

APPENDIX F: GLOSSARY

APPROPRIATION

This is the process by which monies are allocated by Parliament to Ministers for the purposes of funding agencies to provide goods and services to the public.

AVERAGE STAFFING

Represents the number of staff engaged on outputs produced by a program. It is an estimate of annual average staffing, including temporary and short term 'casual' staffing, expressed on an equivalent full-time basis.

AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AEIFRS)

Australia adopted International Accounting Standards from reporting periods beginning on or after 1 January 2005, hence 'Australian Equivalent'. In addition, the Australian Accounting Standards Board (AASB) has committed to harmonise Government Finance Statistics (GFS) reporting with Accounting Standards as a priority for the public sector.

BUDGET DEPENDENT AGENCIES

These agencies receive an appropriation from the Consolidated Fund. This is their predominant funding source (rather than user charges or other revenues).

BUDGET RESULT

Is equal to the GFS net operating result and represents the difference between the full cost of general government service delivery (excluding capital expenditure) in the year and the revenues earned by the Government in the year.

CONSOLIDATED FUND

The main banking account of the Government. In the main it records:

- ◆ taxes, fines, fees collected;
- ◆ commonwealth grants;
- ◆ dividends and tax equivalent payments from public trading and public financial enterprises; and
- ◆ recurrent and capital appropriations to agencies.

EQUIVALENT FULL-TIME (EFT)

This is a standard measure of staffing which measures an agency's labour force in terms of an equivalent number of full-time positions.

EXPENSES - EMPLOYEE RELATED

These expenses (generic to both accounting and GFS reporting) include salaries and wages and employee entitlements, such as superannuation, annual leave and long service leave accrued during the accounting period.

FISCAL RESPONSIBILITY ACT 2005

This Act commenced on 1 July 2005. It contains both medium-term and long term fiscal targets aimed at controlling the level of general government liabilities and a range of fiscal principles to address specific goals such as constraining the growth in expenditure and ensuring ongoing prudent risk management.

GENERAL GOVERNMENT DEBT ELIMINATION ACT 1995

This Act was repealed by Section 23 of the *Fiscal Responsibility Act 2005*. It was the main piece of legislation that guided budget management prior to the 2006-07 Budget. It included a number of provisions dealing with the coverage of the Budget and the standards to be used in presenting budget data, and set targets over time for the sound financial management of the State.

GENERAL GOVERNMENT SECTOR

The general government sector provides public services (such as health, education and police) that are mainly free of user charges and funded in the main by taxation (directly or indirectly). There are budget dependent and non-budget dependent agencies within this sector.

GFS CASH SURPLUS/(DEFICIT)

This measures the direct financial impact of government activity on the economy. In simple terms the cash surplus/(deficit) is equal to the net cash flows from operating activities and investing in non-financial assets less finance leases and similar arrangements.

GOVERNMENT FINANCE STATISTICS (GFS)

A system developed by the International Monetary Fund and used by the Australian Bureau of Statistics to classify the financial transactions of governments and measure their impact on the rest of the economy. Given it is based on economic impact there are some differences in the presentation and results to reports prepared under Australian Accounting Standards.

LIABILITIES

The term (generic to both accounting and GFS reporting) relates to amounts owed to other parties. They include debt obligations, unfunded superannuation, other employee entitlements, insurance claim obligations and amounts payable to suppliers.

NET COST OF SERVICES

In accounting financial statements this measures the net cost of providing government services. It equals operating expenses less operating revenues, and excludes state revenues.

NET DEBT

This is a GFS term. It is broadly equal to gross borrowings less cash and investments.

NET FINANCIAL LIABILITIES

This is a GFS term. Is broader in concept than net debt and includes all liabilities (such as debt, unfunded superannuation and insurance liabilities) less all financial assets in the general government sector.

NET LENDING/(BORROWING)

This measure adjusts the budget result by including the cost of new asset acquisitions, less asset sales, and excluding depreciation expense. It broadly represents the Government's capacity to reduce or increase the State's net financial liabilities.

