

Commonwealth Grants Commission

**Entity resources and
planned performance**

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.

For more detailed information on special accounts and special appropriations, please refer to the October *Budget Paper No. 4 – Agency Resourcing*.

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 October Budget 2022

	<i>2021-22 Estimated actual \$'000</i>	2022-23 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	12,375	14,077
Departmental appropriation (b)	8,216	7,873
Departmental capital budget (c)	1,102	265
Total departmental annual appropriations	<u>21,693</u>	<u>22,215</u>
Total departmental resourcing	21,693	22,215
Total resourcing for Commonwealth Grants Commission	21,693	22,215
	<u>2021-22</u>	<u>2022-23</u>
Average staffing level (number)	28	34

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

- a) Appropriation Bill (No. 1) 2022–23, Supply Bill (No. 3) 2022–23 and *Supply Act (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'.

1.3 Budget measures

Budget measures in Part 1 relating to entity the Commission are detailed in the October Budget Paper No. 2 and are summarised below.

Table 1.2: Commonwealth Grants Commission October 2022–23 Budget measures

Part 1: Measures announced since the 2022–23 March Budget

Program	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000
Payment measures					
An Ambitious and Enduring APS Reform Plan (a)	1.1				
Departmental payment	-	(3)	(8)	(10)	-
Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses (b)	1.1				
Departmental payment	-	(115)	-	-	-
Total	-	(118)	(8)	(10)	-
Total payment measures					
Departmental	-	(118)	(8)	(10)	-
Total	-	(118)	(8)	(10)	-

Prepared on a Government Finance Statistics (Underlying Cash) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

- a) The lead entity for measure An Ambitious and Enduring APS Reform Plan is the Department of Prime Minister and Cabinet. The full measure description and package details appear in Budget Paper No. 2, *Budget Measures 2022–23*, under the Prime Minister and Cabinet portfolio.
- b) The measure Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses is a cross-portfolio measure. The full measure description and package details appear in the Budget Paper No. 2, *Budget Measures 2022–23*, under Cross Portfolio 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 measure 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 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 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	7,873	7,872	7,917	7,965
Expenses not requiring appropriation in the Budget year (a)	162	511	525	545	45
Departmental total	8,378	8,384	8,397	8,462	8,010
Total expenses for program 1.1	8,378	8,384	8,397	8,462	8,010
Total expenses for Outcome 1	8,378	8,384	8,397	8,462	8,010

	2021-22	2022-23
Average staffing level (number)	28	34

a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good 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 measure 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 the October 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 through advice and recommendations on the distribution of GST revenue.		
Program 1.1– Commonwealth Grants Commission 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
Prior 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 2022–23 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	5,542	5,472	5,547	5,642	5,772
Suppliers	1,607	2,242	2,160	2,112	2,028
Depreciation and amortisation (a)	467	658	679	700	-
Finance costs	-	12	11	8	10
Total expenses	7,616	8,384	8,397	8,462	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	(7,571)	(8,339)	(8,352)	(8,417)	(7,765)
Revenue from Government	8,216	7,873	7,872	7,917	7,965
Surplus/(deficit) attributable to the Australian Government	645	(466)	(480)	(500)	200
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	(200)	-	-	-
Total other comprehensive income	-	(200)	-	-	-
Total comprehensive income/(loss)	645	(666)	(480)	(500)	200
Total comprehensive income/(loss) attributable to the Australian Government	645	(666)	(480)	(500)	200

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

Note: Impact of net cash appropriation arrangement

	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) - as per statement of Comprehensive Income	645	(666)	(480)	(500)	200
plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) (a)	117	447	468	489	-
plus: depreciation/amortisation expenses for ROU assets (b)	350	211	211	211	-
less: lease principal repayments (b)	335	192	199	200	200
Net Cash Operating Surplus/ (Deficit)	777	(200)	-	-	-

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.

Prepared on Australian Accounting Standards basis.

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	172	172	172	172	172
Trade and other receivables	12,261	11,585	11,585	11,585	11,585
Total financial assets	12,433	11,757	11,757	11,757	11,757
Non-financial assets					
Land and buildings	752	2,620	2,309	1,998	1,998
Property, plant and equipment	418	418	418	418	484
Intangibles	888	806	705	585	789
Other non-financial assets	81	57	57	57	57
Total non-financial assets	2,139	3,901	3,489	3,058	3,328
Assets held for sale					
Total assets	14,572	15,658	15,246	14,815	15,085
LIABILITIES					
Payables					
Suppliers	478	478	478	478	478
Other payables	153	153	153	153	153
Total payables	631	631	631	631	631
Interest bearing liabilities					
Leases	-	1,287	1,088	888	688
Total interest bearing liabilities	-	1,287	1,088	888	688
Provisions					
Employee provisions	1,472	1,472	1,472	1,472	1,472
Total provisions	1,472	1,472	1,472	1,472	1,472
Total liabilities	2,103	3,390	3,191	2,991	2,791
Net assets	12,469	12,268	12,055	11,824	12,294
EQUITY*					
Parent entity interest					
Contributed equity	3,090	3,355	3,622	3,891	4,161
Reserves	200	-	-	-	-
Retained surplus (accumulated deficit)	9,179	8,913	8,433	7,933	8,133
Total parent entity interest	12,469	12,268	12,055	11,824	12,294
Total equity	12,469	12,268	12,055	11,824	12,294

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 2022–23)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/capital \$'000	Total equity \$'000
Opening balance as at 1 July 2022					
Balance carried forward from previous period	9,179	200	-	3,090	12,469
Adjusted opening balance	9,179	200	-	3,090	12,469
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	8,913	-	-	3,355	12,268
Closing balance attributable to the Australian Government	8,913	-	-	3,355	12,268

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	7,742	8,549	7,872	7,917	7,965
Sale of goods and rendering of services	28	-	-	-	-
Net GST received	153	-	-	-	-
Total cash received	7,923	8,549	7,872	7,917	7,965
Cash used					
Employees	5,918	5,472	5,547	5,642	5,772
Suppliers	222	2,173	2,115	2,067	1,983
Net GST paid	258	-	-	-	-
Interest payments on lease liability	-	12	11	8	10
Other	53	-	-	-	-
Total cash used	6,451	7,657	7,673	7,717	7,765
Net cash from/(used by) operating activities	1,472	892	199	200	200
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	2,785	965	267	269	270
Total cash used	2,785	965	267	269	270
Net cash from/(used by) investing activities	(2,785)	(965)	(267)	(269)	(270)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	1,720	265	267	269	270
Total cash received	1,720	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	1,385	73	68	69	70
Net increase/(decrease) in cash held	72	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	100	172	172	172	172
Cash and cash equivalents at the end of the reporting period	172	172	172	172	172

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>					
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 (a)	-	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) Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

Table 3.6: Statement of departmental asset movements (Budget year 2022–23)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2022				
Gross book value	908	590	910	2,408
Gross book value - ROU assets	1,050	-	-	1,050
Accumulated depreciation/ amortisation and impairment	(156)	(172)	(22)	(350)
Accumulated depreciation/amortisation and impairment - ROU assets	(1,050)	-	-	(1,050)
Opening net book balance	752	418	888	2,058
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	700	62	203	965
By purchase - appropriation ordinary annual services - 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	1,608	652	1,113	3,373
Gross book value - ROU assets	2,529	-	-	2,529
Accumulated depreciation/ amortisation and impairment	(256)	(234)	(307)	(797)
Accumulated depreciation/amortisation and impairment - ROU assets	(1,261)	-	-	(1,261)
Closing net book balance	2,620	418	806	3,844

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.