

# 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 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 by 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 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 2018-19 as at Budget May 2018**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate  \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	5,992	5,992
Departmental appropriation (c)	6,107	6,067
Departmental capital budget (d)	62	61
Total departmental annual appropriations	<u>12,161</u>	<u>12,120</u>
<b>Total departmental resourcing</b>	<b>12,161</b>	<b>12,120</b>
	<u>2017-18</u>	<u>2018-19</u>
<b>Average staffing level (number)</b>	<b>30</b>	<b>30</b>

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

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

(a) Appropriation Bill (No.1) 2018-19.

(b) Excludes \$19,000 subject to quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(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'.

### 1.3 BUDGET MEASURES

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

#### Table 1.2: Entity 2018-19 Budget measures

##### Part 1: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)

The Commonwealth Grants Commission has no new budget measures.

##### Part 2: Other measures not previously reported in a portfolio statement

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Expense measures</b>					
Treasury Portfolio - efficiencies (a)	1.1				
Departmental expenses		(19)	(19)	(19)	(18)
<b>Total</b>		<b>(19)</b>	<b>(19)</b>	<b>(19)</b>	<b>(18)</b>

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.

(a) The lead entity for measure 'Treasury Portfolio – efficiencies' is Treasury. The full measure description and package details appear in MYEFO under the Treasury portfolio.

## 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.

The Commonwealth Grants Commission has amended its outcome statement since the last portfolio statement.

**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 Commonwealth Grants Commission can be found at: <https://cgc.gov.au>.

The most recent annual performance statement can be found in the latest Annual Report at: <https://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**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Commonwealth Grants Commission</b>					
Departmental expenses					
Departmental appropriation	6,107	6,067	6,058	6,088	6,136
Expenses not requiring appropriation in the Budget year (a)	108	108	108	106	106
<b>Departmental total</b>	<b>6,215</b>	<b>6,175</b>	<b>6,166</b>	<b>6,194</b>	<b>6,242</b>
<b>Total expenses for program 1.1</b>	<b>6,215</b>	<b>6,175</b>	<b>6,166</b>	<b>6,194</b>	<b>6,242</b>
<b>Total expenses for Outcome 1</b>	<b>6,215</b>	<b>6,175</b>	<b>6,166</b>	<b>6,194</b>	<b>6,242</b>
	2017-18	2018-19			
<b>Average staffing level (number)</b>	30	30			

(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 2018-19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue</b>		
<b>Program 1.1 – The Commission makes recommendations on the distribution of the GST pool, which are considered by Government</b>		
<b>Delivery</b>	The Commission will prepare a report, on an annual basis, recommending the distribution of the GST pool to the States and Territories.	
<b>Performance information</b>		
<b>Performance criteria</b>	<b>2017–18</b>	<b>2018–19 and the forward estimates</b>
Quality of research, the accuracy of calculations and the acceptance of the results presented to Government in response to terms of reference.	Fully met.	Fully met.
<b>Purpose</b>	<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 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 2018-19 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**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	4,847	4,846	4,944	4,900	4,975
Suppliers	1,305	1,266	1,159	1,233	1,206
Depreciation and amortisation	63	63	63	61	61
<b>Total expenses</b>	<b>6,215</b>	<b>6,175</b>	<b>6,166</b>	<b>6,194</b>	<b>6,242</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Gains</b>					
Other	45	45	45	45	45
<b>Total gains</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>
<b>Total own-source income</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>
<b>Net (cost of)/contribution by services</b>	<b>(6,170)</b>	<b>(6,130)</b>	<b>(6,121)</b>	<b>(6,149)</b>	<b>(6,197)</b>
Revenue from Government	6,107	6,067	6,058	6,088	6,136
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(63)</b>	<b>(63)</b>	<b>(63)</b>	<b>(61)</b>	<b>(61)</b>

**Note: Impact of net cash appropriation arrangements**

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	63	63	63	61	61
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(63)</b>	<b>(63)</b>	<b>(63)</b>	<b>(61)</b>	<b>(61)</b>

