

**AUSTRALIAN  
RESEARCH COUNCIL**



# AUSTRALIAN RESEARCH COUNCIL

<b>Section 1: Agency overview</b> .....	<b>220</b>
<b>Section 2: Agency resources for 2005-06</b> .....	<b>221</b>
2.1: Appropriations and other resources .....	221
2.2: 2005-06 Budget measures.....	222
2.3: Other resources available to be used.....	223
2.4: Movement of administered funds from 2004-05 to 2005-06.....	223
2.5: Special appropriations.....	224
2.6: Special accounts.....	224
2.7: Administered capital and departmental equity injections and loans .....	225
<b>Section 3: Agency outcomes</b> .....	<b>225</b>
3.1: Summary of outcomes, outputs and administered items .....	225
3.2: Outcomes — departmental and administered.....	226
3.3: Outcomes resourcing .....	228
<b>Section 4: Other reporting requirements</b> .....	<b>235</b>
4.1: Purchaser-provider arrangements .....	235
4.2: Cost recovery arrangements.....	235
4.3: Australian Government Indigenous Expenditure (AGIE).....	234
<b>Section 5: Budgeted financial statements</b> .....	<b>234</b>
5.1: Analysis of budgeted financial statements.....	234
5.2: Budgeted financial statements tables .....	239
5.3: Notes to the financial statements .....	245



# AUSTRALIAN RESEARCH COUNCIL

## Section 1: Agency overview

The Australian Research Council (ARC) was established under the *Australian Research Council Act 2001* on 1 July 2001.

The mission of the ARC is to:

“Advance Australia’s research excellence to be globally competitive and deliver benefits to the community”

The role of the ARC is to advise the Government on research funding and policy and, through its management of the National Competitive Grants Program, to promote the conduct of research and research training that is of the highest quality for the benefit of the Australian community.

The ARC has one outcome and one output group as indicated in table 1.1 below.

**Table 1.1: Agency outcomes and output groups**

<b>Outcome</b>	<b>Description</b>	<b>Output groups</b>
<b>Outcome 1</b>		
Australian research that advances the global knowledge and skills base leading to economic, social, cultural and environmental benefits for the Australian community.	The Australian Government’s investment in research and research training that is administered by the ARC supports the Government’s commitment to three key elements of the process of innovation: strengthening Australia’s ability to generate ideas and undertake research; accelerating the commercial application of these ideas; and developing and retaining Australian skills.	<i>Output Group 1.1</i> Competitive research schemes

## Section 2: Agency resources for 2005-06

### **2.1: APPROPRIATIONS AND OTHER RESOURCES**

The total appropriations and other resources for the ARC in the 2005-06 Budget are \$571.621 million.

For 2005-06, the ARC will administer \$556.467 million under the National Competitive Grants Program (NCGP). These funds are appropriated under the *Australian Research Council Act 2001*. The NCGP comprises a range of funding schemes to support research and research training. Funds are allocated to investigator-initiated proposals on a competitive basis via a benchmarked system of peer assessment.

Table 2.1, on the following page, shows the estimated total resources from all origins for 2005-06.

**Table 2.1: Appropriations and other revenue 2005-06**

Outcome	Appropriations					Revenue from other sources <sup>4</sup>		Total resources <sup>5</sup>
	\$'000	\$'000	\$'000	\$'000	% <sup>3</sup>	\$'000	% <sup>3</sup>	\$'000
	Bill No. 1	Bill No. 2	Special approp <sup>1</sup>	Total approp <sup>2</sup>				
<b>Outcome 1</b>								
<b>Australian research that advances the global knowledge and skills base leading to economic, social, cultural and environmental benefits for the Australian community</b>								
Administered	-	-	556,467	556,467	99.98%	100	0.02%	556,567
Departmental	14,996	-	-	14,996	99.61%	58	0.39%	15,054
<b>Total outcome 1</b>	<b>14,996</b>	<b>-</b>	<b>556,467</b>	<b>571,463</b>	<b>99.97%</b>	<b>158</b>	<b>0.03%</b>	<b>571,621</b>
<b>Total agency</b>	<b>14,996</b>	<b>-</b>	<b>556,467</b>	<b>571,463</b>	<b>99.97%</b>	<b>158</b>	<b>0.03%</b>	<b>571,621</b>
Departmental capital (equity injections)								
Previous year's outputs								
Administered assets and liabilities								
<b>Total resources</b>	<b>14,996</b>	<b>-</b>	<b>556,467</b>	<b>571,463</b>	<b>99.97%</b>	<b>158</b>	<b>0.03%</b>	<b>571,621</b>

1 Estimated expenses from individual Special Appropriations are shown at Table 2.5.

2 Total appropriations = Bill No. 1 + Special appropriations.

3 Percentage figures indicate the percentage contributions of Revenue from the Government (Appropriations) and revenue from other sources to the total resources.

4 Revenue from other sources includes administered special accounts (non-appropriation revenues) and resources received free of charge (departmental).

5 Total resources = Total appropriations + revenue from other sources.

Refer to Budgeted statement of financial performance for application of agency revenue.

