

# Annual Report 2022–23



**Australian Government**  
**Commonwealth Grants Commission**

# Contents

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About this report	2
Letter of transmittal	3
Agency overview	4
<hr/>	
Foreword	5
Secretary's review	6
Overview	7
Organisational structure	9
Report on performance	10
<hr/>	
Annual performance statements	11
Results and analysis	12
Financial performance	14
Resourcing statement	14
Management & Accountability	16
<hr/>	
Corporate governance	17
Management of human resources	19
Purchasing	35
Contracts	35
Other mandatory information	36
Financial statements	39
<hr/>	
Independent auditor's report	40
Statement by the Secretary and Chief Financial Officer	42
Statement of comprehensive income	43
Statement of financial position	44
Statement of changes in equity	46
Cash flow statement	48
Notes	49
Reference material	61
<hr/>	
Acronyms and Initialisms	62
Glossary	63
List of requirements	64
Index	71

# About this report

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Further information about the Commonwealth Grants Commission is available at [www.cgc.gov.au](http://www.cgc.gov.au)

# Letter of transmittal



Australian Government  
Commonwealth Grants Commission

## Commonwealth Grants Commission

GPO Box 1899  
Canberra City ACT 2601

### The Hon Dr Jim Chalmers MP

Treasurer  
Parliament House  
CANBERRA ACT 2600

Dear Treasurer

### Commonwealth Grants Commission Annual Report 2022–23

I am pleased to present you with the Commonwealth Grants Commission's (CGC) annual report for the year ended 30 June 2023, 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, as prepared under section 42 of the PGPA Act.

In accordance with 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 'J. Rollings'.

Jonathan Rollings  
Secretary  
Commonwealth Grants Commission

18 September 2023

# Agency overview

*Foreword*

*Secretary's review*

*Overview*

*Organisational structure*

# Foreword

The Commonwealth Grants Commission continues to fulfil its role in recommending to the Commonwealth Government the distribution of the Goods and Services Tax (GST) pool to the states and territories (states), in line with the objective of horizontal fiscal equalisation. In doing so, the Commission assesses each state's ability to raise revenue and its costs in delivering state services.

In February 2023, the Commission provided a report to the Commonwealth Treasurer on recommended GST relativities for the distribution of GST revenue in 2023–24. This was based on economic developments and an assessment of state circumstances over the 3 years from July 2019 to June 2022. The main factors influencing changes in the distribution of GST in 2023–24 were strong growth in iron ore and coal royalties, revisions to population estimates from the 2021 Census, uneven growth across states in the value of their property sales, changes in population growth which was primarily reflected in the different investment needs of the states, strong growth in urban transport, and the transition to the 2018 GST legislated changes.

2023–24 represents the halfway point in the 6-year transition period under the 2018 GST legislated changes. These changes include a relativity floor, where no state can have a relativity below that floor. In 2023–24, the floor was 0.70 and Western Australia's relativity was well below that floor. Increasing Western Australia's relativity to the floor had a significant impact on GST distribution in 2023–24.

On 9 February 2023, the Treasurer released the terms of reference for the Commission to review the methodology it uses in advising on the distribution of GST revenue to the states. The Commission is to report by February 2025.

These methodology reviews are conducted around every 5 years, and the aim is to consider the appropriateness of assessment methods and identify whether improvements can be made. These reviews involve a substantial amount of work by the Commission and are conducted in close consultation with the states. This includes the release of consultation papers to the states on each of the assessments of spending needs and revenue raising capacities, along with a Draft Report in June 2024 and a series of meetings with, and visits to, the states. The 2025 Methodology Review is well underway, and all the relevant papers are on the Commission's webpage.

The Commission continued with its Occasional and Research Paper series in 2022–23, which provide non-technical background on the issues affecting GST distribution. The Commission continues to focus on improving its communication, along with its interaction with the states and the Commonwealth. The Commission greatly appreciates the cooperation it receives from all parties, particularly in the context of the significant work demands associated with the 2025 Methodology Review.

In August 2022, 2 Commissioners left the Commission – Professor Jeff Petchey and The Hon Dr Peter Hendy. Professor Petchey and Dr Hendy made a significant contribution to the work of the Commission and their services are greatly appreciated. In September 2022, 2 new Commissioners joined the Commission – Dr Angela Jackson and Professor Anne Tiernan.

I would like to express my appreciation for the support and contribution of my fellow Commissioners, both past and present, as well as passing on to the Commission staff our thanks for their continued professionalism, dedication and hard work.



*Mike Callaghan AM PSM*  
Chairperson  
18 September 2023

# Secretary's review

I am pleased to present the Commonwealth Grants Commission's annual report for 2022–23.

After the challenges in recent years arising from COVID-19, 2022–23 felt somewhat like a return to normal. Hybrid working arrangements are now commonplace and an important part of what we offer staff as a flexible workplace with a good work-life balance. Results from the 2023 APS Employee Census were again very positive, indicating a high level of engagement and inclusivity amongst our staff.

As covered in the Chairperson's foreword, the Commission's advice to the Government on GST distribution was provided in the 2023 Update on GST Revenue Sharing Relativities, publicly released on 14 March 2023. In February 2023, the Commission also commenced the 2025 Methodology Review – a review of the analytical and statistical methods the Commission uses to assess state fiscal capacities. With a Draft Report due in mid-2024, extensive work has already been undertaken, including an initial tranche of papers for consultation with the states.

We continue to give priority to our relationship with state and territory treasury officials. For the first time we used a structured survey to obtain feedback from the states and, while the results were positive, we will continue to look for ways to improve. I thank state and territory treasury officials for continuing to engage with us in a productive and cooperative way.

During the year we completed the core work on the redevelopment of our ICT platform for analysing state fiscal data. This is the culmination of more than 2 years of detailed work and is a credit to all involved. We will now shift focus to the system's successful implementation.

Throughout the year staff have enthusiastically engaged in activities to support the implementation of our inaugural Reflect Reconciliation Action Plan (RAP). The focus has been on establishing practices and policies to ensure we can build on our reconciliation efforts now and into the future.

During the year we welcomed new members Dr Angela Jackson and Professor Anne Tiernan to the Commission. I would like to thank the Commission Chairperson and members for their support over the year and thank the staff for their continued dedication and professionalism.



A handwritten signature in blue ink, appearing to read 'J. Rollings', written in a cursive style.

*Jonathan Rollings*  
*Secretary*  
*18 September 2023*

# Overview

The Commonwealth Grants Commission's (CGC) purpose is to provide independent advice to the Australian Government on the distribution of GST revenue to the states and territories (states).

Our purpose is pursued through:

- effective support to the Commission's Chairperson 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 independent 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.

The membership of the Commission during 2022–23 consisted of a part-time Chairperson and 3 part-time members.



*Chairperson*  
*Mr Michael Callaghan AM PSM*

Mr Michael Callaghan 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 to 2007, he was Deputy Secretary, Revenue Group.

Mr Callaghan spent 4 years on the IMF Executive Board in Washington DC and served as Chief of Staff to the Australian Treasurer, the Hon Peter Costello AC.

He has chaired a number of reviews for the Australian Government and international organisations. In 2020, Mr Callaghan chaired the Retirement Income Review. In 2017, he chaired the review of the Petroleum Resource Rent Tax and the review of the Economic Impact of the Government's Regulation Agenda. He also chaired the Northern Australia Insurance Premiums Taskforce. Mr Callaghan chaired the 12th and 13th replenishment of the Asian Development Bank's Asian Development Fund.

From 2018 to 2020 he was Chair of the Aged Care Financing Authority. 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 as at 30 June 2023*



*Dr Lynne Williams AM*

Dr Lynne Williams worked as an economist in the public sector for over 30 years and has since been a non-executive director and Commissioner on several Commonwealth and state government bodies. She is currently a member of the Victorian Legal Services Board, where she also chairs the Finance, Audit and Risk Committee.

Dr Williams was made a Member of the Order of Australia (AM) in 2017 for her contributions to economic and public policy and awarded the

Faculty of Business and Economics (University of Melbourne) Alumni of Distinction Faculty Award in 2019.

Dr Williams previously held senior executive positions in both the Victorian and federal public services, including the Victorian Treasury and Finance, Premier and Cabinet and Industry departments, and the Productivity Commission, Bureau of Immigration, Multicultural and Population Research and Bureau of Labour Market 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), a member of the Australian Institute of Company Directors (GAICD) and Principal Fellow of St Hilda's College (University of Melbourne), where she is also a board member.



*Dr Angela Jackson*

Dr Angela Jackson is a health economist and Lead Economist at Impact Economics and Policy. Having started her career as an economist at the Department of the Prime Minister and Cabinet, she has worked across tax, fiscal and social policy. During her time in government Dr Jackson also worked as the Finance Minister's Deputy Chief of Staff and was responsible for providing policy advice across fiscal policy and all areas of social policy, including National Health Reform. As Lead Economist at both Impact Economics and Policy and

Equity Economics, she has advised governments and non-profit organisations, and authored a number of high-profile reports on health, aged care, disability, housing and gender policy.

Dr Jackson is chair of the Victorian National Heart Foundation Advisory Board and National Chair of the Women in Economics Network. Previously she was non-Executive Director of Royal Melbourne Hospital for 6 years, including during the 2020 pandemic response in Victoria.

Dr Jackson holds a Masters in International Health Policy (Health Economics) with Distinction from the London School of Economics and Political Science, a Bachelor of Commerce (Hons) from the University of Melbourne and a Bachelor of Economics from the University of Tasmania. Dr Jackson was awarded her PhD on the Economics of Disability in Australia from Monash University.



### Professor Anne Tiernan

Professor Anne Tiernan is Head of Research and Professor of Political Leadership at the McKinnon Institute for Political Leadership – an independent, non-partisan organisation whose mission is to enhance the effectiveness of our political leaders by building the capacity of federal, state and territory members of parliament.

