



Australian Government

Commonwealth Grants Commission

Annual Report

2020–21



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About this report

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This document should be attributed as the *Commonwealth Grants Commission Annual Report 2020–21*.

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Further information

For further information about this publication, please contact:

Director Corporate Services
Commonwealth Grants Commission
Second Floor, Phoenix House
86–88 Northbourne Avenue
Braddon ACT 2612

Phone: (02) 6218 5700

Email: services@cgc.gov.au

This report is available online at cgc.gov.au.

Further information about the Commonwealth Grants Commission is available on our website at cgc.gov.au.

Foreword

In 2020-21, the Commonwealth Grants Commission continued to fulfill its role in recommending to the Government the distribution of the GST pool among the states in line with horizontal fiscal equalisation. In February 2021, Commissioners provided a report to the Commonwealth Treasurer, consistent with the terms of reference he set, on updated GST relativities for the distribution of GST in 2021-22.

The Commission ensured that its assessment of the factors influencing states' ability to raise revenue and the costs of delivering state services appropriately reflected economic developments. The main influence on changes in the distribution of GST among the states in 2021-22 is the strong growth in the value of mining production in Western Australia, mainly reflecting historically high iron ore prices.

The COVID-19 pandemic was a dominating issue for the Australian economy and society in 2020-21. However, the consequences of the pandemic had little direct effect on the update in GST relativities for 2021-22 because it affected only the last few months of the 3-year assessment period for the update. The Commission continues to monitor the economic impact of the pandemic on state budgets.

The recommendations for the distribution of the GST pool in 2021-22 incorporated the first year of the transition to the new legislated changes to the equalisation arrangements.

A particular focus of the Commission in 2020-21 was on improving the clarity and accessibility of its output. This follows a recommendation in the Productivity Commission's 2018 report on Horizontal Fiscal Equalisation that the Commonwealth Grants Commission should adopt a greater role in improving understanding of the fiscal equalisation system.

In 2020-21, the Commission introduced an Occasional Paper series. These are brief, non-technical papers that cover topical issues affecting GST distribution and the role of the Commission. Topics covered included: *The impact of the Covid-19 pandemic on GST distribution* and *GST distribution and State tax reform*. The Commission is aiming to release three Occasional Papers each year. It is also introducing a Research Paper series. These papers will provide more detailed coverage of issues affecting GST distribution than the Occasional Papers and will also be seeking to improve public understanding of the issues.

The work of the Commission is undertaken in consultation with the Commonwealth and the states. The Commission greatly appreciates the cooperation it receives and will continue to focus on improving its interaction with the Commonwealth and the states, including through meetings of the Heads of Treasuries and meetings of the Council on Federal Financial Relations.

2020-21 was my first year as Chairperson of the Commission and I wish to thank my fellow Commissioners for their support. In February 2021, the former Secretary of the Commission, Mr Michael Willcock, retired and Mr Jonathan Rollings was appointed as Secretary. On behalf of Commissioners, I would like to thank Michael Willcock for his outstanding contribution. I also pass on our thanks to all Commission staff for their ongoing professionalism and hard work.



Mike Callaghan AM PSM

Chairperson

30 August 2021

Letter of transmittal

The Hon Josh Frydenberg MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

I am pleased to present the annual report on the operations of the Commonwealth Grants Commission (CGC) for the year ended 30 June 2021, as required by section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The report includes the CGC's audited financial statements, prepared under section 42 of the PGPA Act.

As required by section 10 of the Public Governance, Performance and Accountability Rule 2014, I certify that:

- the CGC has prepared fraud risk assessments and fraud control plans
- the CGC has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs
- I have taken all reasonable measures to appropriately deal with fraud relating to the CGC.

Yours sincerely



Jonathan Rollings
Secretary
30 August 2021

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Secretary's review

I am pleased to present my first annual report as Secretary to the Commonwealth Grants Commission. The CGC's main role is to provide independent advice to the government each year on the distribution of the GST among the states and territories. The CGC's advice is based upon the principle of horizontal fiscal equalisation – that is, to distribute the GST to give all states the fiscal capacity to provide their citizens with a comparable standard of services.

The CGC's advice for this year was provided in its *Report on GST Revenue Sharing Relativities 2021 Update*, publicly released on 25 March 2021. The 2021 Update was the first incorporating new legislative arrangements governing the distribution of the GST. In developing its advice, the Commission assessed state fiscal capacities across 20 revenue and expenditure categories, drawing on data from over 150 sources. CGC staff consulted closely with state treasuries on new and emerging issues, including the effect of COVID-19 on state budgets.

During the year, CGC staff supported the Commission in producing Occasional Papers on COVID-19 and state tax reform. Staff also supported the Chairperson's attendance at meetings of the Council on Federal Financial Relations and Heads of Treasuries.

Within the agency, the CGC progressed the vital work of transforming its ICT systems using funding secured in 2018-19. A focus this year was the migration of ICT systems to a cloud-based environment, while work continued on modernising the CGC's core ICT platform for analysing state fiscal data. Work commenced on a broader strategy for improving communication with stakeholders and the community, which will include the redevelopment of the CGC's website.

I was also particularly pleased to support an initiative from staff to develop the CGC's first Reconciliation Action Plan (RAP). A RAP working group has now been established and our CGC Reflect RAP 2021–23 has been submitted to Reconciliation Australia for endorsement.

A key member of the CGC leadership team, Tony Nichols, announced he would be retiring soon after the end of the financial year. I would like to thank Tony for his outstanding leadership in the CGC over the past 15 years.

Finally, I would like to thank all CGC staff for the professional approach they brought to their work through a year of considerable change for the organisation.



Jonathan Rollings
Secretary



Overview of the CGC

The Commonwealth Grants Commission's (CGC's) purpose is to provide advice and recommendations to the Australian Government on the relative fiscal capacities of the states and territories as the basis for distributing GST revenue to achieve fiscal equalisation.

The CGC's purpose is pursued through:

- effective support to the Commission's Chair and Members, through high quality research and analysis and close consultation with state treasuries
- sound corporate governance and financial management.

The Commission

The Commission is responsible for providing advice to the Government on the distribution of GST revenue to the states. The Commission Chairperson and members are appointed by the Governor-General under the [Commonwealth Grants Commission Act 1973](#). The Commission is supported in its responsibilities by the CGC Secretary and CGC staff.

Our Commissioners

The membership of the Commission during 2020–21 consisted of a part-time Chairperson and three part-time members.

