 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.



2.2 Administered - Income

	2019 \$'000	2018 \$'000
Revenue		
Non-Taxation Revenue		
<u>2.2A: Administered Other Revenue</u>		
Recovery of prior year unspent grant payments	10,437	9,383
Total administered other revenue	10,437	9,383

Accounting Policy

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. The ARC 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.

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

	2019	2018
	\$'000	\$'000

3.1A: Cash and Cash Equivalents

Cash on hand or on deposit	362	281
Total cash and cash equivalents	362	281

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	35	27
Other	9	9
Total goods and services receivables	44	36

Appropriations receivables

Appropriation receivable	20,968	21,380
Total appropriations receivables	20,968	21,380

Other receivables

GST receivable from the Australian Taxation Office	-	70
Total other receivables	-	70
Total trade and other receivables (net)	21,012	21,486

Receivables for goods and services, which have 30 days terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the 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

	Leasehold Improvement ¹	Plant and equipment	Computer Software ²	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018				
Gross book value	2,934	1,649	26,227	30,810
Accumulated depreciation, amortisation and impairment	(1,348)	(853)	(15,712)	(17,913)
Total as at 1 July 2018	1,586	796	10,515	12,897
Additions				
Purchase	34	150	53	237
Internally developed	-	-	1,957	1,957
Depreciation and amortisation	(229)	(313)	(2,807)	(3,349)
Disposals				
Other (gross book value)	(2)	(41)	(412)	(455)
Other (accumulated depreciation)	1	39	405	445
Total as at 30 June 2019	1,390	631	9,711	11,732
Total as at 30 June 2019 represented by				
Gross book value	2,966	1,758	27,825	32,549
Accumulated depreciation, amortisation and impairment	(1,576)	(1,127)	(18,114)	(20,817)
Total as at 30 June 2019 represented by	1,390	631	9,711	11,732

1. The carrying amount of \$1,389,892 (2017-18: \$1,585,613) of total leasehold improvements refers to the ARC's office premises fitout.

2. The carrying amount of computer software included \$60,457 of purchased software and \$9,650,524 of internally generated software.

No indicators of impairment were found for plant and equipment and intangibles.

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 2019 an independent valuer conducted a revaluation. The result of the valuation was a 1% 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 property, plant, equipment and intangible assets

Contractual commitments for IT systems under development are predominately for ICT contractors. The GST inclusive amount is \$1,774,868 (2017-18: \$1,928,251). The GST exclusive amount is \$1,613,516 (2017-18: \$1,752,955).



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 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 depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is 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 restated to the revalued amount.

Depreciation

Depreciable leasehold improvements, 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:

	2019	2018
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 2019. 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 ARC were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of leasehold improvements, 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 (2018: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2019.

3.2 Non-Financial Assets (continued)

	2019	2018
	\$'000	\$'000
3.2B: Other Non-Financial Assets		
Prepayments	414	421
Total other non-financial assets	414	421

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

3.3 Payables

	2019	2018
		Restated
	\$'000	\$'000
<u>3.3A: Suppliers</u>		
Trade creditors and accruals	536	593
Operating lease rentals	1,808	1,835
Total suppliers	2,344	2,428

Settlement was usually made within 30 days

3.3B: Other Payables

Salaries and wages	101	104
Superannuation	17	18
Separations and redundancies	2	1
GST Payable to the Australian Taxation Office	69	-
Total other payables	189	123

See Note 3.6 for further details regarding restatement of 2018 balances



3.4 Interest Bearing Liabilities

	2019	2018
	\$'000	\$'000
3.4A: Leases		
Finance Leases	2,009	2,376
Total leases	2,009	2,376
Minimum lease payments expected to be settled		
Within 1 year	348	368
Between 1 to 5 years	1,198	1,218
More than 5 years	463	790
Total leases	2,009	2,376

In 2019, 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% (2017-18: 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 \$210,812 in total and will be paid by instalments.

Accounting Policy

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease.

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.

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



3.5 Other Provisions

	2019	2018
	\$'000	\$'000
3.5A: Other Provisions		
	Provision for make good	
	\$'000	\$'000
As at 1 July 2018	362	324
Unwinding of discount	9	8
Change in discount rate and estimated costs to restore building	44	30
Total as at 30 June 2019	415	362
Other provisions expected to be settled		
More than 12 months	415	362
Total other provisions	415	362

The ARC currently has one (2018: one) agreement for the leasing of premises which has a provision requiring the ARC to restore the premises to their original condition at the conclusion of the lease. The ARC has made a provision to reflect the present value of this obligation.



3.6 Restatement of Prior Period Disclosure

During 2018-19 it was identified that the ARC's accommodation operation lease had a fixed increase component over the life of the lease (15 years). Since the commencement of the lease, the ARC has reflected all expenses relating to all components of the lease as per the amount paid during the period. This is in contrast to the standard, AASB 117 Leases, which requires the expense to be recognised on a straight line basis. As a result, the ARC has restated a number of prior year disclosures under the requirements of AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors as per the table below.

Financial Statements Line Item	2018 \$'000 (original)	Adjustment \$'000	2018 \$'000 (Restated)
2017-18 Departmental Statement of Financial Position			
Operating Lease Rentals	-	1,835	1,835
Total Suppliers	593	1,835	2,428
Total Payables	716	1,835	2,551
Total Liabilities	8,280	1,835	10,115
Net assets	26,805	(1,835)	24,970
Accumulated deficit	(9,521)	(1,835)	(11,356)
Net assets/Total Equity	26,805	(1,835)	24,970
2017-18 Departmental Statement of Comprehensive Income			
Operating Lease Rentals	1,539	38	1,577
Supplier Expenses	4,850	38	4,888
Total Expenses	24,652	38	24,690
Deficit on Continuing operations	(1,406)	(38)	(1,444)
Total Comprehensive loss	(1,422)	(38)	(1,460)
2017-18 Departmental Statement of Changes to Equity			
Retained Earnings - Opening Accumulated deficit	(8,115)	(1,797)	(9,912)
Surplus/(Deficit) for the period	(1,406)	(38)	(1,444)
Retained Earnings - Closing Accumulated deficit	(9,521)	(1,835)	(11,356)

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

	2019	2018
	\$'000	\$'000
4.1A: Trade and Other Receivables		
GST receivable from Australian Taxation Office	295	288
Total goods and services receivables	295	288

Credit terms for goods and services were within 30 days (2018: 30 days).
All receivables are current assets and not overdue.