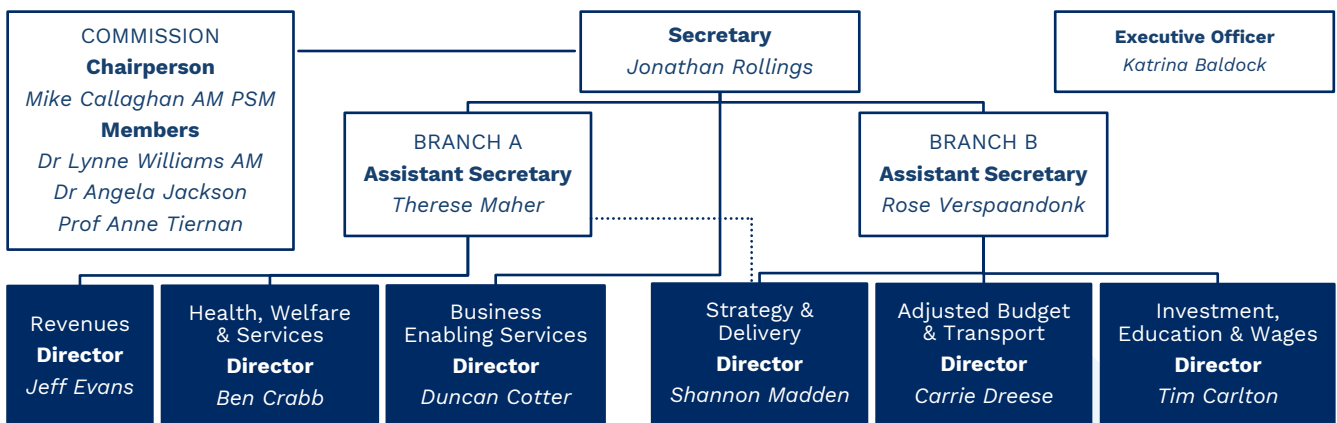
A political scientist whose career spans higher education, federal and state government, consultancy and teaching, Professor Tiernan’s research focuses on the work of governing. She has written extensively on the political-administrative interface, governmental transitions, policy capacity and executive advisory arrangements – particularly the support needs of ministers, the role of the public service, intergovernmental coordination and public policy agenda-setting. She has published extensively in Australia and internationally.

Professor Tiernan is a National Fellow of the Institute of Public Administration Australia, and a Fellow of the Australia and New Zealand School of Government and has held a range of Board appointments.

An Adjunct Professor with Griffith University, and previously a member of the University’s senior leadership team, Professor Tiernan served as inaugural Dean (Engagement) of the Griffith Business School, where she led development of the Group’s internationally acknowledged Engagement Strategy and operating model. Professor Tiernan is Managing Director of mission-led consultancy firm Constellation Impact Advisory.

# Organisational structure

**FIGURE 1** CGC Organisational Structure as at 30 June 2023



# Report on performance

*Annual performance statements*

*Results and analysis*

*Financial performance*

*Resourcing statement*



# Annual performance statements

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As the accountable authority of the Commonwealth Grants Commission (CGC), I present the CGC's 2022–23 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.



A handwritten signature in black ink, appearing to read 'J. Rollings', written over a white geometric shape that overlaps the portrait photo.

*Jonathan Rollings*  
*Secretary*  
*18 September 2023*

# Results and analysis

The CGC measures its performance using the performance criteria outlined in its 2022–23 Corporate Plan and 2022–23 Portfolio Budget Statement.

The CGC’s main activity for 2022–23 was meeting the requirements of the Commonwealth Treasurer’s terms of reference (issued on 9 February 2023), requiring the calculation of the GST revenue sharing relativities for 2023–24. The CGC also commenced a review of its methodology for determining GST revenue sharing relativities, as per the Commonwealth Treasurer’s terms of reference issued on 9 February 2023. The Commission is required to report on this review by 28 February 2025.

**TABLE 1** Performance measures and results

Performance measures	Responsiveness to Government
<b>Planned Performance Results</b>	The Commission’s advice meets the Government’s requirements as specified in the terms of reference provided by the Commonwealth Treasurer.
<b>Results</b>	<b>Achieved</b> In accordance with timing requirements of the Commonwealth Treasurer’s terms of reference, the Commission provided the <i>GST Revenue Sharing Relativities: 2023 Update</i> to the Treasurer and the states on 28 February 2023 and publicly released it on 14 March 2023. The GST revenue sharing relativities for 2023–24 also complied with the other requirements of the Treasurer’s terms of reference.
<b>Information source</b>	The relativities recommended by the Commission were adopted by the Government in the <i>Federal Financial Relations (GST Revenue Sharing Relativities for 2022–23) Determination 2022</i> of 1 June 2023.

Performance measures	Excellence in research and analysis
<b>Planned Performance Results</b>	The research and analysis underlying the Commission's advice are recognised to be high quality and technically robust.
<b>Results</b>	<p><b>Achieved</b></p> <p>States have expressed overall confidence in the quality and rigour of the CGC's research and analysis.</p> <p>The CGC drew on a range of data and quantitative methods to assess the relative fiscal capacities of the states. To facilitate scrutiny, data and methods were published on the CGC website (subject to confidentiality restrictions imposed by data providers) with additional details provided directly to state treasuries. Detailed checking processes were used to assure the technical quality and accuracy of the work underlying the GST relativities.</p>
<b>Information source</b>	Feedback from state and territory treasuries, including feedback survey.

Performance measures	Effective engagement and consultation with stakeholders
<b>Planned Performance Results</b>	The Commission's advice is informed by the best available information and data and considers the views of relevant stakeholders.
<b>Results</b>	<p><b>Achieved</b></p> <p>Consultation on the 2023 Update and 2025 Review was undertaken in accordance with the engagement plan agreed with states. State engagement was supplemented with regular bilateral discussions and the provision of training. States have expressed overall satisfaction with the current level of engagement with the Commission and generally agree that the Commission's advice was informed by the best available information and data.</p> <p>The CGC has maintained close engagement with key data providers and agencies, including the Australian Bureau of Statistics, the Independent Health and Aged Care Pricing Authority, the National Health Funding Body and through the CGC's membership of the Australian Institute of Health and Welfare's Health Expenditure Advisory Committee.</p> <p>The CGC regularly engages with the Commonwealth Treasury.</p> <p>Community engagement was promoted through the release of 2 Occasional Papers and 2 Research Papers to improve understanding of fiscal equalisation and Australia's GST distribution arrangements.</p>
<b>Information source</b>	Feedback from state and territory treasuries, including feedback survey.

# 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.

Table 2 below summarises the CGC's total resources and total payments in 2022–23.

**TABLE 2** Summary of Financial Performance (Unadjusted) for 2022–23

	2022–23 (\$'000)	2021–22 (\$'000)	Movement (\$'000)
Total own-source revenue	46	45	1
Total revenue from government	7,873	8,216	(343)
Total expenses	8,265	7,616	649
<b>Net surplus/(deficit) <sup>1</sup></b>	<b>(346)</b>	<b>645</b>	<b>(991)</b>

<sup>1</sup> Depreciation and amortisation are included in total expenses, \$0.427 million for 2022–23 and \$0.467 million for 2021–22.

# Resourcing statement

Table 3 below shows total expenses for Outcome 1 in 2022–23.

**TABLE 3** Resource Statement for 2022–23

	Actual available (\$'000)	Payments made (\$'000)	Balance (\$'000)
<b>Ordinary annual services</b>			
Prior year appropriation available <sup>1</sup>	12,303	8,419	3,884
Departmental appropriation	7,873	-	7,873
Departmental capital budget	265	938	(673)
<b>Total departmental annual appropriations</b>	<b>20,441</b>	<b>9,357</b>	<b>11,084</b>
<b>Total resourcing and payments</b>	<b>20,441</b>	<b>9,357</b>	<b>11,084</b>

<sup>1</sup> Prior year appropriations available includes departmental appropriation, departmental capital budgets and retained revenue receipts under section 74 of the Public Governance, Performance and Accountability Act 2013.

**TABLE 4** Total Expenses for Outcome 1 in 2022–23

	Budget <sup>1</sup> 2022–23 (\$'000)	Actual 2022–23 (\$'000)	Variation 2022–23 (\$'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			
<b>Departmental expenses</b>			
Departmental appropriation	7,873	7,873	-
Expenses not requiring appropriation in the budget year <sup>2</sup>	511	592	(81)
<b>Departmental Total</b>	<b>8,384</b>	<b>8,465</b>	<b>(81)</b>
<b>Total expenses for Program 1.1</b>	<b>8,384</b>	<b>8,465</b>	<b>(81)</b>
<b>Total expenses for Outcome 1</b>	<b>8,384</b>	<b>8,465</b>	<b>(81)</b>

	2022–23	2021–22
Average staffing level (number) <sup>3</sup>	32	28

<sup>1</sup> Full-year budget, including any subsequent adjustment made to the 2022–23 budget at Additional Estimates.

<sup>2</sup> Expenses not requiring appropriation in the budget year are made up of depreciation expenses, amortisation expenses, and audit fees.

<sup>3</sup> Actual average staffing level (ASL) for 2021–22 and 2022–23 rounded to the nearest integer.



# Management & Accountability

*Corporate governance*

*Management of human resources*

*Purchasing*

*Contracts*

*Other mandatory information*

# 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. The CGC has structures and processes in place to maintain effective corporate governance.

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 4 main committees/groups: Executive Committee, Workplace Relations Committee, Audit and Risk Committee and Reconciliation Action Plan Working Group. The membership and roles of these committees are detailed in Table 5.

**Table 5** CGC Committees at 30 June 2023

Committee/Group	Membership	Role and activities
<b>Executive Committee</b>	Secretary, Assistant Secretaries, Director Business Enabling Services and Executive Officer	The Executive Committee: <ul style="list-style-type: none"> <li>• supports matters of corporate management, governance, risk, security, information management and resource allocation</li> <li>• provides strategic advice on the conduct of inquiries and assessment methods</li> <li>• provides strategic direction to CGC employees</li> <li>• acts as the Fraud Committee, Remuneration Committee, and Learning and Development Committee.</li> </ul>
<b>Workplace Relations Committee</b>	Secretary, Director and Assistant Director Business Enabling Services, and at least 3 staff members	Established under the <i>Commonwealth Grants Commission Enterprise Agreement 2015–2018</i> , 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.
<b>Audit and Risk Committee</b>	2 external members (including the Chair) and an APS employee from an external agency	Established in accordance with the PGPA Act, the Audit and Risk Committee provides independent assurance and assistance to the Secretary on the CGC's risk, control and compliance framework and its financial statement responsibilities.
<b>Reconciliation Action Plan Working Group</b>	Chair, Business Advisor, People and Culture Advisor and Communications Coordinator	The Working Group supports the development and implementation of the CGC's Reconciliation Action Plan.

