

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 the annual meeting of the Standing Council for 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 2013-14 as at Budget May 2013

| | Estimate of prior year amounts + available in 2013-14 \$'000 | Proposed = at Budget 2013-14 \$'000 | Total estimated 2013-14 \$'000 | Actual available appropriation 2012-13 \$'000 |
|--|---|--|---|---|
| Ordinary annual services | | | | |
| Departmental appropriation | | | | |
| Prior year departmental appropriation | 8,000 ³ | - | 8,000 | - |
| Departmental appropriation ² | - | 6,465 ¹ | 6,465 | 6,480 |
| Total net resourcing for the CGC | 8,000 | 6,465 | 14,465 | 6,480 |

1. Appropriation Bill (No. 1) 2013-14.

2. Includes \$0.1 million in 2013-14 for the departmental capital budget (also refer to Table 3.2.5).

3. Estimated adjusted balance carried from previous year for annual appropriations.

1.3 BUDGET MEASURES

Budget measures relating to the CGC are summarised below.

Table 1.2: Commonwealth Grants Commission 2013-14 Budget measures

| | 2012-13 Program | 2013-14 \$'000 | 2014-15 \$'000 | 2015-16 \$'000 | 2016-17 \$'000 |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|
| Expense measures | | | | | |
| Targeted savings – public service efficiencies ¹ | 1.1 | (30) | (43) | (37) | (34) |
| Total expense measures | | (30) | (43) | (37) | (34) |

1. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

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 programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The Commission's outcome is described below, specifying the strategy, program objective, program deliverables and program 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 2013, as part of the review.

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

| | | |
|--|--|--|
| 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 | 2012-13 Estimated actual expenses \$'000 | 2013-14 Estimated expenses \$'000 |
| Program 1.1: Commonwealth Grants Commission | | |
| Departmental expenses | | |
| Departmental appropriation | 6,417 | 6,402 |
| Expenses not requiring appropriation in the budget year | 107 | 107 |
| Total expenses for Outcome 1 | 6,524 | 6,509 |
| | 2012-13 | 2013-14 |
| Average staffing level (number) | 40 | 40 |

Contributions to Outcome 1

Program 1.1: Commonwealth Grants Commission

Program objective

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

Program expenses

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

Table 2.2: Program expenses

| | 2012-13 Revised budget \$'000 | 2013-14 Budget \$'000 | 2014-15 Forward year 1 \$'000 | 2015-16 Forward year 2 \$'000 | 2016-17 Forward year 3 \$'000 |
|------------------------------------|--|-----------------------------|--|--|--|
| Annual departmental expenses | | | | | |
| Departmental items | 6,524 | 6,509 | 6,549 | 6,600 | 6,638 |
| Total departmental expenses | 6,524 | 6,509 | 6,549 | 6,600 | 6,638 |

Program 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 Standing Council on Federal Financial Relations.

Program 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 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program 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 2012-13 \$'000 | Budget estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 | Forward estimate 2016-17 \$'000 |
|--|--|---|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 5,500 | 5,200 | 5,300 | 5,400 | 5,500 |
| Supplier | 945 | 1,230 | 1,169 | 1,119 | 1,073 |
| Depreciation and amortisation | 79 | 79 | 80 | 81 | 65 |
| Total expenses | 6,524 | 6,509 | 6,549 | 6,600 | 6,638 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Revenue | | | | | |
| Sale of goods and rendering of services | - | - | - | - | - |
| Total revenue | - | - | - | - | - |
| Gains | | | | | |
| Other gains | 28 | 28 | 28 | 28 | 28 |
| Total gains | 28 | 28 | 28 | 28 | 28 |
| Total own-source income | 28 | 28 | 28 | 28 | 28 |
| Net cost of (contribution by) services | 6,496 | 6,481 | 6,521 | 6,572 | 6,610 |
| Appropriation revenue | 6,417 | 6,402 | 6,441 | 6,491 | 6,545 |
| Surplus (deficit) attributable to the Australian Government | (79) | (79) | (80) | (81) | (65) |

Note: Impact of Net Cash Appropriation Arrangements

| | 2012-13 \$'000 | 2013-14 \$'000 | 2014-15 \$'000 | 2015-16 \$'000 | 2016-17 \$'000 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations | - | - | - | - | - |
| plus depreciation/amortisation expenses previously funded through revenue appropriations | (79) | (79) | (80) | (81) | (65) |
| Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income | (79) | (79) | (80) | (81) | (65) |

Prepared on Australian Accounting Standards basis.

