

# 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) is a statutory authority operating under the *Commonwealth Grants Commission Act 1973*.

The Commission's main role is to inquire into and report to the Australian Government on the allocation of goods and services tax (GST) revenue among the states and territories. Terms of reference for these inquiries are determined by the Australian Government in consultation with the states and territories.

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 these 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 2021-22 as at Budget May 2021**

	<i>2020-21 Estimated actual \$'000</i>	2021-22 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	8,287	8,312
Departmental appropriation (b)	8,482	8,216
Departmental capital budget (c)	1,102	1,102
Total departmental annual appropriations	<u>17,871</u>	<u>17,630</u>
<b>Total departmental resourcing</b>	<b>17,871</b>	<b>17,630</b>
<b>Total resourcing for the Commonwealth Grants Commission</b>	<b>17,871</b>	<b>17,630</b>
	<i>2020-21</i>	<i>2021-22</i>
<b>Average staffing level (number)</b>	<b>23</b>	<b>34</b>

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.

(a) Appropriation Bill (No. 1) 2021-22.

(b) Excludes departmental capital budget (DCB).

(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 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.

The Commonwealth Grants Commission's 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: ([www.cgc.gov.au](http://www.cgc.gov.au))

The most recent annual performance statement can be found at: ([www.cgc.gov.au](http://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**

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>Program 1.1: Commonwealth Grants Commission</b>					
Departmental expenses					
Departmental appropriation	8,482	8,216	7,967	7,849	7,873
Expenses not requiring appropriation in the Budget year (a)	183	380	511	525	545
<b>Departmental total</b>	<b>8,665</b>	<b>8,596</b>	<b>8,478</b>	<b>8,374</b>	<b>8,418</b>
<b>Total expenses for program 1.1</b>	<b>8,665</b>	<b>8,596</b>	<b>8,478</b>	<b>8,374</b>	<b>8,418</b>
<b>Total expenses for Outcome 1</b>	<b>8,665</b>	<b>8,596</b>	<b>8,478</b>	<b>8,374</b>	<b>8,418</b>
	2020-21	2021-22			
<b>Average staffing level (number)</b>	23	34			

(a) 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 2021-22 Budget measures have created new programs or materially changed existing programs.

<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.		
<b>Program 1.1</b> – The Commission makes recommendations on the distribution of the GST pool, which are considered by Government.		
<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>Year</b>	<b>Performance criteria</b>	<b>Actual Achievement/Targets</b>
2020-21	Excellent research and analysis Stakeholder engagement Responsiveness to government	Achieved
2021-22 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
<b>Purpose</b>	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.	

## **Section 3: Budgeted financial statements**

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2021-22 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**

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	5,564	5,417	5,472	5,547	5,642
Suppliers	2,612	2,509	2,348	2,148	2,076
Depreciation and amortisation (a)	489	670	658	679	700
<b>Total expenses</b>	<b>8,665</b>	<b>8,596</b>	<b>8,478</b>	<b>8,374</b>	<b>8,418</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Other	45	45	45	45	45
<b>Total own-source revenue</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>(8,620)</b>	<b>(8,551)</b>	<b>(8,433)</b>	<b>(8,329)</b>	<b>(8,373)</b>
Revenue from Government	8,482	8,216	7,967	7,849	7,873
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(138)</b>	<b>(335)</b>	<b>(466)</b>	<b>(480)</b>	<b>(500)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation surplus	-	-	(200)	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(200)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>	<b>(138)</b>	<b>(335)</b>	<b>(666)</b>	<b>(480)</b>	<b>(500)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(138)</b>	<b>(335)</b>	<b>(666)</b>	<b>(480)</b>	<b>(500)</b>

**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**

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	(200)	-	-
plus: depreciation/amortisation expenses previously funded through revenue appropriations (a)	139	320	447	468	489
plus: depreciation/amortisation expenses for ROU (b)	350	350	211	211	211
less: principal repayments on leased assets (b)	351	335	192	199	200
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(138)</b>	<b>(335)</b>	<b>(666)</b>	<b>(480)</b>	<b>(500)</b>

Prepared on Australian Accounting Standards basis.

- (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.
- (b) Applies leases under AASB 16 Leases.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	100	100	100	100	100
Trade and other receivables	8,323	8,347	7,671	7,671	7,671
<b>Total financial assets</b>	<b>8,423</b>	<b>8,447</b>	<b>7,771</b>	<b>7,771</b>	<b>7,771</b>
<b>Non-financial assets</b>					
Land and buildings	428	-	1,868	1,557	1,246
Property, plant and equipment	89	89	89	89	89
Software	1,056	1,916	1,833	1,731	1,609
Prepayments	48	24	-	-	-
<b>Total non-financial assets</b>	<b>1,621</b>	<b>2,029</b>	<b>3,790</b>	<b>3,377</b>	<b>2,944</b>
Assets held for sale					
<b>Total assets</b>	<b>10,044</b>	<b>10,476</b>	<b>11,561</b>	<b>11,148</b>	<b>10,715</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	128	128	128	128	128
Other payables	109	109	109	109	109
<b>Total payables</b>	<b>237</b>	<b>237</b>	<b>237</b>	<b>237</b>	<b>237</b>
<b>Interest bearing liabilities</b>					
Leases	335	-	1,287	1,088	888
<b>Total interest bearing liabilities</b>	<b>335</b>	<b>-</b>	<b>1,287</b>	<b>1,088</b>	<b>888</b>
<b>Provisions</b>					
Employee provisions	1,412	1,412	1,412	1,412	1,412
Other provisions	109	109	109	109	109
<b>Total provisions</b>	<b>1,521</b>	<b>1,521</b>	<b>1,521</b>	<b>1,521</b>	<b>1,521</b>
<b>Total liabilities</b>	<b>2,093</b>	<b>1,758</b>	<b>3,045</b>	<b>2,846</b>	<b>2,646</b>
<b>Net assets</b>	<b>7,951</b>	<b>8,718</b>	<b>8,516</b>	<b>8,302</b>	<b>8,069</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	1,988	3,090	3,354	3,620	3,887
Reserves	200	200	-	-	-
Retained surplus (accumulated deficit)	5,763	5,428	5,162	4,682	4,182
<b>Total equity</b>	<b>7,951</b>	<b>8,718</b>	<b>8,516</b>	<b>8,302</b>	<b>8,069</b>

Prepared on Australian Accounting Standards basis.