**TABLE 6** Audit and Risk Committee members and attendance for 2022–23

Name	Qualifications	Attendance
Peter Gunning	Bachelor of Arts in Accounting – University of Canberra, FCA, GAICD, Chair	3/3
Michelle Crowther	CPA, Assistant Secretary, Corporate Division at PM&C (CFO), Member	3/3
Stephen Moore	Bachelor of Economics (Hons), Econometrics and Quantitative Economics, Macquarie University; Bachelor of Economics (Hons), Econometrics and Quantitative Economics, Australian National University, Member	3/3

## Audit and Risk Committee remuneration

**TABLE 7** Audit and Risk Committee remuneration for 2022–23

Name	Remuneration <sup>1</sup>
Peter Gunning	\$7,920.00
Stephen Moore	\$4,826.25

<sup>1</sup> GST inclusive.

The CGC Audit and Risk Committee Charter is available on the CGC website.

## Corporate planning

The CGC published its Corporate Plan 2023-24 on its [website](#) on 31 August 2023, as required under subsection 35(1)(b) of the PGPA Act. 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

The CGC has a fraud and corruption control plan in place, as well as processes and systems for the prevention and detection of fraud and response to and reporting of incidents in accordance with section 10 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule). The CGC conducts fraud risk assessments regularly and when there is a substantial change in the structure, function, or activities of the agency.

The CGC's 2022–23 fraud certification can be found in the letter of transmittal. No instances of fraud were detected in 2022–23.

## Risk management

Effectively engaging with and managing risk is central to delivering on the CGC's purpose. The CGC's approach to managing risk is to embed risk management, controls and mitigations into every aspect of our business planning, reporting, decision making and operations.

The CGC's Risk Management Framework supports the CGC to meet its obligations under section 16 of the PGPA Act and is aligned with the new *Commonwealth Risk Management Policy (2023)*.

Throughout 2022–23, the CGC reviewed, monitored and managed its key risks, related controls and tolerances.

## External scrutiny

The CGC is subject to an audit of the financial statements by the Australian National Audit Office (ANAO). During 2022–23, the CGC was not the subject of any ANAO performance audits. There have been no significant developments in external scrutiny of the CGC during 2022–23.

# Management of human resources

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The CGC has a small and specialised workforce that is committed to assisting the Government to make informed decisions on fiscal equalisation between the states and territories through independent, expert advice on the distribution of GST revenue.

As a small agency, the CGC is focussed on attracting, developing and retaining a highly skilled, motivated and diverse workforce with expertise in data and statistical analysis, stakeholder engagement, and professional report-writing.

During 2022–23 the CGC continued its investment in entry level programs, accessing and growing on-demand expertise, and investing heavily in capability uplift.

## Entry level programs

The CGC participated in the 2023 Australian Government Graduate Program for data generalists and engaged 2 graduates in January 2023. The graduates are enrolled in the APS Graduate Development Program which is designed to develop the foundational skills, behaviours, mindsets and networks that support graduate employees to make a significant contribution in the APS.

The CGC also participated in the 2023 Australian Government Data Cadet Program to offer cadetships by supporting students with their tertiary studies and giving them on-the-job support, career guidance and professional development throughout the program. During the program, cadets work part-time remotely for the CGC while continuing their tertiary studies. The CGC offered 2 cadetships but was unable to secure any cadets in 2023.

## Recruitment

The CGC conducted 5 merit-based general recruitment activities in 2022–23 to replace staff who had left and to ensure sufficient capability to support the 2025 Methodology Review. During the course of the 2022–23 financial year, 17 employees joined and 8 employees left the CGC.

### Junior Analyst and Alumni programs

Five university students were engaged as Junior Analysts on a casual basis to support the work of the CGC. This arrangement gives the CGC access to an emerging talent pool with relevant skills and fresh perspectives while providing students with an income, experience in an office environment and the opportunity to apply their analytical, writing and time management skills.

In 2022, the CGC established an Alumni Program to access former senior employees on a casual basis to provide ready-to-go capacity and augment its workforce. During 2022–23, the CGC engaged 2 alumni to contribute to the 2025 Methodology Review.



### Junior Analyst and Alumni Programs

The CGC embraces staff with a range of skills and backgrounds, spanning a diversity of cultures, academic qualifications, work experience and age. This broadens our perspective on the work we do and the way that we do it.

For example, our junior analyst program brings the talent and energy of university students to our workplace. Since 2021, the CGC has engaged 10 students on a casual basis. The CGC gains the benefits of contemporary analytical, research and data analysis skills, as well as fresh perspectives.

Our junior analysts gain a supportive introduction to the Australian Public Service, while earning an income in a flexible way so they can prioritise their studies. They can also apply their recently acquired skills to meaningful work that benefits the Australian community.

Undertaking a methodology review places additional pressures on CGC staff, both in terms of the volume of work and the complexity of decision-making. Our alumni program engages skilled staff who have worked with us previously and have extensive relevant knowledge. We leverage their expertise and experience to support our work, including through research projects, as well as training and mentoring. They also provide a valuable sounding board and source of corporate history. The willingness of former staff to contribute is indicative of a cohesive workplace culture and a strong staff commitment to the purpose of the Commission.

## Professional and personal development

Employee development in the CGC is an important contributor to a productive, innovative and engaged workforce. The CGC recognises the importance of supporting staff to develop their professional skills including through on-the-job and formal training and development opportunities.

There was a strong focus on professional and personal development in 2022–23 including the following activities:

- participation in seminars, conferences, workshops and forums
- coaching and mentoring
- external technical training for report writing and Excel skills
- graduate programs
- internal on-the-job training
- leadership training for the Executive Level 1 cohort
- studies assistance for tertiary studies
- secondments to the Department of the Treasury
- participation in women-in-leadership program
- first aid training.

## Capability Development Project

The CGC identified the need for a structured and strategic approach to developing the capabilities of its staff, for example in the areas of leadership, management, communication, judgement, influencing, problem solving, strategic thinking and project management.

In 2023, the CGC engaged a learning and development consultant to assist with this capability development project. The consultant conducted a capability needs analysis in mid-2023 and will work closely with the CGC to develop a capability development plan and roadmap with consideration given to the agency's work program, strategic priorities, and workforce and succession planning requirements.

## Staffing Information

At 30 June 2023, the CGC had 44 Australian Public Service (APS) employees, a 26 per cent increase from 35 employees at 30 June 2022. The average staffing level across the 2022–23 financial year was 31.59.

## Inclusion and Diversity

The CGC is an agency that is committed to equity, inclusion and diversity, and values the differences in employees and the contributions they make in all facets of the agency. Table 8 provides diversity statistics for CGC employees from 2022 to 2023.

**TABLE 8** Employee Diversity at 30 June 2023<sup>1</sup>

Group	2022 %	2023 %	Change from 2022
First Nations people	0	0	0
Culturally and linguistically diverse	23	27	+4
LGBTIQ+ people	8	17	+9
Mature age (45 years and over)	49	52	+3
People with a disability	10	6	-4
People with neurodiversity	N/A	9	N/A

<sup>1</sup> Diversity data are from CGC's employment data and from CGC's 2023 APS Employee Census results. Neurodiversity data is from the 2023 APS Employment Census.

## Workplace Agreements

### Commission Members

The Chairperson and other members of the Commonwealth Grants Commission are appointed by the Governor-General under section 8 of the *Commonwealth Grants Commission Act 1973*. Members can be appointed on a full-time or part-time basis. Two Members finished their appointments in 2022 and 2 new Members were appointed. At 30 June 2023, all 4 Members were appointed on a part-time basis.

The Remuneration Tribunal is responsible for determining remuneration and allowances for Members. At 30 June 2023, Members were covered by the *Remuneration Tribunal (Remuneration and Allowances for Holders of Part-Time Public Office) Determination (No. 1) 2023* for remuneration and the *Remuneration Tribunal (Official Travel) Determination 2022* for travel arrangements.

### Secretary and SES Employees

The Secretary is a Senior Executive Service (SES) Band 3 employee assigned to the role by the Secretary of the Department of the Treasury. Terms and conditions of employment for the Secretary are governed by an individual determination made under subsection 24(1) of the *Public Service Act 1999* by the Treasury Secretary.

The CGC has 2 SES Band 1 employees to assist the Secretary. Terms and conditions of employment are determined by the CGC Secretary in individual determinations made under subsection 24(1) of the *Public Service Act 1999*.

## Non-SES Employees

Non-SES employees in the CGC are employed under the *Commonwealth Grants Commission Enterprise Agreement 2015–2018*. This agreement nominally expired on 22 December 2018. Terms and conditions of the agreement continue to apply to non-SES employees, with remuneration increases provided by collective determinations under subsection 24(1) of the *Public Service Act 1999*. The latest determination is the *Commonwealth Grants Determination 2022/1*, which operates from 23 December 2022. The CGC uses individual flexibility arrangements to secure expertise or critical skills, or for salary maintenance. As at 30 June 2023, the CGC had 6 individual flexibility arrangements in place.

Table 9 below summarises the workplace arrangements in place for employees at 30 June 2023.