4.2 Administered - Non-Financial Assets

	2019	2018
	\$'000	\$'000
4.2A: Other Non-Financial Assets		
Prepayments	417	707
Total other non-financial assets	417	707

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



4.3 Administered - Payables

	2019	2018
	\$'000	\$'000

4.3A: Grants

Public Sector		
State and Territory Governments	165,289	218,209
Commonwealth educational institutions (related entities)	16,112	20,616
Private Sector		
Other research organisations	-	233
Total grants	181,401	239,058

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 *Australian Research Council Act 2001*.

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 acquits the funds.

4.3B: Other Payables

Other ¹	388	225
Total other payables	388	225

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 2019

	Annual Appropriation ¹ \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	21,440	-	21,440	20,676	764
Capital Budget ³	1,228	-	1,228	350	878
Other services					
Equity Injections	-	-	-	1,764	(1,764)
Total departmental	22,668	-	22,668	22,790	(122)
Administered					
Ordinary annual services Administered items	14,145	-	14,145	13,069	1,076
Total administered	14,145	-	14,145	13,069	1,076

1. In 2018-19, there was \$2.472 million Administered Funding held in Section 51.

2. Equity Injection applied in 2018-19 was greater than the Equity Injection Appropriation. This was because prior year funding was drawn to continue developing capital projects approved in previous financial years.

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

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 appropriations 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)

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

	2019 \$'000	2018 \$'000
Departmental		
<i>Appropriation Act 1 (2016-17)</i> ¹	210	370
<i>Supply Act 1 (2016-17)</i>	-	65
<i>Appropriation Act 2 (2016-17)</i>	-	935
<i>Supply Act 2 (2016-17)</i>	-	211
<i>Appropriation Act 1 (2017-18)</i>	3,244	19,126
<i>Appropriation Act 2 (2017-18)</i>	56	674
<i>Appropriation Act 1 (2018-19)</i>	17,668	-
<i>Appropriation Act 2 (2018-19)</i>	-	-
Total departmental ²	21,178	21,380
Administered		
<i>Appropriation Act 1 (2016-17)</i> ³	108	108
<i>Supply Act 1 (2016-17)</i>	9	9
<i>Appropriation Act 1 (2017-18)</i>	-	1,687
<i>Appropriation Act 3 (2017-18)</i>	-	1,010
<i>Appropriation Act 1 (2018-19)</i>	1,302	-
Total administered	1,419	2,814

1. \$0.210 million of Departmental 2016-17 annual appropriations lapsed as at 1 July 2019. The amount was legally available as at 30 June 2019, but has been removed from the Appropriations Receivable balance as at 30 June 2019.

2. In addition to the amounts listed above, the ARC held \$0.362 million cash as at 30 June 2019 (2017-18: \$0.281 million)

3. \$0.117 million of Administered 2016-17 annual appropriations lapsed as at 1 July 2019. The amount was legally available as at 30 June 2019.



5.1 Appropriations (continued)

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

Authority	Appropriation applied	
	2019 \$'000	2018 \$'000
<i>Australian Research Council Act 2001</i> s.49, Administered, limit \$759,925,000 for the current reporting period, remaining appropriation lapsed on 30 June 2019.	753,351	758,030
Total special appropriations applied	753,351	758,030



5.2 Special Accounts

ARC Research Endowment Account (Administered) ¹	2019 \$'000	2018 \$'000
Balance brought forward from previous period	-	-
Increases		
Appropriation credited to special account	6,525	-
Available for payments	6,525	-
Decreases		
Payments made to research organisations	4,718	-
Total balance carried to the next period	1,807	-
Balance represented by:		
Cash held in the Official Public Account	1,807	-
Total balance carried to the next period	1,807	-

1. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Australian Research Council Act 2001* section 62.

Purpose: The purpose of this special account is to provide financial assistance to organisation for eligible research programs.



5.3 Net Cash Appropriation Arrangements

	2019	2018
	\$'000	restated \$'000
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	1,019	2,187
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(3,349)</u>	<u>(3,631)</u>
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	<u>(2,330)</u>	<u>(1,444)</u>

See Note 3.6 for further details regarding restatement of 2018 balances.

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

	2019	2018
	\$'000	\$'000
6.1A: Employee Provisions		
Leave	4,905	4,826
Total employee provisions	4,905	4,826



Accounting policy

Liabilities for 'short-term employee benefits and termination benefits expected within twelve months of the end of 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 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 entity'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 2019. 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 2019 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), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

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 in the Department of Finance's administered schedules and notes.

The ARC makes employer contributions to the employees' defined benefit superannuation scheme 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 plans.

The liability for superannuation recognised as at 30 June 2019 represents outstanding contributions.

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

	2019 \$'000	2018 \$'000
Short-term employee benefits		
Salary	1,177	1,237
Motor vehicle and other allowances	106	115
Annual leave	105	103
Total short-term employee benefits	1,388	1,455
Post-employment benefits		
Superannuation	222	230
Total short-term employee benefits	222	230
Other long-term employee benefits		
Long-service leave	68	49
Total other long-term employee benefits	68	49
Total key management personnel remuneration expenses¹	1,678	1,734

The total number of key management personnel (KMP) that are included in the above table are six individuals (2017-18: six 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 2018-19, there are six individuals are 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 have not been separately disclosed in this note.

In 2018-19, no Grants were 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.



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 2018-19 for the ARC (2017-18: 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

	2019	2018
	\$'000	Restated \$'000
7.2A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Loans and receivables		
Cash and cash equivalents		281
Goods and services receivables		36
Total loans and receivables		317
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	362	
Goods and services receivables	44	
Total financial assets at amortised cost	406	
Total financial assets	406	317
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers	2,344	2,428
Other payables	189	123
Finance leases	2,009	2,376
Total financial liabilities measured at amortised cost	4,542	4,927
Total financial liabilities	4,542	4,927

See Note 3.6 for further details regarding restatement of 2018 balances.

Classification of financial assets on the date of initial application of AASB 9.

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents	3.1A	Loans and receivables	Amortised Cost	281	281
Goods and services receivables	3.1B	Loans and receivables	Amortised Cost	36	36
Total financial assets				317	317

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9.

	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivables				
Cash and cash equivalents	281			281
Goods and services receivables	36	-	-	36
Total amortised cost	317	-	-	317

1. The change in carrying amount of loans and receivables based on measurement under AASB 139 is \$0. The change in measurement on transition to AASB 9 is \$0.

Accounting Policy

Financial assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, the ARC classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the ARC's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair

value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL 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 based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

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.

