

COMMONWEALTH GRANTS COMMISSION

Section 1: Entity overview and resources	233
1.1 Strategic direction statement	233
1.2 Entity resource statement	233
1.3 Budget measures.....	234
Section 2: Outcomes and planned performance.....	235
2.1 Budgeted expenses and performance for Outcome 1.....	236
Section 3: Budgeted financial statements	238
3.1 Budgeted financial statements	238
3.2 Budgeted financial statements tables.....	239

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 advice is sought 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 at a meeting of the Council on Federal Financial Relations.

From time to time, the Commission is also asked to report on the finances of Australia's external territories, local Government matters and the financing of services for Indigenous people. 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 Commission 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 2017-18 as at Budget May 2017

	<i>2016-17 Estimated actual \$'000</i>	<i>2017-18 Estimate \$'000</i>
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	4,841	4,841
Departmental appropriation	6,203	6,126
Departmental capital budget (c)	63	62
<i>Total departmental annual appropriations</i>	<i>11,107</i>	<i>11,029</i>
Total departmental resourcing	11,107	11,029
Total resourcing for the Commonwealth Grants Commission	11,107	11,029
	<i>2016-17</i>	<i>2017-18</i>
Average staffing level (number)	30	30

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

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2017-18.

(b) Excludes \$5,000 subject to quarantine by Department of Finance or withheld under section 51 of the PGPA Act 2013.

(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 Commonwealth Grants Commission does not have any 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.

The Commission's outcome is described below together with its related program. The following provides detailed information on expenses for its 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: Corporate Plan.

The most recent annual performance statement can be found at: Annual Performance Statement.

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 and health care grants.

Note: Recent terms of reference for the Commission have not required advice and recommendations on health care grants.

Budgeted expenses for Outcome 1

The table below shows how much the Commission 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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Commonwealth Grants Commission					
Departmental expenses					
Departmental appropriation (a)	6,203	6,126	6,086	6,083	6,106
Expenses not requiring appropriation in the Budget year (b)	98	97	97	97	95
Departmental total	6,301	6,223	6,183	6,180	6,201
Total expenses for program 1.1	6,301	6,223	6,183	6,180	6,201

Average staffing level (number)	2016-17	2017-18
	30	30

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) 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

The table below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1 Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants.</p>		
<p>Program 1.1 — Commonwealth Grants Commission The Commission makes recommendations on the distribution of the GST pool, which are considered by Government.</p>		
<p>Delivery</p>	<p>The Commission will prepare a report, on an annual basis, recommending the distribution of the GST Pool to the States and Territories.</p>	
<p>Performance information</p>		
<p>Performance criteria</p>	<p>2016–17 targets</p>	<p>2017–18 and forward year estimates</p>
<p>Quality of research, the accuracy of calculations and the acceptance of the results presented to Government in response to terms of reference.</p>	<p>Fully met.</p>	<p>Fully met.</p>
<p>Purposes</p>	<p>The Commission’s sole function is to provide advice to the Australian Government in response to terms of reference from the Treasurer.</p> <p>The main subject on which advice is sought is the allocation among the States and Territories of the revenue from the GST. However, from time to time, the Commission is also asked to report on the finances of Australia’s external territories, local Government matters and the financing of services for indigenous people.</p> <p>Terms of reference for those inquiries are developed by relevant Australian Government agencies, sent to the Commission by the Treasurer, to whom the Commission provides any required reports.</p>	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	4,748	4,847	4,846	4,944	4,900
Suppliers	1,488	1,313	1,274	1,173	1,240
Depreciation and amortisation	65	63	63	63	61
Total expenses	6,301	6,223	6,183	6,180	6,201
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	-	-	-	-	-
Total own-source revenue	-	-	-	-	-
Gains					
Other	33	34	34	34	34
Total gains	33	34	34	34	34
Total own-source income	33	34	34	34	34
Net (cost of)/contribution by services	(6,268)	(6,189)	(6,149)	(6,146)	(6,167)
Revenue from Government	6,203	6,126	6,086	6,083	6,106
Surplus/(deficit) attributable to the Australian Government	(65)	(63)	(63)	(63)	(61)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(65)	(63)	(63)	(63)	(61)
Total comprehensive income/(loss) attributable to the Australian Government	(65)	(63)	(63)	(63)	(61)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	(65)	(63)	(63)	(63)	(61)
Total comprehensive income/(loss) - as per the statement of comprehensive income	(65)	(63)	(63)	(63)	(61)

(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.

