

COMMONWEALTH GRANTS COMMISSION

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COMMONWEALTH GRANTS COMMISSION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Commonwealth Grants Commission (the Commission) operates under the *Commonwealth Grants Commission Act 1973*. It is a statutory authority whose role is to provide advice to the Australian Government in response to terms of reference.

The main subject on which the Commission provides advice is the allocation among the states of the goods and services tax (GST) revenue. Terms of reference for these inquiries are decided by the Australian Government in consultation with the states. The reports are considered by the Council on Federal Financial Relations.

The Commission, or its staff, may also be asked to report on the finances of Australia's external territories, local government matters and the financing of services for Indigenous people. Where required, terms of reference for those inquiries are developed by relevant Australian Government entities and the reports are considered by their Ministers.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2020-21 as at Budget October 2020

	<i>2019-20 Estimated actual \$'000</i>	2020-21 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	5,165	8,287
Departmental appropriation (b)	8,227	8,482
Departmental capital budget (c)	825	1,102
Total departmental annual appropriations	<u>14,217</u>	<u>17,871</u>
Total departmental resourcing	14,217	17,871
	<u>2019-20</u>	<u>2020-21</u>
Average staffing level (number)	24	34

All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

Prepared on a resourcing (i.e. appropriations available) basis

- (a) Appropriation Bill (No. 1) 2020-21.
- (b) Excludes departmental capital budget (DCB).
- (c) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

The CGC has no new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports - to provide a complete picture of an entity's planned and actual performance.

The most recent corporate plan for the Commonwealth Grants Commission can be found at: <https://www.cgc.gov.au/>

The most recent annual performance statement can be found at: <https://www.cgc.gov.au/>

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Informed Government decisions on fiscal equalisation between the states and territories through advice and recommendations on the distribution of GST revenue.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
Program 1.1: Commonwealth Grants Commission					
Departmental expenses					
Departmental appropriation	8,227	8,482	8,208	7,943	7,826
Expenses not requiring appropriation in the Budget year (a)	571	534	715	703	724
Departmental total	8,798	9,016	8,923	8,646	8,550
Total expenses for program 1.1	8,798	9,016	8,923	8,646	8,550
Total expenses for Outcome 1	8,798	9,016	8,923	8,646	8,550
	2019-20	2020-21			
Average staffing level (number)	24	34			

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2020-21 Budget measures have created new programs or materially changed existing programs.

Outcome 1 – Informed Government decisions on fiscal equalisation between the states and territories through advice and recommendations on the distribution of GST revenue.		
Program 1.1 – The Commission makes recommendations on the distribution of the GST pool, which are considered by Government		
Delivery	The Commission will prepare a report, on an annual basis, recommending the distribution of the GST pool to the states and territories.	
Performance information		
Year	Performance criteria	Targets
2019-20	Excellent research and analysis Stakeholder engagement Responsiveness to government	Achieved
2020-21 and beyond	Excellent research and analysis Stakeholder engagement Responsiveness to government	Recognised analytical work of a technically high quality Consultation in accordance with the agreed engagement plan Timely provision of advice in accordance with terms of reference
Purpose	The purpose of the Commonwealth Grants Commission (CGC) is to provide advice and recommendations to the Australian Government on the relative fiscal capacities of the states and territories as the basis for distributing GST revenue to achieve fiscal equalisation among the states and territories. The Commission, or its staff, may also be asked to provide advice on the finances of Australia's external territories, local government matters and the financing of services for Indigenous people. Where required, terms of reference for those inquiries are developed by relevant Australian Government entities and the reports are considered by their Ministers.	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2020-21 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between the financial information presented in the Budget Papers (most notably *Budget Paper No. 1: Budget Strategy and Outlook*) and Portfolio Budget Statements as a result of differences between whole-of-government level financial reporting

3.1.2 Explanatory notes and analysis of budgeted financial statements

The financial statements have been prepared on an Australian Accounting Standards basis.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
EXPENSES					
Employee benefits	4,226	5,564	5,417	5,472	5,547
Suppliers	1,150	2,612	2,501	2,324	2,125
Depreciation and amortisation (a)	526	489	670	658	679
Total expenses	5,902	8,665	8,588	8,454	8,351
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	75	45	45	45	45
Total own-source revenue	75	45	45	45	45
Total own-source income	75	45	45	45	45
Net (cost of)/contribution by services	(5,827)	(8,620)	(8,543)	(8,409)	(8,306)
Revenue from Government	8,227	8,482	8,208	7,943	7,826
Surplus/(deficit) attributable to the Australian Government	2,400	(138)	(335)	(466)	(480)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	(64)	-	-	-	-
Total other comprehensive income	(64)	-	-	-	-
Total comprehensive income/(loss)	2,336	(138)	(335)	(466)	(480)
Total comprehensive income/(loss) attributable to the Australian Government	2,336	(138)	(335)	(466)	(480)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations, depreciation on ROU, principal repayments on leased assets	2,351	(139)	(320)	(447)	(468)
less: depreciation/amortisation expenses for ROU assets (b)	350	350	350	211	211
add: Principal repayments on leased assets (b)	335	351	335	192	199
Total comprehensive income/(loss) - as per the statement of comprehensive income	2,336	(138)	(335)	(466)	(480)

Prepared on Australian Accounting Standards basis.