Financial Liabilities at Amortised Cost

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

Supplier and other payables are recognised at amortised cost. 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)

	2019	2018
	\$'000	\$'000

7.2B: Net Gains or Losses on Financial Liabilities

Financial liabilities measured at amortised cost

Interest expense	284	286
Net gains/(losses) on financial liabilities measured at amortised cost	284	286
Net losses from financial liabilities	284	286

The interest expense from financial liabilities not at fair value through profit or loss is \$284,288 (2018: \$285,743).



7.3 Administered - Financial Instruments

	2019	2018
	\$'000	\$'000
7.3A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Loans and receivables		
Goods and services receivable		288
Total loans and receivables		288
Financial Assets under AASB 9		
Financial assets at amortised cost		
Goods and services receivable	296	
Total financial assets at amortised cost	296	
Total financial assets	296	288
Financial Liabilities		
Financial liabilities measured at amortised cost		
Grants	181,401	239,058
Other payables	388	225
Total financial liabilities measured at amortised cost	181,789	239,283
Total financial liabilities	181,789	239,283

Classification of financial assets on the date of initial application of AASB 9.

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Goods and services receivable	4.1A	Loans and receivables	Amortised Cost	288	288
Total financial assets				288	288

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9.

	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivables				
Goods and services receivable	288	-	-	288
Total amortised cost	288	-	-	288

1. The change in carrying amount of loans and receivables based on measurement under AASB 139 is \$0. The change in measurement on transition to AASB 9 is \$0.



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 plant and equipment assets and confirm that the models developed comply with AASB 13.

7.4A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2019 \$'000	2018 \$'000
Non-financial assets¹		
Buildings	1,390	1,586
Plant and equipment ²	429	405
Total non-financial assets	1,819	1,991

1. The ARC did not measure any non-financial assets (NFAs) at fair value on a non-recurring basis as at 30 June 2019.

The remaining assets and liabilities reported by the ARC are not measured at fair value in the Statement of Financial Position.

2. Finance leases carrying amount totalling of \$202,500 (2017-18: \$391,384) included in the asset register for Plant and equipment have been excluded from the above table.



Other information

8.1 Aggregate Assets and Liabilities

8.1A: Aggregate Assets and Liabilities

	2019	2018
	\$'000	restated \$'000
Assets expected to be recovered in:		
No more than 12 months	21,788	22,188
More than 12 months	11,732	12,897
Total assets	33,520	35,085
Liabilities expected to be settled in:		
No more than 12 months	5,532	5,301
More than 12 months	4,330	4,814
Total liabilities	9,862	10,115

See Note 3.6 for further details regarding restatement of 2018 balances.

8.1B: Administered - Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months	712	995
More than 12 months	-	-
Total assets	712	995
Liabilities expected to be settled in:		
No more than 12 months	181,789	239,283
More than 12 months	-	-
Total liabilities	181,789	239,283





PART 6: APPENDICES



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APPENDIX 1: NATIONAL COMPETITIVE GRANTS PROGRAM

This appendix provides information to support the Annual Performance Statement for Key Activity 1: Funding the highest quality research. The Discovery Program and the Linkage Program 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 <i>Australian Laureate Fellowships</i> scheme reflects the Australian Government's commitment to excellence in research by supporting world-class researchers to conduct research in Australia.

Discovery Early Career Researcher Award

First selection round	Funding commencing in 2012
Frequency	Annual
Description	The <i>Discovery Early Career Researcher Award</i> (DECRA) scheme provides focused research support for 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 <i>Discovery Indigenous</i> scheme provides grant funding to support research projects led by an Australian Aboriginal or Torres Strait Islander researcher. The <i>Discovery Indigenous</i> scheme also funds fellowships through the Discovery Australian Aboriginal and Torres Strait Islander Award (DAATSIA).

Discovery Projects

First selection round	Funding commencing in 2002
Frequency	Annual
Description	The <i>Discovery Projects</i> scheme provides grant funding to support research projects that may be undertaken by individual researchers or research teams.

Future Fellowships

First selection round	Funding commencing in 2009
Frequency	Annual
Description	The <i>Future Fellowships</i> scheme provides support for excellent mid-career researchers to undertake high quality research in areas of national and international benefit.



LINKAGE PROGRAM

ARC Centres of Excellence

First selection round	Funding commencing in 2003
Frequency	Periodic
Description	The <i>ARC Centres of Excellence (CoE)</i> scheme facilitates significant collaboration which allows the complementary resources of universities, publicly funded research organisations, other research bodies, government and business to be concentrated to support outstanding research in all fields (except clinical research).

Industrial Transformation Research Hubs

First selection round	Funding commencing in 2012
Frequency	Annual
Description	The <i>Industrial Transformation Research Hubs (ITRH)</i> scheme engages Australia's best researchers to develop collaborative solutions to Industrial Transformation Priority areas and to train the future research workforce. Research Hubs support joint research activity between the Australian higher education sector and industry, and are designed to focus on strategic outcomes that cannot be realised independently of each other.

Industrial Transformation Training Centres

First selection round	Funding commencing in 2013
Frequency	Annual
Description	The <i>Industrial Transformation Training Centres (ITTC)</i> scheme fosters close partnerships between university-based researchers and other researchers. Training Centres deliver innovative Higher Degree Research and postdoctoral training. The focus is on creating end-user research capability that is vital to Australia's future by developing solutions relevant to the Industrial Transformation Priorities.

Linkage Infrastructure, Equipment and Facilities

First selection round	Funding commencing in 2002
Frequency	Annual
Description	The <i>Linkage Infrastructure, Equipment and Facilities (LIEF)</i> scheme provides funding for research infrastructure, equipment and facilities to Eligible Organisations. It enables researchers to participate in cooperative initiatives so that expensive research infrastructure, equipment and facilities can be shared between higher education organisations and industry. The scheme also fosters collaboration through its support of the cooperative use of national or international research facilities.

Linkage Learned Academies Special Projects

First selection round	Funding commencing in 2002
Frequency	Periodic
Description	The <i>Linkage Learned Academies Special Projects (LASP)</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 from funding commencing in 2013; continuous from 1 July 2016
Description	The <i>Linkage Projects</i> scheme supports projects which initiate or develop long-term strategic research alliances to apply advanced knowledge to problems, acquire new knowledge and as a basis for securing commercial and other benefits of research.

