

# COMMONWEALTH GRANTS COMMISSION

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# COMMONWEALTH GRANTS COMMISSION

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION

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 Ministerial 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 from all sources. The table summarises how resources will be applied by outcome and by departmental classification.

**Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2011-12 as at Budget May 2011**

	Estimate of prior year amounts available in 2011-12 \$'000	+ Proposed at Budget 2011-12 \$'000	= Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
<b>Ordinary annual services</b>				
<b>Departmental appropriation</b>				
Prior year departmental appropriation	7,500 <sup>3</sup>	-	7,500	-
Departmental appropriation <sup>2</sup>	-	7,335 <sup>1</sup>	7,335	5,445
<b>Total net resourcing for the CGC</b>	<b>7,500</b>	<b>7,335</b>	<b>14,835</b>	<b>5,445</b>

1. Appropriation Bill (No. 1) 2011-12. Note that \$1 million appropriated in 2011-12 relates to 2010-11 outputs.
2. Includes \$0.1 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).
3. Estimated adjusted balance carried from previous year for annual appropriations.

## 1.3 BUDGET MEASURES

Budget measures relating to the Commission are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

**Table 1.2:-Commonwealth Grants Commission 2011-12 Budget Measures**

Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
<b>Expense measures</b>					
Commonwealth Grants Commission - additional funding	1,000	1,000	1,000	1,000	1,000
Efficiency dividend - temporary increase in the rate	-	(32)	(64)	(80)	(97)
<b>Total expense measures</b>	<b>1,000</b>	<b>968</b>	<b>936</b>	<b>920</b>	<b>903</b>
<b>Related capital</b>					
Efficiency dividend - temporary increase in the rate	-	-	(1)	(1)	(1)
<b>Total related capital</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>

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, deliverables and 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 2011, 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**

<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 and health care grants	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
<b>Program 1.1: Commonwealth Grants Commission</b>		
Departmental expenses		
Departmental appropriation	6,373	6,263
Expenses not requiring appropriation in the budget year	99	99
<b>Total expenses for Outcome 1</b>	<b>6,472</b>	<b>6,362</b>
	2010-11	2011-12
<b>Average staffing level (number)</b>	50	50

## Contributions to Outcome 1

### Program 1.1: Commonwealth Grants Commission

#### Program objective

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

#### Program expenses

There are no significant trends, changes or variances in the program expenses over the forward years.

**Table 2.2: Program expenses**

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	6,472	6,362	6,396	6,421	6,434
<b>Total departmental expenses</b>	<b>6,472</b>	<b>6,362</b>	<b>6,396</b>	<b>6,421</b>	<b>6,434</b>

**Program deliverables**

Completion of the *Report on State Revenue Sharing Relativities – 2012 Update* for consideration by the Ministerial Council for 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 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

### 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

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Commission.

**Table 3.1.2: Estimates of special account cash flows and balances**

		Opening balance	Receipts	Payments	Adjustments	Closing balance
		2011-12	2011-12	2011-12	2011-12	2011-12
		2010-11	2010-11	2010-11	2010-11	2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys -						
Commonwealth Grants	1	-	-	-	-	-
Commission Special Account		-	-	-	-	-
<b>Total special accounts</b>						
<b>2011-12 Budget estimate</b>		-	-	-	-	-
Total special accounts						
2010-11 estimate actual		-	-	-	-	-

