



Australian Government

Commonwealth Grants Commission

Commonwealth Grants Commission

Annual Report 2018–19

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Further information

For further information about this publication, please contact:

Chief Operating Officer
Commonwealth Grants Commission
Second Floor, Phoenix House
86–88 Northbourne Avenue
Braddon ACT 2612

Phone: (02) 6229 8800

Email: secretary@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.



Australian Government
Commonwealth Grants Commission

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 2019, 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

A handwritten signature in black ink, appearing to read 'Michael Willcock'.

Michael Willcock
Secretary

17 September 2019

Contents

Letter of transmittal	i
1. Overview	1
Review by the Secretary	2
Overview of the CGC	3
2. Report on performance	5
Annual performance statements	6
Financial performance	8
3. Management and accountability.	11
Corporate governance	12
Management of human resources	14
Purchasing.	18
Consultants	18
Other mandatory information.	19
4. Financial statements	21
Abbreviations	41
List of requirements	42
Index	48

01 Overview

Review by the Secretary	2
Overview of the CGC	3

Review by the Secretary

The sole outcome of the Commonwealth Grants Commission (CGC) — as set out in its Portfolio Budget Statements 2018–19 — is to inform government decisions on the distribution of the goods and services tax (GST) so that horizontal fiscal equalisation (HFE) among the states and territories¹ is achieved.

The CGC presented the *Report on GST Revenue Sharing Relativities: 2019 Update* to the Commonwealth Treasurer — and the states — on 19 February 2019, with public release of the report on 28 February 2019. The relativities were accepted and used in the 2019–20 Commonwealth Budget to share the estimated GST for that year among the states.

The commission continued to progress its review of the methods to be used to calculate the per capita relativities to distribute the GST among the states from 2020–21 (2020 Review). From June to September 2018, the commission and its staff visited all states to consult on the principle of HFE and how it might be implemented in individual expenditure and revenue assessments. Following further substantive consultations with the states on options for each of the commission's expenditure and revenue assessments, the commission provided its *Draft Report on GST Revenue Sharing Relativities: 2020 Review* to the Commonwealth Treasurer on 25 June 2019. It was subsequently released to the states.

The 2020 Review is due to conclude in February 2020. Before finalising its report, the CGC will continue to engage with state treasuries and other interested parties. The recommended GST revenue sharing relativities for the 2020–21 financial year will be developed using the 2020 Review methods.

Other significant developments during 2018–19 included the change in Commonwealth legislation ensuring each state and territory receives its fair share of GST funding,² and funding for the CGC to undertake an ICT transformation and a program to enhance its cybersecurity.

Additionally, at the request of the Department of Infrastructure, Transport, Cities and Regional Development, commission staff also commenced a review into Norfolk Island finances that is scheduled to conclude in September 2019.



Michael Willcock
Secretary

1 In this report, the word 'state(s)' includes the Australian Capital Territory and the Northern Territory, unless the context indicates otherwise.

2 *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of GST) Act 2018*, available at <https://www.legislation.gov.au/Details/C2018A00143>.

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 among the states and territories.

The CGC's purpose is pursued through:

- research and analysis that is of high quality and fit for purpose
- effective secretariat support to the commission's chair and members
- sound corporate governance and financial management.

The CGC is an advisory body only. It does not administer government programs or grants.

Accountable authority

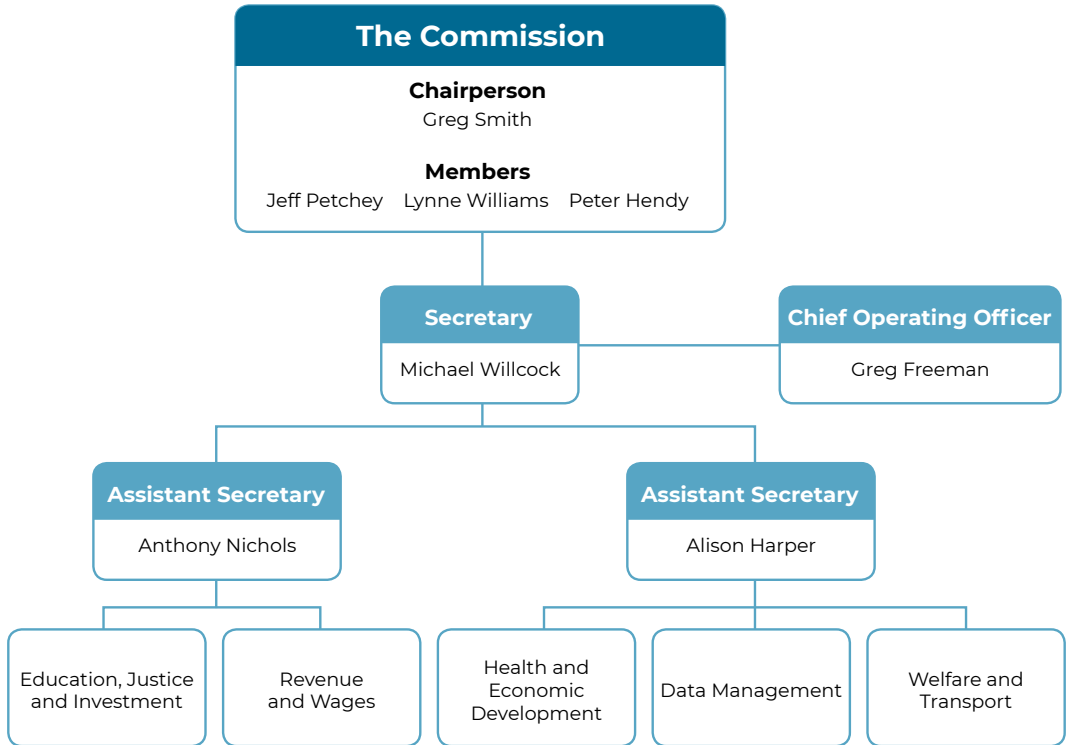
Mr Michael Willcock, Secretary of the Commonwealth Grants Commission, was the accountable authority for the entire reporting period.