**TABLE 9** *Employment Arrangements for APS Employees as at 30 June 2023*

Instrument	SES	Non-SES	Total
Enterprise Agreement	-	41	41
Collective Section 24(1) Determination	-	41	41
Individual Section 24(1) Determination	3	-	3
Individual Flexibility Arrangement	-	6	6
Total	3	88	91

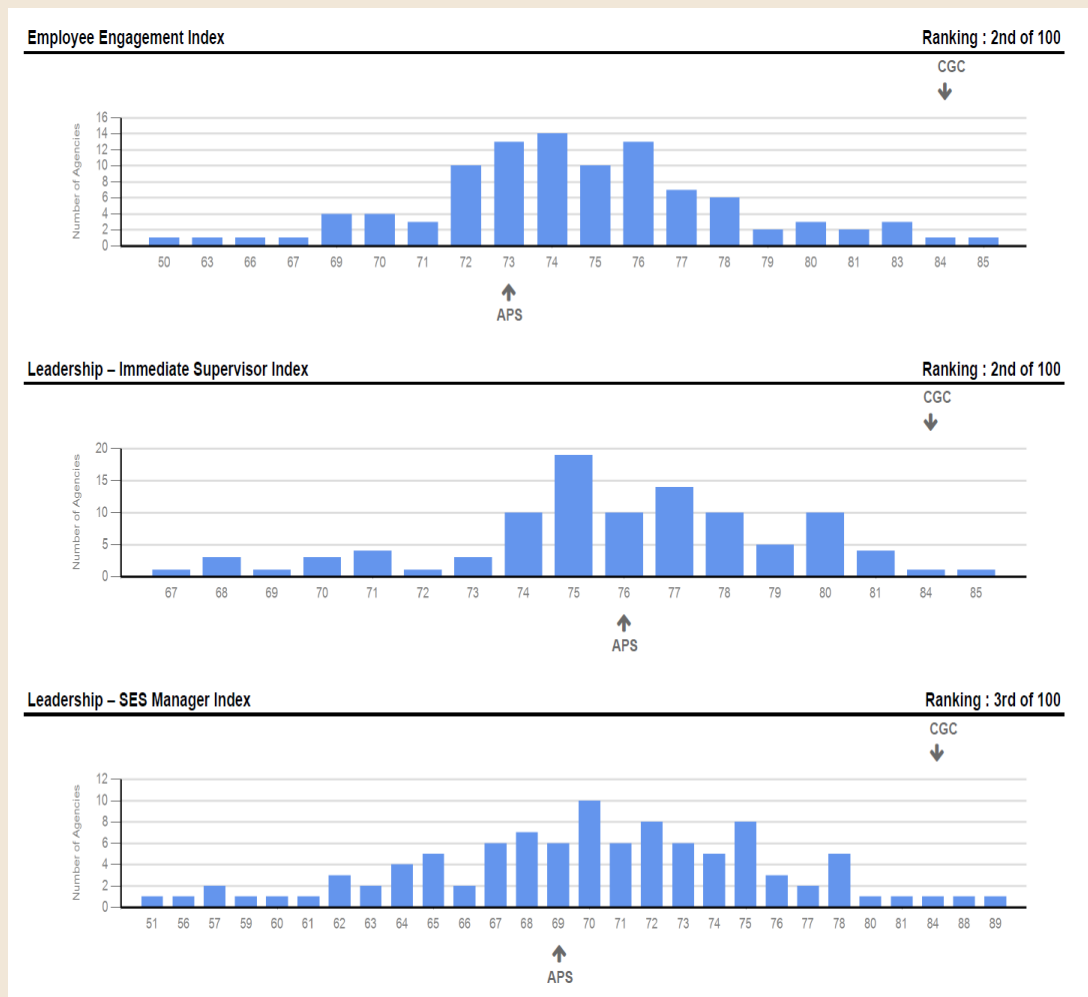




## 2023 Australian Public Service Employee Census

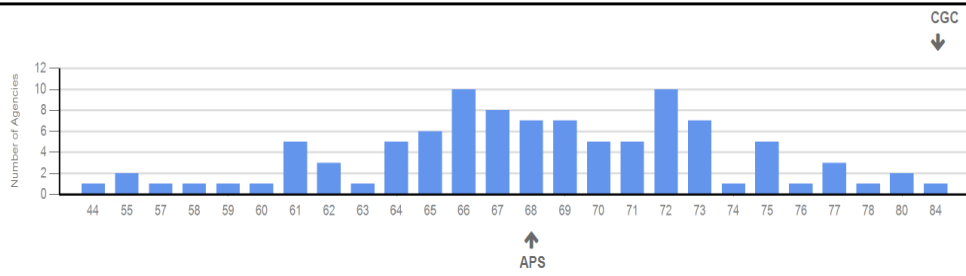
The Australian Public Service (APS) Employee Census is an annual opinion survey sent to all APS employees. The survey asks respondents a range of questions about employee engagement, wellbeing, innovation, performance management, leadership, and general impressions of the APS.

In the 2023 Census, the CGC again achieved very positive results, comparing favourably with APS agencies in communication, employee engagement, enabling innovation, wellbeing and support and leadership. The charts below show the CGC's placement compared with the APS average and other agencies.



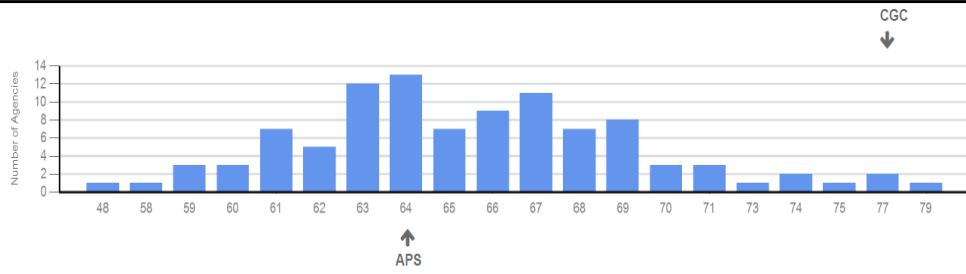
### Communication Index

Ranking : 1st of 100



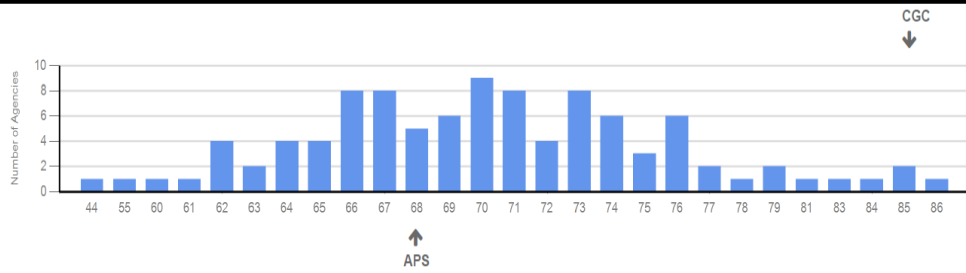
### Enabling Innovation Index

Ranking : 3rd of 100



### Wellbeing Policies and Support Index

Ranking : 3rd of 100



## Executive remuneration

**TABLE 10** Remuneration for Key Management Personnel in 2022–23

Short-term benefits	Name	Jonathan Rollings
	Position title	Secretary
	Base salary	338,398
	Bonuses	-
	Other benefits and allowances	8,321
Post-employment benefits	Superannuation contributions	64,361
Other long-term benefits	Long service leave	14,073
	Other long-term benefits	-
Termination benefits		-
Total remuneration		425,154

**TABLE 11** Remuneration for Senior Executives in 2022–23

Short-term benefits	Total remuneration bands	\$270,001– \$295,000	\$295,001– \$320,000
	No. of senior executives	1	1
	Average base salary	212,731	251,118
	Average bonuses	-	-
	Average other benefits and allowances	8,321	8,321
Post-employment benefits	Average superannuation contributions	40,786	45,158
Other long-term benefits	Average long service leave	8,294	9,715
	Average other long-term benefits	-	-
Termination benefits	Average termination benefits	-	-
Total remuneration	Average total remuneration	270,132	314,312

## Salary ranges

Salary ranges for non-SES employees are tabled below. Salaries for SES employees are determined on an individual basis.

**TABLE 12** Salary ranges for APS employees by classification at 30 June 2023

Classification	Minimum (\$)	Maximum (\$)
EL 2	146,938	157,834
EL 1	118,717	124,807
APS 6	93,570	98,749
APS 5	82,339	86,145
APS 4	74,763	78,149
APS 3	64,569	69,798
APS 2	59,419	63,551
APS 1	49,099	54,986

## Performance Payments

In accordance with the *Commonwealth Grants Commission Enterprise Agreement 2015–2018*, non-SES employees are eligible for an annual performance ‘bonus’ where they meet the requirements of their role. SES employees are not entitled to performance payments. A summary of performance payments for 2022–23 is tabled below.

**TABLE 13** Performance Payments in 2022–23

Classification	Number	Total (\$)	Average (\$)	Minimum (\$)	Maximum (\$)
EL 2	1	2,969	2,969	2,969	2,969
EL 1	8	24,726	3,091	2,363	4,373
APS 6	2	5,719	2,860	1,884	3,835
<b>Total</b>	<b>11</b>	<b>33,414</b>	<b>3,038</b>	-	-

## Non-salary benefits

During 2022–23, the CGC provided employees with a range of non-salary benefits including:

- allowances for specific functions or situations
- car parking
- coaching and mentoring
- conferences, presentations, forums and workshops
- Christmas closedown period
- influenza vaccinations
- flexible working arrangements
- mobile devices
- performance payments
- professional memberships
- relocation assistance
- studies assistance
- training and development, including graduate programs
- travel assistance
- travel and allowances for official business
- use of laptops and associated IT equipment.