## 2.2: 2005-06 BUDGET MEASURES

The efficiency dividend has increased by 0.25 per cent to 1.25 per cent per annum. This has been applied to departmental appropriations for all years from 2005-06 to 2007-08. Table 2.2 shows the relevant outcome associated with this measure.

**Table 2.2: Agency measures**

Measure	Outcome	Approp Budget	Approp Forward Estimate	Approp Forward Estimate	Approp Forward Estimate
		2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
Efficiency dividend – increase in the rate from 1 per cent to 1.25 per cent <sup>1</sup>	1	-38	-75	-114	-114

<sup>1</sup> The figures are the ARC's proportion of the cross portfolio measures and the effect of the additional efficiency dividend is cumulative in outyears.

## 2.3: OTHER RESOURCES AVAILABLE TO BE USED

**Table 2.3: Other resources available to be used**

	Estimated Revenue 2004-05 \$'000	Budget Estimate 2005-06 \$'000
<b>Outcome 1</b>		
<b>Departmental other resources</b>		
Resources received free of charge <sup>1</sup>	58	58
<b>Total departmental other resources available to be used</b>	58	58

<sup>1</sup> Resources received free of charge represent the costs incurred by the Australian National Audit Office in undertaking the annual audit of the Financial Statements.

## 2.4: MOVEMENT OF ADMINISTERED FUNDS FROM 2004-05 TO 2005-06

**Table 2.4: Movement of administered funds from 2004-05 to 2005-06**

The ARC does not have any movement of administered funds between years from 2004-05 to 2005-06.

## 2.5: SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

	Estimated Expenses 2004-05 \$'000	Budget Estimate 2005-06 \$'000
<b>Estimated expenses</b>		
Financial assistance for approved research Programs - <i>Australian Research Council Act 2001, s57 (A)</i> <sup>1</sup>	560,000	565,724
<b>Total estimated expenses</b>	<b>560,000</b>	<b>565,724</b>

<sup>1</sup> The 2005-06 estimated expense from special appropriations is higher than appropriation revenue due to the timing of the recognition of grant expenses and liabilities under the ARC's accounting policies. The accounting policy for grant expense and liability can be found in Note 3 under Section 5.3.

## 2.6: SPECIAL ACCOUNTS

Table 2.6: Estimates of special account flows and balances

	Opening Balance 2005-06 2004-05 \$'000	Receipts 2005-06 2004-05 \$'000	Payments 2005-06 2004-05 \$'000	Adjustments 2005-06 2004-05 \$'000	Closing Balance 2005-06 2004-05 \$'000
<b>Outcome 1</b>					
ARC Research Endowment Account - <i>Australian Resarch Council Act 2001 (A)</i>	-	100 425	100 425	-	-
<b>Total Special Accounts 2005-06 Budget Estimate</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>-</b>
<i>Total Special Accounts 2004-05 Estimate Actual</i>	-	425	425	-	-

D = Departmental A = Administered

## **2.7: ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS**

The ARC does not have administered capital and departmental equity injections and loans in 2005-06.

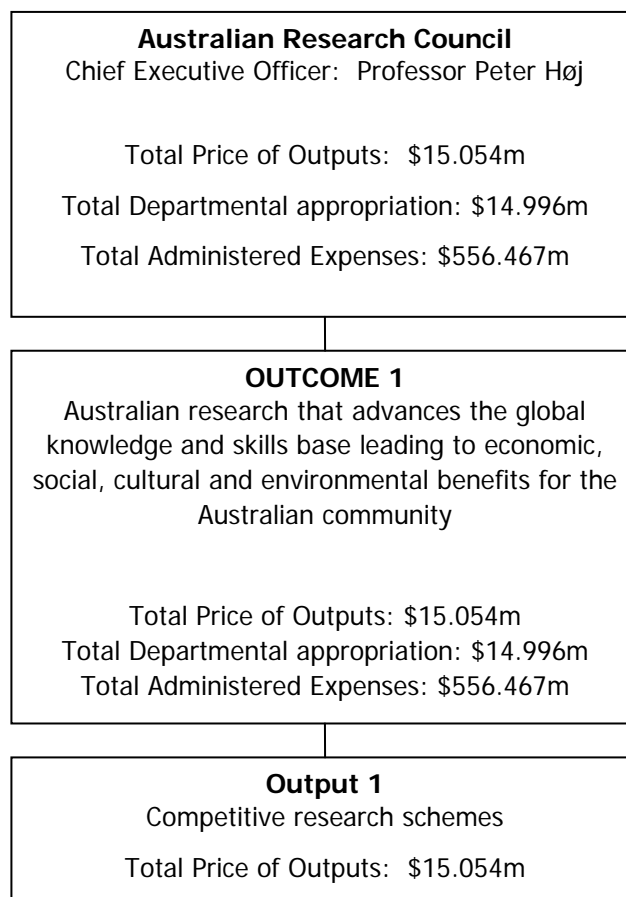
## Section 3: Agency outcomes

### 3.1: SUMMARY OF OUTCOMES, OUTPUTS AND ADMINISTERED ITEMS

#### OUTCOME AND OUTPUT GROUPS

The Australian Research Council works to achieve one outcome specified by Government. Figure 1 below shows the relationship between the outcome and the contributing output of ARC.