Organisational structure

The membership of the commission during 2018–19 consisted of a part-time Chairperson and three part-time members.

The Secretary has responsibility for providing advice to the Chairperson and members on matters relating to the CGC's functions. Staff were organised in two branches, each headed by an Assistant Secretary. A separate corporate services section reported directly to the Secretary. The CGC's organisational structure at 30 June 2019 is shown in Figure 1.

Figure 1 Organisational structure as at 30 June 2019



02 Report on performance

Annual performance statements6
Financial performance8

Annual performance statements

As the accountable authority of the Commonwealth Grants Commission (CGC), I present the CGC's 2018–19 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.



Michael Willcock
Secretary

17 September 2019

Performance results

The CGC measures its performance using the performance criteria outlined in the CGC's Corporate Plan 2018–19 and Portfolio Budget Statements 2018–19.

Criterion 1	The extent to which parties, and particularly state governments, are given opportunities to place their views before the commission
Result	Fully met

Commissioners visited each state and met with state officials from June to September 2018, as part of the ongoing consultation for the 2020 review of the methodology to be used to calculate the relativities for distributing GST revenue among the states from 2020–21 (2020 Review). In addition, commission staff released a discussion paper relating to the updated per capita relativities for use in distributing GST revenue among the states in 2019–20 (2019 Update). Submissions were received from the states and other interested parties in relation to both the 2019 Update and the 2020 Review.

Criterion 2	The technical quality of the analytical work underlying and supporting the commission's reports, backed up by robust quality assurance processes
Result	Fully met

External auditors attested to the technical quality and accuracy of the work underlying the GST relativities.

Criterion 3	The timeliness of reports
Result	Fully met

In line with the CGC's outcome and the terms of reference for the 2019 Update and 2020 Review, the Commonwealth Treasurer received the 2019 Update report on 19 February 2019 and the draft report for the 2020 Review on 25 June 2019.

Criterion 4	Appropriate responses to each requirement in terms of reference
Result	Fully met

The GST revenue sharing relativities for 2019–20 complied with the instructions in the terms of reference received from the Treasurer on 11 February 2019. The draft report for the 2020 Review was prepared, and provided to the Treasurer on 25 June 2019, in accordance with the terms of reference for the review received on 28 November 2016.

Criterion 5	The degree of acceptance of the results presented to the Commonwealth and state governments in response to terms of reference
Result	Fully met

The Federal Financial Relations (GST Revenue Sharing Relativities for 2019–20) Determination 2019, made by the Treasurer on 14 March 2019, used the commission's recommended relativities.

While some states would have preferred a different treatment of a number of issues, most states expressed a high degree of acceptance of the well-established processes by which the CGC discharges its responsibilities.

Analysis of performance against the CGC's purpose

The activities of the CGC are contingent upon the receipt of terms of reference from the Commonwealth Treasurer. In 2018–19, the CGC acted upon terms of reference for both the 2019 Update and the 2020 Review.

The main activity during the year was the presentation to the Treasurer of the *Report on GST Revenue Sharing Relativities: 2019 Update*. The Commonwealth and states received the report on 19 February 2019, as required by the terms of reference. The report was released publicly on 28 February 2019.

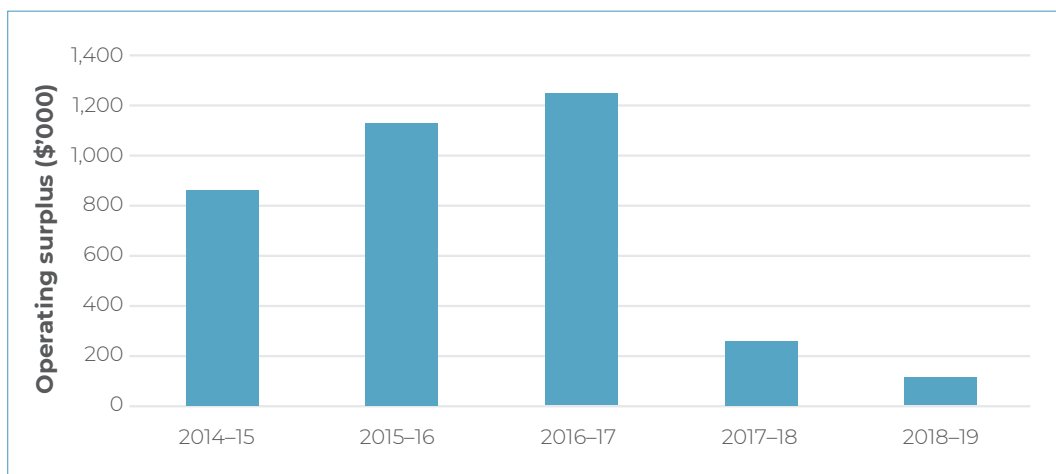
During 2018–19, the CGC continued work on the 2020 Review, which is scheduled for completion by 28 February 2020. The 2020 Review requires a comprehensive review of all data and methods underpinning the calculation of the GST revenue sharing relativities. In June 2019, the Commonwealth Treasurer received the draft report for the 2020 Review, in line with the terms of reference for the review.

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.

In monitoring financial performance, the CGC excludes the impact of depreciation and extraordinary items that affect the operating results. In 2018–19, after adjusting for depreciation and extraordinary items, the CGC had an operating surplus of \$0.16 million, close to our budgeted position (Figure 2).

Figure 2 CGC's operating results, 2014–15 to 2018–19



Note: Excludes depreciation and extraordinary items.

Including depreciation and extraordinary items, the CGC's operating surplus was \$0.02 million. The CGC budgets to remain financially sustainable into the forward estimates, and continues to implement operational efficiencies as they arise.

