

# COMMONWEALTH GRANTS COMMISSION

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# COMMONWEALTH GRANTS COMMISSION

## Section 1: Agency 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 agencies and the reports are considered by their Ministers.

### 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the Commission.

**Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2014-15 as at Budget May 2014**

	Estimate of prior year amounts available in 2014-15 \$'000	+	Proposed at Budget 2014-15 \$'000	=	Total estimated 2014-15 \$'000		Actual available appropriation 2013-14 \$'000
<b>Ordinary annual services</b>							
<b>Departmental appropriation</b>							
Prior year departmental appropriation	2,200	<sup>3</sup>	-		2,200		-
Departmental appropriation <sup>2</sup>	-		6,399	<sup>1</sup>	6,399		6,461
<b>Total net resourcing for the Commission</b>	<b>2,200</b>		<b>6,399</b>		<b>8,599</b>		<b>6,461</b>

1. Appropriation Bill (No. 1) 2014-15.

2. Includes \$0.1 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

3. Estimated adjusted balance carried forward from previous year.

### 1.3 BUDGET MEASURES

Budget measures relating to the Commission are summarised below.

**Table 1.2: Commonwealth Grants Commission 2014-15 Budget measures**

		2013-14	2014-15	2015-16	2016-17	2017-18
	Programme	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expense measures</b>						
Efficiency Dividend -						
temporary increase in the rate <sup>1</sup>	1.1	-	(66)	(147)	(229)	(229)
Efficiency Dividend - a further						
temporary increase of						
0.25 per cent	1.1	-	(16)	(32)	(48)	(48)
Public Service efficiencies <sup>2</sup>	1.1	(2)	(9)	(20)	(27)	(27)
Reforms to APS management and						
efficient procurement of agency						
software <sup>1</sup>	1.1	(2)	(8)	(19)	(27)	(27)
<b>Total expense measures</b>		<b>(4)</b>	<b>(99)</b>	<b>(218)</b>	<b>(331)</b>	<b>(331)</b>

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

Prepared on a Government Finance Statistics (fiscal) basis.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

The Commission's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme key performance indicators used to assess and monitor the performance of the Commission.

**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.

#### Outcome 1 strategy

The Commission's strategy is based on its role to provide advice to the Australian Government in response to terms of reference. Five-yearly reviews of the methods used to calculate the recommended State shares of GST revenue is the major activity associated with this outcome. The last five-year review was completed in February 2010. Between these reviews the shares are updated annually using the most recent data. The last update was completed in February 2014.

The Commission will continue with this strategy in the current budget year and the forward years.

#### Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

**Table 2.1: Budgeted expenses for Outcome 1**

<b>Outcome 1:</b> 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
<b>Programme 1.1: Commonwealth Grants Commission</b>		
Departmental expenses		
Departmental appropriation	6,398	6,336
Expenses not requiring appropriation in the budget year	107	108
<b>Total expenses for Outcome 1</b>	<b>6,505</b>	<b>6,444</b>
	2013-14	2014-15
<b>Average staffing level (number)</b>	40	40

## Contributions to Outcome 1

### Programme 1.1: Commonwealth Grants Commission

#### Programme objective

The Commission makes recommendations which are considered by Government on the distribution of the GST pool.

#### Programme expenses

There are no significant changes to estimates across the forward years.

**Table 2.2: Programme expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	6,505	6,444	6,370	6,296	6,343
<b>Total departmental expenses</b>	<b>6,505</b>	<b>6,444</b>	<b>6,370</b>	<b>6,296</b>	<b>6,343</b>

#### Programme deliverables

The Commission makes recommendations to Government on the distribution of the GST pool.

Completion of the *Report on GST Revenue Sharing Relativities – 2014 Update* for consideration by the Council on Federal Financial Relations.

#### Programme key performance indicators

The major effectiveness indicators are the quality of the Commission's research, the accuracy of its calculations and the acceptance of the results it presents to government.

## **Section 3: Explanatory tables and budgeted financial statements**

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme expenses and special accounts.

### **3.1 EXPLANATORY TABLES**

#### **3.1.1 Movement of administered funds between years**

The Commission does not have any administered funds.

#### **3.1.2 Special accounts**

The Commission does not have any special accounts.

#### **3.1.3 Australian Government Indigenous expenditure**

The Commission does not have any Australian Government Indigenous expenditure.

### **3.2 BUDGETED FINANCIAL STATEMENTS**

#### **3.2.1 Differences in agency resourcing and financial statements**

There are no material differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

#### **3.2.2 Analysis of budgeted financial statements**

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

The Commission normally receives a relatively steady level of funding and its workload and expenses vary over a five year cycle.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)  
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>EXPENSES</b>					
Employee benefits	5,200	5,300	5,400	5,500	5,500
Supplier	1,226	1,064	889	731	780
Depreciation and amortisation	79	80	81	65	63
<b>Total expenses</b>	<b>6,505</b>	<b>6,444</b>	<b>6,370</b>	<b>6,296</b>	<b>6,343</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	-	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gains</b>					
Other gains	28	28	28	28	28
<b>Total gains</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>
<b>Total own-source income</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>
<b>Net cost of (contribution by) services</b>	<b>6,477</b>	<b>6,416</b>	<b>6,342</b>	<b>6,268</b>	<b>6,315</b>
Appropriation revenue	6,398	6,336	6,261	6,203	6,252
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(79)</b>	<b>(80)</b>	<b>(81)</b>	<b>(65)</b>	<b>(63)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(79)	(80)	(81)	(65)	(63)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(79)</b>	<b>(80)</b>	<b>(81)</b>	<b>(65)</b>	<b>(63)</b>

Prepared on Australian Accounting Standards basis.