## Employment statistics

**TABLE 14** Australian Public Service Act Ongoing Employees Current Report Period (2022–23)

Classification	Female		Male		Total
	Full-Time	Part-Time	Full-Time	Part-Time	
SES Band 3	-	-	1	-	<b>1</b>
SES Band 1	2	-	-	-	<b>2</b>
EL 2	1	1	4	-	<b>6</b>
EL 1	5	2	5	-	<b>12</b>
APS 6	2	1	2	-	<b>5</b>
APS 5	1	-	4	-	<b>5</b>
APS 4	1	-	3	-	<b>4</b>
<b>Total</b>	<b>12</b>	<b>4</b>	<b>19</b>	<b>-</b>	<b>35</b>

**TABLE 15** Australian Public Service Act Ongoing Employees Previous Report Period (2021–22)

Classification	Female		Male		Total
	Full-Time	Part-Time	Full-Time	Part-Time	
SES Band 3	-	-	1	-	<b>1</b>
SES Band 1	2	-	-	-	<b>2</b>
EL 2	-	-	4	-	<b>4</b>
EL 1	6	2	2	-	<b>10</b>
APS 6	1	1	2	-	<b>4</b>
APS 5	1	-	2	1	<b>4</b>
APS 4	2	-	3	-	<b>5</b>
<b>Total</b>	<b>12</b>	<b>3</b>	<b>14</b>	<b>1</b>	<b>30</b>

**TABLE 16** Australian Public Service Act Non-Ongoing Employees Current Report Period (2022–23)

Classification	Female		Male		Total
	Full-Time	Part-Time	Full-Time	Part-Time	
EL 2	-	1	-	2	<b>3</b>
EL 1	-	-	-	1	<b>1</b>
APS 2	-	1	-	4	<b>5</b>
<b>Total</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>7</b>	<b>9</b>

**TABLE 17** Australian Public Service Act Non-Ongoing Employees Previous Report Period (2021–22)

Classification	Female		Male		Total
	Full-Time	Part-Time	Full-Time	Part-Time	
EL 2	-	-	-	1	<b>1</b>
EL 1	-	-	-	1	<b>1</b>
APS 4	1	-	-	-	<b>1</b>
APS 2	-	-	-	1	<b>1</b>
APS 1	-	-	-	1	<b>1</b>
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>5</b>

**TABLE 18** Australian Public Service Act Employees by Full-Time and Part-Time Status Current Report Period (2022–23)

Classification	Ongoing		Non-Ongoing		Total
	Full-Time	Part-Time	Full-Time	Part-Time	
SES Band 3	1	-	-	-	1
SES Band 1	2	-	-	-	2
EL 2	5	1	-	3	9
EL 1	10	2	-	1	13
APS 6	4	1	-	-	5
APS 5	5	-	-	-	5
APS 4	4	-	-	-	4
APS 2	-	-	-	5	5
APS 1	-	-	-	-	-
<b>Total</b>	<b>31</b>	<b>4</b>	<b>-</b>	<b>9</b>	<b>44</b>

**TABLE 19** Australian Public Service Act Employees by Full-Time and Part-Time Status Previous Report Period (2021–22)

Classification	Ongoing		Non-Ongoing		Total
	Full-Time	Part-Time	Full-Time	Part-Time	
SES Band 3	1	-	-	-	<b>1</b>
SES Band 1	2	-	-	-	<b>2</b>
EL 2	4	-	-	1	<b>5</b>
EL 1	8	2	-	1	<b>11</b>
APS 6	3	1	-	-	<b>4</b>
APS 5	3	1	-	-	<b>4</b>
APS 4	5	-	1	-	<b>6</b>
APS 2	-	-	-	1	<b>1</b>
APS 1	-	-	-	1	<b>1</b>
<b>Total</b>	<b>26</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>35</b>

**TABLE 20** Australian Public Service Act Employment Type by Location Current Report Period (2022–23)

Location	Ongoing	Non-Ongoing	Total
ACT	34	9	43
Victoria	1	-	1
<b>Total</b>	<b>35</b>	<b>9</b>	<b>44</b>



**TABLE 21** Australian Public Service Act Employment Type by Location Previous Report Period (2021–22)

Location	Ongoing	Non-Ongoing	Total
ACT	30	5	35
Victoria	-	-	-
<b>Total</b>	<b>30</b>	<b>5</b>	<b>35</b>

**TABLE 22** Australian Public Service Act First Nations Employment Current and Previous Report Periods

Employment Type	2021–22	2022–23
Ongoing	-	-
Non-Ongoing	-	-
<b>Total</b>	<b>0</b>	<b>0</b>

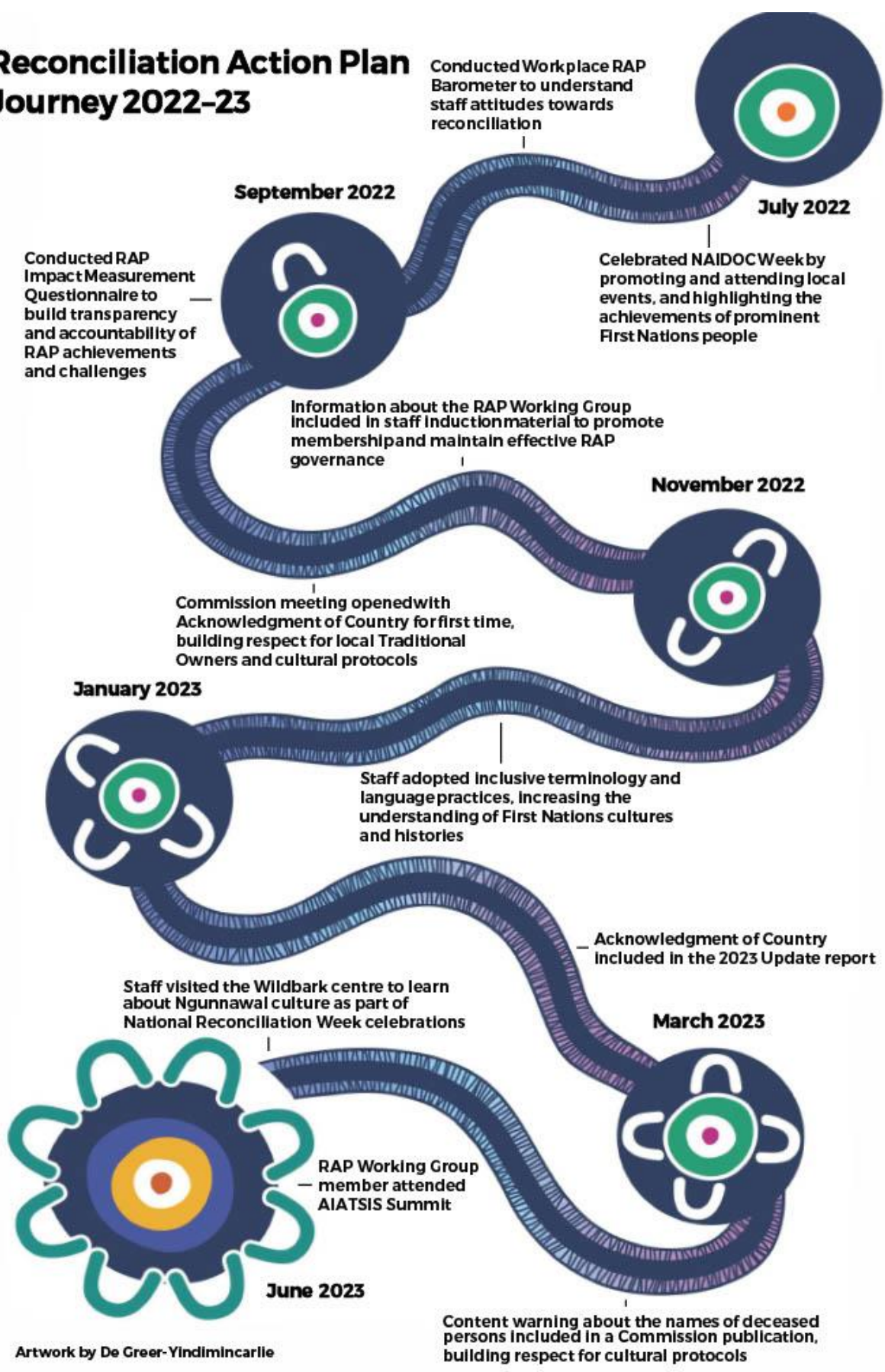


## Reflect Reconciliation Action Plan

During 2022–23 the RAP Working Group focused on implementing practical changes in the workplace to further the goal of reconciliation through respect and understanding of First Nations peoples' cultures, histories and knowledge. The following timeline highlights some key moments in the CGC's reconciliation journey for 2022–23, including adopting the practice of opening Commission meetings with an Acknowledgement of Country. Other work, particularly in the areas of policy and relationship building, has laid strong foundations to ensure that the reconciliation journey can continue in future years.



# Reconciliation Action Plan Journey 2022-23



Artwork by De Greer-Yindimincarlie

# 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

**TABLE 23** Expenditure on reportable consultancy contracts

	Number	Expenditure \$ (GST incl.)
New contracts entered into during the reporting period	2	\$20,000
Ongoing contracts entered into during a previous reporting period	0	\$0
<b>Total</b>	<b>2</b>	<b>\$20,000</b>

During 2022–23, 2 new reportable consultancy contracts were entered into. No ongoing reportable consultancy contracts were active during the period.

Decisions to engage consultants during 2022–23 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 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](https://tenders.gov.au).

## Expenditure on reportable non-consultancy contracts

New non-consultancy contracts entered into during 2022–23 predominantly related to internal audit reports, ICT infrastructure, website redevelopment and ICT labour-hire arrangements. Ongoing non-consultancy contracts included media monitoring, ICT Infrastructure and ICT labour-hire arrangements.

**TABLE 24** Expenditure on reportable non-consultancy contracts

	Number	Expenditure \$ (GST incl.)
New contracts entered into during the reporting period	10	\$819,503
Ongoing contracts entered into during a previous reporting period	25	\$2,190,262
<b>Total</b>	<b>35</b>	<b>\$3,009,765</b>

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](http://tenders.gov.au).

## Other mandatory information

### Advertising and market research

The CGC did not conduct any advertising campaigns during the 2022–23 financial year.

### Grants

There were no grant programs administered by the CGC in 2022–23.

### Disability reporting

*Australia's Disability Strategy 2021–2031* (the Strategy) is the overarching framework for inclusive policies, programs and infrastructure that will support people with disability to participate in all areas of Australian life.

The Strategy sets out where practical changes will be made to improve the lives of people with disability in Australia. 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.

All levels of government have committed to deliver more comprehensive and visible reporting under the Strategy. A range of reports on progress of the Strategy's actions and outcome areas will be published and available at [www.disabilitygateway.gov.au](http://www.disabilitygateway.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](http://www.apsc.gov.au).

## Freedom of information

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information 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 the IPS requirements. This plan is accessible on the CGC's website at [www.cgc.gov.au](http://www.cgc.gov.au).

