

2017-18 Budget

Glossary

GLOSSARY

ABS GFS Manual

The Australian Bureau of Statistics (ABS) publication Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005.

Accountability Indicators

A measure of a Territory entity's effectiveness and efficiency in delivering its outputs. These indicators are subject to audit and may be measures of outcomes, outputs or inputs.

Accounting Policy

Specific accounting principles and practices applied in preparing and presenting financial statements.

Accrual Accounting

The recognition of income, expenses, assets, liabilities and equity when an economic transaction occurs giving rise to a movement of resources, irrespective of the timing of any related movement in cash.

Accrued Expenses

Expenses incurred during the accounting period that are yet to be paid at the end of the reporting period. The expenses are expected to be paid in the next accounting period.

Accrued Income

Income earned during the accounting period, but not yet received by the end of the reporting period. The income is expected to be received in a future accounting period.

Accumulated Amortisation

This is the total accumulation of amortisation expenses at a given point in time, charged for intangible assets (refer to Amortisation).

Accumulated Depreciation

This is the total accumulation of depreciation expenses at a given point in time, charged for a particular depreciable asset or class of assets (refer to Depreciation Expense).

Accumulated Funds

Represents the capital the Government has injected into a Territory entity, less any capital distributions to Government, plus the surpluses and deficits accumulated in a Territory entity as a result of operations. For directorates, capital injections and distributions may occur as a result of a change in administrative arrangements.

ACTION

ACTION refers to the Australian Capital Territory Internal Omnibus Network. ACTION is the provider of public transport services in the ACT and is owned by the ACT Government.

Amortisation

The systematic allocation of the cost of an intangible asset over its useful life. The term amortisation is often used interchangeably with the term depreciation. However, depreciation is used in relation to non-current assets that have physical substance (for example property, plant and equipment), while amortisation is used in relation to intangible non-current assets.

Appropriation

Public money authorised by the ACT Legislative Assembly under a legislative authority for transfer from the Territory Banking Account to a Territory entity.

Assets

Future economic benefits, or service potential, controlled by a Territory entity as a result of past transactions or other events.

Asset Classes

A grouping of assets of a similar nature and use in the operation of a Territory entity.

Australian Accounting Standards (The Standards)

The accounting and reporting framework issued and maintained by the Australian Accounting Standards Board (AASB). The Standards prescribe the acceptable methods of measuring and recording accounting transactions and the required level of disclosure of those transactions in financial statements.

Australian Business Number (ABN)

A unique identifier for all business dealings with the Australian Taxation Office and for dealings with other government agencies.

Balance Sheet

A statement of financial position which indicates the assets held by an entity relative to the claims against those assets (ie liabilities).

Budget Papers

These accompany an Appropriation Act and contain detailed information on the Budget, as well as explanatory material on the context of the Budget.

Capital

The accumulated wealth that a Territory entity is responsible for, resulting from Government contributions as owner and the retained earnings in the Territory entity.

Capital Expenditure

Funds expended in the course of adding to the future economic benefits provided by an asset as a result of a physical addition, improvement or extension of the useful life of the asset. Capital expenditure also includes the purchase or development of new assets.

Capital Grants

Transactions in which the ownership of an asset (other than cash and inventories) is transferred from one institutional unit to another. Cash is transferred to enable the recipient to acquire another asset or in which the funds realised by the disposal of another asset are transferred, for which no economic benefits of equal value are receivable or payable in return.

Capital Injections

The means by which the Government injects funds into a Territory entity for purposes such as the purchase or development of assets, the payment of debt, or to increase a Territory entity's working capital. On occasion capital injections may be repayable, in which case the terms of these loans are outlined in the budget papers.

Capital Upgrades

Activities and minor works intended to extend the effective useful life of an existing asset, or improve an asset's service potential. They may also include works for ongoing programs vital to a Territory entity's service delivery objectives.

Capital upgrades do not include ongoing repairs and maintenance which do not extend the useful life of an asset and are funded through a Territory entity's recurrent appropriation.

Capital Works

Capital works are defined as:

- the creation of a new Territory asset, including new construction projects, and additions to assets;
- alterations to buildings and other assets;
- demolition work;
- furniture and fittings, equipment or plant which are provided as an integral component in the construction and upgrade of buildings or works;
- work which significantly increases the service delivery capability of an asset, for example the major reconstruction of roads and bridges;
- design fees; and
- site testing and field investigations related to an approved capital works proposal or project.

Cash

Comprises cash on hand and demand deposits.

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

Cash Flows

Inflows and outflows of cash and cash equivalents.

