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 2022-23 as at Budget March 202**

|  |  |  |
| --- | --- | --- |
|   | *2021-22 Estimated actual$'000* | 2022-23 Estimate$'000 |
| **Departmental** |  |   |
| Annual appropriations - ordinary annual services (a) |  |   |
|  Prior year appropriations available | *12,275*  | 12,299  |
|  Departmental appropriation (b) | *8,216*  | 7,991  |
|  Departmental capital budget (c) | *1,102*  | 265  |
| Total departmental annual appropriations | *21,593*  | 20,555  |
| ***Total departmental resourcing*** | ***21,593***  | **20,555**  |
| **Total resourcing for the Commonwealth Grants Commission** | ***21,593***  | **20,555**  |
|   |  |   |
|   | *2021-22* | 2022-23 |
| **Average staffing level (number)** | *34*  | 34  |

Prepared on a resourcing (i.e. appropriations available) basis.

1. Appropriation Bill (No. 1) 2022-23
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'.

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

### 1.3 Budget measures

The Commonwealth Grants Commission 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)The most recent annual performance statement can be found at: (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**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021-22 Estimated actual$'000 | 2022-23Budget$'000 | 2023-24 Forward estimate$'000 | 2024-25 Forward estimate$'000 | 2025-26Forward estimate$'000 |
| **Program 1.1: Commonwealth Grants Commission** |
| Departmental expenses |  |   |  |  |  |
| Departmental appropriation | 8,216  | 7,991  | 7,880  | 7,927  | 7,965  |
| Expenses not requiring appropriation in the Budget year (a) | 380  | 511  | 525  | 545  | 45  |
| **Departmental total** | 8,596  | 8,502  | 8,405  | 8,472  | 8,010  |
| **Total expenses for program 1.1** | **8,596**  | **8,502**  | **8,405**  | **8,472**  | **8,010**  |
| **Total expenses for Outcome 1** | **8,596**  | **8,502**  | **8,405**  | **8,472**  | **8,010**  |
|  |  |  |  |  |  |
|   | 2021-22 | 2022-23 |  |  |  |
| **Average staffing level (number)** | 30  | 34  |  |  |  |

1. Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and audit fees.

Table 2.2: Performance measures for Outcome 1

Table 2.2 details the performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current corporate plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of 2022-23 Budget measures that have created new programs or materially changed existing programs are provided.

| Outcome 1 – Informed Government decisions on the distribution of the GST among the states and territories.  |
| --- |
| Program 1.1- The Commission provides independent advice to the Government on the distribution of the GST among the states and territories.  |
| **Key Activities**  | The Commission will prepare an annual update on the recommended GST sharing relativities. Periodically, the Commission will review the methods it uses to determine the GST sharing relativities. |
| **Year**  | **Performance measures**  | **Expected Performance Results**  |
| Current year  2021-22  | Excellent research and analysisStakeholder engagement Responsiveness to government  |  Achieved  |
| **Year**  | **Performance measures** | **Planned Performance Results**  |
| Budget Year 2022-23  | Responsiveness to governmentExcellence in research and analysis Effective engagement and consultation with stakeholders | The Commission’s advice meets the Government’s requirements as specified in the terms of reference provided by the Commonwealth TreasurerThe research and analysis underlying the Commission’s advice are recognised to be high quality and technically robust. The Commission’s advice is informed by the best available information and data and considers the views of relevant stakeholders |
| Forward Estimates  2023-26 |  As per 2022-23  | As per 2022-23  |

