



**Australian Government**

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**Commonwealth Grants Commission**

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Corporate Plan 2020–21

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This document should be attributed as the *Commonwealth Grants Commission Corporate Plan 2020–21*.

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## Introduction

As the accountable authority, I present the Commonwealth Grants Commission Corporate Plan 2020–21, which covers the period 2020–21 to 2023–24, as required under section 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.

For 85 years, the Commonwealth Grants Commission (CGC) has contributed to the financial arrangements underpinning the Australian federation. Our work significantly influences the capacity of each government of Australia’s states and territories to provide a standard of services to the people in their jurisdiction that is the same as in other jurisdictions. Since 2000, the CGC has provided advice on the distribution of goods and services tax (GST) revenue through a detailed annual assessment of each jurisdiction’s relative fiscal capacity.

From 2020–21, we enter a new cycle of annual updates based on the 2020 review of the methods we use to assess each state’s relative fiscal capacity (and the relative need for GST revenue to equalise their capacity to provide the Australian average standard of services). Those methods will apply over the course of this Corporate Plan.

The development of our methods, and the calculation each year of states’ relativities using those methods, display our commitment to our core principles and values — independence, broad stakeholder engagement, excellence in research and analysis, transparency, good governance and accountability.

Our strategic planning process provides the opportunity to shape our future and focus our efforts on those areas that are most important in delivering our core functions. We recognise the need for continual improvement and healthy work practices to ensure that the CGC remains a contemporary and effective organisation.



A handwritten signature in black ink that reads "Michael Willcock". The signature is written in a cursive, flowing style.

Michael Willcock

Secretary

Commonwealth Grants Commission

31 August 2020

## Purpose

The purpose of the Commonwealth Grants Commission (CGC) 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.

We pursue our purpose 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.

## Values

In conducting its business, the CGC has the following core principles:

**Independence** — we provide the government with apolitical advice that is frank, honest, timely and based on the best available information.

**Stakeholder engagement** — we undertake extensive consultation and collaboration with the states and territories to build consistent, open and respectful working relationships.

**Excellence in research and analysis** — our credibility relies on the quality of our research, analysis and reporting.

**Transparency** — we share our knowledge and operate in an open and transparent way that provides assurance to the Australian community.

**Accountability** — we maintain good governance through compliance with the *Public Governance, Performance and Accountability Act 2013*, the *Public Service Act 1999*, and the specific additional governance requirements under the *Commonwealth Grants Commission Act 1973*.

## Environment

This section outlines three key aspects of the CGC's operating environment that will affect how we work over the coming four years.

### Legislated changes to the GST distribution

Legislated changes to the objective of horizontal fiscal equalisation in Australia will affect the Commission's work as the changes transition into effect from 2021–22, with the new arrangements fully applying in 2026–27. However, the legislation does not affect the methods for measuring states' relative fiscal capacities, which was the focus of the 2020 review.

### Information

Data capture, use, access, release and analytics — which drive data sharing and connection, and better informed advice — present a challenge in the ever-evolving information and communications technology (ICT) environment. To meet expectations that our information is more accessible, the CGC will continue to make enhancements to our ICT systems, including access and sharing capabilities, to ensure we promote data availability and use.

The COVID-19 pandemic and consequential impact on Commonwealth and state financial reporting may cause delays in data capture for the 2021 update of relativities. The Commission will monitor and assess how changes to government revenue and expenditure policies in response to COVID-19 may affect its methods.

### Whole-of-government policy

Compliance with whole-of-government policy remains a focus as the CGC implements internal policies and procedures that are agile, scalable and supportable within the broader framework of risk management and control. In particular, to ensure the CGC is well placed to achieve its key objectives while also meeting whole-of-government requirements, the Commission is undertaking substantial work to modernise our ICT systems.

## Performance

The CGC's outcome remains unchanged from the 2019–20 Portfolio Budget Statements:

Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue.

The effectiveness of the Commission's advice and recommendations is assessed using the performance indicators and qualitative performance measures shown in the table below.

| Performance indicator           | Performance measure  |
|---------------------------------|--|
| Excellent research and analysis | Analytical work is recognised as being of a technically high quality |
| Stakeholder engagement          | Consultation in accordance with the agreed engagement plan           |
| Responsiveness to government    | Timely provision of advice in accordance with terms of reference     |

## Capability

As a small statutory authority within the Treasury portfolio, the CGC is focused on attracting and retaining a highly skilled and motivated workforce, specialising in economics and statistical analysis. The expertise and professionalism of our staff is critical to the production of high-quality reports, and to building and maintaining good stakeholder relationships.

The Commission collaborates and partners with external stakeholders to influence change, drive improvement, and maximise effort and resources. To meet the demands of a rapidly changing workforce demographic, the CGC is focused on providing a refreshed working environment that is collaborative, flexible and mobile in nature.

## Risk oversight and management

The CGC has risk oversight and management systems and internal controls that support the continuous improvement of risk management practices in line with the Commonwealth Risk Management Policy. The CGC's risk management framework incorporates a risk policy, a risk register and a business continuity plan.

Our Audit Committee provides independent assurance to the accountable authority on the CGC's financial and performance reporting responsibilities, risk oversight and systems of internal control. This includes reviewing the proposed internal audit coverage to ensure the approach taken is focused on the CGC's key areas of financial and operational risk.

In our approach to risk management, the Commission considers factors that may affect its ability to effectively engage and manage its relationships with stakeholders. Our risk appetite sets the boundaries within which staff are expected to operate and is vital for effective risk management. A clear understanding of risk appetite helps staff assess risks, make informed decisions, confidently engage with risk and harness its opportunities.



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