



Australian Research Council Amendment Bill (No. 2) 2010

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Australian Research Council Amendment Bill (No. 2) 2010

Date introduced: 17 November 2010

House: House of Representatives

Portfolio: Innovation, Industry, Science and Research

Commencement: On Royal Assent

Links: The links to the [Bill, its Explanatory Memorandum and second reading speech](#) can be found on the Bills home page, or through <http://www.aph.gov.au/bills/>. When bills have been passed they can be found at the ComLaw website, which is at <http://www.comlaw.gov.au/>.

Purpose

The purpose of the Australian Research Council Amendment Bill (No.2) 2010 is to amend the *Australian Research Council Act 2001* (ARC Act) to make indexation adjustments to the existing funding caps for the financial years 2010 to 2012 and to include a funding cap for the 2013 financial year.

Background

Australian Research Council

The Australian Research Council (ARC) is a statutory authority within the Innovation, Industry, Science and Research portfolio. It advises the Government on research matters and manages the National Competitive Grants Program (NCGP) which it describes as 'a significant component of Australia's investment in research and development'.¹ According to the ARC's website, the NCGP program enables the ARC to support 'the highest-quality fundamental and applied research and research training through national competition across all disciplines with the exception of clinical medicine and dentistry'.²

This Bill proposes to amend the ARC Act to update the special appropriation funding caps. The changes are a result of applying indexation to the annual research cap amounts currently provided for in the ARC Act. The indexation adjustments are the result of indexing the current caps against the cost adjustment factor (CAF). This is an index 'used to adjust the Commonwealth's contribution for increases in the operating costs of higher education institutions. The salary cost component of the CAF is based on the Safety Net Adjustment (SNA) as determined by the Australian Industrial Relations Commission while the non-salary cost component is indexed using the Consumer Price

1. Australian Research Council (ARC), 'Welcome to the Australian Research Council', ARC website, viewed 22 November 2010, <http://www.arc.gov.au/default.htm>

2. Ibid.

Index (CPI).³ The House of Representatives Standing Committee on Selection also decided not to refer this Bill to committees.⁴

Committee consideration

The Senate Selection of Bills Committee met on 18 November 2010. It recommended that the Australian Research Council Amendment Bill (No. 2) 2010 not be referred to a committee.⁵

Financial implications

The Explanatory Memorandum states that by adding an additional outyear to the forward estimates and by updating indexation, the Bill will increase spending by approximately \$824.637 million over four financial years.⁶

Section 49 of the ARC Act currently provides that the total of all approved amounts determined in respect of a year to which this Division applies must not exceed:

- (k) for the financial year starting on 1 July 2010—\$695,860,000;
and
- (l) for the financial year starting on 1 July 2011—\$774,169,000;
and
- (m) for the financial year starting on 1 July 2012—\$811,072,000.⁷

- The Bill proposes to increase the amount in subsection 49(k) to \$708,732,000 for 2010, an increase of \$12,872,000.
- The Bill proposes to increase the amount in subsection 49(l) to \$783,507,000 for 2011, an increase of \$9,338,000.
- The Bill proposes to increase the amount in subsection 49(m) to \$817,886,000 for 2012, an increase of \$6,814,000.
- The total increase to the funding caps for existing amounts is \$29,024,000.

The Bill proposes to set the funding cap for the financial year starting on 1 July 2013 at \$795,613,000. This is a slight decrease compared to the funding cap for 2012.

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3. Senate Legislation Committee, Education, Science and Training, *Questions on notice 2003-2004 Additional Estimates Hearing*, 18 February 2004, viewed 22 November 2010, http://www.aph.gov.au/Senate/committee/eet_ctte/estimates/add_0304/dest/e727_04.pdf
 4. House of Representatives Standing Committee on Selection, Report No. 7, 17 November 2010, p. 3.
 5. Senate Selection of Bills Committee, [Report No. 14](#) of 2010, 18 November 2010.
 6. Explanatory Memorandum, Australian Research Council Amendment Bill (No. 2) 2010, p. 1.
 7. *Australian Research Council Act 2001*, section 49.

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Key provisions

Schedule 1—Amendments to the Australian Research Council Act 2001

Item 1 amends existing subsection 48(2) by inserting **proposed paragraph 48(2)(j)** which adds the financial year starting on 1 July 2013 to the list of financial years to which Division 1 (Funding of Research) of Part 7 (Financial assistance for approved research programs) applies.

Item 2 repeals existing paragraphs 49(k), (l) and (m) and substitutes proposed paragraphs 49(k), (l), (m) and (n). Section 49 sets out the annual funding caps proposed for the financial years specified in section 48. The revised funding caps for financial years 2010, 2011 and 2012 are included, together with the proposed funding cap for the 2013 financial year.

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