- (a) From 2010-11, the Government introduced net cash appropriation arrangements. This involved Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.
- (b) Applies leases under AASB 16 Leases.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	100	100	100	100	100
Trade and other receivables	8,299	8,323	8,347	7,636	7,636
Total financial assets	8,399	8,423	8,447	7,736	7,736
Non-financial assets					
Land and buildings	856	428	-	1,868	1,557
Property, plant and equipment	89	89	89	89	89
Software	15	1,056	1,915	1,831	1,728
Prepayments	72	48	24	-	-
Total non-financial assets	1,032	1,621	2,028	3,788	3,374
Total assets	9,431	10,044	10,475	11,524	11,110
LIABILITIES					
Payables					
Suppliers	128	128	128	128	128
Other payables	109	109	109	109	109
Total payables	237	237	237	237	237
Interest bearing liabilities					
Leases	686	335	-	1,287	1,088
Total interest bearing liabilities	686	335	-	1,287	1,088
Provisions					
Employee provisions	1,412	1,412	1,412	1,412	1,412
Other provisions	109	109	109	74	74
Total provisions	1,521	1,521	1,521	1,486	1,486
Total liabilities	2,444	2,093	1,758	3,010	2,811
Net assets	6,987	7,951	8,717	8,514	8,299
EQUITY*					
Parent entity interest					
Contributed equity	886	1,988	3,089	3,352	3,617
Reserves	200	200	200	-	-
Retained surplus (accumulated deficit)	5,901	5,763	5,428	5,162	4,682
Total equity	6,987	7,951	8,717	8,514	8,299

*'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2020-21)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2020				
Balance carried forward from previous period	5,901	200	886	6,987
Adjusted opening balance	5,901	200	886	6,987
Comprehensive income				
Surplus/(deficit) for the period	(138)	-	-	(138)
Total comprehensive income	(138)	-	-	(138)
Transactions with owners				
Contributions by owners				
Departmental Capital Budget (DCB)	-	-	1,102	1,102
Sub-total transactions with owners	-	-	1,102	1,102
Estimated closing balance as at 30 June 2021	5,763	200	1,988	7,951
Closing balance attributable to the Australian Government	5,763	200	1,988	7,951

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,620	8,458	8,184	8,654	7,826
Total cash received	6,620	8,458	8,184	8,654	7,826
Cash used					
Employees	4,590	5,564	5,417	5,472	5,547
Suppliers	1,722	2,543	2,432	2,255	2,080
Total cash used	6,312	8,107	7,849	7,727	7,627
Net cash from/(used by) operating activities	308	351	335	927	199
INVESTING ACTIVITIES					
Cash used					
Purchase of non-financial assets	22	1,102	1,101	998	265
Total cash used	22	1,102	1,101	998	265
Net cash from/(used by) investing activities	(22)	(1,102)	(1,101)	(998)	(265)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	22	1,102	1,101	263	265
Total cash received	22	1,102	1,101	263	265
Cash used					
Principal payments on lease liability	335	351	335	192	199
Total cash used	335	351	335	192	199
Net cash from/(used by) financing activities	(313)	751	766	71	66
Net increase/(decrease) in cash held	(27)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	127	100	100	100	100
Cash and cash equivalents at the end of the reporting period	100	100	100	100	100

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	825	1,102	1,101	263	265
Total new capital appropriations	825	1,102	1,101	263	265
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	825	1,102	1,101	263	265
Total items	825	1,102	1,101	263	265
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	825	1,102	1,101	263	265
Funded internally from departmental resources (b)	-	-	-	735	-
TOTAL	825	1,102	1,101	998	265
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	825	1,102	1,101	998	265
Total cash used to acquire assets	825	1,102	1,101	998	265

Prepared on Australian Accounting Standards basis.

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

(b) Includes funding from current and prior year Act 1 appropriations (excluding amounts from the DCB).

Table 3.6: Statement of asset movements (Budget year 2020-21)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2020				
Gross book value	156	296	22	474
Gross book value - ROU assets	1,050	-	-	1,050
Accumulated depreciation/ amortisation and impairment	-	(207)	(7)	(214)
Accumulated depreciation/amortisation and impairment - ROU assets	(350)	-	-	(350)
Opening net book balance	856	89	15	960
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	61	1,041	1,102
Total additions	-	61	1,041	1,102
Other movements				
Depreciation/amortisation expense	(78)	(61)	-	(139)
Depreciation/amortisation on ROU assets	(350)	-	-	(350)
Total other movements	(428)	(61)	-	(489)
As at 30 June 2021				
Gross book value	156	357	1,063	1,576
Gross book value - ROU assets	1,050	-	-	1,050
Accumulated depreciation/ amortisation and impairment	(78)	(268)	(7)	(353)
Accumulated depreciation/amortisation and impairment - ROU assets	(700)	-	-	(700)
Closing net book balance	428	89	1,056	1,573

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2020-21 for depreciation/amortisation expenses, DCBs or other operational expenses.