Special Research Initiatives

First selection round	Funding commencing in 2002
Frequency	As required
Description	Under the <i>Special Research Initiatives</i> (SRI) scheme, new or emerging areas of research for funding are identified. Applications for funding may be submitted only through ARC invitation by means of a call for application(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 2016–17 to 2018–19

Scheme	2016–17	2017–18	2018–19
Australian Laureate Fellowships	2016	2017	2018
Number of applications	124	112	134
Number of awards	16	17	16
Success rate (%)	12.9	15.2	11.9
Total funding (\$)	44,123,452	47,025,969	46,414,107
Discovery Early Career Researcher Award	2017	2018	2019
Number of applications	1197	1212	1162
Number of awards	200	197	200
Success rate (%)	16.7	16.3	17.2
Total funding (\$)	71,700,673	70,940,411	76,912,659
Discovery Indigenous	2017	2018	2019
Number of applications	31	38	31
Number of awards	11	13	12
Success rate (%)	35.5	34.2	38.7
Total funding (\$)	4,634,891	7,210,045	6,749,419
Discovery Projects	2017	2018	2019
Number of applications	3540	3136	2921
Number of awards	630	594	654
Success rate (%)	17.8	18.9	22.4
Total funding (\$)	234,660,652	225,661,033	262,590,367
Future Fellowships	2016	2017	2018
Number of applications	324	294	509
Number of awards	100	91	100
Success rate (%)	30.9	31	19.6
Total funding (\$)	77,023,663	77,004,106	84,723,377

Table A2: Linkage Program funding commencing in 2016–17 to 2018–19

Scheme	2016–17	2017–18	2018–19
ARC Centres of Excellence ¹	2017	2018	2019
Number of Expressions of Interest (EOI)	97	n/a	n/a
Number of EOI shortlisted	20	n/a	n/a
EOI success rate (%)	20.6	n/a	n/a
Number of applications funded	9	n/a	n/a
Application success rate (%)	45	n/a	n/a
Total funding (\$)	283,500,000	n/a	n/a
Industrial Transformation Research Hubs	2017	2018	2019
Number of applications	5	9	13
Number of awards	3	4	4
Success rate (%)	60.0	44.4	30.8
Total funding (\$)	9,603,797	17,971,900	18,104,299
Industrial Transformation Training Centres ²	2017	2018	2019
Number of applications	26	28	n/a
Number of awards	9	7	n/a
Success rate (%)	34.6	25.0	n/a
Total funding (\$)	36,990,090	28,922,441	n/a
Linkage Infrastructure, Equipment and Facilities	2017	2018	2019
Number of applications	179	171	144
Number of awards	48	50	36
Success rate (%)	26.8	29.2	25
Total funding (\$)	28,628,728	28,576,391	27,421,223
Linkage Learned Academies Special Projects ¹	2017	2018	2019
Number of applications	n/a	10	n/a
Number of awards	n/a	5	n/a
Success rate (%)	n/a	50.0	n/a
Total funding (\$)	n/a	1,149,565	n/a
Linkage Projects ^{3 4 5}	2016	2017	2018
Number of applications	967	417	448
Number of awards	320	132	140
Success rate (%)	33.1	31.6	31.3
Total funding (\$)	115,362,905	53,330,220	60,550,623
Special Research Initiatives ^{2 6}	2016–17	2017–18	2018–19
Number of applications	n/a	31	n/a
Number of awards	n/a	9	n/a
Success rate (%)	n/a	29.0	n/a
Total funding (\$)	n/a	8,166,350	n/a



Scheme	2016–17	2017–18	2018–19
Supporting Responses to Commonwealth Science Council Priorities	2017	2018	2019
Number of applications	n/a	n/a	2
Number of awards	n/a	n/a	2
Success rate (%)	n/a	n/a	100
Total funding (\$)	n/a	n/a	417,941

Notes

¹ No funding round was scheduled for 2019.

² While activities underpinning these schemes occurred in 2018–19, outcomes were not finalised for this Annual Report. Data from these rounds will be included in the *ARC Annual Report 2019–20*.

³ Linkage Projects 2016 includes six months of continuous applications (from 1 July 2016).

⁴ Linkage Projects 2017 includes all applications received for funding under the 2017 selection round. Funding for projects in the 2017 selection round may commence in 2017 or 2018.

⁵ Linkage Projects 2018 includes all applications received for funding under the 2018 selection round. Funding for projects in the 2018 selection round may commence in 2018 or 2019.

⁶ The Special Research Initiative reported is the Per- and Poly-Fluoroalkyl Substances (PFAS) Remediation Research Program.

APPENDIX 3: PRIZES AND AWARDS

This appendix provides information to support the Key Activity 1 performance indicator—External recognition of the achievements of ARC-funded researchers (see page 33). External recognition of the achievements of ARC-funded researchers through the receipt of prizes and awards is considered to be a proxy indicator of the excellence of the researchers being funded under the NCGP.

The following list of prizes and awards (Table A3) has been developed in consultation with key stakeholders within the research and innovation sector to highlight the research excellence of recipients. It reflects only a selection of the prizes and awards won by recipients of ARC funding. Those listed were funded under the NCGP for projects commencing between July 2014 and June 2019.

Table A3: ARC-funded recipients of prizes and awards, 2018–19

Award category	Prize or award	Name	Institution	ARC role
Prime Minister's Prizes for Science	<i>Prime Minister's Prize for Science 2018</i>	Professor Kurt Lambeck	The Australian National University	Chief Investigator
	<i>Malcolm McIntosh Prize for Physical Scientist of the Year 2018</i>	Associate Professor Jack Clegg	The University of Queensland	Future Fellow
ACT Government	<i>ACT Scientist of the Year 2018</i>	Dr Rose Ahlefeldt	The Australian National University	DECRA
NSW Premier's History Awards	<i>The Australian History Prize 2018</i>	Professor Christina Twomey	Monash University	Chief Investigator
NSW Premier's Prizes for Science and Engineering	<i>Excellence in Mathematics, Earth Sciences, Chemistry or Physics 2018</i>	Professor Dietmar Müller	The University of Sydney	Chief Investigator
	<i>Excellence in Biological Sciences 2018</i>	Professor Alex McBratney	The University of Sydney	Chief Investigator
	<i>Excellence in Medical Biological Sciences 2018</i>	Professor Richard Harvey	The University of New South Wales	Chief Investigator
	<i>Excellence in Engineering or Information and Communications Technology 2018</i>	Professor Branka Vucetic	The University of Sydney	Australian Laureate Fellow