Chairperson

Mr Michael Callaghan AM PSM



Mr Callaghan was appointed Commission Chairperson in June 2020. He has a long career in public policy, including 38 years in the Australian Treasury. From 2008 to 2012 he was Deputy Secretary, Macroeconomic Group, Australia's G20 Finance Deputy and the Prime Minister's Special Envoy, International Economy. From 2005-2007, he was Deputy Secretary, Revenue Group. Mr Callaghan spent four years on the IMF Executive Board in Washington DC and served as Chief of Staff to the Australian Treasurer, the Hon Peter Costello.

He has chaired a number of reviews for the Australian Government and international organisations. From 2013 to 2014, he was Director of the G20 Studies Centre at the Lowy Institute, and is now a non-resident Fellow at the Lowy Institute. He served on the Board of the Australian Reinsurance Pool Corporation from

2017 to 2019.

Mr Callaghan is a Member of the Order of Australia and has been awarded the Public Service Medal and Centenary Medal. He has economics and law degrees from the Australian National University and is a graduate of the Royal College of Defence Studies in London and the Australian Institute of Company Directors.

Members

Emeritus Professor Jeffrey Petchey



Emeritus Professor Petchey was appointed to the Commission in 2011 and reappointed in September 2016. He has degrees in economics from the University of Western Australia and the Australian National University. He is presently an economist in the School of Economics, Finance and Property at the Faculty of Business and Law, Curtin University, and specialises in research on horizontal fiscal equalisation, fiscal federalism, inter-governmental fiscal relations, fiscal competition, environmental economics and public goods.

He has published in international and domestic journals and contributed to government reports and enquiries in Australia and internationally. Emeritus Professor Petchey has coordinated AusAid and World Bank projects to develop an equalisation system for South Africa, taken part in many international forums on federalism in Europe, the USA and Canada, and conducted advisory work for the OECD on Australia's fiscal constitution.

Emeritus Professor Petchey served for five years as Head of the School of Economics and Finance, Curtin Business School and was the foundational director of the Bankwest Curtin Economics Centre.

Dr Lynne Williams AM



Dr Williams was appointed to the Commission in 2016. She has worked as an economist in the public sector for over 30 years, and currently sits on several boards including as Deputy Chair of the Essential Services Commission of South Australia, Chair of the Judicial Entitlements Panel and a member of the Victorian Legal Services Board. She also chairs the Audit Committees of the Victorian Legal Services Board.

Dr Williams held senior executive positions in the Victorian Treasury and Finance, Premier and Cabinet and Industry departments, and the Federal Productivity Commission and Bureau of Immigration, Multicultural and Population Research.

Dr Williams has degrees in economics from the University of Melbourne, the London School of Economics and Monash University. She is a Fellow of the Institute of Public Administration Australia (IPAA) and Principal Fellow of St Hilda's College (University of Melbourne), where she is also a Board member. In March 2019, Dr Williams was awarded the Faculty of Business and Economics (University of Melbourne) Alumni of Distinction Faculty Award. She sits on the Board of the Melbourne Business School and is a member of the Australian Institute of Company Directors. Dr Williams was made a Member of the Order of Australia (AM) in January 2017 for her contributions to economic and public policy.

The Hon Dr Peter Hendy



Dr Hendy is a professional economist and a company director. He was Chief Executive of the Australian Chamber of Commerce and Industry between 2002 and 2008 and has had a long career in both the private and public sectors, including in the areas of defence, international trade, treasury, education and industrial relations. In 2003 he was awarded a Centenary Medal by the Governor-General for services to Australian society in business leadership. He has worked internationally in the Middle East as Executive Director of the Bahrain Economic Development Board. He has been Chief Economist in the Prime Minister's Office and prior to that he was a Member of Parliament with roles as the Assistant Minister for Finance, Assistant Minister for Productivity and Assistant Cabinet Secretary in the Australian Government. Dr Hendy is a member of

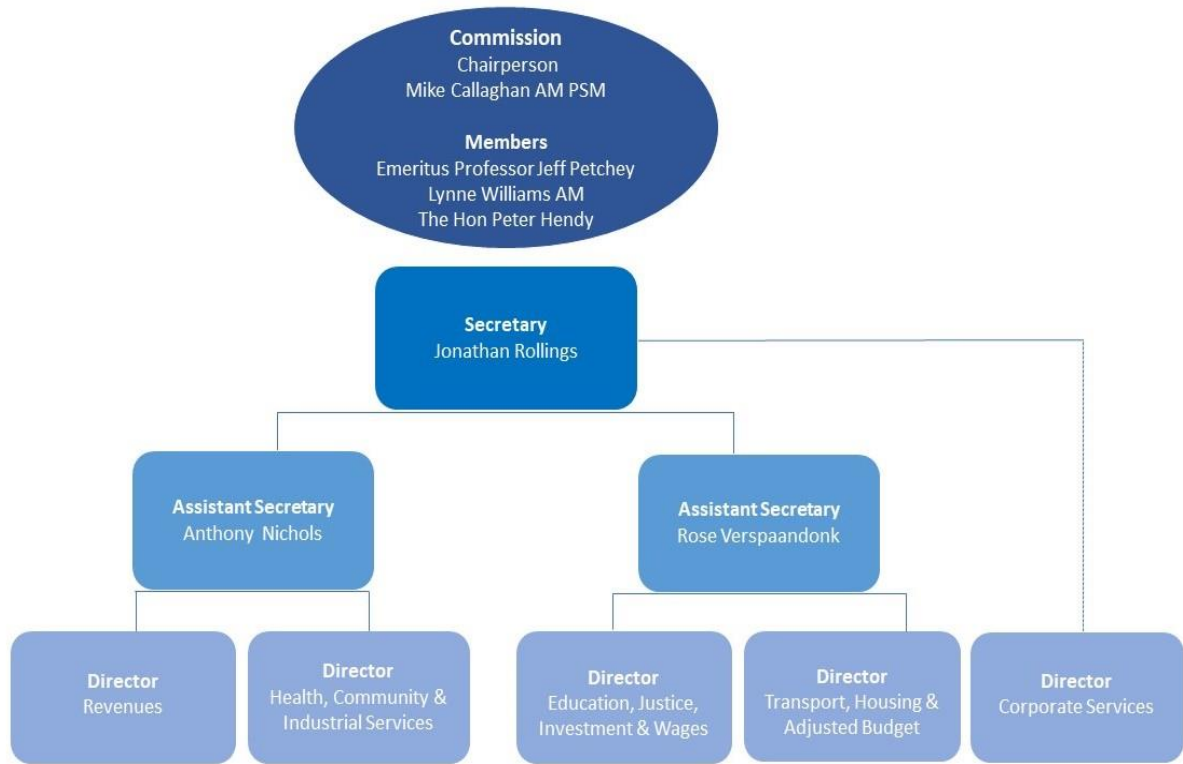
the Australian Institute of Company Directors and also a Fellow of the Australian Institute of Management. He has a first-class honours degree in Economics and a PhD in Government.