## Environmental performance

The CGC is committed to the principles of ecologically sustainable development and effective environmental management strategies. In 2022–23, the CGC did this by:

- recycling paper, cardboard, office waste and other recyclable items
- maximising the use of natural light in our new premises, minimising the need for electric lighting
- using energy-efficient equipment and systems, including automatic sensor lights and ICT screens and equipment
- facilitating broad working from home arrangements, minimising the need for daily travel.

## Australian Public Service Net Zero 2030

As part of the reporting requirements under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*, and in line with the Government's APS Net Zero 2030 policy, all non-corporate Commonwealth entities and corporate Commonwealth entities are required to publicly report on the emissions from their operations, commencing with public reporting of 2022–23 emissions in entity annual reports.

Greenhouse gas emissions reporting has been developed with methodology that is consistent with the Whole of Australian Government approach as part of the APS Net Zero 2030 policy.

**TABLE 25** Recorded location-based environmental emissions for the financial year 2022–23<sup>1</sup>

Emission Source	Scope 1 kg CO <sub>2</sub> -e	Scope 2 kg CO <sub>2</sub> -e	Scope 3 kg CO <sub>2</sub> -e	Total kg CO <sub>2</sub> -e
Electricity	-	3,732	307	4,039
Natural Gas	-	-	-	-
Fleet Vehicles	-	-	-	-
Domestic Flights	-	-	21,495	21,495
<b>Total kg CO<sub>2</sub>-e</b>	<b>-</b>	<b>3,732</b>	<b>21,801</b>	<b>25,534</b>

<sup>1</sup> CO<sub>2</sub>-e = Carbon Dioxide Equivalent

**TABLE 26** Recorded market-based environmental emissions for the financial year 2022–23<sup>1</sup>

Emission Source	Scope 1 kg CO <sub>2</sub> -e	Scope 2 kg CO <sub>2</sub> -e	Scope 3 kg CO <sub>2</sub> -e	Total kg CO <sub>2</sub> -e
Electricity	-	305	40	345
Natural Gas	-	-	-	-
Fleet Vehicles	-	-	-	-
Domestic Flights	-	-	21,495	21,495
<b>Total kg CO<sub>2</sub>-e</b>	<b>-</b>	<b>305</b>	<b>21,535</b>	<b>21,840</b>

<sup>1</sup> CO<sub>2</sub>-e = Carbon Dioxide Equivalent

## Work health, safety and wellbeing

The CGC has a strong commitment to the health, safety and wellbeing of employees and visitors.

Workplace health and safety is a standing agenda item for executive and senior management meetings and Workplace Relations Committee meetings.

There were no reportable incidents reported to Comcare during the reporting year. No investigations were conducted by Comcare during the reporting year. The CGC did not receive any notices under Part 10 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:

- appointment of additional first aid officers and emergency wardens
- first aid training for all staff
- emergency warden training for appointed wardens
- emergency signage installation
- work health and safety inductions for new employees
- facilitating an inclusive workplace, including a social club and activities
- sit-to-stand office workstations for all staff
- ergonomic equipment and furniture including laptops and noise cancelling headphones
- an annual influenza vaccination program
- refresh of first aid kits and supplies
- replacement of the on-site defibrillator battery
- multi-purpose room for parenting, first aid, meditation or prayer
- access to an Employee Assistance Program
- supportive workplace
- access to flexible working arrangements, including working from home
- safe and inclusive workplace
- update of the first aid policy and continual review of the work health and safety framework
- proactive hazard management
- secured office premises
- regular communication with staff for work health and safety purposes.

# Financial statements

*Independent auditor's report*

*Statement by the Secretary and  
Chief Financial Officer*

*Statement of comprehensive income*

*Statement of financial position*

*Statement of changes in equity*

*Cash flow statement*

*Notes*



# Independent auditor's report



## 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 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures 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 2023 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 2023 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 – Simplified Disclosures 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.

GPO Box 707, Canberra ACT 2601  
36 Sydney Avenue, Forrest ACT 2603  
Phone (02) 6203 7300

### **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



Mark Vial  
Executive Director  
Delegate of the Auditor-General

Canberra  
9 August 2023

# Statement by the Secretary and Chief Financial Officer

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In our opinion, the attached financial statements for the year ended 30 June 2023 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  
9 August 2023



*Ashley Jackson*  
Chief Financial Officer  
9 August 2023

# Statement of comprehensive income

For the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Budget \$'000
<b>Expenses</b>				
Employee benefits	2A	6,133	5,542	5,472
Suppliers	2B	1,705	1,607	2,254
Depreciation and amortisation	4	427	467	658
<b>Total expenses</b>		<b>8,265</b>	<b>7,616</b>	<b>8,384</b>
<b>Own-source income</b>				
Resources received free of charge		46	45	45
<b>Total own-source income</b>		<b>46</b>	<b>45</b>	<b>45</b>
<b>Net cost of services</b>		<b>8,219</b>	<b>7,571</b>	<b>8,339</b>
Revenue from Government		7,873	8,216	7,873
<b>Surplus/(deficit) on continuing operations</b>		<b>(346)</b>	<b>645</b>	<b>(466)</b>
<b>Other Comprehensive Income</b>				
Changes in asset revaluation reserve		-	-	(200)
<b>Total comprehensive income/(loss)</b>		<b>(346)</b>	<b>645</b>	<b>(666)</b>

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

# Statement of financial position

As at 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Budget \$'000
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents		188	172	172
Trade and other receivables	3	11,448	12,261	11,585
<b>Total financial assets</b>		<b>11,636</b>	<b>12,433</b>	<b>11,757</b>
<b>Non-financial assets</b>				
Leasehold	4	2,726	752	2,620
Plant and equipment	4	311	418	418
Software	4	1,941	888	806
Prepayments		187	81	57
<b>Total non-financial assets</b>		<b>5,165</b>	<b>2,139</b>	<b>3,901</b>
<b>Total assets</b>		<b>16,801</b>	<b>14,572</b>	<b>15,658</b>
<b>Liabilities</b>				
<b>Payables</b>				
Suppliers		241	478	478
Other payables	5A	200	153	153
<b>Total payables</b>		<b>441</b>	<b>631</b>	<b>631</b>
<b>Interest bearing liabilities</b>				
Leases	5B	2,124	-	1,287
<b>Total interest-bearing liabilities</b>		<b>2,124</b>	<b>-</b>	<b>1,287</b>

	Notes	2023 \$'000	2022 \$'000	Budget \$'000
<b>Provisions</b>				
Employee provisions	5C	1,848	1,472	1,472
<b>Total provisions</b>		<b>1,848</b>	<b>1,472</b>	<b>1,472</b>
<b>Total liabilities</b>		<b>4,413</b>	<b>2,103</b>	<b>3,390</b>
<b>Net assets</b>		<b>12,388</b>	<b>12,469</b>	<b>12,268</b>
<b>Equity</b>				
Contributed equity		3,355	3,090	3,355
Reserves		200	200	-
Retained surplus		8,833	9,179	8,913
<b>Total equity</b>		<b>12,388</b>	<b>12,469</b>	<b>12,268</b>

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

# Statement of changes in equity

For the period ended 30 June 2023

	2023 \$'000	2022 \$'000	Budget \$'000
<b>Contributed equity</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	3,090	1,988	3,090
<b>Transactions with owners</b>			
Departmental capital budget	265	1,102	265
<b>Closing balance as at 30 June</b>	<b>3,355</b>	<b>3,090</b>	<b>3,355</b>
<b>Retained earnings</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	9,179	8,534	9,179
Transfer from Asset revaluation reserve	-	-	200
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	(346)	645	(466)
<b>Closing balance as at 30 June</b>	<b>8,833</b>	<b>9,179</b>	<b>8,913</b>
<b>Asset revaluation reserve</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	200	200	200
Transfer to Retained earnings	-	-	(200)
<b>Closing balance as at 30 June</b>	<b>200</b>	<b>200</b>	<b>-</b>

	2023 \$'000	2022 \$'000	Budget \$'000
<b>Total equity</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	12,469	10,722	12,469
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	(346)	645	(466)
<b>Transactions with owners</b>			
Departmental capital budget	265	1,102	265
<b>Closing balance as at 30 June</b>	<b>12,388</b>	<b>12,469</b>	<b>12,268</b>

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



# Cash flow statement

For the period ended 30 June 2023

	2023 \$'000	2022 \$'000	Budget \$'000
<b>Operating activities</b>			
<b>Cash received</b>			
Appropriations	7,897	7,574	8,549
GST received	380	258	-
<b>Total cash received</b>	<b>8,277</b>	<b>7,832</b>	<b>8,549</b>
<b>Cash used</b>			
Employees	5,710	5,635	5,472
Suppliers	2,397	1,790	2,185
<b>Total cash used</b>	<b>8,107</b>	<b>7,425</b>	<b>7,657</b>
<b>Net cash from/(used by) operating activities</b>	<b>170</b>	<b>407</b>	<b>892</b>
<b>Investing activities</b>			
<b>Cash used</b>			
Purchase of non-financial assets	1,070	1,889	965
<b>Total cash used</b>	<b>1,070</b>	<b>1,889</b>	<b>965</b>
<b>Net cash from/(used by) investing activities</b>	<b>(1,070)</b>	<b>(1,889)</b>	<b>(965)</b>
<b>Financing activities</b>			
<b>Cash received</b>			
Contributed equity	1,070	1,889	265
<b>Total cash received</b>	<b>1,070</b>	<b>1,889</b>	<b>265</b>
<b>Cash used</b>			
Principal payments of lease liabilities	154	335	192
<b>Total cash used</b>	<b>154</b>	<b>335</b>	<b>192</b>

<b>Net cash from/(used by) financing activities</b>	<b>916</b>	<b>1,554</b>	<b>73</b>
<b>Net increase/(decrease) in cash held</b>	<b>16</b>	<b>72</b>	<b>-</b>
Cash at the beginning of the reporting period	172	100	172
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>188</b>	<b>172</b>	<b>172</b>

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

# Notes

## Note 1: 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.

The continued existence of the entity in its present form and with its present program is dependent on continuing funding by Parliament for the entity's administration and program.

### 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 – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) 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 receivables are recognised at their nominal amounts.