Award category	Prize or award	Name	Institution	ARC role
	<i>Energy Innovation in NSW 2018</i>	Associate Professor Xiaojing Hao	The University of New South Wales	DECRA
Queensland Literary Awards	<i>The University of Queensland Non-Fiction Book Award 2018</i>	Professor Alexis Wright	The University of Melbourne	Chief Investigator
South Australian Science Excellence Awards	<i>South Australian Scientist of the Year 2018</i>	Professor Richard Hillis	The University of Adelaide	Partner Investigator
	<i>Tall Poppy of the Year 2018</i>	Dr Ben Sparkes	The University of Adelaide	DECRA
Victoria Prize for Science and Innovation	<i>Physical Sciences 2018</i>	Professor Douglas MacFarlane	Monash University	Chief Investigator
Western Australian Premier's Science Awards	<i>Scientist of the Year 2018</i>	Professor Peter Newman	Curtin University	Chief Investigator
	<i>Woodside Early Career Scientist of the Year 2018</i>	Dr Melissa O'Donnell	The University of Western Australia	Chief Investigator
Asia-Pacific Economic Cooperation (APEC)	<i>APEC Science Prize for Innovation, Research and Education 2018</i>	Professor Madhu Bhaskaran	RMIT University	DECRA
Australian Academy of Science Awards	<i>David Craig Medal and Lecture 2019</i>	Professor Peter Gill	The Australian National University	Chief Investigator
	<i>Thomas Ranken Lyle Medal 2019</i>	Professor Chennupati Jagadish	The Australian National University	Chief Investigator
	<i>Hannan Medal 2019</i>	Professor Alan Welsh	The Australian National University	Chief Investigator
	<i>Jaeger Medal 2019</i>	Professor Dietmar Müller	The University of Sydney	Chief Investigator
	<i>Matthew Flinders Medal and Lecture 2019</i>	Dr Richard Manchester	CSIRO	Chief Investigator
	<i>Nancy Millis Medal for Women in Science 2019</i>	Professor Jacqueline Batley	The University of Western Australia	Chief Investigator
	<i>Christopher Heyde Medal 2019</i>	Professor Geordie Williamson	The University of Sydney	Chief Investigator
	<i>Anton Hales Medal 2019</i>	Professor Isaac Santos	Southern Cross University	Future Fellow



Award category	Prize or award	Name	Institution	ARC role
	<i>Dorothy Hill Medal 2019</i>	Dr Laurie Menviel	The University of New South Wales	DECRA, Future Fellow
	<i>Fenner Medal 2019</i>	Dr Daniel Falster	The University of New South Wales	Future Fellow
	<i>John Booker Medal 2019</i>	Associate Professor Anna Giacomini	The University of Newcastle	Chief Investigator
	<i>Le Fèvre Medal 2019</i>	Associate Professor Elizabeth New	The University of Sydney	Chief Investigator
	<i>Le Fèvre Medal 2019</i>	Dr Lars Goerigk	The University of Melbourne	Chief Investigator
	<i>Pawsey Medal 2019</i>	Professor Steven Flammia	The University of Sydney	Chief Investigator
Australian Academy of the Social Sciences	<i>Paul Bourke Award for Early Career Research 2018</i>	Dr Emma Hutchison	The University of Queensland	DECRA
Australian Academy of Technological Sciences and Engineering	<i>Batterham Medal for Engineering Excellence 2019</i>	Professor Michael Milford	Queensland University of Technology	Future Fellow
	<i>ICM Agrifood Award 2019</i>	Dr Lee Hickey	The University of Queensland	DECRA
Australian Archaeological Association	<i>Bruce Veitch Award for Excellence in Indigenous Engagement 2018</i>	Professor Jo McDonald	The University of Western Australia	Chief Investigator
Australian Association for Research in Education	<i>Raewyn Connell Award—Gender, Sexualities and Cultural Studies 2018</i>	Associate Professor Tiffany Jones	Macquarie University	DECRA
The Australian Historical Association	<i>W. K. Hancock Prize 2018</i>	Dr Miranda Johnson	The University of Sydney	Chief Investigator
	<i>Allan Martin Award 2018</i>	Dr Peter Hobbins	The University of Sydney	DECRA
Australian Housing and Urban Research Institute	<i>Professor Mike Berry Award for Excellence in Housing Research 2019</i>	Professor Rachel Ong Viforj	Curtin University	Chief Investigator
Australian Institute of Physics	<i>Walter Boas Medal 2018</i>	Professor Elisabetta Barberio	The University of Melbourne	Chief Investigator
	<i>Alan Walsh Medal for Service to Industry 2018</i>	Professor Andre Luiten	The University of Adelaide	Chief Investigator



Award category	Prize or award	Name	Institution	ARC role
Australian Institute of Policy and Science	<i>ACT Tall Poppies 2018</i>	Dr Vini Gautam	The Australian National University	DECRA
	<i>NSW Tall Poppies 2018</i>	Dr Caragh Threlfall	The University of Melbourne	Chief Investigator
		Dr Samantha Solon-Biet	The University of Sydney	Chief Investigator
		Dr Jelena Rnjak-Kovacina	The University of New South Wales	Chief Investigator
		Dr Laura Parker	The University of New South Wales	Chief Investigator
		Dr Simon Gross	Macquarie University	DECRA
	Dr Kate Umbers	Western Sydney University	DECRA	
	Dr Sze Lin Yoong	The University of Newcastle	DECRA	
	<i>QLD Tall Poppies 2018</i>	Dr Qilin Wang	University of Technology Sydney	DECRA
		Dr Teresa Ubide Garralda	The University of Queensland	Chief Investigator
Dr Róisín McMahon		Griffith University	Chief Investigator	
Dr Michelle Langley		Griffith University	DECRA	
Dr Jacinda Ginges		The University of Queensland	Future Fellow	
<i>SA Tall Poppies 2018</i>	Dr James Blinco	Queensland University of Technology	Chief Investigator	
	Dr Ben Sparkes	The University of Adelaide	DECRA	
<i>VIC Tall Poppies 2018</i>	Associate Professor Emma Thomas	Flinders University	Chief Investigator	
	Dr Megan Lim	Burnet Institute	Partner Investigator	
	Dr Nishar Hameed	Swinburne University of Technology	DECRA	
	Dr Andy Casey	Monash University	DECRA	