Accountable authority

The Secretary to the CGC is the accountable authority for the purposes of the *Public Governance, Performance and Accountability Act 2013*, with responsibility for governing the general operation of the CGC agency. Michael Willcock was Secretary from 1 July 2020 to 5 February 2021. Jonathan Rollings was appointed as Secretary from 8 February 2021.

Organisational structure

The CGC’s organisational structure at 30 June 2021 is shown in Figure 1.



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Annual performance statements

As the accountable authority of the Commonwealth Grants Commission (CGC), I present the CGC's 2020–21 annual performance statements as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity for the reporting period and comply with subsection 39(2) of the PGPA Act.



Jonathan Rollings
Secretary
30 August 2021

Results and analysis

The CGC measures its performance using the performance criteria outlined in the CGC's Corporate Plan 2020–21 and Portfolio Budget Statements 2020–21.

The CGC's main activity for 2020–21 was meeting the requirements of the Treasurer's terms of reference (issued on 11 February 2021), requiring the calculation of the GST revenue sharing relativities for 2021–22.

Performance Criterion	Excellent research and analysis
Target	Recognised analytical work of a technically high standard
Performance measures	<p>The technical quality of the analytical work underlying and supporting the Commission's reports, backed up by robust quality assurance processes.</p> <p>The degree of acceptance of the analytical work underlying the recommendations presented to the Commonwealth and state governments in response to terms of reference.</p>
Results	<p>Fully met</p> <p>The Commission drew on a range of data and used quantitative and qualitative methods to estimate the different fiscal needs of the states.</p> <p>Needs were assessed cross 20 revenue and expense categories. Data and methods were published on the CGC website with additional details provided to state treasuries.</p> <p>The CGC used rigorous processes to confirm the technical quality and accuracy of the work underlying the GST relativities. These processes included detailed internal checking procedures, supplemented by independent checkers.</p> <p>The Treasurer adopted the relativities recommended by the CGC in the <i>Federal Financial Relations (GST Revenue Sharing Relativities for 2021–22) Determination 2021</i> of 5 March 2021.</p> <p>Overall, the states expressed a high degree of acceptance of the processes through which the CGC discharged its responsibilities.</p>

Performance Criterion	Stakeholder engagement
Target	Consultation in accordance with the agreed engagement plan
Performance measures	The extent to which parties, particularly state governments, are given opportunities to place their views before the Commission.
Results	<p>Fully met</p> <p>In accordance with the engagement plan agreed with states, the CGC consulted with states on the calculation of the GST relativities for 2021/22.</p> <p>The CGC held a workshop with the states on the potential effects of COVID-19 on state budgets. The CGC also issued discussion papers to obtain state views on new issues. The 2021 Update included summaries of new issues, state views and Commission decisions.</p> <p>After the release of the 2021 Update, the CGC sought feedback from the states on the update process and is using this feedback in planning for the 2022 Update.</p> <p>In addition to formal consultation processes, the CGC maintained ongoing informal consultation with the states throughout the year, including with New South Wales on the potential implications of its proposed tax reforms.</p> <p>The Commission released two Occasional Papers to promote better understanding of topical and background issues associated with horizontal fiscal equalisation, the framework for the distribution of GST revenue and the role of the Commission.</p> <p>The Commission also engaged with Commonwealth and state treasuries through the Chairperson's attendance at meetings of the Council on Federal Financial Relations and Heads of Treasuries.</p>
Performance Criterion	Responsiveness to government
Target	Timely provision of advice in accordance with terms of reference.
Performance measures	<p>Timeliness of reports.</p> <p>Appropriate responses to each requirement in terms of reference.</p>
Results	<p>Fully met</p> <p>In accordance with timing requirements of the Treasurer's terms of reference, the Commission provided the <i>Report on GST Revenue Sharing Relativities 2021 Update</i> to the Treasurer and the states on 26 February 2021 and publicly released it on 15 March 2021.</p> <p>The GST revenue sharing relativities for 2021–22 complied with the additional requirements of the Treasurer's terms of reference.</p>

Financial performance

The CGC remains in a sound financial position, operating within its appropriation and with sufficient cash reserves to fund its liabilities as and when they fall due.

Excluding depreciation, amortisation, changes in asset revaluation reserves and leasing adjustments, the CGC reported an operating surplus of \$2.77 million in 2020–21.

This compares with an operating surplus of \$2.59 million in 2019–20 after adjusting for depreciation, amortisation, changes in asset revaluation reserves and leasing adjustments.

Table 1 Summary of financial performance (unadjusted), 2020–21

	2020–21	2019–20	Movement
	(\$'000)	(\$'000)	(\$'000)
Total own-source revenue	45	75	(30)
Total revenue from government	8,482	8,227	255
Total expenses	5,894	5,902	(8)
Net surplus/(deficit)	2,633	2,400	233

Resourcing statement

Table 2 summarises the CGC's total resources and total payments in 2020–21, and Table 3 shows total expenses for Outcome 1 in 2020–21.

Table 2 CGC resource statement, 2020–21

	Actual available	Payments made	Balance
	(\$'000)	(\$'000)	(\$'000)
Ordinary annual services^(a)			
Departmental appropriation ^(b)	18,404	6,029	12,375
Total ordinary annual services	18,404	6,209	12,375
Total resourcing and payments	18,404	6,029	12,375

(a) *Appropriation Act (No. 1) 2020–2021*. This also includes prior-year departmental appropriation and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

(b) Includes an amount of \$1,102,000 in 2020–21 for the departmental capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

Table 3 Total expenses for Outcome 1, 2020–21

	Budget ^(a)	Actual	Variation
	2020–21	2020–21	2020–21
	(\$'000)	(\$'000)	(\$'000)

Outcome 1: Informed government decisions on fiscal equalisation between the states and territories through advice and recommendations on the distribution of GST revenue

Program 1.1: The commission makes recommendations on the distribution of the GST pool, which are considered by government

Departmental expenses

Departmental appropriation	8,482	5,714	2,768
Expenses not requiring appropriation in the Budget year ^(b)	183	180	3
Total expenses for Program 1.1	8,665	5,894	2,771
Total expenses for Outcome 1	8,665	5,894	2,771

	2019–20	2020–21
Average staffing level (number)^(c)	24	23

(a) Full-year budget, including any subsequent adjustment made to the 2020–21 budget at Additional Estimates.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and audit fees.