Financial position

As at 30 June 2019, the CGC had net equity of \$3.72 million, representing \$5.83 million of assets offset by \$2.11 million of liabilities (Table 1).

The CGC's assets and liabilities are primarily of a financial nature, with the largest balance being appropriation receivable (\$5.17 million), and with most of the CGC's liabilities relating to employee provisions (\$1.69 million).

Table 1 Summary of financial performance, 2018–19

	2018–19 (\$'000)	2017–18 (\$'000)	Movement (\$'000)
Total own-source revenue	98	45	53
Total revenue from government	6,067	6,107	(40)
Total expenses	6,147	6,448	(301)
Net surplus/(deficit)	18	(296)	314
Total assets	5,831	5,536	295
Total liabilities	2,110	1,894	216
Equity	3,721	3,642	79

Resourcing statement

Table 2 summarises the CGC's total resources and total payments in 2018–19, and Table 3 shows total expenses for Outcome 1 in 2018–19.

Table 2 CGC resource statement, 2018–19

	Actual available (\$'000)	Payments made (\$'000)	Balance (\$'000)
Ordinary annual services^(a)			
Departmental appropriation ^(b)	11,225	5,933	5,292
Total ordinary annual services	11,225	5,933	5,292
Total resourcing and payments	11,225	5,933	5,292

(a) *Appropriation Act (No. 1) 2018–2019*. 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 \$61,000 in 2018–19 for the departmental capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

Table 3 Total expenses for Outcome 1, 2018–19

	Budget ^(a) (\$'000)	Actual (\$'000)	Variation (\$'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			
Ordinary annual services (Appropriation Act No. 1)	6,067	6,102	(35)
Expenses not requiring appropriation in the budget year	45	45	–
Total for Program 1.1	6,112	6,147	(35)
Total expenses for Outcome 1	6,112	6,147	(35)
Average staffing level (number)	30.0	25.6	4.4

(a) Full-year budget, including any subsequent adjustment made to the 2018–19 Budget at Additional Estimates.

03 Management and accountability

Corporate governance	12
Management of human resources	14
Purchasing.	18
Consultants	18
Other mandatory information.	19

Corporate governance

The CGC has structures and processes in place to implement the principles and objectives of good 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 similar to those of a department, but gives the CGC independence from the policies of the Department of the Treasury.

The *Commonwealth Grants Commission Act 1973* appoints the Secretary of the CGC as the accountable authority, as defined by the PGPA Act. The Secretary is responsible for the governance and performance of the CGC and for working with the Chairperson and the other members of the commission to steer and manage the deliverables of the CGC.

The three main committees that assist in the management of the organisation are the Executive Committee, the Audit and Risk Committee, and the Workplace Representative Committee. The membership and roles of these committees are shown in Table 4.

Table 4 CGC committees as at 30 June 2019

Committee	Membership	Role and activities
Executive Committee	Members of the senior executive, with support provided by the Chief Operating Officer	The committee: <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 methods to adopt • provides strategic direction to CGC employees • acts as the Fraud Committee, Remuneration Committee, and Learning and Development Committee.
Audit and Risk Committee	Two external members (one of whom is chair) and a member of the senior executive, with support provided by the Chief Operating Officer	Established under the provisions 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.
Workplace Representative Committee	The Secretary (as chair), three staff members and the Chief Operating Officer	Established under the Commonwealth Grants Commission Enterprise Agreement 2015–2018, the committee monitors matters concerning the implementation and interpretation of the agreement and general workplace issues, and coordinates employee involvement in the development and ratification of policies or guidelines that affect the terms and conditions of employment.

Corporate planning

The CGC published its Corporate Plan 2018–19 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 2018–19. The CGC's risk management framework is an important part of our corporate governance responsibilities, and risk management is overseen by the Audit and Risk Committee. The Chief Operating Officer 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 2018–19, the CGC was not the subject of any ANAO performance audits. There have been no significant developments in external scrutiny of the CGC during 2018–19.

Management of human resources

Our staff members are our most valuable resource, and they predominantly have qualifications, experience and technical capability in economics and statistics. During 2018–19, the CGC supported staff members to undertake professional qualifications and tertiary education, including programs offered by Chartered Accountants Australia and New Zealand and CPA Australia.

During 2018–19, we conducted a number of training activities for CGC employees and notices were circulated to keep employees informed of training and development opportunities. Given the unique nature of the CGC's operations, our training and development program had a strong focus on internal and on-the-job training.

The CGC aims to create an organisation that encourages and welcomes diversity. This includes diversity of backgrounds, views, thoughts and approaches. The CGC's objective is to attract a range of people across varying professions and backgrounds to build a successful and sustainable organisation with a culture that enriches our work and impact. Our diversity fosters an environment of mutual learning, respect, openness, and appreciation of differences and other perspectives. Such a positive culture creates opportunities for a variety of different voices to be encouraged and heard.

The Commonwealth Grants Commission Enterprise Agreement 2015–2018 came into effect on 23 December 2015 and covers the terms and conditions of employment at the CGC. After consultation with staff, the Secretary made a determination under subsection 24(1) of the *Public Service Act 1999* that supplements the terms and conditions of the agreement. The determination took effect from 23 December 2018 and outlines salary rates for the next three years. As at 30 June 2019, 25 non-senior executive staff were engaged under the agreement, while three Senior Executive Service (SES) staff were employed under separate determinations made under subsection 24(1) of the Public Service Act.

Employees covered by the enterprise agreement may agree with the Secretary to make an individual flexibility arrangement to vary the effect of any of the terms of the agreement. As at 30 June 2019, two staff members had individual flexibility arrangements in place.

Where there is a demonstrated business need, the CGC provides the SES and some non-SES staff with a mobile phone, tablet, and/or airline lounge membership. The CGC offers reimbursement to staff for spectacles and professional membership fees.