**Figure 1: Outcome and Output Groups**



### Output Cost Attribution

The ARC has one output group. All costs are attributed to this output.

### Changes to Outcome and Output Groups

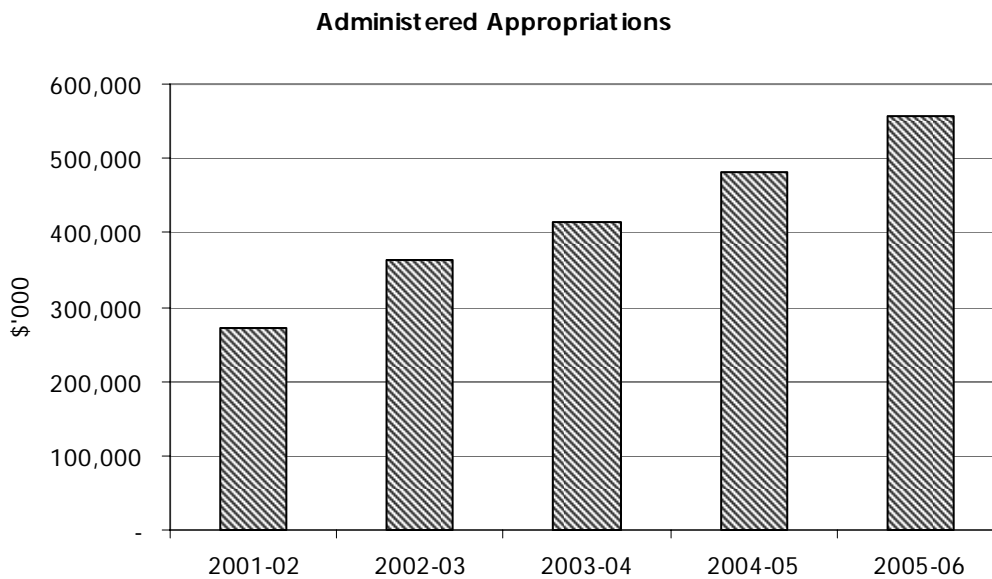
There have been no changes to the number, wording or structure of the ARC's outcome and output from the 2004-05 Portfolio Budget Statements.

## 3.2: OUTCOMES — DEPARTMENTAL AND ADMINISTERED

### Trends in Resourcing

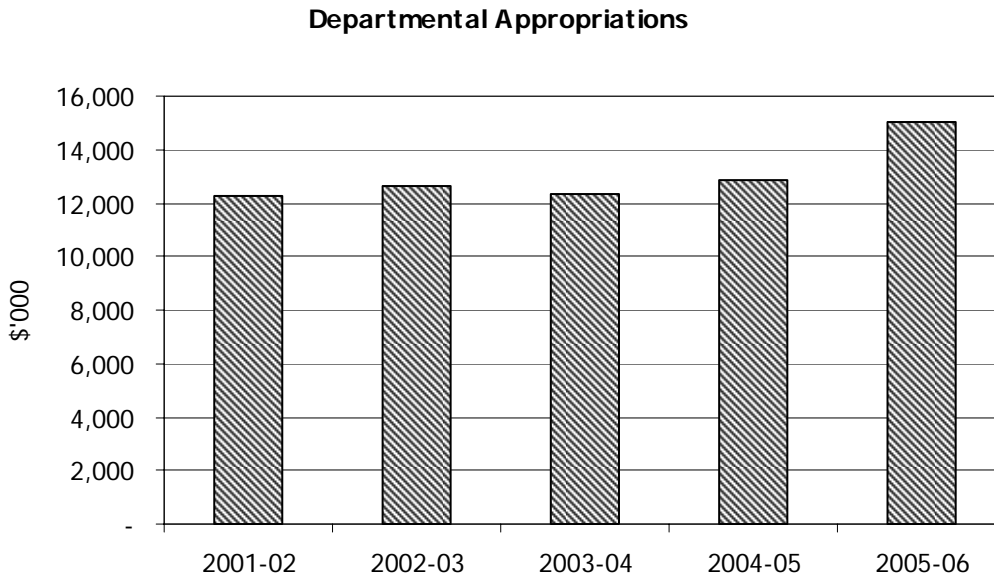
Figures 2 and 3 show the trend in resourcing the ARC's outcome since 2001-02 when the ARC was established as a Statutory Authority.

**Figure 2: Trends in Administered Appropriations for Outcome 1**



The increase of administered funding across the years is due to the additional funding for the NCGP provided through the *Backing Australia's Ability* initiative introduced in 2001-02, which will see the level of funding for NCGP double by 2006-07.

**Figure 3: Trends in Departmental Appropriations for Outcome 1**



The decrease in funding in 2003-04 is due to the Whole-of-Government decision to abolish the former capital use charge arrangements. The increase in funding in 2005-06 reflects a budget-neutral transfer of \$2 million from administrative expenses to departmental expenses.

