

GLOSSARY

ABS Government Finance Statistics (GFS) cash surplus/(deficit)

Net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets (less distributions paid for the Public Non-financial Corporation [PNFC] and Public Financial Corporation [PFC] sectors) less value of assets acquired under finance leases and similar arrangements.

Advances

Loans received/made for policy rather than for liquidity management purposes.

Appropriation

The funds appropriated by Parliament from the consolidated fund to Ministers for the purposes of funding agency activities (either recurrent or capital).

Average staffing/employees

In Budget Paper No. 3 *Budget Estimates*, this figure provides an estimate of annual average staffing used to deliver the activities of a service group, including temporary and short term or casual staffing, expressed on an equivalent full-time basis.

Budget dependent agencies

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

Budget result

The Budget result represents the difference between expenses and revenues from transactions for the general government sector. This measure is equivalent to the Net Operating Balance adopted in accounting standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Capital grants

Amounts paid or received for capital purposes for which no economic benefits of equal value are receivable or payable in return. It includes cash, and physical assets donated such as developer contributions.

Cash surplus/(deficit)

Net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets (less dividends paid for the PNFC and PFC sectors).

Change in net worth (comprehensive result)

Change in net worth (comprehensive result) is revenue from transactions less expenses from transactions plus other economic flows, and measures the variation in a government's accumulated assets and liabilities.

Consolidated Fund

The fund is established under s39 of the *Constitution Act 1902*. Public monies collected on behalf of the State form this fund. This includes:

- ◆ 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.

Current grants

Amounts paid or received for current purposes for which no economic benefits of equal value are receivable or payable in return.

Equivalent Full-Time (EFT)

This is a standard measure of staffing in terms of an equivalent number of full-time positions.

Fiscal aggregates

These are analytical balances that are useful for macroeconomic purposes, including assessing the impact of a government and its sectors on the economy. AASB 1049 prescribes net operating balance, net lending/borrowing (fiscal balance), change in net worth (comprehensive result), net worth, and cash surplus/(deficit). The Uniform Presentation Framework prescribes additional fiscal aggregates not included in AASB 1049. These are net debt, net financial worth, net financial liabilities and ABS GFS cash surplus/deficit.

Fiscal Responsibility Act 2005

The act sets out both medium-term and long-term fiscal targets and principles providing a framework for budgeting in New South Wales.

General government sector

This is an ABS classification of agencies that provide public services (such as health, education and police) and funded in the main by taxation (directly or indirectly). Within this sector there are budget dependent and non-budget dependent agencies.

Government finance statistics (GFS)

A system of financial reporting (normally referred to as GFS) 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.

Grants for on-passing

All grants paid to one institutional sector (for example, a state government) to be passed on to another institutional sector (for example, local government or a non-profit institution).

Gross State Product

The total market value of final goods and services produced within a state.

Interest expense

Costs incurred in connection with the borrowing of funds. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings. Where discounting is used, the carrying amount of a liability increases in each period to reflect the passage of time. This increase is also recognised as an interest expense.

Memorandum items – Loan Council

Memorandum items are used to adjust the cash surplus/(deficit) to include in the Loan Council Allocation certain transactions that may have the characteristics of public sector borrowings/investments but do not constitute formal borrowings/investments. Examples include operating leases and the movement in government defined benefit superannuation fund assets.

Net acquisition of non-financial assets

This is purchases (or acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Purchases and sales (or net acquisitions) of non-financial assets generally include accrued expenses and payables for capital items. Other movement in non-financial assets include non-cash capital grant revenue/expenses such as developer contribution assets.

Net cost of services

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

Net debt

Net debt equals the sum of deposits held, advances received, loans and other borrowings less the sum of cash and deposits, advances paid and investments, loans and placements.

Net financial liabilities

This is the total liabilities less financial assets, other than equity in PNFCs and PFCs. It is a more accurate indicator than net debt of a jurisdiction's fiscal position. This is because it is a broader measure than net debt in that it includes significant liabilities other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements). For the PNFC and PFC sectors, it is equal to negative net financial worth. For the general government sector NFL, excluding the net worth of other sectors results in a purer measure than net financial worth as, in general, the net worth of other sectors of government is backed up by physical assets.

