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

|  |  |  |
| --- | --- | --- |
|  | *2019-20 Estimated actual $'000* | 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 | *14,217* | 17,871 |
| ***Total departmental resourcing*** | ***14,217*** | ***17,871*** |
|  |  |  |
|  | *2019-20* | 2020-21 |
| **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

1. Appropriation Bill (No. 1) 2020-21.
2. Excludes departmental capital budget (DCB).
3. 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 |  |  |  |

1. 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.

1. 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.
2. 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** |
| ***Provided for:*** |  |  |  |  |  |
| *Purchase of non-financial assets* | *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.

1. Does not include annual finance lease costs. Includes purchases from current and previous years’ Departmental capital budgets (DCBs).
2. 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.

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