## 1.5 Financial assets

Cash is recognised at its nominal amount. Cash and cash equivalents include 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.

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	2023	2022
Leasehold	Within the lease term	Within the lease term
Plant and equipment	2 to 5 years	2 to 5 years

### *Impairment*

All assets were assessed for indications of impairment at 30 June 2023. 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

The 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 3 to 7 years (2023: 3 to 7 years).

All software assets were assessed for indications of impairment as at 30 June 2023.

## 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 Public Sector Superannuation Scheme (PSS), the Public Sector Superannuation accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The PSS is a defined benefit scheme 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.

## 1.13 Taxation

The CGC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

## 1.14 Events after the reporting period

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

### Note 2: Expenses

	2023 \$'000	2022 \$'000
<b>Note 2A: Employee benefits</b>		
Wages and salaries	4,300	3,811
<b>Superannuation</b>		
Defined contribution plans	433	355
Defined benefit plans	728	1,166
Leave and other entitlements	672	210
<b>Total employee benefits</b>	<b>6,133</b>	<b>5,542</b>

The above employee benefits disclosure should be read in conjunction with Note 1.12.

	2023 \$'000	2022 \$'000
<b>Note 2B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Consultants	18	141
Contractors	-	206
Information technology	923	496
Travel	92	12
Property	135	270
Professional services	276	72
Audit fees	46	45
Other	215	365
<b>Total goods and services or rendered</b>	<b>1,705</b>	<b>1,607</b>
<b>Total suppliers</b>	<b>1,705</b>	<b>1,607</b>

## Note 3: Financial assets

	2023 \$'000	2022 \$'000
Appropriation receivables	11,302	12,131
Trade receivables	95	-
GST receivable from the Australian Taxation Office	51	130
<b>Total trade and other receivables</b>	<b>11,448</b>	<b>12,261</b>

## Note 4: Non-financial assets

Reconciliation of the opening and closing balances of property, plant and equipment and software for 2023.

	Leasehold <sup>1</sup> \$'000	Plant and equipment \$'000	Software \$'000	Total \$'000
<b>Total as at 1 July 2022</b>	<b>752</b>	<b>418</b>	<b>888</b>	<b>2,058</b>
Additions purchase or internally developed	-	17	1,053	1,070
Additions right-of-use asset	2,277	-	-	2,277
Depreciation and amortisation expense	(75)	(124)	-	(199)
Depreciation on right-of-use assets	(288)	-	-	(228)
<b>Total as at 30 June 2023</b>	<b>2,726</b>	<b>311</b>	<b>1,941</b>	<b>4,978</b>
<b>Total as at 30 June 2023 represented by</b>				
Gross book value	3,029	446	1,941	5,416
Accumulated depreciation, amortisation and impairment	(303)	(135)	-	(438)
<b>Total as at 30 June 2023</b>	<b>2,726</b>	<b>311</b>	<b>1,941</b>	<b>4,978</b>
<b>Carrying amount of right of use assets</b>	<b>2,049</b>	<b>-</b>	<b>113</b>	<b>2,162</b>

<sup>1</sup> Leasehold includes leasehold improvements and property lease ROU assets. The new lease commenced 1 July 2022.

The above lease disclosures should be read in conjunction with the accompanying Note 5B.

## Note 5: Payables, leases and provisions

	2023 \$'000	2022 \$'000
<b>Note 5A: Other payables</b>		
Salaries and wages	200	153
<b>Total other payables</b>	<b>200</b>	<b>153</b>
<b>Note 5B: Leases</b>		
Lease liabilities	2,124	-
<b>Total leases</b>	<b>2,124</b>	<b>-</b>
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Within 1 year	228	219
Between 1 to 5 years	1,014	1,242
More than 5 years	1,193	1,193
<b>Total leases</b>	<b>2,435</b>	<b>2,654</b>
<i>Total cash outflow for leases for the year ended 30 June 2023 was \$218,615 (2022: \$335,065).</i>		
<i>On 1 July 2022, the CGC began a new lease at 73 Northbourne Avenue Canberra City ACT 2601 for a period of 10 years. The above lease disclosures should be read in conjunction with the accompanying Note 4.</i>		
<b>Note 5C: Employee provisions</b>		
Leave	1,848	1,472
<b>Total employee provisions</b>	<b>1,848</b>	<b>1,472</b>



## 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.

	2023 \$'000	2022 \$'000
<b>KMP remuneration</b>		
Short-term employee benefits	347	347
Post-employment benefits	64	63
Other long-term employee benefits	14	11
<b>Total KMP remuneration expenses<sup>1</sup></b>	<b>425</b>	<b>421</b>

<sup>1</sup> The total KMP remuneration expenses included in the above table relate to one employee (2022: one). Prior year comparatives have been amended to include car parking allowances which were excluded.

### Note 6B: Related party transactions

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

- key management personnel
- 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

	2023 \$'000	2022 \$'000
<b>Note 7A: Annual appropriations (recoverable GST exclusive)</b>		
Departmental appropriation <sup>1</sup>	7,991	8,216
Departmental capital budget	265	1,102
PGPA Act – section 74 receipts	390	258
<b>Total appropriation</b>	<b>8,646</b>	<b>9,576</b>
Appropriations applied (current and prior years)	9,357	9,391
<b>Variance</b>	<b>(711)</b>	<b>185</b>

<sup>1</sup> The appropriation includes \$118,000 quarantined under s51 of the PGPA Act.

	2023 \$'000	2022 \$'000
<b>Note 7B: Unspent annual appropriations ('recoverable GST exclusive')</b>		
<b>Departmental</b>		
<i>Supply Act (No.1) Operating 2020–2021</i>	-	2,881
<i>Appropriation Act (No.1) Operating 2021–2022</i>	3,296	8,484
<i>Appropriation Act (No.1) Departmental Capital Budget 2021–2022</i>	-	938
<i>Supply Act (No.1) Operating 2022–2023</i>	3,518	-
<i>Supply Act (No.3) Operating 2022–2023<sup>1</sup></i>	4,661	-
<i>Supply Act (No.3) Departmental Capital Budget 2022–2023</i>	133	-
<b>Total departmental</b>	<b>11,608</b>	<b>12,303</b>

<sup>1</sup> The appropriation includes \$118,000 quarantined under s51 of the PGPA Act.

## Note 8: Net Cash Appropriation Arrangements

	2023 \$'000	2022 \$'000
<b>Total comprehensive income – as per the statement of comprehensive income</b>	<b>(346)</b>	645
<b>Plus:</b> depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) <sup>1</sup>	<b>199</b>	117
<b>Plus:</b> depreciation of right-of-use assets <sup>2</sup>	<b>228</b>	350
<b>Less:</b> lease principal repayments <sup>2</sup>	<b>(154)</b>	(335)
<b>Net cash operating surplus</b>	<b>(73)</b>	777

<sup>1</sup> From 2010–11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

<sup>2</sup> The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 Leases, which does not directly reflect a change in appropriation arrangements.

## Note 9: Aggregate assets and liabilities

	2023 \$'000	2022 \$'000
<b>Assets expected to be recovered in:</b>		
<b>No more than 12 months</b>		
Cash and cash equivalents	188	172
Trade and other receivables	11,448	12,261
Prepayments	187	81
<b>Total no more than 12 months</b>	<b>11,823</b>	<b>12,514</b>
<b>More than 12 months</b>		
Leasehold	677	752
Plant and equipment	311	418
ROU lease	2,049	-
Software	1,941	888
<b>Total more than 12 months</b>	<b>4,978</b>	<b>2,058</b>
<b>Total assets</b>	<b>16,801</b>	<b>14,572</b>
<b>Liabilities expected to be settled in:</b>		
<b>No more than 12 months</b>		
Suppliers	241	478
Other payables	200	153
ROU lease	168	-
Employee provisions	644	373
<b>Total no more than 12 months</b>	<b>1,253</b>	<b>1,004</b>
<b>More than 12 months</b>		
Employee provisions	1,204	1,099
ROU lease	1,956	-
<b>Total more than 12 months</b>	<b>3,160</b>	<b>1,099</b>
<b>Total liabilities</b>	<b>4,413</b>	<b>2,103</b>

## Note 9: Budget variances

The following table provides high-level commentary on major variances between budgeted information for the CGC as published in the October Portfolio Budget Statements and the 2022–23 final outcome as presented in accordance with Australian accounting standards. Major variances are those deemed relevant to an analysis of the CGC's performance.

Explanation of major variance to budget	\$'000	%	Affected line items
<b>Statement of comprehensive income</b>			
<b>Employee benefits</b> The Average Staffing Level has increased since prior year and new staff transferred from other government entities	661	12%	<i>Employee benefits (Statement of Comprehensive Income)</i>
<b>Suppliers</b> Reduced spending on suppliers to allow for the increase in employee costs	(549)	-24%	<i>Suppliers (Statement of Comprehensive Income)</i>
<b>Depreciation</b> Timing of capitalisation of the Internally Developed software. The new assessment system will commence amortisation 1 July 2023	(231)	-35%	<i>Depreciation (Statement of Comprehensive Income and Statement of Financial Position)</i>
<b>Statement of financial position</b>			
<b>Software</b> The timing of the initial capitalisation was delayed due to complexity and as a result beginning amortisation was also delayed	1,135	141%	<i>Software (Statement of Financial Position and Cash Flow Statement)</i>
<b>Leases</b> The length of the lease is longer than originally anticipated. New lease commenced on 1 July 2022 for 10 years	(837)	-65%	<i>Leases (Statement of Financial Position)</i>
<b>Suppliers</b> Timing of receipt of invoices allowed payments to be made prior to 30 June 2023	237	50%	<i>Suppliers (Statement of Financial Position)</i>
<b>Employee provisions</b> The Average Staffing Level has increased since prior year and new staff transferred from other government entities	(376)	-26%	<i>Employee provisions (Statement of Financial Position)</i>
<b>Cashflow statement</b>			
<b>Contributed equity</b> Prior year departmental capital budget was utilised to fund the development costs of the new assessment system. Assessment system was capitalised on 30 June 2023, this asset will be amortised from 1 July 2023	(805)	-304%	<i>Contributed equity (Cash Flow Statement)</i>

# Reference material

*Acronyms and initialisms*

*Glossary*

*List of requirements*

*Index*

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# Acronyms and Initialisms

Acronym/ Initialism	Meaning
AASB	Australian Accounting Standards Board
ANAO	Australian National Audit Office
APS	Australian Public Service
ASL	Average Staffing Level
CGC	Commonwealth Grants Commission
CFO	Chief Financial Officer
CSS	Commonwealth Superannuation Scheme
EL	Executive Level
FOI	Freedom of Information
FOI Act	<i>Freedom of Information Act 1982</i>
ICT	Information and Communications Technology
IPS	Information Publication Scheme
KMP	Key Management Personnel
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
PM&C	Department of the Prime Minister and Cabinet
PSS	Public Sector Superannuation Scheme
PSSap	Public Sector Superannuation Accumulation Scheme
RAP	Reconciliation Action Plan
ROU	Right of Use
RWG	RAP Working Group
SES	Senior Executive Service
WHS	Work Health and Safety

# Glossary

Term	Meaning
COVID-19	Coronavirus pandemic that emerged in December 2019.
Horizontal Fiscal Equalisation	Principle which underpins the distribution of GST revenue to the states and territories to provide them with the fiscal capacity to provide their citizens with a comparable standard of services.
Relativity floor	The GST floor sets a relativity below which a state's GST share cannot fall. It creates a minimum per person GST share that each state receives, irrespective of its fiscal circumstances.



