

**Australian Research Council (ARC) Administration of the National
Competitive Grants Program**

Joint Committee of Public Accounts and Audit

Written Questions on Notice

Topic: Government Priorities

Questions:

With reference to para 2.11, the 2015 research priorities were listed as food, soil and water, transport, cybersecurity, energetic resources, advanced manufacturing, environmental change, and health.

1. Has the review of the 2015 science and research priorities been finalised? If so what are they and how do they relate to the NCGP? If not, when is this expected to be reported to government?

ARC Response

The ARC was not tasked with reviewing the 2015 Science and Research Priorities. Rather, it was tasked with reviewing the ARC's implementation of the priorities.

2. ARC - listing a science and research priority is not mandatory in the application process, however would doing so be able to assist in the assessment phase of applications? Are there benefits to a non-mandatory inclusion of an area of priority research proposals?

ARC Response

An applicant is asked to indicate on the application form if the proposed research relates to a National Science and Research Priority – this is a compulsory yes or no question. If the applicant answers yes, the applicant must also identify which Science and Research Priority and which associated Practical Challenge.

As part of the assessment criterion relating to the Benefit of the proposal, assessors are required to assess the “potential contribution to capacity in the Australian Government's National Science and Research Priorities and other priorities identified by Government”.

The ARC's approach is reflective of its purpose to fund the highest quality research across all disciplines and allows for research to be undertaken in new and emerging areas of inquiry that may underpin future innovation. It also provides the ARC the flexibility to respond to emerging issues requiring research solutions.

3. Jumping forward to figure 2.1 – the applications that indicated ‘no priority’ in 2017 was roughly 15 per cent and in 2018 it is roughly 35 per cent - can the ARC provide to the committee some examples of projects that had ‘no priority’ associated? What are some of these topics?

ARC Response

Projects that are funded by the ARC, but which are not associated with a National Science and Research Priority are across the full spectrum of disciplines. Below is an example of projects funded in 2018 that were not associated with a National Science and Research Priority:

- Enabling next-generation earthquake and tsunami early warning. This project aims to develop a new approach for earthquake and tsunami early warning, avoiding many of the limitations currently present in such systems.
 - Hidden harm: Everyday alcohol consumption in Australian homes. This project aims to investigate how family and other factors in the home environment affect alcohol consumption and associated social harms.
 - Bringing Indigenous voices into judicial decision-making. This project aims to show how judgments can be written so as to be inclusive of Indigenous people's voices and histories.
 - Reshaping superannuation practice in Australia using big data analytics. The project will try to understand the broad characteristics of Australian superannuation investors and their practice from a 'big data' perspective.
 - Managing an ageing population for income adequacy and fiscal sustainability. This project aims to improve understanding of the impacts of existing key reforms intended to ease fiscal pressures associated with population ageing.
 - New generation psychology advances in science motivation and engagement. Following alarming declines in science participation and performance at school and beyond, this project aims to harnesses educational psychology, physiological psychology, and neuro-psychology, to develop "new generation" advances in science motivation and engagement.
 - Optical wireless communications: solving the spectrum crunch. This project aims to make optical wireless communication to handheld mobile receivers a reality by developing systems which combine holographic filters and microsystems to realise a new form of receiver.
 - The scale and structure of the Milky Way. This project aims to use new Australian infrastructure to make the most accurate distance measurements to date in the southern Milky Way, completing the three-dimensional picture of our Galaxy.
4. Universities Australia indicated in their submission that "we also need to be mindful that non-directed research is critical feedstock for discovery and (further downstream) innovation" – Could the ARC provide their thoughts around this point?

ARC Response

See response to question 2.

5. The International Australian Studies Association noted in their submission that they would like to see the introduction of 'national interest' as part of the assessment criteria for the National Competitive Grants Program – what is ARC's view on this potential inclusion to the assessment criteria?

ARC Response

The submission from the International Australian Studies Association merely noted that the Minister had introduced a national interest test.

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Topic: Further questions

Questions:

1. ARC: with regards to para 20 - In 2018, the ARC established a new evaluation strategy and plan to assess the effectiveness of the NCGP, which resulted in two evaluations in 2018-19 - what were the findings of these two evaluations of the NCGP? Did these mirror the findings of the ANAO?

ARC Response:

The two evaluations in 2018-19 assessed particular elements of NCGP administration against scheme specific objectives:

- Implementation of the continuous Linkage Projects process—which found that the introduction of a continuous application and assessment process in the Linkage Projects scheme had mixed results, and made five recommendations to improve its effectiveness and efficiency; and
- Industrial Transformation Research Program (ITRP) process and priorities—which found that stakeholders considered the ITRP to be effective in supporting industry focused research collaboration, and made four recommendations to improve its implementation.

The evaluations did not address overall administration of the NCGP, and the scope of their findings is therefore different from those of the ANAO. Both evaluations and the ARC's responses have been published on the ARC website at:

<https://www.arc.gov.au/policies-strategies/strategy/evaluation>.

2. ARC: with regards to para 2.7 - the ANAO found that the ARC should consider only publishing new NCGP guidelines when necessary. ARC indicated it is considering this as part of its streamlining review - how is this going? Is there an outcome? (Check submission)

ARC Response:

The ARC has now moved to publishing multi-year guidelines.