Award category	Prize or award	Name	Institution	ARC role
	<i>WA Tall Poppies 2018</i>	Dr Ann-Maree Vallenge	Murdoch University	DECRA
		Dr Luke Davies	The University of Western Australia	Chief Investigator
Australian Mathematical Society	<i>Australian Mathematical Society Medal 2018</i>	Professor Geordie Williamson	The University of Sydney	Chief Investigator
Australian Meteorological and Oceanographic Society	<i>Meyers Medal 2018</i>	Dr Adele Morrison	The Australian National University	DECRA
Australian Museum Eureka Prizes	<i>Macquarie University Eureka Prize for Outstanding Early Career Researcher 2018</i>	Dr Mohsen Rahmani	The Australian National University	DECRA
	<i>CSIRO Eureka Prize for Leadership in Innovation and Science 2018</i>	Professor Thomas Maschmeyer	The University of Sydney	Chief Investigator
Australian Psychological Society	<i>President's Award for Distinguished Contribution to Psychology in Australia 2018</i>	Professor Nancy Pachana	The University of Queensland	Chief Investigator
	<i>Distinguished Contribution to Psychological Science Award 2018</i>	Professor Kaarin Anstey	The University of New South Wales	Chief Investigator
Australian Sociological Association	<i>Stephen Crook Memorial Prize 2018</i>	Professor Alan Petersen	Monash University	Chief Investigator
	<i>Stephen Crook Memorial Prize 2018</i>	Associate Professor Megan Munsie	The University of Melbourne	Chief Investigator
	<i>Stephen Crook Memorial Prize 2018</i>	Dr Claire Tanner	The University of Melbourne	Chief Investigator
Australian University Heads of English (AUHE)	<i>AUHE Prize for Literary Scholarship 2018</i>	Dr Ben Etherington	Western Sydney University	Chief Investigator
Council for the Humanities, Arts and Social Sciences Australia Prizes	<i>Future Leader 2018</i>	Dr Pichamon Yeophantong	The University of New South Wales	DECRA
Ecological Society of Australia	<i>Wiley Next Generation Ecologist Award 2018</i>	Dr Ayesha Tulloch	The University of Sydney	DECRA



Award category	Prize or award	Name	Institution	ARC role
	<i>Australian Ecology Research Award 2018</i>	Professor Angela Moles	The University of New South Wales	Chief Investigator
Economic Society of Australia	<i>Young Economist Award 2018</i>	Professor Rachel Ong Viforj	Curtin University	Chief Investigator
Engineers Australia	<i>The Chemical Engineering Research Excellence Award 2018</i>	Professor Cyrille Andre Boyer	The University of New South Wales	Chief Investigator
Geological Society of Australia	<i>S. W. Carey Medal 2018</i>	Professor Peter Betts	Monash University	Chief Investigator
	<i>E. S. Hills Medal 2018</i>	Associate Professor Simon Holford	The University of Adelaide	Chief Investigator
	<i>A. E. Ringwood Medal 2018</i>	Professor Stephen Foley	Macquarie University	Australian Laureate Fellow
The History Council of NSW	<i>Annual History Citation 2018</i>	Professor Lyndall Ryan	The University of Newcastle	Chief Investigator
The Institute of Australian Geographers	<i>Australia-International Medal 2018</i>	Professor Mark Wang	The University of Melbourne	Chief Investigator
National Measurement Institute	<i>Barry Inglis Medal 2019</i>	Associate Professor Wojciech Chrzanowski	The University of Sydney	Chief Investigator
	<i>NMI Prize 2019</i>	Dr Maxim Goryachev	The University of Western Australia	Chief Investigator
Royal Australian Chemical Institute	<i>Applied Research Award 2018</i>	Professor Colin Raston	Flinders University	Chief Investigator
	<i>H. G. Smith Memorial Award 2018</i>	Professor Kate Jolliffe	The University of Sydney	Chief Investigator
	<i>Le Fèvre Medal 2018</i>	Associate Professor Amir Karton	The University of Western Australia	Future Fellow
	<i>Margaret Sheil Leadership Award 2018</i>	Professor Amanda Ellis	The University of Melbourne	Chief Investigator
	<i>Rennie Memorial Medal 2018</i>	Dr Neeraj Sharma	The University of New South Wales	DECRA

APPENDIX 4: RESOURCE STATEMENTS

This appendix provides information to support the financial information in Section 3.2: Financial performance.

Table A4: ARC Entity Resource Statement 2018–19 (all figures \$'000)

		Actual appropriation (a)	Payments made (b)	Balance remaining (a) – (b)
Ordinary annual services¹				
Departmental appropriation ²		42,510	21,026	21,484
Total		42,510	21,026	21,484
Administered resourcing				
Outcome 1 ³		7,962	6,544	
Total		7,962	6,544	
Total ordinary annual services	A	50,472	27,570	
Other services				
Departmental non-operating				
Equity injections ⁴		1,820	1,764	56
Total		1,820	1,764	56
Total other services	B	1,820	1,764	56
Total annual appropriations		52,292	29,334	
Special appropriations				
Special appropriations limited by criteria/entitlement				
ARC Act 2001		759,925	753,351	
Total special appropriations	C	759,925	753,351	
Special accounts				
Opening balance		-		
Appropriation receipts ⁵		6,525		
Payments made			4,718	
Total special account	D	6,525	4,718	1,807
Total resourcing and payments	A+B+C+D	818,742	787,403	

¹ Appropriation Act (No. 1 and No. 3) 2018–19. 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 \$1.228m in 2018–19, 1.235m in 2017–18 and \$0.435m in 2016–17 for the departmental capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'. Note the balance remaining includes \$210k of appropriation from 2016–17 which lapsed 1 July 2019.

³ Includes a movement of administered funds of \$2.808 million from 2016–17 to 2017–18 and 2018–19, it also includes \$2.472m of S51 for 2017–18 Appropriation.

⁴ Appropriation Act (No. 2) includes prior year appropriations for 2016–17 and 2017–18.

⁵ The Special Account receipts were sourced from Administered annual appropriation. Note the Administered Outcome 1 Available Appropriations and Payments does not include the \$6,525,000 so it is not double counted.

Table A5: ARC Expenses for Outcome 1, 2018–19

Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice	Budget* 2018–19 \$'000 (a)	Actual expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a) – (b)
Program 1.1: Discovery—Research and Research Training			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and No. 3)	1,148	1,083	65
Special appropriations	493,951	464,992	28,959
Total for Program 1.1	495,099	466,075	29,024
Program 1.2: Linkage—Cross-Sector Research Partnerships			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and No. 3)	1,491	1,489	2
Special appropriations	270,154	235,107	35,047
Total for Program 1.2	271,645	236,596	35,049
Program 1.3: Excellence in Research for Australia			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and No. 3)	5,135	4,425	710
Total for Program 1.3	5,135	4,425	710
Outcome 1: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	7,774	6,997	777
Special appropriations	764,105	700,099	64,006
Departmental expenses			
Departmental appropriation ¹	21,440	20,421	1,019
Expenses not requiring appropriation in the budget year	3,879	3,410	469
Total expenses for Outcome 1	797,198	730,927	66,271
		2018–19	2017–18
Average staffing level (number)		124	124

* Full-year budget, including any subsequent adjustment made to the 2018–19 Budget at 2018–19 Additional Estimates and the 2019–20 Budget.