### 3.3: OUTCOMES RESOURCING

**OUTCOME 1: Australian research that advances the global knowledge and skills base leading to economic, social, cultural and environmental benefits for the Australian community.**

#### Description

The Australian Government's investment in research and research training that is administered by the ARC supports the Government's commitment to three key elements of the process of innovation, as identified in the Government's *Backing Australia's Ability* statements - *Backing Australia's Ability: An Innovation Action Plan for the Future* (released in January 2001), and *Backing Australia's Ability: Building our future through science and innovation* (released in May 2004). The three elements are:

- strengthening Australia's ability to generate ideas and undertake research;
- accelerating the commercial application of these ideas; and
- developing and retaining Australian skills.

The Australian Government's investment in research supports the generation of new knowledge and skills that are necessary to sustain innovation and the development of new businesses and jobs on which Australia's prosperity and living standards depend.

It contributes to maintaining and improving the quality of Australian life through advances in the social and cultural spheres and environmental sustainability.

The Australian Government's investment in research also encourages researchers to interact with businesses, industry and public sector and community organisations, facilitating the flow of people, knowledge and expertise both locally and internationally.

The Australian Government's specific investment in research training supports the development of highly trained personnel who are necessary for Australia's research system to operate at a competitive level globally and for the ongoing renewal of that system.

### **Key objectives**

The ARC pursues seven key objectives in order to deliver the ARC's outcome:

1. Discovery: Develop and maintain a broad foundation of high-quality world-class research across a wide range of disciplines
2. Linkage: Encourage and extend cooperative approaches to research and improve utilisation of research outcomes by strengthening links within Australia's innovation system and with innovation systems internationally
3. Research training and careers: Contribute to high-quality research training and foster career opportunities for Australia's best and brightest researchers
4. Research infrastructure: Facilitate access for Australian researchers to state-of-the-art facilities and equipment and provide incentives for the cooperative development of research infrastructure
5. Research priorities: Encourage excellent research and research training across the broad range of national research priorities and ARC structural priorities
6. Public engagement: Increase awareness, understanding and support among stakeholders and the community of the outcomes and benefits of Australian research
7. Effective organisation: Implement a governance and organisation structure, together with management process, to enable the ARC to achieve its objectives within a framework of transparency and accountability.

Further information about these key objectives can be found in the *ARC Strategic Plan 2005-2007*.

### **Competitive Research Schemes**

The ARC's Administered Items consist of a number of competitive funding schemes for research and research training (principally in universities). Together, these schemes constitute the ARC's National Competitive Grants Program (NCGP).

The Discovery element of the NCGP provides Australia's best and most promising researchers with open and transparent access to funding support, and offers incentives for researchers to build the scale of their work, develop teams and support the growth of networks of research excellence. It supports the development of young researchers and the testing of new, innovative ideas and research techniques.

The Linkage element of the NCGP encourages collaborative research, both nationally and internationally, between universities, businesses, industry and government and community organisations. It also funds investment in strategic national research infrastructure and access to major international research facilities.

The Centres and Networks elements of the NCGP support research requiring significant national and international collaboration. They encourage the growth of clusters and networks of research and research training as platforms for innovation.

### **Outcome 1 resourcing**

Table 3.1 shows how the 2005-06 Budget appropriations translate to total resourcing for Outcome 1, including administered appropriations, revenue from government (departmental appropriation), revenue from other sources (Departmental) and the total price of outputs.

**Table 3.1: Total resources for Outcome 1**

	<b>Estimated Actual 2004-05 \$'000</b>	<b>Budget Estimate 2005-06 \$'000</b>
<b>Administered appropriations</b>		
Special appropriation under the <i>Australian Research Council Act 2001</i>	481,406	<b>556,467</b>
<b>Total administered appropriations</b>	<b>481,406</b>	<b>556,467</b>
<b>from Special Accounts (estimated payments from Special Account balances)<sup>1</sup></b>		
ARC Research Endowment Account - <i>Australian Research Council Act 2001</i>	425	<b>100</b>
<b>Total Special Account outflows</b>	<b>425</b>	<b>100</b>
<b>Departmental appropriations</b>		
Output 1.1	12,897	<b>14,996</b>
<b>Total revenue from government (appropriations) contributing to price of departmental outputs</b>	<b>12,897</b>	<b>14,996</b>
<b>Revenue from other sources</b>		
Resource received free of charge	58	<b>58</b>
Other revenue	550	-
<b>Total revenue from other sources</b>	<b>608</b>	<b>58</b>
<b>Total price of departmental outputs</b> (Total revenue from government and from other sources)	<b>13,505</b>	<b>15,054</b>
<b>Total estimated resourcing for Outcome 1</b> (Total price of outputs and administered appropriations)	<b>494,911</b>	<b>571,521</b>
	<b>2004-05</b>	<b>2005-06</b>
Average staffing level (number)	64	<b>76</b>

1. Special Account outflows are shown in the payments column of the Special Account table in Table 2.6. The estimated payments from special account balances are provided by way of a note only and do not form part of the total estimated resourcing.