Staffing statistics

Table 5 and Table 6 provide a comparison of the CGC's staff profile at 30 June 2019 and 30 June 2018, respectively. No staff identified as Indigenous and all staff were based in Canberra. All ongoing and non-ongoing staff were Australian Public Service employees.

Table 5 Ongoing and non-ongoing staff, by gender, classification and work status, as at 30 June 2019

Classification	Ongoing				Non-ongoing		Total	
	Full-time		Part-time		Part-time		Male	Female
	Male	Female	Male	Female	Male	Female		
SES Band 3	1	–	–	–	–	–	1	–
SES Band 1	1	1	–	–	–	–	1	1
EL 2	5	1	–	–	–	–	5	1
EL 1	3	2	1	2	1	–	5	4
APS 6	3	4	–	–	–	1	3	5
APS 5	–	1	–	–	–	–	–	1
APS 4	–	–	–	1	–	–	–	1
Subtotal	13	9	1	3	1	1	15	13
Total	22		4		2		28	

Table 6 Ongoing and non-ongoing staff, by gender, classification and work status, as at 30 June 2018

Classification	Ongoing				Non-ongoing		Total	
	Full-time		Part-time		Part-time		Male	Female
	Male	Female	Male	Female	Male	Female		
SES Band 3	1	–	–	–	–	–	1	–
SES Band 1	1	1	–	–	–	–	1	1
EL 2	4	2	–	–	–	–	4	2
EL 1	4	2	1	1	1	–	6	3
APS 6	3	3	–	2	–	1	3	6
APS 4	–	1	–	1	–	–	–	2
Subtotal	13	9	1	4	1	1	15	14
Total	22		5		2		29	

Staff remuneration

Tables 7 to 10 provide information on the salary ranges of non-SES staff, and the remuneration of key management personnel, senior executives and other highly paid staff.

Table 7 Non-SES salary ranges as at 30 June 2019

Classification	Minimum (\$)	Maximum (\$)
Executive Level 2	134,562	144,540
Executive Level 1	108,718	117,188
APS 6	85,689	90,431
APS 5	75,404	78,890
APS 4	68,466	71,567
APS 3	59,130	63,919
APS 2	54,414	58,199
APS 1	44,964	50,355

Note: This table presents salary ranges for staff covered by the Commonwealth Grants Commission Enterprise Agreement 2015–2018 (as varied by a subsection 24(1) determination made under the *Public Service Act 1999*), and individual flexibility arrangements.

Table 8 Remuneration of key management personnel, 2018–19

Name	Position title	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term leave (\$)		Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses	Other benefits	Superannuation contributions	Long service leave	Other long-term leave		
Michael Willcock	Secretary	306,446	25,406	34,131	67,683	14,384	–	–	448,050

Table 9 Remuneration of senior executives, 2018–19

Total remuneration bands (\$)	Number of SES	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term leave (\$)		Termination benefits (\$)	Total remuneration (\$)
		Average base salary	Average bonuses	Average other benefits	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
220,001–245,000	1	160,916	8,262	33,060	25,409	4,745	–	–	232,392
245,001–270,000	1	174,682	8,932	33,046	38,421	5,767	–	–	260,848

Table 10 Remuneration of other highly paid staff, 2018–19

Total remuneration bands (\$)	Number of other highly paid staff	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term leave (\$)		Termination benefits (\$)	Total remuneration (\$)
		Average base salary	Average bonuses	Average other benefits	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
220,001–245,000	1	206,311	–	–	19,662	–	–	–	225,973

Staff whose performance rating was ‘meets requirements’ were eligible for a bonus of up to 4% of salary in 2018–19 (Table 11).

Table 11 Performance payments in 2018–19

Classification ^(a)	Number	Total (\$)	Average (\$)	Minimum (\$)	Maximum (\$)
SES and EL 1–2	18	90,535	5,030	913	25,407
APS 4–6	8	9,872	1,234	88	2,079
Total	26	100,407			

(a) Combined for confidentiality.

Purchasing

Purchasing activities undertaken by CGC employees meet the requirements of the Commonwealth Procurement Rules. Relevant employees are aware of the requirements and expectations when undertaking procurement activities and are 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, is undertaken with small or medium-sized enterprises.

Consultants

During 2018–19, 13 new consultancy contracts were entered into involving total actual expenditure of \$0.28 million. In addition, one ongoing consultancy contract was active during the period, involving total actual expenditure of \$0.12 million.

The CGC engages consultants when specialist knowledge or skills are needed to complete a task, or when it is more cost-effective to do so. Decisions to engage consultants are taken after considering the importance of the task and possible in-house options. The procedures adopted to identify potential consultants vary according to the nature of the task. The successful consultant is chosen on the basis of specified selection criteria, and on the principle of 'buying for better value'.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at [tenders.gov.au](https://www.tenders.gov.au).

Other mandatory information

Advertising and market research

During 2018–19, 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

Disability reporting occurs through the National Disability Strategy 2010–2020, as well as through the Australian Public Service Commission's State of the Service reports and *Australian Public Service Statistical Bulletin* (see apsc.gov.au). High-level, two-yearly reports track progress against the strategy's six outcome areas. These reports are available on the Department of Social Services website at dss.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. 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 Information Publication Scheme requirements. This plan is accessible from 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 and safety

The CGC maintains a work health and safety policy and health and safety management arrangements that are compliant with the *Work Health and Safety Act 2011*. An appropriately trained employee is appointed as first aid officer. The CGC has appointed the required number of fire wardens and provided training where appropriate.

In compliance with work health and safety requirements for the use of computers in the workplace, the CGC provides all employees with ergonomic furniture. Employees are given regular advice on the correct posture and keyboard techniques to reduce fatigue.

There were no accidents, dangerous events or injuries incurred by employees or visitors at the CGC's workplaces during the year. The CGC received no directions or notices under parts 10 to 13 of the *Work Health and Safety Act 2011*.