(c) Actual average staffing level (ASL) for 2019–20 and 2020–21

Management and accountability

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Corporate governance

The CGC has structures and processes in place to maintain effective corporate governance. The CGC is a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). This imposes accountability requirements consistent with those of a department while allowing for independence from the corporate policies of the Department of the Treasury.

Under the *Commonwealth Grants Commission Act 1973*, the Secretary of the CGC is the accountable authority for the purposes of the PGPA Act. The Secretary is responsible for the governance and performance of the CGC while supporting the Commission in its responsibilities.

The management of the organisation is supported by three main committees: Executive Committee, Workplace Representative Committee and Audit Committee. The membership and roles of these committees are detailed in Table 4.

Table 4 CGC Committees at 30 June 2021

Committee	Membership	Role and activities
Executive Committee	Members of the Senior Executive, with support provided as required by the Director Corporate Services	<p>The committee:</p> <ul style="list-style-type: none"> advises the Secretary on matters of corporate management, governance, risk, information management and resource allocation provides strategic advice to the CGC on the conduct of inquiries and assessment methods provides strategic direction to CGC employees acts as the Fraud Committee, Remuneration Committee, and Learning and Development Committee.
Workplace Representative Committee	The Secretary (as the chair), three staff members and Director Corporate Services	Established under the Commonwealth Grants Commission Enterprise Agreement 2015–2018, the committee operates to facilitate communication and consultation with employees on workplace and employment issues and to monitor matters concerning the implementation and interpretation of the enterprise agreement.
Audit Committee	Two external members (one of whom is chair) and a member of the senior executive, with support provided by the Director Corporate Services	Established as per the requirements of the PGPA Act, the committee provides independent assurance and assistance to the Secretary on the CGC's risk, control and compliance framework and its financial statement responsibilities

Audit committee

Table 5 Audit committee members and attendance, 2020–21

Name	Qualifications	Attendance
Nicholas Creagh	CPA, Assistant Secretary, Finance Branch at DPS (CFO)	2/2
Michelle Crowther	CPA, Assistant Secretary, Corporate Division at PM&C (A/g CFO)	2/2
Anthony Nichols	Assistant Secretary at CGC	2/2

Audit committee members received no remuneration for their work on the audit committee.

The audit committee charter can be found at cgc.gov.au.

Corporate planning

The CGC published its Corporate Plan 2020–21 on its website, cgc.gov.au, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*. The corporate plan sets out our purpose and performance measures and is an important tool in articulating the CGC’s strategic direction to staff and external audiences.

Fraud prevention

There were no incidents of fraud in 2020–21. The CGC’s risk management framework is an important part of our corporate governance responsibilities, and risk management is overseen by the Audit Committee. The Director Corporate Services is responsible to the senior executive for ensuring that risk management is aligned with overall business strategy.

External scrutiny

The CGC is subject to an annual financial statements audit by the Australian National Audit Office (ANAO). During 2020–21, the CGC was not the subject of any ANAO performance audits. There have been no significant developments in external scrutiny of the CGC during 2020–21.

Management of human resources

As a small statutory authority within the Treasury portfolio, the CGC is focused on attracting and retaining a highly skilled, motivated and diverse workforce, with particular expertise in data and statistical analysis. The expertise and professionalism of our staff enables us to produce high-quality reports and maintain strong stakeholder relationships.

The CGC has continued to build a workforce from diverse backgrounds with people who bring a range of insights and perspectives to their work. We strive to create an environment that encourages and supports staff to be themselves and to achieve their full potential. We prioritise the health, safety and wellbeing of our staff.

During 2020–21, the continued impact of the global pandemic increased the pressure on our workforce. Changes in working conditions, places of work, personal work health, safety and wellbeing practices and competing work priorities required our staff to respond with resilience and professionalism.

The results of the 2020 Australian Public Service (APS) Employee Census highlighted the success of the CGC in continuing to be an agency with a strong team culture and a stable and motivated workforce. The overall census results for the CGC, while generally positive, also identified areas for ongoing improvement and growth.

Our values

We uphold the Australian Public Service values to be impartial, committed to service, accountable, respectful, and ethical. In undertaking our work, we consult closely with the states and data-providers to ensure our analysis is based on the best available information. Our reputation and credibility are built upon the rigour of our research, analysis, and reporting.

Professional and personal development

Employee development in the APS is an important contributor to a productive, progressive, innovative and engaged workforce. The CGC recognises the importance of supporting staff to develop their skills including through on-the-job and formal training and development opportunities. In 2020-21, the CGC commenced plans to implement an e-Learning management system to support ongoing professional and personal development.

Entry level programs

In 2020-21, the CGC engaged four university students with relevant skills to support our work. This initiative gives the agency access to an emerging talent pool, with current skills and fresh perspectives while providing the students with an income, experience in an office environment and the opportunity to apply their analytical, writing and time management skills. Over time, there may be the added mutual benefit of ongoing employment opportunities.

The CGC continued to actively contribute to the formation of the APS Data Professional stream.

Staffing information

At 30 June 2021, the CGC employed 29 APS staff with an average staffing level across the year of 27.56.

The CGC's workforce is increasingly diverse:

- 48 per cent of the workforce are women

- 42 per cent of SES and EL cohorts are women
- 55 per cent are under 45 years of age
- 14 per cent identify as having a disability
- 14 per cent identify as LGBTIQA+
- 23 per cent were born overseas
- 27 per cent speak a language other than English.

The following tables provide a breakdown of CGC staff numbers by classification, gender and employment type for the current report period (2020-21) and the previous report period (2019-20).

Table 6 Australian Public Service Act ongoing and non-ongoing employees - current report period (2020-21)

	Ongoing				Non-ongoing				Total	
	Full-time		Part-time		Full-time		Part-time			
Classification	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
SES Band 3	1	–	–	–	–	–	–	–	1	–
SES Band 1	1	1	–	–	–	–	–	–	1	1
EL 2	5	1	–	–	1	–	–	–	6	1
EL 1	2	3	–	2	–	1	1	–	3	6
APS 6	2	3	–	–	–	–	–	–	2	3
APS 5	2	1	–	–	–	–	–	–	2	1
APS 1	–	–	–	–	–	–	–	2	–	2
<i>Subtotal</i>	13	9	–	2	1	1	1	2	15	14
Total	22		2		2		3		29	

Table 7 Australian Public Service Act ongoing and non-ongoing employees - previous report period (2019-20)

