

APPENDIX H: GLOSSARY

APPROPRIATION

The level of funds provided by Parliament to Ministers for the purposes of funding agency activities (either recurrent or capital).

AVERAGE STAFFING

In Budget Paper No. 3 it is an estimate of annual average staffing, including temporary and short term 'casual' staffing, expressed on an equivalent full-time basis used to produce the outputs of a program.

AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AEIFRS)

Accounting standards used in the Budget Papers which have been adopted by the Australian Accounting Standards Board (AASB) consistent with International Accounting Standards for reporting periods beginning on or after 1 January 2005. 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

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

Represents the difference between GFS expenses and GFS revenues for the General Government Sector. This measure is equivalent to the GFS Net Operating Result.

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 in terms of an equivalent number of full-time positions.

FISCAL RESPONSIBILITY ACT 2005

An Act of Parliament setting out both medium-term and long-term fiscal targets and principles providing a framework for budgeting in New South Wales.

GENERAL GOVERNMENT SECTOR

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). There are budget dependent and non-budget dependent agencies within this sector.

GFS CASH SURPLUS/(DEFICIT)

Measures the net cash flows from operating activities and investing in non-financial assets less finance leases and similar arrangements.

GOVERNMENT FINANCE STATISTICS

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. The classification of transactions differs from that shown under AEIFRS.

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

Is equal to gross borrowings less cash and investments.

NET FINANCIAL LIABILITIES

Is equal to all liabilities (such as debt, unfunded superannuation and insurance liabilities) less financial assets (excluding equity investments in other government agencies).

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 impact of the Budget on the State's net financial liabilities.

NET WORTH

Represents total assets less total liabilities in the balance sheet.

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

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 from other 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.

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. When fully implemented, the PMBS will comprise a continuous cycle of performance-based planning, funding, monitoring and reporting. The PMBS is a key element of the new accountability structures established by the State Plan to improve service delivery performance.

PRIORITY DELIVERY PLAN (PDP)

The State Plan establishes new accountability structures to deliver on Government priorities and targets. In particular, the new structures allocate State Plan 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.

PRIVATE PUBLIC PARTNERSHIPS (PPP)

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

PROGRAM STATEMENTS

A grouping of agency activities with a similar purpose. Each program statement in Budget Paper No. 3 includes narrative material - program objectives and program description - as well as staffing and detailed financial information.

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).

RESULTS AND SERVICES PLAN (RSP)

A service delivery and funding plan prepared by a Minister 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. Treasury uses the financial and non-financial information agreed in the RSP to monitor actual performance against that planned for the Budget year.

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

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 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 plan 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. The definition of Total Expenses differs slightly between GFS and AEIFRS.

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. The definition of Total Revenues differs slightly between GFS and AEIFRS.

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.