04 Financial statements

Independent auditor's report	22
Statement by the Secretary and Chief Financial Officer	24
Statement of comprehensive income	25
Statement of financial position	26
Statement of changes in equity	27
Cash flow statement	28
Notes to and forming part of the financial statements	29



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 2019:

- (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 2019 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 statements as at 30 June 2019 and for the year then ended:

- Statement by the Accountable Authority and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to 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* (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* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation 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 Entity's ability 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 those charged with governance 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
10 September 2019

Commonwealth Grants Commission

Statement by the Secretary and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2019 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.



Michael Willcock
Secretary

10 September 2019



Greg Freeman
Chief Financial Officer

10 September 2019

Commonwealth Grants Commission

Statement of comprehensive income

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
Expenses				
Employee benefits	2.1A	4,633	5,136	4,846
Suppliers	2.1B	1,371	1,174	1,266
Depreciation	3.2	143	131	63
Writedown of assets		-	7	-
Total expenses		6,147	6,448	6,175
Other revenue				
Rendering of services		50	-	-
Gains from sale of assets		3	-	-
Resources received free of charge	2.2A	45	45	45
Total other revenue		98	45	45
Net cost of services				
		6,049	6,403	6,130
Revenue from government	2.2B	6,067	6,107	6,067
Total comprehensive income/(loss)		18	(296)	(63)

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

Commonwealth Grants Commission

Statement of financial position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
Assets				
Financial assets				
Cash and cash equivalents	3.1A	127	60	112
Trade and other receivables	3.1B	5,221	4,935	5,890
Total financial assets		5,348	4,995	6,002
Non-financial assets				
Leasehold improvements	3.2	295	282	353
Plant and equipment	3.2	159	229	197
Prepayments		29	30	36
Total non-financial assets		483	541	586
Total assets		5,831	5,536	6,588
Liabilities				
Payables				
Suppliers	3.3A	124	63	108
Other payables	3.3B	215	213	230
Total payables		339	276	338
Provisions				
Employee provisions	5.1	1,686	1,533	1,573
Other provisions	3.4	85	85	-
Total provisions		1,771	1,618	1,573
Total liabilities		2,110	1,894	1,911
Net assets		3,721	3,642	4,677
Equity				
Contributed equity		61	-	313
Reserves	6.2	264	264	552
Retained surplus	6.2	3,396	3,378	3,812
Total equity		3,721	3,642	4,677

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

Commonwealth Grants Commission

Statement of changes in equity

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
Contributed equity				
Opening balance				
Balance carried forward from previous period		-	190	252
Transactions with owners				
Returns of capital		-	(252)	-
Departmental capital budget		61	62	61
Total transactions with owners		61	(190)	61
Closing balance as at 30 June		61	-	313
Retained surplus				
Opening balance				
Balance carried forward from previous period		3,378	3,938	3,875
Adjustment for changes in accounting policies	6.2	-	288	-
Adjusted opening balance		3,378	4,226	3,875
Comprehensive income				
Surplus/(deficit) for the period		18	(296)	(63)
Transactions with owners				
Returns of capital		-	(552)	-
Closing balance as at 30 June		3,396	3,378	3,812
Asset revaluation reserve				
Opening balance				
Balance carried forward from previous period		264	552	552
Adjustment for changes in accounting policies	6.2	-	(288)	-
Adjusted opening balance		264	264	552
Closing balance as at 30 June		264	264	552
Total equity				
Opening balance				
Balance carried forward from previous period		3,642	4,680	4,679
Comprehensive income				
Surplus/(deficit) for the period		18	(296)	(63)
Transactions with owners				
Returns of capital		-	(804)	-
Departmental capital budget		61	62	61
Total transactions with owners		61	(742)	61
Closing balance as at 30 June		3,721	3,642	4,677

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

Accounting policy

Other distributions to owners

The Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 requires that distributions to owners be debited to contributed equity unless they are in the nature of a dividend.

In 2018–19, there were no dividends paid.

Commonwealth Grants Commission

Cash flow statement

for the period ended 30 June 2019

	2019 \$'000	2018 \$'000	Original budget \$'000
Operating activities			
Cash received			
Appropriations ¹	6,006	6,637	6,067
GST received	131	80	-
Other	133	75	-
Total cash received	6,270	6,792	6,067
Cash used			
Employees	4,546	5,248	4,846
Suppliers	1,432	1,206	1,221
Transferred to Official Public Account	203	355	-
Total cash used	6,181	6,809	6,067
Net cash from operating activities	89	(17)	-
Investing activities			
Cash received			
Proceeds from sale of property, plant and equipment	3	-	-
Total cash received	3	-	-
Cash used			
Purchase of property, plant and equipment	86	97	61
Total cash used	86	97	61
Net cash used by investing activities	(83)	(97)	(61)
Financing activities			
Cash received			
Contributed equity ¹	61	62	61
Total cash received	61	62	61
Net cash from financing activities	61	62	61
Net increase/(decrease) in cash held	67	(52)	-
Cash at the beginning of the reporting period	60	112	112
Cash at the end of the reporting period	127	60	112

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

¹ In 2018–19, the CGC reclassified its departmental capital budget to financing cash flows for both 2017–18 and 2018–19.

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Overview

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* (PGPA Act).

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.

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.

Taxation

The CGC is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Events after the reporting period

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

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Note 1: 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 2018–19 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 amounts.

Explanations of major variances are as follows:

Explanation of major variances	Variance to budget		Affected line items
	\$'000	%	
Repealing of unspent appropriation from prior years was not allowed for in budget.	(669)	-11%	Statement of financial position – Trade and other receivables
	(252)	-81%	Statement of financial position – Contributed equity
The variance in reserves is due to a change in accounting policy (Note 6.2).	(288)	-52%	Statement of financial position – Reserves

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Financial performance

This section analyses the financial performance of the CGC for the year ended 30 June 2019.