### Measures affecting Outcome 1

The efficiency dividend has increased by 0.25 per cent to 1.25 per cent per annum. This has been applied to departmental appropriations for all years from 2005-06 to 2007-08.

#### Efficiency dividend – increase in the rate from 1 per cent to 1.25 per cent

Expense (\$m)

	2005-06	2006-07	2007-08	2008-09
Australian Research Council	-0.038	-0.075	-0.114	-0.114

### Performance information for Outcome 1

Under the *Australian Research Council Act 2001* (ARC Act), the ARC's strategic plan must include indicators for assessing the ARC's performance. The indicators identified in the *ARC Strategic Plan 2005-2007* are outlined below. In accordance with the ARC Act, the ARC will report against these indicators in its annual report.

#### Effectiveness (Achievement of Outcome)

The ARC's effectiveness in achieving its outcome and mission will be demonstrated by evidence of:

- Australia's achieving high levels of research excellence and building world-class research capability in a range of research areas.
- the benefits (economic, environmental and social) that are delivered to the community through the adoption of the outcomes of ARC-funded research.

### Key performance indicators (KPIs)

---

- KPI.1** Research funded through the National Competitive Grants Program produces high-quality outputs and outcomes in public and private enterprises
- KPI.2** Development, attraction and retention of high-quality researchers across disciplines, able to pursue careers within universities, industry, government and other sectors of the economy
- KPI.3** A high incidence of collaboration between ARC-funded researchers and those within other sectors of the national and international innovation system including innovative companies
- KPI.4** Increase in the scale of research activities supported through the National Competitive Grants Program
- KPI.5** Contribution of ARC-funded research to the development of research strengths and applications in areas of national need
- KPI.6** Appropriate level of access for Australian researchers (including those in higher education institutions, government research organisations and industry) to high-quality facilities and equipment (including major research facilities located overseas)
- KPI.7** Transfer of knowledge to users as shown by trends in knowledge transfer, utilisation and intellectual property measures
- KPI.8** Enhanced stakeholder awareness of and satisfaction with the outcomes of ARC-funded research
- KPI.9** Stakeholder satisfaction with the flexibility and responsiveness of the National Competitive Grants Program and with ARC processes for administering grants and applications
- KPI.10** Ministerial and Parliamentary satisfaction with the performance of the ARC against its accountability and governance requirements

---

The ARC's key performance indicators were reviewed by the ARC Board in 2004-05 as part of the process of preparing the *ARC Strategic Plan 2005-2007*. The ARC Board decided to reduce the number of KPIs to ten to increase the focus on those indicators which can more readily be measured, and to reduce the level of repetition in reporting. The changes to the KPIs were subsequently approved by the Minister for Education, Science and Training.

### **Evaluations for Outcome 1**

The ARC's ongoing program of evaluation includes:

- the monitoring and reporting of performance against the performance indicators identified in the strategic plan;
- monitoring the progress and outcomes of individual research projects based on reports provided by the researchers involved (to ensure research is high-quality and has maximum impact);
- monitoring and review of business assurance activities; and
- an annual cycle of staff performance planning and evaluation.

In addition, the individual schemes of the NCGP are periodically reviewed to gauge the extent to which they are meeting stakeholder needs. During 2005, the ARC reviewed the operation of its fellowship schemes.

Reporting of the organisation's performance against the performance indicators identified in the strategic plan also involves, as appropriate, specific-purpose studies aimed at measuring performance in various areas. During 2005-06 the ARC will conduct a stakeholder satisfaction survey aimed at evaluating stakeholder satisfaction with aspects of the ARC's NCGP and community awareness of the ARC more broadly.

## Section 4: Other reporting requirements

### 4.1: PURCHASER-PROVIDER ARRANGEMENTS

ARC does not have any purchaser-provider arrangements.

### 4.2: COST RECOVERY ARRANGEMENTS

ARC does not have any cost recovery arrangements with other agencies.

### 4.3: AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

**Table 4.1: Australian Government Indigenous Expenditure**

Outcome	Appropriations				Other \$'000	Total \$'000
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000		
<b>Outcome 1</b>						
Australian research that advances the global knowledge and skills base leading to economic, social, cultural and environmental benefits for the Australian community						
<b>Administered 2005-06</b>	-	-	<b>400</b>	<b>400</b>	-	<b>400</b>
<i>Administered 2004-05</i>	-	-	323	323	-	323
<b>Total Outcome 2005-06</b>	-	-	<b>400</b>	<b>400</b>	-	<b>400</b>
<i>Total Outcome 2004-05</i>	-	-	323	323	-	323
<b>Total AGIE 2005-06</b>	-	-	<b>400</b>	<b>400</b>	-	<b>400</b>
<i>Total AGIE 2004-05</i>	-	-	323	323	-	323

Note: The AGIE figures above only represent funding for the Indigenous Researchers' Development Scheme and have not included expenditure for indigenous research projects in other funding schemes.