Net financial worth

Net financial worth measures a government's net holdings of financial assets. It is calculated from the balance sheet as financial assets less liabilities. It is a broader measure than net debt, in that it incorporates provisions made (such as superannuation) as well as holdings of equity. It includes all classes of financial assets and liabilities, only some of which are included in net debt.

Net lending/(borrowing)

The financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position and a negative result reflects a net borrowing position.

Net operating balance

This is calculated as revenue from transactions less expenses from transactions.

Net worth

It is an economic measure of wealth and is equal to total assets less liabilities.

Nominal dollars/prices

It 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 charges (but may receive budget funding in the form of grants from other general government agencies for certain activities or services).

Non-financial public sector (NFPS)

The NFPS is a subsector formed by the consolidation of the general government sector (GGS) and public non-financial corporations (PNFC) sector.

Other economic flows

This is the changes in the volume or value of an asset or liability that do not result from transactions (that is, revaluations and other changes in the volume of assets).

Payables

A liability that includes short and long term trade creditors, accounts payable and interest accrued.

Performance Management and Budgeting System (PMBS)

An integrated performance management system that aligns Government priorities and performance targets with agency funding and service delivery plans. The PMBS is a key element of the accountability structures established by the State Plan to improve service delivery performance.

Priority Delivery Plan (PDP)

The State Plan allocates priorities and targets to Lead and Partner Ministers and Agencies. A PDP is an action plan to coordinate Lead and Partner agencies' service delivery strategies. The plan is prepared by a Lead Minister to support decision making by the Cabinet Standing Committee on State Plan Performance.

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.

Public Private Partnerships (PPP)

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

Public Financial Enterprise (PFE)

An ABS classification of agencies that 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)

An ABS classification of agencies where user charges represent a significant proportion of revenue and the agency operates with a broadly commercial orientation. For GFS purposes, the ABS refers to these as Public Non-Financial Corporations (PNFC).

Receivables

An asset that includes short and long term trade debtors, accounts receivable and interest accrued.

Results

These describe the desirable impact of services on the community, the environment or the economy or changes in public perceptions. They are consistent with Government priorities.

Results and Services Plan (RSP)

A service delivery and funding plan prepared by an agency to support decision making by the Cabinet Standing Committee on the Budget. The RSP provides a clear “line of sight” for performance management by setting out the linkages between State Plan priorities, the results that an agency is working towards, the services it delivers to contribute to those results, and the costs of delivering those services as reflected in the agency’s budget.

Services

These are the 'end products' or direct services that are delivered to clients or recipients, the broader community or another government agency. They are expected to contribute to Government priorities.

Service groups

Services that are grouped together on the basis of the results they contribute to, the client group that they serve, common cost drivers or other service measures. There should be a clear 'line of sight' between the service groups and the services and activities that are costed and managed as part of internal business planning.

Service Group Statement

Service group is now the basis for reporting financial and non-financial estimates. Each service group statement in Budget Paper No. 3 *Budget Estimates* includes narrative material – service description and linkage to results – as well as service measures, expense, net cost of service and capital information.

Social programs

These are non-commercial activities of PTEs 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 (SOC)

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).

Superannuation interest cost

The expense is the net of interest cost on defined benefit superannuation obligations less the long term expected return on plan assets as determined by the accounting standards.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement, as per the relevant accounting standard.

Other superannuation expense

It includes all superannuation expenses from transactions except superannuation interest cost. It generally includes all employer contributions to accumulation schemes and the current service cost, which is the increase in defined benefit entitlements associated with the employment services provided by employees in the current period. However, superannuation actuarial gains/losses are excluded as they are considered 'other economic flows'.

Surplus/(deficit)

In Budget Paper No.3 this is the accounting result 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 or the GFS Cash Surplus/(Deficit).

Total Asset Management (TAM)

A set of plans setting out the management of an agency's physical assets (land, buildings, infrastructure, plant and equipment) ensuring 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. It does not include expenditure on the purchase of assets. It also excludes losses, which are classified as other economic flows.

Total revenues

The total amount of revenue due by way of taxation, Commonwealth grants and from other sources (excluding asset sales) regardless of whether a cash payment is received. It excludes gains, which are classified as other economic flows.

Total state sector

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