	Ongoing				Non-ongoing		Total	
	Full-time		Part-time		Part-time			
Classification	Male	Female	Male	Female	Male	Female	Male	Female
SES Band 3	1	–	–	–	–	–	1	–
SES Band 1	1	1	–	–	–	–	1	1
EL 2	4	1	–	–	–	–	4	1
EL 1	3	3	–	2	1	–	4	5
APS 6	1	4	–	–	–	–	1	4
APS 5	–	1	–	–	–	–	–	1
<i>Subtotal</i>	10	10	–	2	1	–	11	12
Total	20		2		1		23	

Table 8 Age demographic of CGC staff at 30 June 2021 - current report period (2020-21)

Age	Number of staff
20-25	2
26-30	-
31-35	5
36-40	6
41-45	4
46-50	3
51-55	3
56-60	3
61-65	3
66+	-
Total	29

Table 9 Australian Public Service Act Employment Non-SES salary ranges by classification level (minimum/maximum) - current report period (2020-21)

Classification	Minimum (\$)	Maximum (\$)
Executive Level 2	139,998	161,065
Executive Level 1	113,110	118,913
APS 6	89,151	96,895
APS 5	78,450	82,077
APS 4	71,232	74,458
APS 3	61,519	66,501
APS 2	56,612	60,550
APS 1	46,780	52,389

Table 10 Information about remuneration for management personnel - current report period (2020-21)

Name	Position title	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses	Other benefits	Superannuation contributions	Long service leave	Other long-term benefits		
Jonathan Rollings*	Secretary	133,829	–	–	25,266	3,465	–	–	162,560
Michael Willcock*	Secretary	182,416	–	18,635	41,797	24,433	–	–	267,281
Anthony Nichols	Assistant Secretary	184,510	18,222	9,711	39,946	17,417	–	–	269,806
Rose Verspaandonk*	Assistant Secretary	139,903	–	–	27,472	3,357	–	–	170,732
Alison Harper*	Assistant Secretary	37,508	8,427	5,985	6,376	10,078	–	–	68,374

* Amounts calculated and reported on a pro-rata basis.

Table 11 Information about remuneration for senior executives - current report period (2020-21)

Total remuneration bands	No. of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
\$0 - \$220,000	2	88,705	4,214	2,992	16,924	6,718	–	–	119,553
\$245,001 - \$270,000	1	184,510	18,222	9,711	39,946	17,417	–	–	269,806

Table 12 Performance payments - current report period (2020–21)

Classification(a)	Number	Total (\$)	Average (\$)	Minimum (\$)	Maximum (\$)
SES and EL 1–2	14	71,968	5,141	64,00	18,222
APS 5–6	5	9,407	1,881	806,00	3,763
Total	19	81,375			

(a) Combined for confidentiality.

Table 13 Australian Public Service Act Employment Arrangements - current report period (2020-21)

Instrument	SES	Non-SES	Total
Enterprise Agreement	-	26	26
Section 24(1) determination	3	-	3
Total	3	26	29

Purchasing

Purchasing activities undertaken by CGC employees met the requirements of the Commonwealth Procurement Rules. Relevant employees were aware of the requirements and expectations when undertaking procurement activities and were guided by the CGC's own internal purchasing policy and accountable authority instructions.

The CGC supports small business participation in the Commonwealth Government procurement market. Small and medium-sized enterprise (SME) and small enterprise participation statistics are available on the Department of Finance's website. The CGC is a small agency and all of its purchasing, other than under whole-of-government arrangements, was undertaken with small or medium-sized enterprises.

Contracts

Expenditure on reportable consultancy contracts

	Number	Expenditure \$ (GST inc.)
New contracts entered into during the reporting period	2	\$225,822
Ongoing contracts entered into during a previous reporting period	1	\$10,635
Total	3	\$236,457

During 2020–21, 2 new reportable consultancy contracts were entered into involving total actual expenditure of \$225,822. In addition, 1 ongoing reportable consultancy contracts was active during the period, involving total actual expenditure of \$10,635.

Decisions to engage consultants during 2020–21 were made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

The procedures adopted to identify potential consultants varied according to the nature of the task, but generally involved using panel arrangements. The successful consultant was chosen on the basis of specified selection criteria, and on the principle of 'buying for better value'.

The CGC engaged consultants when specialist knowledge or skills were needed to complete a task, or when it was more cost-effective to do so. Decisions to engage consultants were taken after considering the importance of the task and possible in-house options.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website at tenders.gov.au.

Additional information about organisations receiving amounts under reportable consultancy contracts

Name of Organisation	Expenditure \$ (GST inc)
The Fair Choice (81 643 886 604)	\$220,124
A23 Pty Ltd (81 612 329 781)	\$10,635
TSA Management (ACT) Pty Ltd (79 097 795 125)	\$5,698

Expenditure on reportable non-consultancy contracts

	Number	Expenditure \$ (GST inc.)
New contracts entered into during the reporting period	7	\$134,974
Ongoing contracts entered into during a previous reporting period	6	\$601,361
Total	13	\$736,335

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the reportable non-consultancy contracts' value is available on the AusTender website at tenders.gov.au.

Additional information about organisations receiving amounts under reportable non-consultancy contracts

Name of Organisation	Expenditure \$ (GST inc)
Raine & Horne Commercial (68 080 502 272)	\$390,062
By Storm Pty Ltd (55 139 070 090)	\$156,875
Grace Information Management (93 097 110 257)	\$46,011
Aurion Corporation Pty Ltd (63 050 431 868)	\$25,364
Capital Recruit (19 621 492 261)	\$23,366

Other mandatory information

Advertising and market research

During 2020–21, the CGC made no payments to advertising or market research organisations that required disclosure under section 311A of the *Commonwealth Electoral Act 1918*.

Disability reporting

The National Disability Strategy is Australia's overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers.

Government will continue to be held accountable for the implementation of the strategy through biennial progress reporting to the Council of Australian Governments. Progress reports can be found at dss.gov.au. Disability reporting is included the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au.

Freedom of information

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with IPS requirements. This plan is accessible on the CGC's website at cgc.gov.au.

Ecologically sustainable development and environmental performance

The CGC does not have any direct responsibilities in relation to the administration of environmental sustainability legislation. However, it is mindful of its responsibilities to minimise negative impacts on the environment. Measures are in place to monitor and minimise the use of non-renewable energy. The CGC also has in place recycling systems for office supplies and general waste from workspaces and the staff kitchen.

Work health, safety and wellbeing

At the CGC we are committed to the health, safety and wellbeing of staff and visitors to our workplace. We promote a healthy and safe workplace that endeavours to return us all safely each day to our families, friends and communities.

Workplace health, safety and wellbeing matters are standing agenda items that are routinely discussed at executive and senior management meetings and Workplace Relations/Health and Safety Committee meetings.