¹ Departmental appropriation combines ordinary annual services Appropriation Acts No. 1 and No. 3 and retained revenue receipts under Section 74 of the PGPA Act.

APPENDIX 5: OTHER MANDATORY INFORMATION

This appendix provides information required by other legislation, relating to:

- 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*)
- work health and safety (Schedule 2, Part 4 of the *Work Health and Safety Act 2011* [WHS Act]).

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

ADVERTISING AND MARKET RESEARCH

During 2018–19 the ARC conducted no advertising campaigns.

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

The ARC paid \$1542.96 (including Goods and Services Tax) for advertising costs to Universal McCann in 2018–19. The advertising consisted of non-campaign advertisements for ARC funding schemes.

During 2018–19 the ARC did not employ the services of any market research, polling or direct mail organisations.

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 minimised and how they will be further mitigated.

Accordance with and contribution to ecologically sustainable development

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. The accordance between the ARC's activities and the principles of ESD is outlined in Table A6.



Table A6: Principles of ESD and ARC activities

Principle	ARC activities
Integration: decision making processes should effectively integrate both long-term and short-term economic, environmental, social and equity considerations	Assessment criteria relating to the provision of economic, environmental, social, health and/or cultural benefits to Australia are employed across a range of NCGP schemes. Applications 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. Excellence in Research for Australia 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 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 Rules</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 1155 NCGP projects awarded funding commencing in 2018–19, 147 involved research relevant to the Australian Government Science and Research Priority area ‘environmental change’. These projects were allocated total funding of approximately \$79.4 million.

The ARC also continued to fund a range of ongoing environment-related research projects. 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 that 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 understanding and predicting 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 at 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 movement is not 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 30 March 2019. Earth Hour is a 'lights out' initiative designed to draw attention to tackling global warming. This year marked the twelfth 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 2018–19 the ARC endorsed both the Research Management System (RMS) and the System to Evaluate Excellence in Research (SEER) as Electronic Document and Records Management Systems in accordance with the National Archives of Australia's guidelines. The ARC also introduced digital timekeeping for staff.

Information and Communication Technology services

During this period 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).



WORK HEALTH AND SAFETY

In accordance with the WHS Act, agencies must provide information relating to Work Health and Safety (WHS) matters in their Annual Reports.

Health and safety initiatives

During the year the ARC continued to:

- hold 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 2018–19. Under the WHS Act, a notifiable incident is one involving the death of a person, the 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 2018–19.

Other matters

There are no other matters required by guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit.



PART 7: AIDS TO ACCESS



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ABBREVIATIONS AND ACRONYMS

ANAO	Australian National Audit Office
ANZSRC	Australian and New Zealand Standard Research Classification
APEC	Asia-Pacific Economic Cooperation
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
AUHE	Australian University Heads of English
AWA	Australian Workplace Agreement
BCP	Business Continuity Plan
CEO	Chief Executive Officer
CGRGs	<i>Commonwealth Grants Rules and Guidelines</i>
CoE	Centres of Excellence
CP	Corporate Plan
DAATSIA	Discovery Australian Aboriginal and Torres Strait Islander Award
DECRA	Discovery Early Career Researcher Award
DIAs	Discovery International Awards
DRP	Disaster Recovery Plan
EI	Engagement and Impact
EIS	Engineering and Information Sciences
EOI	Expressions of Interest
ERA	Excellence in Research for Australia
ESD	Ecologically Sustainable Development
FOI Act	<i>Freedom of Information Act 1982</i>
FoR	Field of Research
GST	Goods and Services Tax
HASS	Humanities, Arts and Social Sciences
HCA	Humanities and Creative Arts



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
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
MRAG	Medical Research Advisory Group
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
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
REC	Research Evaluation Committee
RMS	Research Management System
ROPE	Research Opportunity and Performance Evidence
SAC	Selection Advisory Committee
SBE	Social, Behavioural and Economic Sciences
SEER	System to Evaluate Excellence in Research
SES	Senior Executive Service
SME	Small and Medium Enterprises
SMG	Senior Management Group
STEM	Science, Technology, Engineering and Mathematics
SRI	Special Research Initiatives
UA	Universities Australia
UoA	Unit of Assessment
UoE	Unit of Evaluation
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.

Basic research

Research that contributes to understanding the world through discoveries and the creation of new knowledge, theories and practices.

Chief Investigator

A researcher who satisfies the eligibility criteria for a Chief Investigator under the Discovery Program or Linkage Program Grant Guidelines, 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 of less than or equal to five years at the time of their application.

Eligible Organisation

An organisation that satisfies the eligibility criteria for an Administering Organisation under the Discovery Program or Linkage Program Grant Guidelines.

Engagement and Impact (EI) assessment

An assessment of researchers' engagement with end-users, and how universities are translating their research into economic, social, environmental, cultural and other impacts.

Excellence in Research for Australia (ERA)

Provides Australian Government, industry, business and the wider community with assurance of the excellence of research conducted in Australia's higher education institutions. The evaluation framework 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.

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 schemes, 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 research end-users. 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 fifteen years' research experience since the award of a PhD or equivalent qualification at the time of their application.

National Competitive Grants Program

The NCGP incorporates the Discovery Program and the Linkage Program, under which the ARC funds a range of complementary schemes to support the highest-quality basic and applied research, research training, research collaboration or partnerships, and infrastructure across all research disciplines.

Partner Investigator

A researcher who satisfies the eligibility criteria for a Partner Investigator under the Discovery Program or Linkage Program Grant Guidelines, 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 Grant Guidelines, and contribute to the research project in accordance with the requirements of the scheme.

Peer review

Evaluation of research applications or outputs by experts who assess individual research applications 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 priorities 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 prioritise the development of Australia's research and innovation capabilities in areas the Australian Government regards as pivotal to the nation's future.

