

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

	<i>2021-22 Estimated actual \$'000</i>	<i>2022-23 Estimate \$'000</i>
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	<u>21,593</u>	<u>20,555</u>
Total departmental resourcing	21,593	20,555
Total resourcing for the Commonwealth Grants Commission	21,593	20,555
<hr/>		
Average staffing level (number)	<u>34</u>	<u>34</u>

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

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

(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'.

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	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward 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

(a) 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 analysis Stakeholder engagement Responsiveness to government	Achieved
Year	Performance measures	Planned Performance Results
Budget Year 2022-23	Responsiveness to government Excellence 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 Treasurer The 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	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward 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	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward 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.

- (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)

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward 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)

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'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	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward 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	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward 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
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	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.

(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 2022-23)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'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.

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