NET WORTH

Represents total assets less total liabilities in the balance sheet (generic to both accounting and GFS reporting).

NOMINAL DOLLARS/PRICES

Shows the dollars of the relevant period. No adjustment is made each time period for inflation.

NON BUDGET DEPENDENT GENERAL GOVERNMENT AGENCIES

These are General Government agencies that do not rely on the Consolidated Fund for direct financial support. They predominately source funds from regulatory and user charge (but may be receive Budget funding from a general government agencies for certain activities or services).

OUTCOMES

This is the intended effect or impact on the community, environment or economy which the Government is trying to influence through agency activities.

OUTPUTS

These are programs, goods and services or a response capacity produced by agencies to contribute to achieving the Government's desired outcomes.

PRIVATELY FINANCED PROJECTS (PFP)

This is a specific form of Private Public Partnerships which involves the creation of an infrastructure asset through private sector financing and private ownership for a concession period (usually long term). The Government may contribute to the project by providing land or capital works, through risk sharing, revenue diversion or purchase of the agreed services.

PRIVATE PUBLIC PARTNERSHIPS (PPP)

Any contracted relationship between the public and private sectors to produce an infrastructure asset or deliver a service.

PROGRAM STATEMENTS

Each program statement includes narrative material - program objectives and program description - as well as staffing and detailed financial information.

PUBLIC FINANCIAL ENTERPRISE (PFE)

Agencies which have one, or more, of the following functions:

- ◆ that of a central bank;
- ◆ the acceptance of demand, time or savings deposits; or
- ◆ the authority to incur liabilities and acquire financial assets in the market on their own account.

For GFS purposes these are referred to as Public Financial Corporations (PFC).

PUBLIC TRADING ENTERPRISE (PTE)

Enterprises which charge for services provided, typically by a user pays arrangement and hence have a broadly commercial orientation. For GFS purposes, the ABS refers to these as Public Non-Financial Corporations (PNFC).

RESULTS AND SERVICES PLAN (RSP)

Is a service delivery and funding plan that is agreed between the Budget Committee of Cabinet and Ministers. It uses 'cause and effect' chains to map links between an agency's services and results. This approach helps agencies set performance expectations that can be matched to funding allocations and planned service delivery.

SOCIAL PROGRAMS

These are non-commercial activities of public trading enterprises that have social objectives. Where the objectives are a high priority to the government these programs are funded from the Budget as community service obligations (CSO).

STATE OWNED CORPORATION

These include government agencies (mostly PTEs) which have been established with a governance structure mirroring as far as possible that of a publicly-listed company. NSW state owned corporations are scheduled under the *State Owned Corporations Act 1989* (Schedule 5).

SURPLUS/DEFICIT

This is the accounting result for the current financial year, which corresponds to profit or loss in private sector reports. It equals the Net Cost of Services adjusted for government contributions. This is not the same as the budget result.

TOTAL ASSET MANAGEMENT (TAM)

A plan which requires management of an agency's physical assets (land, buildings, infrastructure, plant and equipment) so that they align with the services to be provided, and achieve required performance levels. Management of assets involves acquisition, maintenance, operations and disposals.

TOTAL EXPENSES

The total amount of expenses incurred in the provision of goods and services, regardless of whether a cash payment is made to meet the expense in the same year excluding capital expenditure (generic to both accounting and GFS reporting). It does not include expenditure on the purchase of assets.

TOTAL STATE SECTOR

Represents all agencies and corporations owned and controlled by the NSW Government. It comprises the general government sector, the public financial enterprise sector and the public trading enterprise sector (also referred to as the public non financial corporations sector).

UNDERLYING NET DEBT

This is net debt adjusted to reflect the discretionary timing of general government 'defined benefit' superannuation contributions. The contributions have been invested within the General Government Liability Management Fund and in 2006-07 will be applied to reduce the government's superannuation liabilities.