Note 2.1: Expenses

	2019 \$'000	2018 \$'000
2.1A: Employee benefits		
Wages and salaries	3,491	3,505
Superannuation		
Defined contribution plans	277	120
Defined benefit plans	334	922
Leave and other entitlements	531	589
Total employee benefits	4,633	5,136

Accounting policy

Accounting policies for employee-related expenses are contained in the 'People and relationships' section.

2.1B: Suppliers

Goods and services

Professional services	446	247
Operating	106	216
Information technology	271	187
Travel	166	141
Property	54	55
Total goods and services	1,043	846

Other suppliers

Operating lease rentals	319	320
Workers compensation expenses	9	8
Total other suppliers	328	328
Total suppliers	1,371	1,174

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Note 2.1: Expenses (continued)

Leasing commitments

The CGC, in its capacity as lessee, has entered into an accommodation lease in the ACT from 1 July 2015 for a period of seven years. As part of the lease agreement, the CGC received a contribution of \$0.08 million from the landlord towards refurbishment of the premises. This incentive is being recognised progressively over the lease as a reduction in rent expense.

	2019 \$'000	2018 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	378	365
Between 1 to 5 years	761	1,139
Total operating lease commitments	1,139	1,504

Accounting policy

Operating lease payments are expensed on a straight-line basis, which is representative of the pattern of benefits derived from the leased assets.

The CGC has no finance leases.

Note 2.2: Own-source revenue and gains

2.2A: Other revenue

Accounting policy

ANAO audit services 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. Resources received free of charge are recorded as either revenue or gains, depending on their nature.

2.2B: Revenue from government

Accounting policy

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 the CGC gains control of the appropriation.

Appropriations receivable are recognised at their nominal amounts.

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Financial position

This section analyses the CGC's assets used to conduct its operations and the operating liabilities incurred as a result. Employee-related information is disclosed in the 'People and relationships' section.

Note 3.1: Financial assets

2019	2018
\$'000	\$'000

3.1A: Cash and cash equivalents

Accounting policy

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

3.1B: Trade and other receivables

Appropriation receivables	5,165	4,901
Trade receivables	41	6
GST receivable from the Australian Taxation Office	15	28
Total trade and other receivables	5,221	4,935

Accounting policy

Receivables

Trade receivables and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortised cost using the effective interest method less impairment. No impairment allowance has been recognised as at balance date.

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Note 3.2: Non-financial assets

Reconciliation of the opening and closing balances of property, plant and equipment for 2019

	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
As at 1 July 2018			
Gross book value	493	296	788
Accumulated depreciation	(211)	(67)	(277)
Total as at 1 July 2018	282	229	511
Additions – by purchase	86	–	86
Depreciation expense	(73)	(70)	(143)
Total as at 30 June 2019	295	159	454
Total as at 30 June 2019 represented by			
Gross book value	578	296	874
Accumulated depreciation	(283)	(137)	(420)
Total as at 30 June 2019	295	159	454

Accounting policy

Asset recognition threshold

Purchases of non-financial assets are recognised initially at cost in the statement of financial position, except for purchases costing less than \$6,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

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.

Revaluations

Following initial recognition at cost, non-financial 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 depended 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.

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Note 3.2: Non-financial assets (continued)

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 improvements are depreciated over the lesser of the estimated useful life of the 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:

	2019	2018
Leasehold improvements	Within the lease term	Within the lease term
Plant and equipment	2 to 5 years	2 to 5 years

Fair value

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.

Level 3 measurements use inputs to estimate fair value where there are no observable market prices for the assets being valued.

The future economic benefits of the CGC's plant and equipment and leasehold improvements are not primarily dependent on their ability to generate cash flows. The CGC has not disclosed quantitative information about the significant unobservable inputs for the level 3 measurements in these classes.

Impairment

All assets were assessed for impairment at 30 June 2019. 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.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

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.

Accounting judgements and estimates

In the process of applying the accounting policy, the CGC has made assumptions or estimates for the fair value of leasehold improvements and property, plant and equipment. Leasehold improvements and property, plant and equipment are assessed at the market value or depreciated replacement cost as determined by an independent valuer and are subject to management assessment between valuations.

No accounting assumptions or estimates have been identified that have a significant risk of causing material adjustments to the carrying amount of the assets within the next reporting period.

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Note 3.3: Payables

	2019 \$'000	2018 \$'000
3.3A: Suppliers		
Trade creditors and accruals	124	63
Total suppliers	124	63
3.3B: Other payables		
Salaries and wages	31	29
Employee payables	80	69
Lease cost payable	104	115
Total other payables	215	213

Accounting policy

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.

Note 3.4: Other provisions

	Provision for restoration \$'000
As at 1 July 2018	85
Movements in provisions	-
Total as at 30 June 2019	85

The CGC currently has an agreement for the leasing of premises which has a provision requiring the CGC to restore the premises to their original condition at the conclusion of the lease. The CGC has made a provision to reflect the present value of this obligation.

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Funding

This section identifies the CGC's funding structure.

Note 4.1: Appropriations

	2019 \$'000	2018 \$'000
4.1A: Annual appropriations ('recoverable GST exclusive')		
Ordinary annual services ¹	6,067	6,126
Capital budget ²	61	62
Receipts retained under PGPA Act – section 74	136	75
Total appropriation	6,264	6,263
Appropriations applied (current and prior years)	5,933	6,471
Variance	331	(208)

¹ In 2018–19, there were no appropriations quarantined under section 51 of the PGPA Act (2018: \$19,000).