3. ARC: with regards to para 3.46 - the ANAO analysis of funded grant rounds found that 99 per cent were awarded less funding than the amount requested - can the ARC provide some advice as to why this is the case?

ARC Response:

Peer review is central to the assessment of applications for ARC grants. In addition to peer review by detailed assessors, all ARC grant applications are considered by members of a Selection Advisory Committee (SAC). SAC members are experts of international standing, drawn from the Australian research community and across all disciplines from higher education, industry and public sector research organisations, as well as other eminent members of the wider academic community and/or key industry groups.

SACs recommend to the ARC CEO which applications should be funded and how much funding should be allocated. SACs carefully consider budget requests and justifications provided in the application. Upon consideration of the impact of any budget reductions to the capacity to undertake the proposed research, SACs may recommend less funding be allocated to an application than requested if they do not support all budget items as requested.

4. ARC: With regards to para 4.6 – a benchmark was included in the ARC's corporate plan for 17-18 for 14 of the 23 KPIs but was not included in the 2018-19 corporate plan – why is this the case?

ARC Response

The ARC utilised the same benchmarks in the 2018–19 Corporate Plan as per the 2017–18 Corporate Plan. These were published in the ARC's 2017–18 Annual Report, with the results from the previous four years as part of the analysis of the Annual Performance Statement (p.24–39). They were not published in the 2018–19 Corporate Plan as the ARC was streamlining its Corporate Plan. The benchmarks were published in the 2019–20 Corporate Plan following the ANAO Performance Audit.

5. ARC: What action has been taken to address improving the clarity of some of its performance measures? (check sub)

ARC Response

The ARC is reviewing the Key Performance Indicators (KPIs) used by other national and international funding bodies. It is also reviewing the KPIs in light of draft advice from the Department of Finance following the review of the *Public Governance, Performance and Accountability Act 2013* and the ANAO analysis of the ARC's KPIs during the ANAO's performance audit of the National Competitive Grants Program. It is expected that the revised KPIs will be included in the ARC's 2020-21 Corporate Plan.

6. ARC: With regards to paragraph 4.15 – a new business intelligence tool had been developed to address the lack of systematic reporting undertaken the Post-award team.

Has this tool been utilised by the post award team yet? If so, what has the impact of the tool been? If not, what is the expected benefit?

ARC Response

A business intelligence (BI) tool to analyse ARC's post-award data has been in use by the post award team since late 2016. The ARC is continuing to refine and improve the BI tool to enhance trend reporting and real-time monitoring of post-award activities. The benefits of the BI tool are to identify grant compliance issues more efficiently and further improve the effectiveness of ARC post-award assurance activities.

In 2019, the ARC also introduced an easy access dashboard to access data and receive notifications into the ARC's Research Management System (RMS) to further assist ARC and Administering Organisations to manage post-award activities.

7. ARC: What are some of the common reasons for grant agreement variations? Is there an explanation as to why from 2016–19 there have been 4889 variations submitted by administering organisations? (footnote 27).

ARC Response

Grant variations are submitted to ensure that Administering Organisations comply with their obligations outlined in relevant Grant Agreements.

In accordance with Grant Agreements variation requests must be submitted to the ARC at any time during the conduct of an ARC-funded project where there are significant changes to the project, both financial and non-financial. Variation request types specified in Grant Agreements include: allowance requests (e.g. maternity/parental leave); budget change variations; organisation participation and contribution variations; personnel participation variations; project variations (e.g. suspension, changes to start or end dates, scope change, transfer and relinquishment).

The number of Grant Agreement variation requests received by the ARC varies from year to year, with ARC currently administering just over 4,000 active projects. The number and type of variations is influenced by the number of active projects and the requirements of the ARC scheme they are funded under.

In late 2018, the ARC significantly streamlined post-award grant agreement variation processes to reduce the burden on both researchers and administering organisations.

8. ARC: with reference to paragraph 4.24, there was quite a backlog on the processing of final reports by the ARC. Can you provide some insight into why such a backlog had occurred? Is there any context as to why this backlog peaked to in 2016?

➤ What steps have the ARC taken to ensure that this is avoided in the future?

ARC Response

The backlog peaked in 2016 when all post-award data was collated into the ARC's Research Management System (RMS) and all outstanding Final Reports could be more easily identified by the ARC and Administering Organisations.

This also coincided with the introduction of stricter enforcement of eligibility rules for new ARC grant applications, requiring all participants to have met their obligations in relation to previously funded ARC projects (including submission of final reports) prior to application submission dates.

As a result, there was a substantial increase in the number of final reports submitted to the ARC over a short period, creating the backlog. In response, additional resources, through the establishment of an internal ARC working group, were allocated to process the backlog of final reports.

Once the backlog of final reports was addressed, the ARC post-award team resumed business as usual processing of final reports. The post award team provide final report statistics to senior ARC executive fortnightly. There has been no further build-up in numbers of final reports. Furthermore, streamlining of final reports to include auto-populated data has improved the efficiency of final reports for researchers and Administering Organisations completing reports and ARC post award team processing time for submitted reports.