## 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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021-22 Estimated actual$'000 | 2022-23Budget$'000 | 2023-24 Forward estimate$'000 | 2024-25 Forward estimate$'000 | 2025-26Forward estimate$'000 |
| **EXPENSES** |  |  |  |  |  |
| Employee benefits | 5,417  | 5,472  | 5,547  | 5,642  | 5,772  |
| Suppliers | 2,508  | 2,360  | 2,179  | 2,130  | 2,038  |
| Depreciation and amortisation (a) | 670  | 658  | 679  | 700  | -  |
| Finance Costs | 1  | 12  | 11  | 8  | 10  |
| **Total expenses** | **8,596**  | **8,502**  | **8,405**  | **8,472**  | **7,810**  |
| **LESS:**  |  |  |  |  |  |
| **OWN-SOURCE INCOME** |  |  |  |  |  |
| **Own-source revenue** |  |  |  |  |  |
| Other | 45  | 45  | 45  | 45  | 45  |
| **Total own-source revenue** | **45**  | **45**  | **45**  | **45**  | **45**  |
| **Total own-source income** | **45**  | **45**  | **45**  | **45**  | **45**  |
| **Net (cost of)/contribution by services** | **(8,551)** | **(8,457)** | **(8,360)** | **(8,427)** | **(7,765)** |
| Revenue from Government | 8,216  | 7,991  | 7,880  | 7,927  | 7,965  |
| **Surplus/(deficit) attributable to the Australian Government** | **(335)** | **(466)** | **(480)** | **(500)** | **200**  |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |  |  |
| Changes in asset revaluation surplus | -  | (200) | -  | -  | -  |
| **Total other comprehensive income**  | **-**  | **(200)** | **-**  | **-**  | **-**  |
| **Total comprehensive income/(loss)** | **(335)** | **(666)** | **(480)** | **(500)** | **200**  |
| **Total comprehensive income/(loss) attributable to the Australian Government** | **(335)** | **(666)** | **(480)** | **(500)** | **200**  |

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   | 2021-22 Estimated actual$'000 | 2022-23Budget$'000 | 2023-24 Forward estimate$'000 | 2024-25 Forward estimate$'000 | 2025-26Forward estimate$'000 |
| **Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations** | **-**  | **(200)** | **-**  | **-**  | **-**  |
| plus: depreciation/amortisation expenses previously funded through revenue appropriations (a) | 459  | 347  | 368  | 389  | -  |
| plus: depreciation/amortisation expenses for ROU (b) | 211  | 311  | 311  | 311  | -  |
| less: principal repayments on leased assets (b) | 335  | 192  | 199  | 200  | 200  |
| **Total comprehensive income/(loss) - as per the statement of comprehensive income** | **(335)** | **(666)** | **(480)** | **(500)** | **200**  |

Prepared on Australian Accounting Standards basis.

1. 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.
2. Applies leases under AASB 16 Leases.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021-22 Estimated actual$'000 | 2022-23Budget$'000 | 2023-24 Forward estimate$'000 | 2024-25 Forward estimate$'000 | 2025-26Forward estimate$'000 |
| **ASSETS** |  |   |  |  |  |
| **Financial assets** |  |   |  |  |  |
| Cash and cash equivalents | 100 | 100 | 100 | 100 | 100 |
| Trade and other receivables | 12,352 | 11,676 | 11,676 | 11,676 | 11,676 |
| ***Total financial assets*** |  ***12,452***  |  ***11,776***  |  ***11,776***  |  ***11,776***  |  ***11,776***  |
| **Non-financial assets** |  |   |  |  |  |
| Land and buildings |  -  |  1,868  | 1,557 | 1,246 | 1,246 |
| Property, plant and equipment | 28 | 28 | 28 | 28 | 94 |
| Software | 1,040 | 958 | 857 | 737 | 941 |
| Prepayments | 23 |  -  |  -  |  -  |  -  |
| ***Total non-financial assets*** |  ***1,091***  |  ***2,854***  |  ***2,442***  |  ***2,011***  |  ***2,281***  |
| Assets held for sale |   |   |   |   |   |
| **Total assets** |  **13,543**  |  **14,630**  |  **14,218**  |  **13,787**  |  **14,057**  |
| **LIABILITIES** |  |   |  |  |  |
| **Payables** |  |   |  |  |  |
| Suppliers | 109 | 109 | 109 | 109 | 109 |
| Other payables | 206 | 207 | 207 | 207 | 207 |
| ***Total payables*** |  ***315***  |  ***316***  |  ***316***  |  ***316***  |  ***316***  |
| **Interest bearing liabilities** |  |   |  |  |  |
| Leases |  -  |  1,287  | 1,088 | 888 | 688 |
| ***Total interest bearing liabilities*** |  ***-***  |  ***1,287***  |  ***1,088***  |  ***888***  |  ***688***  |
| **Provisions** |  |   |  |  |  |
| Employee provisions | 1,630 | 1,630 | 1,630 | 1,630 | 1,630 |
| Other provisions | 109 | 109 | 109 | 109 | 109 |
| ***Total provisions*** |  ***1,739***  |  ***1,739***  |  ***1,739***  |  ***1,739***  |  ***1,739***  |
| **Total liabilities** |  **2,054**  |  **3,342**  |  **3,143**  |  **2,943**  |  **2,743**  |
| **Net assets** |  **11,489**  |  **11,288**  |  **11,075**  |  **10,844**  |  **11,314**  |
| **EQUITY\*** |  |   |  |  |  |
| **Parent entity interest** |  |   |  |  |  |
| Contributed equity | 3,090  | 3,355  | 3,622  | 3,891  | 4,161  |
| Reserves | 200  | -  | -  | -  | -  |
| Retained surplus (accumulated deficit) | 8,199  | 7,933  | 7,453  | 6,953  | 7,153  |
| **Total equity** | ***11,489***  | ***11,288***  | ***11,075***  | ***10,844***  | ***11,314***  |