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

| | Estimated actual 2012-13 \$'000 | Budget estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 | Forward estimate 2016-17 \$'000 |
|---|--|---|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and equivalents | 114 | 114 | 114 | 114 | 114 |
| Trade and other receivables | 8,007 | 8,007 | 8,007 | 8,007 | 8,007 |
| Total financial assets | 8,121 | 8,121 | 8,121 | 8,121 | 8,121 |
| Non-financial assets | | | | | |
| Infrastructure, plant and equipment | 514 | 498 | 482 | 466 | 466 |
| Other | 54 | 54 | 54 | 54 | 54 |
| Total non-financial assets | 568 | 552 | 536 | 520 | 520 |
| Total assets | 8,689 | 8,673 | 8,657 | 8,641 | 8,641 |
| LIABILITIES | | | | | |
| Provisions | | | | | |
| Employees | 1,732 | 1,732 | 1,732 | 1,732 | 1,732 |
| Other | 220 | 220 | 220 | 220 | 220 |
| Total provisions | 1,952 | 1,952 | 1,952 | 1,952 | 1,952 |
| Payables | | | | | |
| Suppliers | 185 | 185 | 185 | 185 | 185 |
| Total payables | 185 | 185 | 185 | 185 | 185 |
| Total liabilities | 2,137 | 2,137 | 2,137 | 2,137 | 2,137 |
| Net assets | 6,552 | 6,536 | 6,520 | 6,504 | 6,504 |
| EQUITY | | | | | |
| Contributed equity | 579 | 642 | 706 | 771 | 836 |
| Reserves | 343 | 343 | 343 | 343 | 343 |
| Retained surpluses or accumulated deficits | 5,630 | 5,551 | 5,471 | 5,390 | 5,325 |
| Total equity | 6,552 | 6,536 | 6,520 | 6,504 | 6,504 |
| Current assets | 8,175 | 8,175 | 8,175 | 8,175 | 8,175 |
| Non-current assets | 514 | 498 | 482 | 466 | 466 |
| Current liabilities | 1,386 | 1,386 | 1,386 | 1,386 | 1,386 |
| Non-current liabilities | 751 | 751 | 751 | 751 | 751 |

Prepared on Australian Accounting Standards basis.

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

| | Estimated actual 2012-13 \$'000 | Budget estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 | Forward estimate 2016-17 \$'000 |
|--|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Goods and services | - | - | - | - | - |
| Appropriations | 6,417 | 6,402 | 6,441 | 6,491 | 6,545 |
| Total cash received | 6,417 | 6,402 | 6,441 | 6,491 | 6,545 |
| Cash used | | | | | |
| Employees | 5,684 | 5,200 | 5,300 | 5,400 | 5,500 |
| Suppliers | 733 | 1,202 | 1,141 | 1,091 | 1,045 |
| Total cash used | 6,417 | 6,402 | 6,441 | 6,491 | 6,545 |
| Net cash from or (used by) operating activities | - | - | - | - | - |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment | 63 | 63 | 64 | 65 | 65 |
| Total cash used | 63 | 63 | 64 | 65 | 65 |
| Net cash from or (used by) investing activities | (63) | (63) | (64) | (65) | (65) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | 63 | 63 | 64 | 65 | 65 |
| Total cash received | 63 | 63 | 64 | 65 | 65 |
| Net cash from or (used by) financing activities | 63 | 63 | 64 | 65 | 65 |
| Net increase or (decrease) in cash held | - | - | - | - | - |
| Cash at the beginning of the reporting period | 114 | 114 | 114 | 114 | 114 |
| Cash at the end of the reporting period | 114 | 114 | 114 | 114 | 114 |

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

| | Retained surpluses \$'000 | Asset revaluation reserve \$'000 | Other reserves \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|---|---------------------------------|---|-----------------------------|---|---------------------------|
| Opening balance as at 1 July 2013 | | | | | |
| Balance carried forward from previous period | 5,630 | 343 | - | 579 | 6,552 |
| Adjusted opening balance | 5,630 | 343 | - | 579 | 6,552 |
| Comprehensive income | | | | | |
| Surplus (deficit) for the period | (79) | - | - | - | (79) |
| Total comprehensive income recognised directly in equity | (79) | - | - | - | (79) |
| Transactions with owners | | | | | |
| <i>Contributions by owners</i> | | | | | |
| Appropriation (departmental capital budget) | - | - | - | 63 | 63 |
| Total transactions with owners | - | - | - | 63 | 63 |
| Estimated closing balance as at 30 June 2014 | 5,551 | 343 | - | 642 | 6,536 |

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

| | Estimated actual 2012-13 \$'000 | Budget estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 | Forward estimate 2016-17 \$'000 |
|--|--|---|--|--|--|
| NEW CAPITAL APPROPRIATIONS | | | | | |
| Capital budget - Bill 1 - DCB | 63 | 63 | 64 | 65 | 65 |
| Total new capital appropriations | 63 | 63 | 64 | 65 | 65 |
| Provided for: | | | | | |
| Purchase of non-financial assets | 63 | 63 | 64 | 65 | 65 |
| Total Items | 63 | 63 | 64 | 65 | 65 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriation - DCB | 63 | 63 | 64 | 65 | 65 |
| TOTAL | 63 | 63 | 64 | 65 | 65 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 63 | 63 | 64 | 65 | 65 |
| Total cash used to acquire assets | 63 | 63 | 64 | 65 | 65 |

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 |
|---|---------------------|---|-----------------------|---|-----------------|
| As at 1 July 2013 | | | | | |
| Gross book value | - | 673 | - | - | 673 |
| Accumulated depreciation/amortisation and impairment | - | 159 | - | - | 159 |
| Opening net book balance | - | 514 | - | - | 514 |
| Capital asset additions | | | | | |
| Estimated expenditure on new or replacement assets | | | | | |
| By purchase - appropriation ordinary annual services | - | 63 | - | - | 63 |
| Total additions | - | 63 | - | - | 63 |
| Other movements | | | | | |
| Depreciation/amortisation expense | - | 79 | - | - | 79 |
| Total other movements | - | 79 | - | - | 79 |
| As at 30 June 2014 | | | | | |
| Gross book value | - | 736 | - | - | 736 |
| Accumulated depreciation/amortisation and impairment | - | 238 | - | - | 238 |
| Closing net book balance | - | 498 | - | - | 498 |

Prepared on Australian Accounting Standards basis.

