

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 Commission'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 2019-20 as at Budget April 2019

	<i>2018-19 (a) Estimated actual \$'000</i>	2019-20 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (b)		
Prior year appropriations available	4,961	4,961
Departmental appropriation (c)	6,067	8,227
Departmental capital budget (d)	61	825
Total departmental annual appropriations	<u>11,089</u>	<u>14,013</u>
Total departmental resourcing	11,089	14,013
<hr/>		
Average staffing level (number)	<u>26</u>	<u>34</u>

(a) Annual appropriation amounts appearing for 2018-19 do not include the Appropriation Bills (No. 3) and (No. 4) 2018-2019, as they had not been enacted at the time of publication.

(b) Appropriation Bill (No.1) 2019-20.

(c) Excludes departmental capital budget (DCB).

(d) 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'.

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

Prepared on a resourcing (that is, appropriations available) basis.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Commission are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Measures announced since the 2018-19 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Expense measures						
Commonwealth Grants Commission —						
ICT strategy and transformation						
	1.1					
		-	2,169	2,408	2,128	1,976
		-	2,169	2,408	2,128	1,976
Total						
Total expense measures						
		-	2,169	2,408	2,128	1,976
		-	2,169	2,408	2,128	1,976
Total						
Capital measures (if applicable)						
Commonwealth Grants Commission —						
ICT strategy and transformation						
	1.1					
		-	764	1,043	1,049	205
		-	764	1,043	1,049	205
Total						
Total capital measures						
		-	764	1,043	1,049	205
		-	764	1,043	1,049	205
Total						

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

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.

The Commission's outcome is described below together with its related program. 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 enhanced 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 an entity's complete performance story.

The most recent corporate plan for the Commission can be found at:
<https://www.cgc.gov.au/governance/corporate-plan-2018-19>

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

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
Program 1.1: Commonwealth Grants Commission					
Departmental expenses					
Departmental appropriation	6,067	8,227	8,502	8,276	8,041
Expenses not requiring appropriation in the Budget year (a)	108	108	106	106	107
Departmental total	6,175	8,335	8,608	8,382	8,148
Total expenses for Program 1.1	6,175	8,335	8,608	8,382	8,148
Total expenses for Outcome 1	6,175	8,335	8,608	8,382	8,148

	2018-19	2019-20
Average staffing level (number)	26	34

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good 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 the program associated with Outcome 1. It also summarises how the program is delivered and where 2019-20 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	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
2020-21 and beyond	As per 2019-20 criteria	As per 2019-20 targets
Purpose	The Commission's sole function is to provide advice to the Australian Government in response to terms of reference from the Treasurer. The main subject on which the Commission provides advice is the allocation among the states of GST revenue. 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 2019-20 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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
EXPENSES					
Employee benefits	4,846	5,509	5,564	5,417	5,472
Suppliers	1,266	2,763	2,983	2,904	2,614
Depreciation and amortisation	63	63	61	61	62
Total expenses	6,175	8,335	8,608	8,382	8,148
LESS:					
OWN-SOURCE INCOME					
Gains					
Other	45	45	45	45	45
Total gains	45	45	45	45	45
Total own-source income	45	45	45	45	45
Net (cost of)/contribution by services	(6,130)	(8,290)	(8,563)	(8,337)	(8,103)
Revenue from Government	6,067	8,227	8,502	8,276	8,041
Surplus/(deficit) attributable to the Australian Government	(63)	(63)	(61)	(61)	(62)

Note: Impact of net cash appropriation arrangements

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	(63)	(63)	(61)	(61)	(62)
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	-	-	-	-	-
Total comprehensive income/(loss) - as per the statement of comprehensive income	(63)	(63)	(61)	(61)	(62)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where 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.

Prepared on Australian Accounting Standards basis.

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	100	100	100	100	100
Trade and other receivables	4,929	4,906	4,872	4,825	4,825
Total financial assets	5,029	5,006	4,972	4,925	4,925
Non-financial assets					
Land and buildings	282	282	282	282	282
Property, plant and equipment	227	225	225	225	225
Computer Software	-	764	1,807	2,856	3,061
Prepayments	30	30	30	30	30
Total non-financial assets	539	1,301	2,344	3,393	3,598
Total assets	5,568	6,307	7,316	8,318	8,523
LIABILITIES					
Payables					
Suppliers	108	108	108	108	108
Other payables	202	179	145	98	98
Total payables	310	287	253	206	206
Provisions					
Employee provisions	1,533	1,533	1,533	1,533	1,533
Other provisions	85	85	85	85	85
Total provisions	1,618	1,618	1,618	1,618	1,618
Total liabilities	1,928	1,905	1,871	1,824	1,824
Net assets	3,640	4,402	5,445	6,494	6,699
EQUITY*					
Parent entity interest					
Contributed equity	61	886	1,990	3,100	3,367
Reserves	552	552	552	552	552
Retained surplus (accumulated deficit)	3,027	2,964	2,903	2,842	2,780
Total equity	3,640	4,402	5,445	6,494	6,699

*'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 2019-20)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2019				
Balance carried forward from previous period	3,027	552	61	3,640
Adjusted opening balance	3,027	552	61	3,640
Comprehensive income				
Surplus/(deficit) for the period	(63)	-		(63)
Total comprehensive income	(63)	-	-	(63)
Contributions by owners				
Departmental Capital Budget (DCB)			825	825
Sub-total transactions with owners	-	-	825	825
Estimated closing balance as at 30 June 2020	2,964	552	886	4,402
Closing balance attributable to the Australian Government	2,964	552	886	4,402

Prepared on Australian Accounting Standards basis.

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,067	8,250	8,536	8,323	8,041
Total cash received	6,067	8,250	8,536	8,323	8,041
Cash used					
Employees	4,846	5,509	5,564	5,417	5,472
Suppliers	1,181	2,741	2,972	2,906	2,569
Total cash used	6,027	8,250	8,536	8,323	8,041
Net cash from/(used by) operating activities	40	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	61	825	1,104	1,110	267
Total cash used	61	825	1,104	1,110	267
Net cash from/(used by) investing activities	(61)	(825)	(1,104)	(1,110)	(267)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	61	825	1,104	1,110	267
Total cash received	61	825	1,104	1,110	267
Net cash from/(used by) financing activities	61	825	1,104	1,110	267
Net increase/(decrease) in cash held	40	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	60	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)

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	61	825	1,104	1,110	267
Total new capital appropriations	61	825	1,104	1,110	267
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>61</i>	<i>825</i>	<i>1,104</i>	<i>1,110</i>	<i>267</i>
Total items	61	825	1,104	1,110	267
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	61	825	1,104	1,110	267
TOTAL	61	825	1,104	1,110	267
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	61	825	1,104	1,110	267
Total cash used to acquire assets	61	825	1,104	1,110	267

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

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2019-20)

	Land & buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2019				
Gross book value	493	357	-	850
Accumulated depreciation/ amortisation and impairment	(211)	(130)	-	(341)
Opening net book balance	282	227	-	509
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	61	764	825
Total additions	-	61	764	825
Other movements				
Depreciation/amortisation expense	-	(63)	-	(63)
Total other movements	-	(63)	-	(63)
As at 30 June 2020				
Gross book value	493	418	764	1,675
Accumulated depreciation/ amortisation and impairment	(211)	(193)	-	(404)
Closing net book balance	282	225	764	1,271

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2019-20 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

