

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 Ministerial Council for Commonwealth-State 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 origins. The table summarises how resources will be applied to the Commission.

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary Annual Services				
Departmental appropriation				
Prior year departmental carried forward	7,000 ³	-	7,000	-
Departmental appropriation ²	-	5,445 ¹	5,445	7,302
Receipts from other sources (s31)	-	-	-	8
Total net resourcing for the CGC	7,000	5,445	12,445	7,310

1. Appropriation Bill (No. 1) 2010-11.

2. Includes \$0.1 million in 2010-11 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

The Commission does not have any Budget measures for 2010-11.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government agencies are required to measure their intended and actual performance in terms of outcomes. Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. 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 2010, as part of the review.

The Commission will continue with this strategy in the current budget year and the forward years.

Outcome 1 Budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for Outcome 1 by program.

Commonwealth Grants Commission Budget Statements

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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Commonwealth Grants Commission		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	7,302	5,445
Revenues from independent sources (s31)	8	-
Expenses not requiring appropriation in the Budget year	19	19
Total expenses for Outcome 1	7,329	5,464
	2009-10	2010-11
Average staffing level (number)	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

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	7,329	5,464	5,381	5,431	5,462
Total departmental expenses	7,329	5,464	5,381	5,431	5,462

Program deliverables

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

Completion of the Report on State Revenue Sharing Relativities 2011 update for consideration by the Ministerial Council for Commonwealth-State 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 2010-11. 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

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 2010-11 <i>2009-10</i>	Receipts 2010-11 <i>2009-10</i>	Payments 2010-11 <i>2009-10</i>	Adjustments 2010-11 <i>2009-10</i>	Closing balance 2010-11 <i>2009-10</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Monies-						
Commonwealth Grants	1	-	-	-	-	-
Commission Special Account		-	-	-	-	-
Total special accounts						
2010-11 Budget estimate		-	-	-	-	-
Total special accounts						
2009-10 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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	6,223	4,624	4,500	4,500	4,500
Supplier	1,026	760	801	851	882
Depreciation and amortisation	80	80	80	80	80
Total expenses	7,329	5,464	5,381	5,431	5,462
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	8	-	-	-	-
Total revenue	8	-	-	-	-
Gains					
Other gains	19	19	19	19	19
Total gains	19	19	19	19	19
Total own-source income	27	19	19	19	19
Net cost of (contribution by) services	7,300	5,445	5,362	5,412	5,443
Appropriation revenue	7,302	5,365	5,282	5,332	5,363
Surplus (deficit) attributable to the Australian Government	2	(80)	(80)	(80)	(80)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	2	(80)	(80)	(80)	(80)
Plus non-appropriated expenses depreciation and amortisation expenses	-	80	80	80	80
Operating result attributable to the CGC	2	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	138	138	138	138	138
Trade and other receivables	7,009	7,011	7,010	7,010	7,011
Total financial assets	7,147	7,149	7,148	7,148	7,149
Non-financial assets					
Infrastructure, plant and equipment	217	217	217	217	217
Other	55	55	55	55	55
Total non-financial assets	272	272	272	272	272
Total assets	7,419	7,421	7,420	7,420	7,421
LIABILITIES					
Provisions					
Employees	1,573	1,535	1,548	1,548	1,540
Other	78	78	78	78	78
Total provisions	1,651	1,613	1,626	1,626	1,618
Payables					
Suppliers	75	115	101	101	110
Total payables	75	115	101	101	110
Total liabilities	1,726	1,728	1,727	1,727	1,728
Net assets	5,693	5,693	5,693	5,693	5,693
EQUITY					
Contributed equity	917	997	1,077	1,157	1,237
Reserves	159	159	159	159	159
Retained surpluses or accumulated deficits	4,617	4,537	4,457	4,377	4,297
Total equity	5,693	5,693	5,693	5,693	5,693
Current assets	7,202	7,204	7,203	7,203	7,204
Non-current assets	217	217	217	217	217
Current liabilities	1,333	1,343	1,339	1,339	1,342
Non-current liabilities	393	385	388	388	386

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	8	-	-	-	-
Appropriations	7,302	5,445	5,362	5,412	5,443
Total cash received	7,310	5,445	5,362	5,412	5,443
Cash used					
Employees	6,242	4,663	4,486	4,500	4,509
Suppliers	988	702	796	832	854
Total cash used	7,230	5,365	5,282	5,332	5,363
Net cash from or (used by) operating activities	80	80	80	80	80
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	80	80	80	80	80
Total cash used	80	80	80	80	80
Net cash from or (used by) investing activities	(80)	(80)	(80)	(80)	(80)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	138	138	138	138	138
Cash at the end of the reporting period	138	138	138	138	138

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	4,617	159	-	917	5,693
Adjusted opening balance	4,617	159	-	917	5,693
Comprehensive income					
Surplus (deficit) for the period	(80)	-	-	-	-
Total comprehensive income recognised directly in equity	(80)	-	-	-	-
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	80	-
Total transactions with owners	-	-	-	80	-
Estimated closing balance as at 30 June 2011	4,537	159	-	997	5,693

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	80	80	80	80
Total capital appropriations	-	80	80	80	80
Represented by:					
Purchase of non-financial assets	-	80	80	80	80
Total represented by	-	80	80	80	80
AQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	80	80	80	80
Funded internally from departmental resources	80	-	-	-	-
TOTAL	80	80	80	80	80

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or makegood expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	-	857	-	857
less Accumulated depreciation/amortisation	-	640	-	640
Opening net book balance	-	217	-	217
Asset movements				
Additions	-	80	-	80
less Depreciation/amortisation expense	-	80	-	80
Total asset movements	-	-	-	-
As at 30 June 2011				
Gross book value	-	937	-	937
less Accumulated depreciation/amortisation	-	720	-	720
Closing net book balance	-	217	-	217

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.