## Section 5: Budgeted financial statements

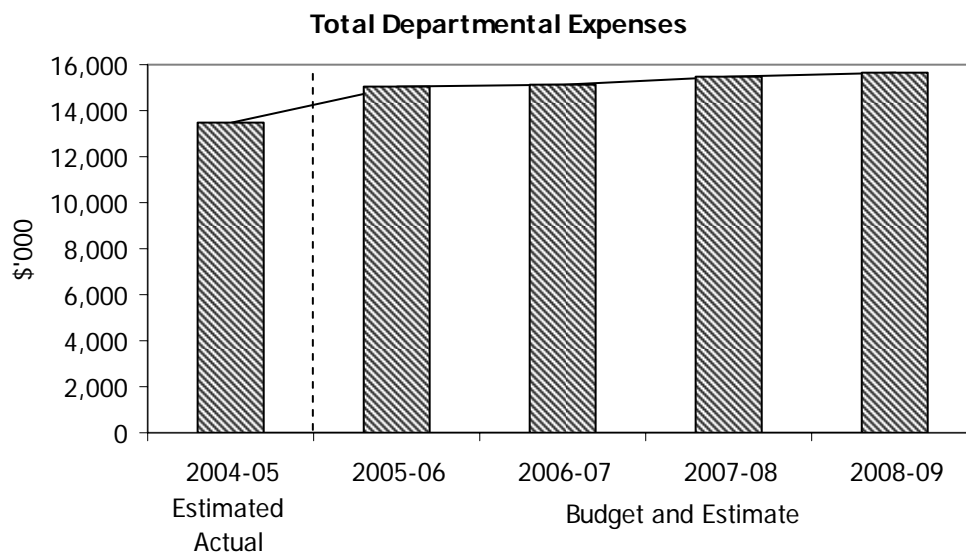
### 5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

#### Budgeted Departmental Statement of Financial Performance

The ARC is budgeting for a break-even operating result for 2005-06.

Total revenue in 2005-06 is estimated to be \$15.054 million, an increase of \$1.549 million from the 2004-05 estimated actual. The increase is principally as a result of the transfer of funding for administration of the National Competitive Grants Programme (\$2.0 million).

**Diagram 5.1: Total Departmental Expenses**



Note: The increase in funding in 2005-06 is principally due to the transfer of \$2.0 million to departmental expenses.

*Budgeted financial statements — ARC*

**Budgeted Departmental Statement of Financial Position**

The ARC's budgeted net asset position of \$6.284 million is unchanged from the 2004-05 estimated actual.

The ARC's leasehold improvement and intangibles are projected to increase to \$1.041 million and \$2.750 million respectively in 2005-06 due to the ARC's capital expenditure program. Correspondingly the appropriation receivable in 2005-06 is projected to decrease to \$3.759 million under the receivables.

The ARC's primary liability continues to be accrued employee entitlements which as a result of staff increase and accruing leave entitlements are estimated to increase in 2005-06 to \$1.703 million.

**Budgeted Departmental Statement of Cash Flows**

The increase of appropriations drawdown in 2005-06 reflects the transfer of funding for administration of the NCGP (\$2.0 million) and additional cash requirements for capital projects in 2005-06.

**Departmental Capital Budget Statement**

The estimates in this table represent the ARC's capital expenditure program in relation to future accommodation requirements and replacement of software assets.

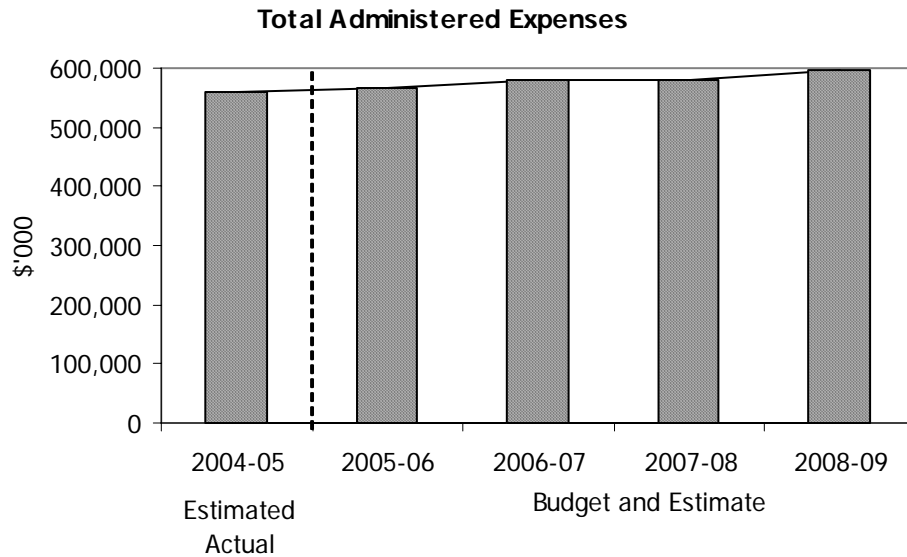
**Departmental Non-Financial Assets — Summary of Movement**

The purchases of non-financial assets reflect the capital expenditure program as mentioned above. The write-down of non-financial assets relates to fully depreciated leasehold improvements and old furniture and fixtures to be written off due to the anticipated move to a new office in 2005-06.