Prepared on Australian Accounting Standards basis.

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

Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2022-23)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Retainedearnings$'000 | Assetrevaluationreserve$'000 | Contributedequity/capital$'000 | Totalequity $'000 |
| **Opening balance as at 1 July 2022** |  |  |  |  |
| Balance carried forward from previous period | 8,199  | 200  | 3,090  | 11,489  |
| ***Adjusted opening balance*** | ***8,199***  | ***200***  | ***3,090***  | ***11,489***  |
| **Comprehensive income** |  |  |  |  |
| Surplus/(deficit) for the period | (466) | -  | -  | (466) |
| ***Total comprehensive income*** | ***(466)*** | ***-***  | ***-***  | ***(466)*** |
| **Transactions with owners** |  |  |  |  |
| ***Contributions by owners*** |  |  |  |  |
| Departmental Capital Budget (DCB) | -  | -  | 265  | 265  |
| ***Sub-total transactions with owners*** | ***-***  | ***-***  | ***265***  | ***265***  |
| Transfers between equity | ***200***  | ***(200)*** | ***-***  | ***-***  |
| **Estimated closing balance as at 30 June 2023** | **7,933**  | **-**  | **3,355**  | **11,288**  |
| **Closing balance attributable to the Australian Government** | **7,933**  | **-**  | **3,355**  | **11,288**  |