There were no reportable incidents lodged with Comcare during the reporting year. No investigations were conducted by Comcare during the reporting year. The CGC received no directions or notices under parts 10 to 13 of the *Work Health and Safety Act 2011*.

Initiatives undertaken by the CGC during the year to maintain its ongoing commitment to a safe workplace included:

- availability of workstation assessments for all staff with sit-to-stand desk options
- access to the Employee Assistance Program
- expansion of ICT remote working capabilities, enabling staff to work remotely
- review and ongoing management of the WHS governance framework.

Financial statements

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INDEPENDENT AUDITOR'S REPORT

To the Treasurer

Opinion

In my opinion, the financial statements of the Commonwealth Grants Commission (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement by the Secretary and Chief Financial Officer;
- Statement of comprehensive income;
- Statement of financial position;
- Statement of changes in equity;
- Cash flow statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Jodi George

Executive Director

Delegate of the Auditor-General

Canberra

23 July 2021

Statement by the Secretary and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Commonwealth Grants Commission will be able to pay its debts as and when they fall due.



Jonathan Rollings
Secretary
23 July 2021



Steven Rogers CA
Acting Chief Financial Officer
23 July 2021

Statement of comprehensive income

for the period ended 30 June 2021

		2021	2020	Original Budget
	Notes	\$'000	\$'000	\$'000
Expenses				
Employee benefits	2A	4,536	4,226	5,564
Suppliers	2B	854	1,150	2,612
Depreciation and amortisation	4	486	526	489
Write-down and impairment of assets	4	18	-	-
Total expenses		5,894	5,902	8,665
Own-source income				
Rendering of services		-	30	-
Resources received free of charge		45	45	45
Total own-source income		45	75	45
Net cost of services		5,849	5,827	8,620
Revenue from government		8,482	8,227	8,482
Surplus/(deficit) attributable to Government		2,633	2,400	(138)
Other Comprehensive Income				
Changes in asset revaluation reserve		-	(64)	-
Total comprehensive income/(loss)		2,633	2,336	(138)

The above statement should be read in conjunction with the accompanying notes.

Statement of financial position

at 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Budget \$'000
Assets				
Financial assets				
Cash and cash equivalents		100	100	100
Trade and other receivables	3	12,328	8,299	8,323
Total financial assets		12,428	8,399	8,423
Non-financial assets				
Leasehold	4	428	856	428
Plant and equipment	4	28	89	89
Software	4	180	15	1,056
Prepayments		47	72	48
Total non-financial assets		683	1,032	1,621
Total assets		13,111	9,431	10,044
Liabilities				
Payables				
Suppliers		109	128	128
Other payables	5A	206	109	109
Total payables		315	237	237
Interest bearing liabilities				
Leases	5B	335	686	335
Total interest-bearing liabilities		335	686	335
Provisions				
Employee provisions	5C	1,630	1,412	1,412
Other provisions	5D	109	109	109
Total provisions		1,739	1,521	1,521
Total liabilities		2,389	2,444	2,093
Net assets		10,722	6,987	7,951
Equity				
Contributed equity		1,988	886	1,988
Reserves		200	200	200
Retained surplus		8,534	5,901	5,763
Total equity		10,722	6,987	7,951

The above statement should be read in conjunction with the accompanying notes.

Statement of changes in equity

for the period ended 30 June 2021

	2021 \$'000	2020 \$'000	Budget \$'000
Contributed equity			
Opening balance			
Balance carried forward from previous period	886	61	886
Transactions with owners			
Departmental capital budget	1,102	825	1,102
Closing balance at 30 June	1,988	886	1,988
Retained surplus			
Opening balance			
Balance carried forward from previous period	5,901	3,396	5,901
Adjustment on initial application of AASB 16 ¹	-	105	-
Comprehensive income			
Surplus/(deficit) for the period	2,633	2,400	(138)
Closing balance at 30 June	8,534	5,901	5,763
Asset revaluation reserve			
Opening balance			
Balance carried forward from previous period	200	264	200
Comprehensive income			
Revaluation	-	(64)	-
Closing balance at 30 June	200	200	200
Total equity			
Opening balance			
Balance carried forward from previous period	6,987	3,721	6,987
Adjustment on initial application of AASB 16 ¹	-	105	-
Comprehensive income			
Surplus/(deficit) for the period	2,633	2,400	(138)
Revaluation	-	(64)	-
Transactions with owners			
Departmental capital budget	1,102	825	1,102
Closing balance at 30 June	10,722	6,987	7,951

¹The CGC applied AASB 16 Leases on 1 July 2019.

The above statement should be read in conjunction with the accompanying notes.

Cash flow statement

for the period ended 30 June 2021

	2021	2020	Budget
	\$'000	\$'000	\$'000
Operating activities			
Cash received			
Appropriations	5,416	6,292	8,458
GST received	110	149	-
Other	433	179	-
Total cash received	5,959	6,620	8,458
Cash used			
Employees	4,673	4,590	5,564
Suppliers	935	1,338	2,543
Transferred to Official Public Account	-	384	-
Total cash used	5,608	6,312	8,107
Net cash from/(used by) operating activities	351	308	351
Investing activities			
Cash used			
Purchase of non-financial assets	180	22	1,102
Total cash used	180	22	1,102
Net cash from/(used by) investing activities	(180)	(22)	(1,102)
Financing activities			
Cash received			
Contributed equity	180	22	1,102
Total cash received	180	22	1,102
Cash used			
Principal payments of lease liabilities	351	335	351
Total cash used	351	335	351
Net cash from/(used by) financing activities	(171)	(313)	751
Net increase/(decrease) in cash held	-	(27)	-
Cash at the beginning of the reporting period	100	127	100
Cash at the end of the reporting period	100	100	100

The above statement should be read in conjunction with the accompanying notes.

Note summary of significant accounting policies

1.1 Objectives of the CGC

The CGC is an Australian Government-controlled entity and is a not-for-profit entity. The objective of the CGC is to inform Government decisions on fiscal equalisation between the states and territories through advice and recommendations on the distribution of goods and services tax (GST) revenue.

1.2 Basis of preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with the:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars, values rounded to the nearest thousand dollars (unless otherwise specified) and reflect the original budget as presented to parliament.

1.3 New accounting standards

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the CGC's financial statements.

1.4 Own-source income

ANAO audit services - resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Revenue from government

Amounts appropriated for departmental operating activities for the year (adjusted for any formal additions and reductions and less departmental capital budgets) are recognised as revenue from government when CGC gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

1.5 Financial assets

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand and deposits in bank accounts.

Trade and other receivables are measured at amortised cost using the effective interest method less impairment. No impairment allowance has been recognised as at balance date.