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	Part of report	Description	Requirement	Pages
46	Letter of transmittal	The Annual Report prepared by the CEO and given to the Minister under section 46 of the 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 requires matters to be dealt with in the report is subsection 33C(3).	Mandatory	III
33(c)	Letter of transmittal	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	Part of report	Description	Requirement	Pages
17AD(g)	Letter of transmittal			
17AI	Letter of transmittal	A copy of the letter of transmittal signed and dated by the Accountable Authority on the date the final text is approved, with a 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
17AD(h)	Aids to access			
17AJ(a)	Contents	Table of contents.	Mandatory	IV–V
17AJ(b)	Alphabetical index	Alphabetical index.	Mandatory	179–181
17AJ(c)	Abbreviations and acronyms	Glossary of abbreviations and acronyms.	Mandatory	167–168
17AJ(d)	Compliance index	List of requirements.	Mandatory	171–178
17AJ(e)	A guide to this report	Details of contact officer.	Mandatory	VI
17AJ(f)	A guide to this report	Entity's website address.	Mandatory	VI
17AJ(g)	Copyright page	Electronic address of report.	Mandatory	II
17AD(a)	Review by Accountable Authority			
17AD(a)	Review by the Accountable Authority	A review by the Accountable Authority of the entity.	Mandatory	1-10
17AD(b)	Overview of the entity			
17AE(1)(a)(i)	Roles and functions	A description of the role and functions of the entity.	Mandatory	13–14
17AE(1)(a)(ii)	Organisational structure	A description of the organisational structure of the entity.	Mandatory	15
17AE(1)(a)(iii)	Performance framework	A description of the outcomes and programs administered by the entity.	Mandatory	17
17AE(1)(a)(iv)	Performance framework	A description of the purposes of the entity as included in the Corporate Plan.	Mandatory	18
17AE(1)(aa)(i)	Organisational structure	Name of the Accountable Authority or each member of the Accountable Authority.	Mandatory	16
17AE(1)(aa)(ii)	Organisational structure	Position title of the Accountable Authority or each member of the Accountable Authority.	Mandatory	16



PGPA Rule Reference	Part of report	Description	Requirement	Pages
17AE(1)(aa)(iii)	Organisational structure	Period as the Accountable Authority or member of the Accountable Authority within the reporting period.	Mandatory	16
17AE(1)(b)	n/a	An outline of the structure of the portfolio of the entity.	Mandatory for portfolio departments	n/a
17AE(2)	n/a	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
17AD(c) Report on the performance of the entity				
<i>Annual Performance Statement</i>				
17AD(c)(i); 16F	Annual Performance Statement	Annual Performance Statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	21–51
<i>17AD(c)(ii) Report on financial performance</i>				
17AF(1)(a)	Financial performance	A discussion and analysis of the entity's financial performance.	Mandatory	52–53
17AF(1)(b)	Appendix 4 Resource statements	A table summarising the total resources and total payments of the entity.	Mandatory	157–158
17AF(2)	n/a	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
17AD(d) Management and accountability				
<i>Corporate governance</i>				
17AG(2)(a)	Corporate governance	Information on compliance with section 10 (fraud systems).	Mandatory	57
17AG(2)(b)(i)	Letter of transmittal	A certification by the Accountable Authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	III



PGPA Rule Reference	Part of report	Description	Requirement	Pages
17AG(2)(b)(ii)	Letter of transmittal	A certification by the 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)	Letter of transmittal	A certification by the Accountable Authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	III
17AG(2)(c)	Corporate governance	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	57–67
17AG(2)(d)–(e)	Corporate governance	A statement of significant issues reported to the 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	67
<i>External scrutiny</i>				
17AG(3)	External scrutiny	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	68–69
17AG(3)(a)	External scrutiny	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	68
17AG(3)(b)	External scrutiny	Information on any reports on operations of the entity by the Auditor-General (other than reported under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory	68–69
17AG(3)(c)	External scrutiny	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	69
<i>Management of human resources</i>				
17AG(4)(a)	Management of human resources	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	70–72

PGPA Rule Reference	Part of report	Description	Requirement	Pages
17AG(4)(aa)	Management of human resources	<p>Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following:</p> <p>(a) statistics on full time employees;</p> <p>(b) statistics on part time employees;</p> <p>(c) statistics on gender;</p> <p>(d) statistics on staff location.</p>	Mandatory	73–78
17AG(4)(b)	Management of human resources	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including the following:</p> <ul style="list-style-type: none"> • Statistics on staffing classification level; • Statistics on full time employees; • Statistics on part time employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous. 	Mandatory	73–79
17AG(4)(c)	Management of human resources	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	70
17AG(4)(c)(i)	Management of human resources	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory	79
17AG(4)(c)(ii)	Management of human resources	The salary ranges available for APS employees by classification level.	Mandatory	79
17AG(4)(c)(iii)	Management of human resources	A description of non-salary benefits provided to employees.	Mandatory	80
17AG(4)(d)(i)	n/a	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	n/a
17AG(4)(d)(ii)	n/a	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	n/a
17AG(4)(d)(iii)	n/a	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)	n/a	Information on aggregate amount of performance payments.	If applicable, mandatory	n/a



PGPA Rule Reference	Part of report	Description	Requirement	Pages
<i>Assets management</i>				
17AG(5)	Assets management	An assessment of the effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	83
<i>Purchasing</i>				
17AG(6)	Purchasing	An assessment of entity's performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	84
<i>Consultants</i>				
17AG(7)(a)	Consultants	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	85
17AG(7)(b)	Consultants	A statement that "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]."	Mandatory	85
17AG(7)(c)	Consultants	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	85
17AG(7)(d)	Consultants	A statement that "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."	Mandatory	85

PGPA Rule Reference	Part of report	Description	Requirement	Pages
<i>Australian National Audit Office access clauses</i>				
17AG(8)	Australian National Audit Office access clauses and exempt contracts	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 Annual 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	86
<i>Exempt contracts</i>				
17AG(9)	Australian National Audit Office access clauses and exempt contracts	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	86
<i>Small business</i>				
17AG(10)(a)	Procurement initiatives to support small business	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory	87
17AG(10)(b)	Procurement initiatives to support small business	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	87
17AG(10)(c)	Procurement initiatives to support small business	If the entity is considered by the Department administered by the Finance Minister as material in nature, a statement that "[Name of entity] 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's website."	If applicable, mandatory	87



PGPA Rule Reference	Part of report	Description	Requirement	Pages
<i>Financial statements</i>				
17AD(e)	Australian Research Council financial report	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	91–142
<i>Executive remuneration</i>				
17AD(da)	Management of human resources	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory	80–82
17AD(f)	<i>Other mandatory information</i>			
17AH(1)(a)(i)	n/a	If the entity conducted advertising campaigns, a statement that “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.”	If applicable, mandatory	n/a
17AH(1)(a)(ii)	Appendix 5 Other mandatory information	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	159
17AH(1)(b)	Other mandatory information	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, mandatory	88
17AH(1)(c)	Other mandatory information	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	88
17AH(1)(d)	Other mandatory information	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of the FOI Act can be found.	Mandatory	88
17AH(1)(e)	Other mandatory information	Correction of material errors in previous Annual Report.	If applicable, mandatory	88
17AH(2)	Appendix 5 Other mandatory information	Information required by other legislation.	Mandatory	159–162

Source: Resource Management Guide No. 135 Annual reports for non-corporate Commonwealth entities (May 2019, Department of Finance).

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