² Departmental capital budgets are appropriated through Appropriation Acts nos. 1, 3 and 5. They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

4.1B: Unspent annual appropriations ('recoverable GST exclusive')

Departmental

<i>Appropriation Act (No. 1) 2017–2018</i>	–	4,901
<i>Appropriation Act (No. 1) 2018–2019</i>	5,165	–
Cash	127	60
Total departmental	5,292	4,961

People and relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

Note 5.1: Employee provisions

	2019 \$'000	2018 \$'000
Leave	1,516	1,408
Separations and redundancies	170	125
Total employee provisions	1,686	1,533

Accounting policy

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

The CGC's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or other elected defined contribution schemes. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap 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. The liability for superannuation recognised as at 30 June represents outstanding contributions.

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Note 5.2: Key management personnel remuneration

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the CGC, directly or indirectly. In 2018–19, the CGC determined that KMP are limited to the Secretary of the CGC. Previously, the CGC determined that KMP included all members of the Executive Committee. Remuneration of KMP is reported in the table below.

	2019 \$'000	2018 \$'000
Short-term employee benefits	366	772
Post-employment benefits	68	142
Other long-term employee benefits	14	78
Termination benefits	–	–
Total KMP remuneration expenses¹	448	992
Total number of KMP²	1	5

¹ The above KMP remuneration excludes the remuneration and other benefits of the Treasurer. The Treasurer's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the CGC.

² Total number of KMP includes individuals who commenced and/or ceased being a KMP during the period.

Note 5.3: Related party disclosures

Related party relationships

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

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

Transactions with related parties

The following transactions with related parties occurred during the financial year:

- 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.
- Note 5.1 'Employee provisions' contains details on superannuation arrangements with the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), and the PSS accumulation plan (PSSap).

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 other than KMP remuneration (Note 5.2).

Commonwealth Grants Commission

Notes to and forming part of the financial statements

Other information

Note 6.1: Aggregate assets and liabilities

	2019 \$'000	2018 \$'000
Assets expected to be recovered in:		
No more than 12 months	5,377	5,025
More than 12 months	454	511
Total assets	5,831	5,536
Liabilities expected to be recovered in:		
No more than 12 months	905	610
More than 12 months	1,205	1,284
Total liabilities	2,110	1,894

Note 6.2: Change in accounting policy

In 2018–19, the CGC voluntarily changed its accounting policy with respect to the asset revaluation reserve (ARR). The CGC will now transfer equity from the ARR to retained surplus in respect to items of property, plant and equipment that have been derecognised. Prior to this change in policy, the ARR retained revaluations of assets that had been disposed of. At 30 June 2018, the ARR had a higher balance than the carrying amount of fixed assets. Paragraph 41 of AASB 116 states that when an asset is derecognised, the revaluation surplus in respect of that asset may be moved from the ARR to retained surplus. The CGC believes that by applying paragraph 41, the financial statements will provide more reliable and relevant information to users on the CGC's financial sustainability. This change in accounting policy has been accounted for retrospectively, and the comparative information for 2017–18 has been restated. The effect of the change can be seen in the statement of changes in equity.

Abbreviations

AASB	Australian Accounting Standards Board
ANAO	Australian National Audit Office
APS	Australian Public Service
ARR	asset revaluation reserve
CGC	Commonwealth Grants Commission
CSS	Commonwealth Superannuation Scheme
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
KMP	key management personnel
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
PSS	Public Sector Superannuation Scheme
PSSap	Public Sector Superannuation accumulation plan
SES	Senior Executive Service

List of requirements

The list of annual report requirements in Table 12 is prepared in accordance with paragraph 17A(d) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule). Page references for the CGC's compliance with these requirements are provided in the right-hand column of the table.

Table 12 List of annual report requirements

PGPA Rule reference	Description	Requirement	Page
17AD(g)	Letter of transmittal		
17AI	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 PGPA Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	i
17AD(h)	Aids to access		
17A(j)(a)	Table of contents	Mandatory	iii
17A(j)(b)	Alphabetical index	Mandatory	48–50
17A(j)(c)	Abbreviations and acronyms	Mandatory	41
17A(j)(d)	List of requirements	Mandatory	42–47
17A(j)(e)	Details of contact officer	Mandatory	Inside front cover
17A(j)(f)	Entity's website address	Mandatory	Inside front cover
17A(j)(g)	Electronic address of report	Mandatory	Inside front cover
17AD(a)	Review by accountable authority		
17AD(a)	A review by the accountable authority of the entity	Mandatory	2
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	A description of the role and functions of the entity	Mandatory	3
17AE(1)(a)(ii)	A description of the organisational structure of the entity	Mandatory	3–4
17AE(1)(a)(iii)	A description of the outcomes and programs administered by the entity	Mandatory	3
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan	Mandatory	3
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority	Mandatory	3
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority	Mandatory	3

PGPA Rule reference	Description	Requirement	Page
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	3
17AE(1)(b)	An outline of the structure of the portfolio of the entity	Portfolio departments—mandatory	N/A
17AE(2)	Where the outcomes and programs administered by the entity differ from any portfolio budget statements, portfolio additional estimates statements or other portfolio estimates statements that were prepared for the entity for the period, include details of variation and reasons for change	If applicable, mandatory	N/A
17AD(c)	Report on the performance of the entity		
16F	Annual performance statements		
17AD(c)(i)	Annual performance statements in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule	Mandatory	6–7
17AD(c)(ii)	Report on financial performance		
17AF(1)(a)	A discussion and analysis of the entity's financial performance	Mandatory	8–9
17AF(1)(b)	A table summarising the total resources and total payments of the entity	Mandatory	9
17AF(2)	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	N/A
17AD(d)	Management and accountability		
17AG(2)	Corporate governance		
17AG(2)(a)	Information on compliance with section 10 of the PGPA Rule (fraud systems)	Mandatory	i
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	i
17AG(2)(b)(ii)	A certification by accountable authority that the entity has in place appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud	Mandatory	i
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	i
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	12–13