Commonwealth Grants Commission Budget Statements

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	112	112	112	112	112
Trade and other receivables	4,734	4,734	4,734	4,734	4,734
Other financial assets	38	38	38	38	38
Total financial assets	4,884	4,884	4,884	4,884	4,884
Non-financial assets					
Land and buildings	423	423	423	423	423
Property, plant and equipment	124	123	121	119	119
Other non-financial assets	-	-	-	-	-
Total non-financial assets	547	546	544	542	542
Total assets	5,431	5,430	5,428	5,426	5,426
LIABILITIES					
Payables					
Suppliers	219	219	219	219	219
Other payables	112	112	112	112	112
Total payables	331	331	331	331	331
Provisions					
Employee provisions	1,610	1,610	1,610	1,610	1,610
Other provisions	-	-	-	-	-
Total provisions	1,610	1,610	1,610	1,610	1,610
Total liabilities	1,941	1,941	1,941	1,941	1,941
Net assets	3,490	3,489	3,487	3,485	3,485
EQUITY*					
Parent entity interest					
Contributed equity	190	252	313	374	435
Reserves	324	324	324	324	324
Retained surplus (accumulated deficit)	2,976	2,913	2,850	2,787	2,726
Total parent entity interest	3,490	3,489	3,487	3,485	3,485
Total equity	3,490	3,489	3,487	3,485	3,485

*'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 2017-18)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	2,976	324	-	190	3,490
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	2,976	324	-	190	3,490
Comprehensive income					
Other comprehensive income					-
Surplus/(deficit) for the period	(63)				(63)
Total comprehensive income	(63)	-	-	-	(63)
Contributions by owners					
Departmental capital budget (DCB)				62	62
Total transactions with owners	-	-	-	62	62
Estimated closing balance as at 30 June 2018	2,913	324	-	252	3,489
Closing balance attributable to the Australian Government	2,913	324	-	252	3,489

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,203	6,126	6,086	6,083	6,106
Net GST received	-	-	-	-	-
Total cash received	6,203	6,126	6,086	6,083	6,106
Cash used					
Employees	4,748	4,847	4,846	4,944	4,900
Suppliers	1,455	1,279	1,240	1,139	1,206
Net GST paid	-	-	-	-	-
Total cash used	6,203	6,126	6,086	6,083	6,106
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	63	62	61	61	61
Total cash used	63	62	61	61	61
Net cash from/(used by) investing activities	(63)	(62)	(61)	(61)	(61)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	63	62	61	61	61
Total cash received	63	62	61	61	61
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	63	62	61	61	61
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	112	112	112	112	112
Cash and cash equivalents at the end of the reporting period	112	112	112	112	112

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	63	62	61	61	61
Total new capital appropriations	63	62	61	61	61
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	63	62	61	61	61
Total items	63	62	61	61	61
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	63	62	61	61	61
TOTAL	63	62	61	61	61
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	63	62	61	61	61
Total cash used to acquire assets	63	62	61	61	61

(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 2017-18)

	Land & buildings \$'000	Other property, plant and equipment \$'000	Total \$'000
As at 1 July 2017			
Gross book value	493	243	736
Accumulated depreciation/ amortisation and impairment	(70)	(117)	(187)
Opening net book balance	423	126	549
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation ordinary annual services (a)	-	62	62
Total additions	-	62	62
Other movements			
Depreciation/amortisation expense	-	(65)	(65)
Total other movements	-	(65)	(65)
As at 30 June 2018			
Gross book value	493	305	798
Accumulated depreciation/ amortisation and impairment	(70)	(182)	(252)
Closing net book balance	423	123	546

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.