(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)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	112	112	112	112	112
Trade and other receivables	5,890	5,890	5,890	5,890	5,890
<b>Total financial assets</b>	<b>6,002</b>	<b>6,002</b>	<b>6,002</b>	<b>6,002</b>	<b>6,002</b>
<b>Non-financial assets</b>					
Land and buildings	353	353	353	353	353
Property, plant and equipment	199	197	195	195	195
Other non-financial assets	36	36	36	36	36
<b>Total non-financial assets</b>	<b>588</b>	<b>586</b>	<b>584</b>	<b>584</b>	<b>584</b>
<b>Total assets</b>	<b>6,590</b>	<b>6,588</b>	<b>6,586</b>	<b>6,586</b>	<b>6,586</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	108	108	108	108	108
Other payables	230	230	230	230	230
<b>Total payables</b>	<b>338</b>	<b>338</b>	<b>338</b>	<b>338</b>	<b>338</b>
<b>Provisions</b>					
Employee provisions	1,573	1,573	1,573	1,573	1,573
<b>Total provisions</b>	<b>1,573</b>	<b>1,573</b>	<b>1,573</b>	<b>1,573</b>	<b>1,573</b>
<b>Total liabilities</b>	<b>1,911</b>	<b>1,911</b>	<b>1,911</b>	<b>1,911</b>	<b>1,911</b>
<b>Net assets</b>	<b>4,679</b>	<b>4,677</b>	<b>4,675</b>	<b>4,675</b>	<b>4,675</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	252	313	374	435	496
Reserves	552	552	552	552	552
Retained surplus (accumulated deficit)	3,875	3,812	3,749	3,688	3,627
<b>Total equity</b>	<b>4,679</b>	<b>4,677</b>	<b>4,675</b>	<b>4,675</b>	<b>4,675</b>

\*'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 2018-19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	3,875	552	252	4,679
<b>Adjusted opening balance</b>	<b>3,875</b>	<b>552</b>	<b>252</b>	<b>4,679</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(63)	-	-	(63)
<b>Total comprehensive income</b>	<b>(63)</b>	<b>-</b>	<b>-</b>	<b>(63)</b>
<b>Contributions by owners</b>				
Departmental Capital Budget (DCB)	-	-	61	61
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>61</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>3,812</b>	<b>552</b>	<b>313</b>	<b>4,677</b>
<b>Closing balance attributable to the Australian Government</b>	<b>3,812</b>	<b>552</b>	<b>313</b>	<b>4,677</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	6,107	6,067	6,058	6,088	6,136
<b>Total cash received</b>	<b>6,107</b>	<b>6,067</b>	<b>6,058</b>	<b>6,088</b>	<b>6,136</b>
<b>Cash used</b>					
Employees	4,847	4,846	4,944	4,900	4,975
Suppliers	1,260	1,221	1,114	1,188	1,161
<b>Total cash used</b>	<b>6,107</b>	<b>6,067</b>	<b>6,058</b>	<b>6,088</b>	<b>6,136</b>
<b>Net cash from/(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 and intangibles	62	61	61	61	61
<b>Total cash used</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>Net cash from/(used by) investing activities</b>	<b>(62)</b>	<b>(61)</b>	<b>(61)</b>	<b>(61)</b>	<b>(61)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	62	61	61	61	61
<b>Total cash received</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>Net cash from/(used by) financing activities</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	112	112	112	112	112
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	62	61	61	61	61
<b>Total new capital appropriations</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	62	61	61	61	61
<b>Total items</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB (a)	62	61	61	61	61
<b>TOTAL</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	62	61	61	61	61
<b>Total cash used to acquire assets</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>

(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 2018-19)**

	Land & buildings \$'000	Other property, plant and equipment \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	494	433	927
Accumulated depreciation/ amortisation and impairment	(141)	(234)	(375)
<b>Opening net book balance</b>	<b>353</b>	<b>199</b>	<b>552</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - appropriation ordinary annual services (a)	-	61	61
<b>Total additions</b>	<b>-</b>	<b>61</b>	<b>61</b>
<b>Other movements</b>			
Depreciation/amortisation expense	-	(63)	(63)
<b>Total other movements</b>	<b>-</b>	<b>(63)</b>	<b>(63)</b>
<b>As at 30 June 2019</b>			
Gross book value	494	494	988
Accumulated depreciation/ amortisation and impairment	(141)	(297)	(438)
<b>Closing net book balance</b>	<b>353</b>	<b>197</b>	<b>550</b>

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2018-19 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