#### 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 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: Budgeted departmental comprehensive income statement (for the period ended 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
<b>EXPENSES</b>					
Employee benefits	5,624	5,500	5,500	5,500	5,863
Supplier	768	782	817	842	491
Depreciation and amortisation	80	80	79	79	80
<b>Total expenses</b>	<b>6,472</b>	<b>6,362</b>	<b>6,396</b>	<b>6,421</b>	<b>6,434</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	8	8	8	8	-
<b>Total revenue</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>-</b>
<b>Gains</b>					
Other gains	19	19	19	19	-
<b>Total gains</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>-</b>
<b>Total own-source income</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>-</b>
<b>Net cost of (contribution by) services</b>	<b>6,445</b>	<b>6,335</b>	<b>6,369</b>	<b>6,394</b>	<b>6,434</b>
Appropriation revenue	6,365	6,255	6,290	6,315	6,354
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(80)</b>	<b>(80)</b>	<b>(79)</b>	<b>(79)</b>	<b>(80)</b>
<b>Note: Reconciliation of operating result attributable to the agency</b>					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
<b>Operating result attributable to the Australian Government</b>	<b>(80)</b>	<b>(80)</b>	<b>(79)</b>	<b>(79)</b>	<b>(80)</b>
Plus non-appropriated expenses depreciation and amortisation expenses	80	80	79	79	80
<b>Operating result attributable to the CGC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	22	22	22	22	22
Trade and other receivables	7,509	7,509	7,509	7,509	7,509
<b>Total financial assets</b>	7,531	7,531	7,531	7,531	7,531
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	68	68	68	68	68
Other	69	69	69	69	69
<b>Total non-financial assets</b>	137	137	137	137	137
<b>Total assets</b>	7,668	7,668	7,668	7,668	7,668
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	1,701	1,701	1,701	1,701	1,701
Other	164	164	164	164	164
<b>Total provisions</b>	1,865	1,865	1,865	1,865	1,865
<b>Payables</b>					
Suppliers	45	45	45	45	45
<b>Total payables</b>	45	45	45	45	45
<b>Total liabilities</b>	1,910	1,910	1,910	1,910	1,910
<b>Net assets</b>	5,758	5,758	5,758	5,758	5,758
<b>EQUITY</b>					
Contributed equity	436	516	595	674	754
Reserves	159	159	159	159	159
Retained surpluses or accumulated deficits	5,163	5,083	5,004	4,925	4,845
<b>Total equity</b>	5,758	5,758	5,758	5,758	5,758
<b>Current assets</b>	7,600	7,600	7,600	7,600	7,600
<b>Non-current assets</b>	68	68	68	68	68
<b>Current liabilities</b>	1,361	1,361	1,361	1,361	1,361
<b>Non-current liabilities</b>	549	549	549	549	549

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	8	8	8	8	-
Appropriations	6,365	6,255	6,290	6,315	6,354
<b>Total cash received</b>	6,373	6,263	6,298	6,323	6,354
<b>Cash used</b>					
Employees	5,358	5,621	5,684	5,500	5,863
Suppliers	1,015	642	614	823	491
<b>Total cash used</b>	6,373	6,263	6,298	6,323	6,354
<b>Net cash from or (used by) operating activities</b>	-	-	-	-	-
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	80	80	79	79	80
<b>Total cash used</b>	80	80	80	80	81
<b>Net cash from or (used by) investing activities</b>	(80)	(80)	(80)	(80)	(81)
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Capital injections	80	80	79	79	80
<b>Total cash received</b>	80	80	79	79	80
<b>Net cash from or (used by) financing activities</b>	80	80	79	79	80
<b>Net increase or (decrease) in cash held</b>	-	-	-	-	-
Cash at the beginning of the reporting period	22	22	22	22	22
<b>Cash at the end of the reporting period</b>	22	22	22	22	22

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2011</b>					
Balance carried forward from previous period	5,163	159	-	436	5,758
<b>Adjusted opening balance</b>	5,163	159	-	436	5,758
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(80)	-	-	-	(80)
<b>Total comprehensive income recognised directly in equity</b>	(80)	-	-	-	(80)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	80	80
<b>Total transactions with owners</b>	-	-	-	80	80
<b>Estimated closing balance as at 30 June 2012</b>	5,083	159	-	516	5,758

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget (DCB) statement**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	80	80	79	79	80
<b>Total capital appropriations</b>	80	80	79	79	80
<b>Represented by:</b>					
Purchase of non-financial assets	80	80	79	79	80
<b>Total represented by</b>	80	80	79	79	80
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	80	80	79	79	80
<b>TOTAL</b>	80	80	79	79	80
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	80	80	79	79	80
<b>Total cash used to acquire assets</b>	80	80	79	79	80

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2011</b>				
Gross book value	-	937	-	937
Accumulated depreciation/amortisation and impairment	-	869	-	869
<b>Opening net book balance</b>	-	68	-	68
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation ordinary annual services	-	80	-	80
<b>Total additions</b>	-	80	-	80
<b>Other movements</b>				
Depreciation/amortisation expense	-	80	-	80
<b>Total other movements</b>	-	80	-	80
<b>As at 30 June 2012</b>				
Gross book value	-	1,017	-	1,017
Accumulated depreciation/amortisation and impairment	-	949	-	949
<b>Closing net book balance</b>	-	68	-	68

Prepared on Australian Accounting Standards basis.

### 3.2.4 Notes to the financial statements

The financial statements have been prepared on an Australian Accounting Standards basis.