\*‘Equity’ is the residual interest in assets after deduction of liabilities.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2021-22)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2021</b>				
Balance carried forward from previous period	5,763	200	1,988	7,951
<b>Adjusted opening balance</b>	<b>5,763</b>	<b>200</b>	<b>1,988</b>	<b>7,951</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(335)	-	-	(335)
<b>Total comprehensive income</b>	<b>(335)</b>	<b>-</b>	<b>-</b>	<b>(335)</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Departmental Capital Budget (DCB)	-	-	1,102	1,102
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>1,102</b>	<b>1,102</b>
<b>Estimated closing balance as at 30 June 2022</b>	<b>5,428</b>	<b>200</b>	<b>3,090</b>	<b>8,718</b>
<b>Closing balance attributable to the Australian Government</b>	<b>5,428</b>	<b>200</b>	<b>3,090</b>	<b>8,718</b>

Prepared on Australian Accounting Standards basis.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	8,458	8,192	8,643	7,849	7,873
<b>Total cash received</b>	<b>8,458</b>	<b>8,192</b>	<b>8,643</b>	<b>7,849</b>	<b>7,873</b>
<b>Cash used</b>					
Employees	5,564	5,417	5,472	5,547	5,642
Suppliers	2,543	2,440	2,279	2,103	2,031
<b>Total cash used</b>	<b>8,107</b>	<b>7,857</b>	<b>7,751</b>	<b>7,650</b>	<b>7,673</b>
<b>Net cash from/(used by) operating activities</b>	<b>351</b>	<b>335</b>	<b>892</b>	<b>199</b>	<b>200</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of non-financial assets	1,102	1,102	964	266	267
<b>Total cash used</b>	<b>1,102</b>	<b>1,102</b>	<b>964</b>	<b>266</b>	<b>267</b>
<b>Net cash from/(used by) investing activities</b>	<b>(1,102)</b>	<b>(1,102)</b>	<b>(964)</b>	<b>(266)</b>	<b>(267)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	1,102	1,102	264	266	267
<b>Total cash received</b>	<b>1,102</b>	<b>1,102</b>	<b>264</b>	<b>266</b>	<b>267</b>
<b>Cash used</b>					
Principal payments on lease liability	351	335	192	199	200
<b>Total cash used</b>	<b>351</b>	<b>335</b>	<b>192</b>	<b>199</b>	<b>200</b>
<b>Net cash from/(used by) financing activities</b>	<b>751</b>	<b>767</b>	<b>72</b>	<b>67</b>	<b>67</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	100	100	100	100	100
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Prepared on Australian Accounting Standards basis.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	1,102	1,102	264	266	267
<b>Total new capital appropriations</b>	<b>1,102</b>	<b>1,102</b>	<b>264</b>	<b>266</b>	<b>267</b>
<i>Provided for:</i>					
Purchase of non-financial assets	1,102	1,102	264	266	267
<b>Total items</b>	<b>1,102</b>	<b>1,102</b>	<b>264</b>	<b>266</b>	<b>267</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB (a)	1,102	1,102	264	266	267
Funded internally from departmental resources (b)	-	-	700	-	-
<b>TOTAL</b>	<b>1,102</b>	<b>1,102</b>	<b>964</b>	<b>266</b>	<b>267</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	1,102	1,102	964	266	267
<b>Total cash used to acquire assets</b>	<b>1,102</b>	<b>1,102</b>	<b>964</b>	<b>266</b>	<b>267</b>

Prepared on Australian Accounting Standards basis.

- (a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).
- (b) Includes funding from current and prior year Act 1 appropriations (excluding amounts from the DCB).

**Table 3.6: Statement of departmental asset movements (Budget year 2021-22)**

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2021</b>				
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)
<b>Opening net book balance</b>	<b>428</b>	<b>89</b>	<b>1,056</b>	<b>1,573</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation ordinary annual services (a)	-	61	1,041	1,102
<b>Total additions</b>	<b>-</b>	<b>61</b>	<b>1,041</b>	<b>1,102</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(78)	(61)	(181)	(320)
Depreciation/amortisation on ROU assets	(350)	-	-	(350)
<b>Total other movements</b>	<b>(428)</b>	<b>(61)</b>	<b>(181)</b>	<b>(670)</b>
<b>As at 30 June 2022</b>				
Gross book value	156	418	2,104	2,678
Gross book value - ROU assets	1,050	-	-	1,050
Accumulated depreciation/ amortisation and impairment	(156)	(329)	(188)	(673)
Accumulated depreciation/amortisation and impairment - ROU assets	(1,050)	-	-	(1,050)
<b>Closing net book balance</b>	<b>-</b>	<b>89</b>	<b>1,916</b>	<b>2,005</b>

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2021-22 for depreciation/amortisation expenses, DCBs or other operational expenses.