**Schedule of Budgeted Revenues and Expenses Administered on behalf of Government**

The ARC will receive appropriation of \$556.467 million for grant payments administered on behalf of the Government, representing an increase of \$75.061 million from the 2004-05 estimated actual. This is largely due to the increase in funding for the National Competitive Grants Program under *Backing Australia's Ability*.

Diagram 5.2: Total Administered Expenses



Administered expenses are higher than appropriation revenue due to the timing of the recognition of grant expenses and liabilities under the ARC's accounting policies.

**Schedule of Budgeted Assets and Liabilities Administered on behalf of Government**

Total assets are expected to remain at \$1.043 million, representing GST input tax credits to be claimed back from the Australian Taxation Office.

Total liabilities are expected to increase by \$9.257 million from the 2004-05 estimated actual to \$269.372 million. The increase reflects the increase in funding for the National Competitive Grants Program under *Backing Australia's Ability*.

## 5.2: BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted Departmental Statement of Financial Performance for the period ended 30 June**

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>REVENUE</b>					
<b>Revenues from ordinary activities</b>					
Revenues from Government	12,897	<b>14,996</b>	15,100	15,416	15,566
Resources received free of charge	58	<b>58</b>	58	58	58
Other	550				
<b>Revenues from ordinary activities</b>	<b>13,505</b>	<b>15,054</b>	<b>15,158</b>	<b>15,474</b>	<b>15,624</b>
<b>EXPENSE</b>					
<b>Expenses from ordinary activities</b>					
Employees	5,996	<b>7,096</b>	7,626	7,987	8,277
Suppliers	6,259	<b>7,619</b>	6,972	6,785	6,588
Depreciation and amortisation	302	<b>339</b>	560	702	759
Write-down of assets	948				
<b>Expenses from ordinary activities</b>	<b>13,505</b>	<b>15,054</b>	<b>15,158</b>	<b>15,474</b>	<b>15,624</b>
<b>Net surplus or deficit attributable to the Australian Government</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 5.2: Budgeted Departmental Statement of Financial Position as at 30 June**

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	213	213	213	213	213
Receivables	7,073	3,823	3,861	4,529	5,254
<b>Total financial assets</b>	<b>7,286</b>	<b>4,036</b>	<b>4,074</b>	<b>4,742</b>	<b>5,467</b>
<b>Non-financial assets</b>					
Leasehold Improvements	24	1,041	960	876	789
Infrastructure, plant and equipment	62	409	382	362	338
Intangibles	713	2,750	2,961	2,574	2,137
Other non-financial assets	31	31	31	31	31
<b>Total non-financial assets</b>	<b>830</b>	<b>4,231</b>	<b>4,334</b>	<b>3,843</b>	<b>3,295</b>
<b>Total assets</b>	<b>8,116</b>	<b>8,267</b>	<b>8,408</b>	<b>8,585</b>	<b>8,762</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	1,553	1,703	1,858	2,035	2,212
Other provisions	64	64	64	64	64
<b>Total provisions</b>	<b>1,617</b>	<b>1,767</b>	<b>1,922</b>	<b>2,099</b>	<b>2,276</b>
<b>Payables</b>					
Suppliers	60	61	47	47	47
Other payables	155	155	155	155	155
<b>Total payables</b>	<b>215</b>	<b>216</b>	<b>202</b>	<b>202</b>	<b>202</b>
<b>Total liabilities</b>	<b>1,832</b>	<b>1,983</b>	<b>2,124</b>	<b>2,301</b>	<b>2,478</b>
<b>NET ASSETS</b>	<b>6,284</b>	<b>6,284</b>	<b>6,284</b>	<b>6,284</b>	<b>6,284</b>
<b>EQUITY*</b>					
Contributed equity	4,686	4,686	4,686	4,686	4,686
Reserves	6	6	6	6	6
Retained surpluses	1,592	1,592	1,592	1,592	1,592
<b>Total equity</b>	<b>6,284</b>	<b>6,284</b>	<b>6,284</b>	<b>6,284</b>	<b>6,284</b>
<b>Current assets</b>	<b>7,317</b>	<b>4,067</b>	<b>4,105</b>	<b>4,773</b>	<b>5,498</b>
<b>Non-current assets</b>	<b>799</b>	<b>4,200</b>	<b>4,303</b>	<b>3,812</b>	<b>3,264</b>
<b>Current liabilities</b>	<b>861</b>	<b>915</b>	<b>957</b>	<b>1,017</b>	<b>1,063</b>
<b>Non-current liabilities</b>	<b>971</b>	<b>1,068</b>	<b>1,167</b>	<b>1,284</b>	<b>1,415</b>

Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 5.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June**