# List of requirements

PGPA Rule Reference	Description	Requirement
<b>17AD(g)</b>	<b>Letter of transmittal</b>	
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 Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory
<b>17AD(h)</b>	<b>Aids to access</b>	
17AJ(a)	Table of contents	Mandatory
17AJ(b)	Alphabetical index	Mandatory
17AJ(c)	Glossary of abbreviations and acronyms	Mandatory
17AJ(d)	List of requirements	Mandatory
17AJ(e)	Details of contact officer	Mandatory
17AJ(f)	Entity's website address	Mandatory
17AJ(g)	Electronic address of report	Mandatory
<b>17AD(a)</b>	<b>Review by accountable authority</b>	
17AD(a)	A review by the accountable authority of the entity	Mandatory
<b>17AD(b)</b>	<b>Overview of the entity</b>	
17AE(1)(a)(i)	A description of the role and functions of the entity	Mandatory
17AE(1)(a)(ii)	A description of the organisational structure of the entity	Mandatory
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity	Mandatory
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan	Mandatory
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory

PGPA Rule Reference	Description	Requirement
17AE(1)(b)	An outline of the structure of the portfolio of the entity	Portfolio departments – mandatory
17AE(2)	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
<b>17AD(c)</b>	<b>Report on the Performance of the Entity</b>	
	<b>Annual Performance Statements</b>	
17AD(c)(i); 16F	Annual Performance Statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule	Mandatory
<b>17AD(c)(ii)</b>	<b>Report on Financial Performance</b>	
17AF(1)(a)	A discussion and analysis of the entity's financial performance	Mandatory
17AF(1)(b)	A table summarising the total resources and total payments of the entity	Mandatory
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
<b>17AD(d)</b>	<b>Management and Accountability</b>	
	<b>Corporate Governance</b>	
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory
17AG(2)(b)(ii)	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)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory

PGPA Rule Reference	Description	Requirement
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory
17AG(2)(d)-(e)	A statement of significant issues reported to the 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
<b>Audit Committee</b>		
17AG (2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee	Mandatory
17AG (2A)(b)	The name of each member of the entity's audit committee	Mandatory
17AG (2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee	Mandatory
17AG (2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings	Mandatory
17AG (2A)(e)	The remuneration of each member of the entity's audit committee	Mandatory
<b>External Scrutiny</b>		
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory
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
17AG(3)(b)	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)	Information on any capability reviews on the entity that were released during the period	If applicable, mandatory
<b>Management of Human Resources</b>		
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (i) statistics on full-time employees (ii) statistics on part-time employees (iii) statistics on gender (iv) statistics on staff location	Mandatory

PGPA Rule Reference	Description	Requirement
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including the following: (i) statistics on staffing classification level (ii) statistics on full-time employees (iii) statistics on part-time employees (iv) statistics on gender (v) statistics on staff location (vi) statistics on employees who identify as First Nations	Mandatory
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
17AG(4)(c)(i)	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)	The salary ranges available for APS employees by classification level	Mandatory
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	Mandatory
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	If applicable, mandatory
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, mandatory
17AG(4)(d)(iv)	Information on aggregate amount of performance payments	If applicable, mandatory
<b>Assets Management</b>		
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
<b>Purchasing</b>		
17AG(6)	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i>	Mandatory
<b>Reportable consultancy contracts</b>		
17AG(7)(a)	A summary statement detailing the number of new reportable consultancy contracts entered into during the period, the total actual expenditure on all such contracts (inclusive of GST), the number of ongoing reportable consultancy contracts that were entered	Mandatory

PGPA Rule Reference	Description	Requirement
	into during a previous reporting period, and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST)	
17AG(7)(b)	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)	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)	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
<b>Reportable non-consultancy contracts</b>		
17AG(7A)(a)	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)	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
<b>17AD(daa)</b>	<b>Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts</b>	
17AGA	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts	Mandatory
<b>Australian National Audit Office Access Clauses</b>		
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

<b>Exempt contracts</b>		
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 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
<b>Small business</b>		
17AG(10)(a)	A statement that “[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.”	Mandatory
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory
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
<b>Financial Statements</b>		
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory
<b>Executive Remuneration</b>		
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule	Mandatory
<b>17AD(f) Other Mandatory Information</b>		
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
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory
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

17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory
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
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	Information required by other legislation	Mandatory

# Index

## A

About this report, 2  
accountable authority, 11, 17, 35,  
instructions, 35  
Acronyms and initialisms, 62  
advertising, 36, 56  
Agency overview, 4  
Alumni program, 20  
ANAO see Australian National Audit  
Office, 19, 62  
Annual performance statements, 11  
Audit and Risk Committee, 17, 18  
charter, 18  
audit, 17, 18, 19, 36, 40, 50, 53  
independent, 17, 40  
Australian Public Service Employee  
Census 6, 22, 24  
Australian Public Service Net Zero 2030,  
37

## C

Capability development project, 21  
Chairperson, 5, 6, 7, 9, 22  
Chief Financial Officer, 42, 62  
Commission, 5, 6, 7, 8, 9, 13, 17, 20, 22, 33  
committees, 17  
Commonwealth Grants Commission Act  
1973, 7, 17, 22  
Commonwealth Procurement Rules, 35  
Commonwealth Treasurer, 5, 12, 56  
Consultants, 35, 53  
Contents, 1  
Contracts, 35, 36  
Corporate governance, 7, 17  
Corporate planning, 18  
COVID-19, 6, 63

## D

Disability, 22, 36  
reporting, 36  
strategy, 36  
Diversity, 20, 22

## E

ecologically sustainable development, 37  
Employee(s), 17, 19, 20, 21, 22, 23, 24, 27,  
28, 29, 30, 31, 35, 38, 43, 45, 48, 52, 53,  
55, 5, 59, 60  
Non-salary benefits, 28  
Performance payments, 27, 28  
Professional and personal  
development, 21  
remuneration, 17, 18, 22, 23, 26, 52  
Salary ranges, 27  
training and development, 21, 28  
Employment statistics, 28  
Enterprise Agreement 2015–2018, 17, 23,  
27  
Entry level programs, 19  
environmental performance, 37  
Executive Committee, 17  
Executive Remuneration, 26  
Expenditure on reportable consultancy  
contracts, 35  
Expenditure on reportable non-  
consultancy contracts, 36  
External scrutiny, 19

## F

Federal Financial Relations (GST Revenue  
Sharing Relativities for 2022–23)  
Determination 2022, 12  
Financial performance, 14  
financial position, 14, 44, 49, 50, 51, 60  
Financial statements, 19, 42, 49, 50, 52, 53  
Foreword, 5  
Fraud Committee, 17  
Fraud prevention, 3, 18  
Freedom of Information, 37, 62

## G

Glossary, 63  
Grants, 36



## H

Horizontal fiscal equalisation, 5, 63

## I

Inclusion, 22  
Independent auditor's report, 40  
Index, 72  
Information Publication Scheme, 37, 62

## J

Junior analyst program, 20

## K

Key Management Personnel (KMP), 26, 56

## L

Learning and Development Committee, 17  
Letter of transmittal, 3  
List of requirements, 64

## M

Management and accountability, 16  
Management of human resources, 19  
market research, 36  
Members, 7, 8, 9, 22

## N

Notes (to financial statements), 49

## O

Organisational structure, 9  
Other mandatory information, 36  
Overview, 7

## P

pandemic, 8, 63  
Performance payments, 27  
Personal development, 21  
Portfolio Budget Statement, 12, 60  
Professional development, 19

Public Governance, Performance and Accountability Act 2013 (PGPA Act), 3, 11, 14, 17, 42, 49, 62

Public Governance, Performance and Accountability (Financial Reporting) Rule 2015, 49, 52

Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), 18, 62

Purchasing, 35

## R

Reconciliation Action Plan, 6, 17, 33  
Working Group, 17, 33

Recruitment, 20

Reference material, 61

relativity floor, 5, 63

Remuneration Committee, 17

Remuneration, 17, 18, 22, 23, 26, 52, 56

Report on performance, 10

resourcing statement, 14

Results and analysis, 12

Risk, 17, 18, 19

assessment, 3 18

management, 19

## S

Secretary, 6, 7, 9, 11, 17, 22,  
Accountable authority, 17  
Independent Auditor's Letter, 34  
Key Management Personnel (KMP), 56  
Letter of transmittal, 3  
responsibilities, 7, 17  
Review, 6

remuneration, 26

small and medium-sized enterprise (SME), 35

Staffing information, 21

Statement

by Secretary and Chief Financial Officer, 42

cash flow, 48

of changes in equity, 46

of comprehensive income, 43

of financial position, 44

## W

Work health, safety and wellbeing, 38

Workplace agreements, 22

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**Commonwealth Grants Commission**