**Table 3.2.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	107	107	107	107	107
Trade and other receivables	2,214	2,214	2,214	2,214	2,214
<b>Total financial assets</b>	2,321	2,321	2,321	2,321	2,321
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	355	338	321	319	319
Other	53	53	53	53	53
<b>Total non-financial assets</b>	408	391	374	372	372
<b>Total assets</b>	2,729	2,712	2,695	2,693	2,693
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	1,476	1,476	1,476	1,476	1,476
Other	216	216	216	216	216
<b>Total provisions</b>	1,692	1,692	1,692	1,692	1,692
<b>Payables</b>					
Suppliers	160	160	160	160	160
<b>Total payables</b>	160	160	160	160	160
<b>Total liabilities</b>	1,852	1,852	1,852	1,852	1,852
<b>Net assets</b>	877	860	843	841	841
<b>EQUITY</b>					
Contributed equity	642	705	769	832	895
Reserves	343	343	343	343	343
Retained surpluses or accumulated deficits	(108)	(188)	(269)	(334)	(397)
<b>Total equity</b>	877	860	843	841	841
<b>Current assets</b>	2,374	2,374	2,374	2,374	2,374
<b>Non-current assets</b>	355	338	321	319	319
<b>Current liabilities</b>	1,181	1,181	1,181	1,181	1,181
<b>Non-current liabilities</b>	671	671	671	671	671

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	-	-	-	-	-
Appropriations	12,579	6,336	6,261	6,203	6,252
<b>Total cash received</b>	<b>12,579</b>	<b>6,336</b>	<b>6,261</b>	<b>6,203</b>	<b>6,252</b>
<b>Cash used</b>					
Employees	5,200	5,300	5,400	5,500	5,500
Suppliers	7,379	1,036	861	703	752
<b>Total cash used</b>	<b>12,579</b>	<b>6,336</b>	<b>6,261</b>	<b>6,203</b>	<b>6,252</b>
<b>Net cash from or (used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	63	63	64	63	63
<b>Total cash used</b>	<b>63</b>	<b>63</b>	<b>64</b>	<b>63</b>	<b>63</b>
<b>Net cash from or (used by) investing activities</b>	<b>(63)</b>	<b>(63)</b>	<b>(64)</b>	<b>(63)</b>	<b>(63)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	63	63	64	63	63
<b>Total cash received</b>	<b>63</b>	<b>63</b>	<b>64</b>	<b>63</b>	<b>63</b>
<b>Net cash from or (used by) financing activities</b>	<b>63</b>	<b>63</b>	<b>64</b>	<b>63</b>	<b>63</b>
<b>Net increase or (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	107	107	107	107	107
<b>Cash at the end of the reporting period</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>107</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2014</b>					
Balance carried forward from previous period	(108)	343	-	642	877
<b>Adjusted opening balance</b>	(108)	343	-	642	877
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(80)	-	-	-	(80)
<b>Total comprehensive income recognised directly in equity</b>	(80)	-	-	-	(80)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	63	63
<b>Total transactions with owners</b>	-	-	-	63	63
<b>Estimated closing balance as at 30 June 2015</b>	(188)	343	-	705	860

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget (DCB) statement**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	63	63	64	63	63
<b>Total new capital appropriations</b>	63	63	64	63	63
<b>Provided for:</b>					
Purchase of non-financial assets	63	63	64	63	63
<b>Total Items</b>	63	63	64	63	63
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	63	63	64	63	63
<b>TOTAL</b>	63	63	64	63	63
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	63	63	64	63	63
<b>Total cash used to acquire assets</b>	63	63	64	63	63

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
<b>As at 1 July 2014</b>					
Gross book value	-	834	-	-	834
Accumulated depreciation/amortisation and impairment	-	479	-	-	479
<b>Opening net book balance</b>	-	355	-	-	355
<b>Capital asset additions</b>					
<b>Estimated expenditure on new or replacement assets</b>					
By purchase - appropriation ordinary annual services	-	63	-	-	63
<b>Total additions</b>	-	63	-	-	63
<b>Other movements</b>					
Depreciation/amortisation expense	-	80	-	-	80
<b>Total other movements</b>	-	80	-	-	80
<b>As at 30 June 2015</b>					
Gross book value	-	897	-	-	897
Accumulated depreciation/amortisation and impairment	-	559	-	-	559
<b>Closing net book balance</b>	-	338	-	-	338

Prepared on Australian Accounting Standards basis.