PGPA Rule reference	Description	Requirement	Page
17AG(2)(d)–(e)	A statement of significant issues reported to minister under paragraph 19(1)(e) of the PGPA Act that relate to noncompliance with finance law and action taken to remedy noncompliance	If applicable, mandatory	N/A
17AG(3)	External scrutiny		
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	13
17AG(3)(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	N/A
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the PGPA Act), a parliamentary committee or the Commonwealth Ombudsman	If applicable, mandatory	N/A
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period	If applicable, mandatory	N/A
17AG(4)	Management of human resources		
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	14
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including statistics on: <ul style="list-style-type: none"> ● full-time employees ● part-time employees ● gender ● staff location 	Mandatory	15
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including statistics on: <ul style="list-style-type: none"> ● staffing classification level ● full-time employees ● part-time employees ● gender ● staff location ● employees who identify as Indigenous 	Mandatory	15
17AG(4)(c)	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	14
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements, etc. identified in paragraph 17AG(4)(c) of the PGPA Rule	Mandatory	14
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level	Mandatory	16

PGPA Rule reference	Description	Requirement	Page
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	Mandatory	14
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	If applicable, mandatory	17
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory	17
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, mandatory	17
17AG(4)(d)(iv)	Information on aggregate amount of performance payments	If applicable, mandatory	17
17AG(5)	<i>Asset management</i>		
17AG(5)	An assessment of effectiveness of asset management where asset management is a significant part of the entity's activities	If applicable, mandatory	N/A
17AG(6)	<i>Purchasing</i>		
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules	Mandatory	18
17AG(7)	<i>Consultants</i>		
17AG(7)(a)	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	18
17AG(7)(b)	A statement that 'During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].'	Mandatory	18
17AG(7)(c)	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	18

PGPA Rule reference	Description	Requirement	Page
17AG(7)(d)	A statement that 'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.'	Mandatory	18
17AG(8)	<i>Australian National Audit Office access clauses</i>		
17AG(8)	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	N/A
17AG(9)	<i>Exempt contracts</i>		
17AG(9)	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 on 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	N/A
17AG(10)	<i>Small business</i>		
17AG(10)(a)	A statement that '[Name of entity] 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.'	Mandatory	18
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium-sized enterprises	Mandatory	18
17AG(10)(c)	If the entity is considered by the department administered by the Finance Minister as material in nature—a statement that '[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.'	If applicable, mandatory	N/A
17AD(e)	Financial statements		
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the PGPA Act	Mandatory	22–40
17AD(da)	Executive remuneration		
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the PGPA Rule	Mandatory	16–17

PGPA Rule reference	Description	Requirement	Page
17AD(f)	Other mandatory information		
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that 'During [reporting period], the [name of entity] conducted the following advertising campaigns: [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.'	If applicable, mandatory	N/A
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory	19
17AH(1)(b)	A statement that 'Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].'	If applicable, mandatory	N/A
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	19
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	19
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	N/A
17AH(2)	Information required by other legislation	Mandatory	19

N/A = not applicable

Index

A

accountable authority, 3, 12
advertising, 19
annual performance statements, 6
annual report requirements, 42–47
Assistant Secretary, 3
Audit and Risk Committee, 12, 13
audits, 6, 13
 independent, 22–23
Australian National Audit Office, 13, 22–23

C

Chairperson, 3, 12
Chief Financial Officer, statement, 24
Chief Operating Officer, 12, 13
committees, 12
Commonwealth Budget 2019–20, 2
Commonwealth Electoral Act 1918, 19
Commonwealth Grants Commission Act 1973, 12
Commonwealth Procurement Rules, 18
Commonwealth Treasurer, 2, 7
consultants, 18
corporate governance, 12–13
corporate plan, 6, 13

D

Department of Infrastructure, Transport, Cities and Regional Development, 2
disability reporting, 19
Draft Report on GST Revenue Sharing Relativities: 2020 Review, 2

E

ecologically sustainable development, 19
employees
 performance payments, 17
 remuneration, 16–17
 SES, 14, 16, 17
 statistics, 15
 training and development, 14
Enterprise Agreement 2015–2018, 12, 14, 16
environmental performance, 19
Executive Committee, 12
external scrutiny, 13

F

Federal Financial Relations (GST Revenue Sharing Relativities for 2019–20) Determination 2019, 7
financial performance, 8–9
financial position, 8–9
financial statements, 21–40
Fraud Committee, 12
fraud prevention, 13
freedom of information, 19
Freedom of Information Act 1982, 19, 46, 47

G

GST revenue
 distribution, 2, 6
 sharing relativities, 7

H

human resources management, 14–17

I

ICT transformation, 2
Information Publication Scheme, 19

K

key management personnel, 16

L

Learning and Development Committee, 12
letter to Minister, i

M

market research, 19

N

National Disability Strategy 2010–2020, 19

O

organisational structure, 3–4
other highly paid staff, 16, 17
Outcome 1 total expenses, 9
overview, 3

P

performance, 6–7
performance payments, 17
Portfolio Budget Statements, 2, 6
Public Governance, Performance and Accountability Act 2013, i, 6, 12, 13, 42, 43, 44, 46
Public Governance, Performance and Accountability Rule 2014, i, 42–47
Public Service Act 1999, 14
purchasing, 18
purpose, 3

R

remuneration, staff, 16–17
Remuneration Committee, 12
Report on GST Revenue Sharing Relativities: 2019 Update, 2, 6, 7
resource statement, 9
Review 2020, 2, 6, 7
risk management, 12, 13

S

Secretary
 responsibilities, 3, 12
 review, 2
 statements, 6, 24
Senior Executive Service (SES), 14
 performance payments, 17
 remuneration, 16–17
small and medium-sized enterprise (SME) procurement, 18
staff. *see* employees

T

Treasurer. *see* Commonwealth Treasurer

W

work health and safety, 19
Work Health and Safety Act 2011, 19
Workplace Representative Committee, 12

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