1.6 Acquisition of assets

Non-financial assets are initially recognised at cost in the statement of financial position, except for purchases costing less than \$6,000 which are expensed in the year of acquisition.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the CGC where there exists an obligation to restore the property to its original condition. These costs are included in the value of the CGC's leasehold improvements with a corresponding provision for the 'make good' recognised.

1.7 Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright but included in the same column as where the corresponding underlying assets would be presented if they were owned.

The CGC adopted AASB 16 *Leases* on 1 July 2019. Upon adoption the CGC has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

1.8 Property, plant and equipment

Revaluations

Following initial recognition at cost, plant and equipment (excluding ROU Assets) are carried at fair value less subsequent accumulated depreciation. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of 'asset revaluation reserve', except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit, except to the extent that they reverse a previous revaluation increment for that class. Upon revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the CGC using, in all cases, the straight-line method of depreciation. Leasehold is depreciated over the lesser of the estimated useful life of the leasehold improvement or the lease term. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset class	2021	2020
Leasehold	Within the lease term	Within the lease term
Plant and equipment	Two to five years	Two to five years

Impairment

All assets were assessed for indications of impairment at 30 June 2021. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.9 Fair value measurement

All property, plant and equipment are measured at fair value in the statement of financial position. When estimating fair value, market prices (with adjustment) were used where available. Where market prices were not available, depreciated replacement cost was used. A reconciliation of movements in property, plant and equipment has been included in Note 4.

1.10 Software

CGC's software has been internally developed. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of CGC's software is three to seven years (2020: three to seven years).

All software assets were assessed for indications of impairment at 30 June 2021.

1.11 Supplier and other payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Supplier payables are settled within 30 days.

1.12 Employee benefits

Liabilities for 'short-term employee benefits' and termination benefits expected within 12 months of the end of the reporting period are measured at their nominal amounts.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, plus the CGC's employer superannuation contribution rates and applicable on-costs, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to paragraph 24(1)(a) of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* using the

shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and enterprise agreements.

Superannuation

Employees of the CGC are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSa is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The CGC makes employer contributions to employees' superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government, and accounts for the contributions as if they were contributions to defined contribution plans.

1.13 Taxation

The CGC is exempt from all forms of taxation except fringe benefits tax and GST.

1.14 Events after the reporting period

There were no events that occurred after the balance date that would affect the balances in the financial statements.

Note 2: Expenses

	2021	2020
	\$'000	\$'000
Note 2A: Employee benefits		
Wages and salaries	3,309	3,341
Superannuation		
Defined contribution plans	276	250
Defined benefits plans	349	363
Leave and other entitlements	602	272
Total employee benefits	4,536	4,226

The above lease disclosure should be read in conjunction with the accompanying notes 4 and 5B.

	2021	2020
	\$'000	\$'000
Note 2B: Suppliers		
Goods and services		
Professional services	316	91
Operating	226	212
Information technology	217	756
Travel	39	45
Property	46	30
Total goods and services	844	1,134
Other suppliers		
Workers compensation expenses	5	8
Interest on lease liabilities	5	8
Total other suppliers	10	16
Total suppliers	854	1,150

Note 3: Financial assets

	2021	2020
	\$'000	\$'000
Appropriation receivables	12,275	8,287
Trade receivables	28	1
GST receivables from the Australian Taxation Office	25	11
Total trade and other receivables	12,328	8,299

Note 4: Non-financial assets

Reconciliation of the opening and closing balances of property, plant and equipment and software for 2021

	Leasehold ¹	Plant and equipment	Software	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2020				
Gross book value	1,206	296	22	1,524
Accumulated depreciation, amortisation and impairment	(350)	(207)	(7)	(564)
Total at 1 July 2020	856	89	15	960
Additions internally developed	–	–	180	180
Depreciation/amortisation expense	(78)	(51)	(7)	(136)
Depreciation on right-of-use assets	(350)	–	–	(350)
Impairments recognised in net cost of services	–	–	(8)	(8)
Disposals	–	(10)	–	(10)
Total at 30 June 2021	428	28	180	636
Total at 30 June 2021 represented by				
Gross book value	1,206	161	22	1,389
Assets under construction	–	–	180	180
Accumulated depreciation, amortisation and impairment	(778)	(133)	(22)	(933)
Total at 30 June 2021	428	28	180	636
Carrying amount of right of use assets	350	–	–	350

¹ Leasehold includes leasehold improvements and property lease ROU Assets.

The above lease disclosures should be read in conjunction with the accompanying notes 2B and 5B.

Note 5: Payables, leases and provisions

	2021	2020
	\$'000	\$'000
Note 5A: Other payables		
Salaries and wages	87	56
Employee payables	119	53
Total other payables	206	109
	2021	2020
	\$'000	\$'000
Note 5B: Leases		
Lease liabilities	335	686
Total leases	335	686

Total cash outflow for leases for the year ended 30 June 2021 was \$355,636 (2020: \$343,610).

Maturity analysis - contractual undiscounted cash flows		
Within 1 year	336	356
Between 1 to 5 years	–	336
Total leases	336	692

The above lease disclosures should be read in conjunction with the accompanying notes 2B and 4.

	2021	2020
	\$'000	\$'000
Note 5C: Employee provisions		
Leave	1,630	1,412
Total employee provisions	1,630	1,412

	Provision for restoration
	\$'000
Note 5D: Other provisions	
At 1 July 2020	109
Movements in provisions	–
Total at 30 June 2021	109

The above provision reflects the present value of the CGC's commitment to restore the premises to its original condition at the conclusion of the lease agreement.

Note 6: Key management personnel remuneration and related parties

Note 6A: Key management personnel remuneration

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling (directly or indirectly) the activities of the CGC.

The CGC has determined the KMP to be the Secretary of the CGC. Remuneration of KMP is reported in the table below.

	2021	2020
	\$'000	\$'000
KMP remuneration		
Short-term employee benefits	335	428
Post-employment benefits	67	70
Other long-term employee benefits	28	13
Total KMP remuneration expenses¹	430	511

¹ The total KMP remuneration expenses included in the above table relate to two employees (2020: one). This number includes one individual who became a KMP through the financial year, as well as one individual who ceased.

Note 6B: Related party transactions

Related party relationships

The CGC is an Australian Government-controlled entity. Related parties to the CGC are:

- key management personnel
- the Executive Committee
- the Treasurer
- all other Australian Government entities.

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. The CGC transacts with other Australian Government-controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation, insurance premiums, data purchases, advertising and internet services. These are not considered individually significant to warrant separate disclosure as related party transactions.

Giving consideration to relationships with related entities, and the materiality of transactions entered into during the reporting period by the CGC, it has been determined that there are no related party transactions to be separately disclosed.

