

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 and health care grants. 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 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 2008-09 as at Budget May 2008

	Estimate of prior + year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	4,940 ³	7,809 ¹	12,749	7,873
Receipts from other sources (s31)	-	8 ²	8	8
Total ordinary annual services A	4,940	7,817	12,757	7,881
Special accounts				
Non-appropriation receipts to special accounts	-	-	-	5
Total special accounts B	-	-	-	5
Total net resourcing for the Commission (A+B)	4,940	7,817	12,757	7,886

1. Appropriation Bill (No.1) 2008-09.

2. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.

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

1.3 BUDGET MEASURES

Table 1.2: Commonwealth Grants Commission 2008-09 Budget measures

The Commission does not have any Budget measures for 2008-09.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

The Commission's outcome and output is described below, specifying the performance indicators and targets used to assess and monitor the performance of the Commission in achieving government outcomes.

2.1.1 Outcome 1: Fiscal equalisation between the States, the Australian Capital Territory and the Northern Territory is achieved through the distribution, by Government, of GST revenue and Health Care Grants

Outcome 1 strategy

The Commission's role is 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 and health care grants are the major activity associated with this outcome. Between these reviews, the shares are updated annually using the most recent data. The last annual update was completed in February 2008.

Outcome 1 resource statement

Table 2.1 details budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for outcome 1

Outcome 1: Fiscal equalisation between the States, the Australian Capital Territory and the Northern Territory is achieved through the distribution, by Government, of GST revenue and Health Care Grants	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Commonwealth Grants Commission		
Departmental outputs		
Output 1.1.1 - Report on State Revenue Sharing Relativities	7,809	7,873
Receipts from other sources (s31)	8	8
Special accounts		
Non-appropriation receipts to special accounts	-	5
Total resources for outcome 1	7,817	7,886
<hr/>		
Average staffing level (number)	2008-09 50	2007-08 50

Contributions to outcome 1

Output group 1.1 — Commonwealth Grants Commission	
<p>The Commonwealth Grants Commission makes recommendations which are considered by government, on the distribution of the GST pool and health care grants.</p> <p>The components of output group 1.1 is:</p> <p>Output 1.1.1 — Report on State Revenue Sharing Relativities</p>	
Output 1.1.1 — Report on State Revenue Sharing Relativities	
Key performance indicators	2008-09 target
<p>The major effectiveness indicators of this outcome are the quality of the Commission's research, the accuracy of its calculations and the acceptance of the results it presents to government.</p>	<p>Completion of the Report on State Revenue Sharing Relativities 2009 update for consideration by the Ministerial Council for Commonwealth-State Financial Relations.</p>

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2008-09 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the Commission from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the Commission is unlikely to be fully utilised in the Budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the Commission's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	12,757
Less estimated payments in 2008-09	7,817
Estimated departmental outputs carried forward and available for 2009-10	4,940

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The Commission does not have any administered funds.

3.1.3 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* (FMA Act) or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the Commission.

Table 3.1.3: Estimates of special account cash flows and balances

	Opening balance	Receipts	Payments	Adjustments	Closing balance
	2008-09	2008-09	2008-09	2008-09	2008-09
	2007-08	2007-08	2007-08	2007-08	2007-08
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys -					
Commonwealth Grants	1	-	-	-	-
Commission Special Account	-	5	5	-	-
Total special accounts					
2008-09 Budget estimate	-	-	-	-	-
Total special accounts					
2007-08 estimate actual	-	5	5	-	-

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: 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 annual 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 income statement
(for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	7,873	7,809	7,318	5,501	5,433
Goods and services	8	8	8	8	8
Total revenue	7,881	7,817	7,326	5,509	5,441
Gains					
Other	19	19	19	19	19
Total income	7,900	7,836	7,345	5,528	5,460
EXPENSE					
Employees	6,130	6,565	6,223	4,624	4,624
Suppliers	1,190	1,191	1,042	824	756
Depreciation and amortisation	80	80	80	80	80
Total expenses	7,400	7,836	7,345	5,528	5,460
Surplus (deficit) attributable to the Australian Government	500	-	-	-	-

Prepared on an Australian Accounting Standards basis.

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

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	540	540	540	540	540
Trade and other receivables	58	58	58	58	58
Other	4,400	4,400	4,400	4,400	4,400
Total financial assets	4,998	4,998	4,998	4,998	4,998
Non-financial assets					
Land and buildings	219	219	219	219	219
Infrastructure, plant and equipment	159	159	159	159	159
Other	48	48	48	48	48
Total non-financial assets	426	426	426	426	426
Total assets	5,424	5,424	5,424	5,424	5,424
LIABILITIES					
Provisions					
Employees	1,316	1,310	1,315	1,315	1,315
Other	78	78	78	78	78
Total provisions	1,394	1,388	1,393	1,393	1,393
Payables					
Suppliers	26	32	27	27	27
Total payables	26	32	27	27	27
Total liabilities	1,420	1,420	1,420	1,420	1,420
Net assets	4,004	4,004	4,004	4,004	4,004
EQUITY					
Contributed equity	917	917	917	917	917
Reserves	159	159	159	159	159
Retained surpluses or accumulated deficits	2,928	2,928	2,928	2,928	2,928
Total equity	4,004	4,004	4,004	4,004	4,004
Current assets	5,046	5,046	5,046	5,046	5,046
Non-current assets	378	378	378	378	378
Current liabilities	1,094	1,094	1,094	1,094	1,094
Non-current liabilities	326	326	326	326	326

Prepared on an Australian Accounting Standards basis.

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

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	8	8	8	8	8
Appropriations	7,873	7,809	7,318	5,501	5,433
Total cash received	7,881	7,817	7,326	5,509	5,441
Cash used					
Employees	6,054	6,571	6,218	4,625	4,624
Suppliers	1,247	1,166	1,028	804	737
Other	116	-	-	-	-
Total cash used	7,417	7,737	7,246	5,429	5,361
Net cash from or (used by) operating activities	464	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)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	116	-	-	-	-
Total cash received	116	-	-	-	-
Net cash from or (used by) financing activities	116	-	-	-	-
Net increase or (decrease) in cash held	500	-	-	-	-
Cash at the beginning of the reporting period	40	540	540	540	540
Cash at the end of the reporting period	540	540	540	540	540

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	2,428	159	-	917	3,504
Adjusted opening balance	2,428	159	-	917	3,504
Surplus (deficit) for the period	500	-	-	-	500
Total income and expenses recognised directly in equity	500	-	-	-	500
Estimated closing balance as at 30 June 2009	2,928	159	-	917	4,004

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

The Commission does not have any administered funds.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

The Commission does not have any administered funds.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

The Commission does not have any administered funds.

3.2.3 Notes to the financial statements

Basis of accounting

The financial statements have been prepared on an accrual basis in accordance with the historical cost convention.