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	12,055	<b>18,244</b>	15,060	14,734	14,840
GST Received	533	<b>760</b>	699	682	663
Other	550				
<b>Total cash received</b>	<b>13,138</b>	<b>19,004</b>	<b>15,759</b>	<b>15,416</b>	<b>15,503</b>
<b>Cash used</b>					
Employees	5,928	<b>6,908</b>	7,408	7,708	8,100
Suppliers	6,237	<b>7,596</b>	6,989	6,815	6,529
GST Payments to Suppliers	544	<b>760</b>	699	682	663
Cash to the Official Public Account	1				
<b>Total cash used</b>	<b>12,710</b>	<b>15,264</b>	<b>15,096</b>	<b>15,205</b>	<b>15,292</b>
<b>Net cash from operating activities</b>	<b>428</b>	<b>3,740</b>	<b>663</b>	<b>211</b>	<b>211</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of PP&E and Intangibles	428	<b>3,740</b>	663	211	211
<b>Total cash used</b>	<b>428</b>	<b>3,740</b>	<b>663</b>	<b>211</b>	<b>211</b>
<b>Net cash used by investing activities</b>	<b>(428)</b>	<b>(3,740)</b>	<b>(663)</b>	<b>(211)</b>	<b>(211)</b>
<b>Net increase or (decrease) in cash held</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash at the beginning of the reporting period	<b>213</b>	<b>213</b>	<b>213</b>	<b>213</b>	<b>213</b>
<b>Cash at the end of the reporting period</b>	<b>213</b>	<b>213</b>	<b>213</b>	<b>213</b>	<b>213</b>

**Table 5.4: Departmental Capital Budget Statement**

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections					
Total loans					
<b>Total capital appropriations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PURCHASE OF NON-CURRENT ASSETS</b>					
Funded internally by Departmental resources	428	3,740	663	211	211
<b>Total</b>	<b>428</b>	<b>3,740</b>	<b>663</b>	<b>211</b>	<b>211</b>

**Table 5.5: Departmental Property, Plant, Equipment and Intangibles — summary of movement (Budget year 2005-06)**

	Buildings \$'000	Infrastructure plant and equipment \$'000	Intangibles (computer software) \$'000	Total \$'000
<b>As at 1 July 2005</b>				
Gross book value	244	293	2,663	3,200
Accumulated depreciation	220	231	1,950	2,401
<b>Opening net book value</b>	<b>24</b>	<b>62</b>	<b>713</b>	<b>799</b>
Additions:				
by purchase	1,095	415	2,230	3,740
Depreciation/amortisation expense	78	68	193	339
Recoverable amount write-downs	244	258		502
Accumulated Depreciation:				
Recoverable amount write-downs	244	258		502
<b>As at 30 June 2006</b>				
Gross book value	1,095	450	4,893	6,438
Accumulated depreciation	54	41	2,143	2,238
<b>Closing net book value</b>	<b>1,041</b>	<b>409</b>	<b>2,750</b>	<b>4,200</b>

**Table 5.6: Schedule of Budgeted Revenues and Expenses administered on behalf of Government for the period ended 30 June**

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Total revenue administered on behalf of Government	0	0	0	0	0
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	560,000	565,724	580,268	580,724	595,268
Total expenses administered on behalf of Government	560,000	565,724	580,268	580,724	595,268

Note: For budgeted administered appropriations, please refer to Table 5.8.

**Table 5.7: Schedule of Budgeted Assets and Liabilities administered on behalf of Government as at 30 June**

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Receivables	1,043	1,043	1,043	1,043	1,043
Total assets administered on behalf of Government	1,043	1,043	1,043	1,043	1,043
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Provisions and Payables</b>					
Grants	260,115	269,372	281,887	282,710	283,237
Total liabilities administered on behalf of Government	260,115	269,372	281,887	282,710	283,237

**Table 5.8: Schedule of Budgeted Administered Cash Flows for the period ended 30 June**

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	481,406	<b>556,467</b>	567,753	579,901	594,741
GST Input Credit Receipts	614	<b>614</b>	614	614	614
<b>Total cash received</b>	<b>482,020</b>	<b>557,081</b>	<b>568,367</b>	<b>580,515</b>	<b>595,355</b>
<b>Cash used</b>					
Grants	481,406	<b>556,467</b>	567,753	579,901	594,741
GST Payments to Suppliers	614	<b>614</b>	614	614	614
<b>Total cash used</b>	<b>482,020</b>	<b>557,081</b>	<b>568,367</b>	<b>580,515</b>	<b>595,355</b>
<b>Net cash from/(used by) operating activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 5.9: Schedule of Administered Capital Budget**

ARC has no administered capital.

**Table 5.10: Schedule of Property, Plant, Equipment and Intangibles — summary of movement (Budget Year 2005-06)**

ARC has no administered property, plant, equipment and intangibles.

## **5.3: NOTES TO THE FINANCIAL STATEMENTS**

### **Note 1: Intangibles**

The ARC's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost.

### **Note 2: Employee entitlements**

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

### **Note 3: Grants**

The ARC administers a number of grant schemes on behalf of the Government.

Grant liabilities are recognised to the extent that the grant eligibility criteria or reporting requirements have been satisfied. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