Note 7: Appropriations

	2021	2020
	\$'000	\$'000
Note 7A: Annual appropriations ('recoverable GST exclusive')		
Departmental appropriation	8,482	8,227
Departmental capital budget	1,102	825
PGPA Act – section 74 receipts	433	179
Total appropriation	10,017	9,231
Appropriations applied (current and prior years)	6,029	6,136
Variance	3,988	3,095

	2021	2020
	\$'000	\$'000
Note 7B: Unspent annual appropriations ('recoverable GST exclusive')		
Departmental		
<i>Supply Act (No. 1) 2019–2020</i>	–	2,007
<i>Appropriation Act (No. 1) 2019–2020</i>	2,791	6,380
<i>Supply Act (No. 1) 2020–2021</i>	5,593	–
<i>Appropriation Act (No. 1) 2020–2021</i>	3,991	–
Total departmental	12,375	8,387

Note 8: Aggregate assets and liabilities

	2021	2020
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months	12,475	8,472
More than 12 months	636	959
Total assets	13,111	9,431
Liabilities expected to be settled in:		
No more than 12 months	1,353	987
More than 12 months	1,036	1,457
Total liabilities	2,389	2,444

Note 9: Budget variances

The following table provides high-level commentary on major variances between budgeted information for the CGC as published in the Portfolio Budget Statements and the 2020–21 final outcome as presented in accordance with Australian accounting standards. Major variances are those deemed relevant to an analysis of the CGC's performance and are not focused merely on numerical differences between the budget and actual results.

Explanations of major variances are as follows:

Explanation of major variances	Variance to budget		Affected line items
	\$'000	%	
Prior year delays in the ICT Strategy & Transformation project had a continuing effect on relevant balances.	(1,758)	-67%	<i>Statement of financial performance, Suppliers</i>
	(876)	-83%	<i>Statement of financial position, Software</i>
The budget measure for the ICT Strategy and Transformation project included an increase of staffing levels. Due to delays in the project, there were corresponding delays in recruitment.	(1,028)	-18%	<i>Statement of financial performance, Employee benefits</i>
CGC is expecting a new leasing agreement in 2021–22. As part of the new leasehold CGC will be investing in new plant and equipment. A hold has been placed on purchases until the move.	(61)	-69%	<i>Statement of financial position, Plant and equipment</i>
Combination of all of the above.	4,005	48%	<i>Statement of financial position, Trade and other receivables</i>
	2,771	48%	<i>Statement of financial position, Retained surplus</i>

Abbreviations

AASB	Australian Accounting Standards Board
ANAO	Australian National Audit Office
APS	Australian Public Service
CGC	Commonwealth Grants Commission
EL	Executive Level
FOI Act	<i>Freedom of Information Act 1982</i>
GST	goods and services tax
HFE	horizontal fiscal equalisation
ICT	information and communications technology
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
SES	Senior Executive Service

List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	Letter of transmittal	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	N/A	Table of contents.	Mandatory
17AJ(b)	Index	Alphabetical index.	Mandatory
17AJ(c)	Abbreviations	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	List of	List of requirements.	Mandatory
17AJ(e)	About this report	Details of contact officer.	Mandatory
17AJ(f)	About this report	Entity's website address.	Mandatory
17AJ(g)	About this report	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	Secretary's	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	Overview of the CGC	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Overview of the CGC	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Overview of the CGC	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Overview of the CGC	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Overview of the CGC	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	Overview of the CGC	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	Overview of the CGC	Period as the accountable authority or member of the	Mandatory

		accountable authority within the reporting period.	
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the entity		
	Annual performance Statements		
17AD(c)(i); 16F	Annual performance statements	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	Financial performance	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Financial performance	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	Management and Accountability		
	Corporate Governance		
17AG(2)(a)	Letter of transmittal	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	Letter of transmittal	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	Letter of transmittal	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory

17AG(2)(b)(iii)	Letter of transmittal	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Corporate governance	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
	Audit Committee		
17AG(2A)(a)	Corporate governance	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Corporate governance	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Corporate governance	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Corporate governance	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Corporate governance	The remuneration of each member of the entity's audit committee.	Mandatory
	External Scrutiny		
17AG(3)	Corporate governance	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	N/A	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	N/A	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
	Management of Human Resources		
17AG(4)(a)	Management of human resources	An assessment of the entity's effectiveness in managing and	Mandatory

		developing employees to achieve entity objectives.	
17AG(4)(aa)	Management of human resources	<p>Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following:</p> <p>(a) statistics on full-time employees</p> <p>(b) statistics on part-time employees</p> <p>(c) statistics on gender</p> <p>(d) statistics on staff location</p>	Mandatory
17AG(4)(b)	Management of human resources	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <p>Statistics on staffing classification level</p> <p>Statistics on full-time employees</p> <p>Statistics on part-time employees</p> <p>Statistics on gender</p> <p>Statistics on staff location</p> <p>Statistics on employees who identify as Indigenous.</p>	Mandatory
17AG(4)(c)	Management of human resources	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	Management of human resources	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory

17AG(4)(c)(ii)	Management of human resources	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Management of human resources	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Management of human resources	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	Management of human resources	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	Management of human resources	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	Management of human resources	Information on aggregate amount of performance payments.	If applicable, Mandatory
	Assets Management		
17AG(5)	N/A	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, Mandatory
	Purchasing		
17AG(6)	Purchasing	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
	Reportable consultancy contracts		
17AG(7)(a)	Contracts	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	Contracts	A statement that <i>"During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"</i> .	Mandatory

17AG(7)(c)	Contracts	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	Contracts	A statement that <i>“Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.”</i>	Mandatory
	Reportable non-consultancy contracts		
17AG(7A)(a)	Contracts	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Contracts	A statement that <i>“Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.”</i>	Mandatory
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	Contracts	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
	Australian National Audit Office Access Clauses		
17AG(8)	N/A	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory

	Exempt contracts		
17AG(9)	N/A	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
	Small business		
17AG(10)(a)	Purchasing	A statement that <i>"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."</i>	Mandatory
17AG(10)(b)	Purchasing	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	N/A	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>"[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."</i>	If applicable, Mandatory
	Financial Statements		
17AD(e)	Financial performance	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
	Executive Remuneration		
17AD(da)	Management of human resources	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns:"</i>	If applicable, Mandatory

		<i>[name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	
17AH(1)(a)(ii)	Other mandatory information	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	N/A	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i> .	If applicable, Mandatory
17AH(1)(c)	Other mandatory information	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Other mandatory information	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	Other mandatory information	Information required by other legislation.	Mandatory

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