Prepared on Australian Accounting Standards basis.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021-22 Estimated actual$'000 | 2022-23Budget$'000 | 2023-24 Forward estimate$'000 | 2024-25 Forward estimate$'000 | 2025-26Forward estimate$'000 |
| **OPERATING ACTIVITIES** |  |   |  |  |  |
| **Cash received** |  |   |  |  |  |
| Appropriations | 8,192  | 8,667  | 7,880  | 7,927  | 7,965  |
| ***Total cash received*** | ***8,192***  | ***8,667***  | ***7,880***  | ***7,927***  | ***7,965***  |
| **Cash used** |  |   |  |  |  |
| Employees | 5,417  | 5,472  | 5,547  | 5,642  | 5,772  |
| Suppliers | 2,439  | 2,291  | 2,123  | 2,077  | 1,983  |
| Interest payments on lease liability | 1  | 12  | 11  | 8  | 10  |
| ***Total cash used*** | ***7,857***  | ***7,775***  | ***7,681***  | ***7,727***  | ***7,765***  |
| **Net cash from/(used by) operating activities** | **335**  | **892**  | **199**  | **200**  | **200**  |
| **INVESTING ACTIVITIES** |  |   |  |  |  |
| **Cash used** |  |   |  |  |  |
| Purchase of non-financial assets | 1,102  | 965  | 267  | 269  | 270  |
| ***Total cash used*** | ***1,102***  | ***965***  | ***267***  | ***269***  | ***270***  |
| **Net cash from/(used by) investing activities** | **(1,102)** | **(965)** | **(267)** | **(269)** | **(270)** |
| **FINANCING ACTIVITIES** |  |   |  |  |  |
| **Cash received** |  |   |  |  |  |
| Contributed equity | 1,102  | 265  | 267  | 269  | 270  |
| ***Total cash received*** | ***1,102***  | ***265***  | ***267***  | ***269***  | ***270***  |
| **Cash used** |  |   |  |  |  |
| Principal payments on lease liability | 335  | 192  | 199  | 200  | 200  |
| ***Total cash used*** | ***335***  | ***192***  | ***199***  | ***200***  | ***200***  |
| **Net cash from/(used by) financing activities** | **767**  | **73**  | **68**  | **69**  | **70**  |
| **Net increase/(decrease) in cash held** | **-**  | **-**  | **-**  | **-**  | **-**  |
| Cash and cash equivalents at the beginning of the reporting period | 100  | 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)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021-22 Estimated actual$'000 | 2022-23Budget$'000 | 2023-24 Forward estimate$'000 | 2024-25 Forward estimate$'000 | 2025-26Forward estimate$'000 |
| **NEW CAPITAL APPROPRIATIONS** |  |   |  |  |  |
| Capital budget - Bill 1 (DCB) | 1,102  | 265  | 267  | 269  | 270  |
| **Total new capital appropriations** | **1,102**  | **265**  | **267**  | **269**  | **270**  |
| ***Provided for:*** |  |  |  |  |  |
| *Purchase of non-financial assets* | *1,102*  | *265*  | *267*  | *269*  | *270*  |
| ***Total items*** | ***1,102***  | ***265***  | ***267***  | ***269***  | ***270***  |
| **PURCHASE OF NON-FINANCIAL ASSETS** |  |   |  |  |  |
| Funded by capital appropriation - DCB (a) | 1,102  | 265  | 267  | 269  | 270  |
| Funded internally from departmental resources (b) | -  | 700  | -  | -  | -  |
| **TOTAL** | **1,102**  | **965**  | **267**  | **269**  | **270**  |
| **RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE** |  |   |  |  |  |
| Total purchases | 1,102  | 965  | 267  | 269  | 270  |
| **Total cash used to acquire assets** | **1,102**  | **965**  | **267**  | **269**  | **270**  |

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 departmental asset movements (Budget year 2022-23)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Buildings$'000 | Otherproperty,plant andequipment$'000 | Computersoftware andintangibles$'000 | Total$'000 |
| **As at 1 July 2022** |  |  |  |  |
| Gross book value  | -  | 222  | 1,243  | 1,465  |
| Gross book value - ROU assets | -  | -  | -  | -  |
| Accumulated depreciation/amortisation and impairment | -  | (194) | (203) | (397) |
| Accumulated depreciation/amortisation and impairment - ROU assets | -  | -  | -  | -  |
| **Opening net book balance** | **-**  | **28**  | **1,040**  | **1,068**  |
| **Capital asset additions** |  |  |  |  |
| **Estimated expenditure on new or replacement assets** |  |  |  |  |
| By purchase - appropriation ordinary annual services (a) | 700  | 62  | 203  | 965  |
| By purchase - appropriation equity - ROU assets | 1,479  | -  | -  | 1,479  |
| **Total additions** | **2,179**  | **62**  | **203**  | **2,444**  |
| **Other movements** |  |  |  |  |
| Depreciation/amortisation expense | (100) | (62) | (285) | (447) |
| Depreciation/amortisation on  ROU assets | (211) | -  | -  | (211) |
| **Total other movements** | **(311)** | **(62)** | **(285)** | **(658)** |
| **As at 30 June 2023** |  |  |  |  |
| Gross book value | 700  | 284  | 1,446  | 2,430  |
| Gross book value - ROU assets | 1,479  | -  | -  | 1,479  |
| Accumulated depreciation/ amortisation and impairment | (100) | (256) | (488) | (844) |
| Accumulated depreciation/amortisation and impairment - ROU assets | (211) | -  | -  | (211) |
| **Closing net book balance** | **1,868**  | **28**  | **958**  | **2,854**  |

Prepared on Australian Accounting Standards basis.

1. ‘Appropriation ordinary annual services’ refers to funding provided through Appropriation Bill (No. 1) 2022‑23 for depreciation/amortisation expenses, DCBs or other operational expenses.