Cash Surplus/(Deficit)

The net cash received from operating activities less net sales and purchases of non-financial assets. A cash surplus indicates there was sufficient cash generated from operations to more than cover the net outlay of capital purchases. This measure is located at the bottom of the consolidated harmonised Cash Flow Statement.

CIT Solutions Pty Limited

CIT Solutions refers to the Canberra Institute of Technology Pty Limited which provides commercial-based training services. CIT Solutions is owned and operated by the ACT Government.

Commitment

A firm intention (usually represented by a contractual obligation) at the end of the reporting period which will give rise to a future payment or sacrifice of service potential or benefits.

Commonwealth Grants

Commonwealth grants are payments received by the Territory, including general revenue in the form of Goods and Services Tax (GST) grants for the purpose of contributing to the financing of the current operations of the recipient. This is in addition to monies received for specific purposes, where the Commonwealth Government wishes to have some involvement in the direction of the expenditure. These take the form of either Specific Purpose Payments or National Partnership Payments. Grants are also received for on-passing to third parties (for example to non-government schools), where the Territory has no discretion in their allocation.

Commonwealth Grants Commission (CGC)

Established by the Commonwealth Government in 1933, the CGC is a statutory authority whose current main function is to recommend GST relativities to the Commonwealth Government concerning the distribution of the GST pool among the States and Territories in accordance with the principles of Horizontal Fiscal Equalisation (HFE).

Comprehensive Result

The net result of all items of income and expense recognised for the period. It is the aggregate of the operating result and other movements in equity, other than transactions with owners as owners.

Consumer Price Index (CPI)

The CPI measures the changes in the price of a fixed basket of goods and services, acquired by household consumers who are resident in the eight State/Territory capital cities.

Controlled Items

Items over which the directorate or entity has discretion, responsibility and authority. An item is considered to be a controlled item if the entity has:

- capacity to benefit from the use of the asset or funds in the pursuit of its objectives and to deny or regulate the access of others to those assets or funds; or
- discretion and responsibility for how the funds are spent; or
- expended funds, incurred a liability, or received free services, related to the operations under its control.

Controlled Recurrent Payment

An amount provided, or to be provided to an entity for the delivery of goods and services provided by the entity or a person providing goods and services on behalf of the entity.

Council for the Australian Federation (CAF)

Established by State Premiers and Chief Ministers in October 2006 to support and enhance collaborative federalism by providing an intergovernmental forum for State and Territory leaders to work together on issues of importance.

Council of Australian Governments (COAG)

The peak intergovernmental forum in Australia comprising the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association (ALGA). Its role includes initiating, developing, endorsing and monitoring the implementation of policy reforms of national significance which require cooperative action by Australian Governments.

Current Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised or is intended for sale or consumption in the Territory entity's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within twelve months after the reporting date; or
- it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current Grant Expenses

Payments of a current nature to individuals or organisations for general assistance or a particular purpose that, by virtue of their payment, contribute to the achievement of the program's objectives.

Current Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Territory entity's normal operation cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or
- the Territory entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Debt

A legal obligation to make payments of principal and (in some cases) interest according to a predetermined schedule. Debt includes obligations arising from loans (including advances from the Commonwealth Government), bonds, notes and other securities on issue, the capitalised value of outstanding lease commitments under finance lease arrangements (including Public Private Partnerships), supplier/buyer credits, bank overdrafts, and deferred contract payments.

Debt Servicing

Payments of interest and repayments of principal associated with borrowings and Commonwealth Government advances.

Depreciation Expense

The systematic allocation of the cost of a non-current asset that has a physical substance, less its residual value over the remainder of its useful life.

Directorate

The term used to define the functional units of the ACT Public Service.

Dividend

A portion of a corporation's after tax earnings paid to shareholders.

Employee

An employee is a natural person who receives benefits in exchange for services provided to an employer.

Employee Benefits

Benefits that employees accumulate as a result of providing their services to an employer up to the reporting date. These may include, but are not limited to, annual leave, long service leave, superannuation benefits and other post employment benefits.

Equity

Equity is the difference between the value of the assets/interest and the cost of the liabilities of something owned.

Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurred liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

The whole of government harmonised Operating Statement expenses include all mutually agreed transactions that decrease net worth, in accordance with Government Finance Statistics (GFS) principles.

Finance Lease

A finance lease transfers from the lessor to the lessee substantially all the risks and rewards incidental to the ownership of an asset. Title may or may not eventually be transferred.

Financial Assets

Assets that derive monetary value because of a contractual claim.

Financial Management Act (FMA)

The FMA is an Act sets out the legislative framework for the administration of financial affairs of the ACT Government and its agencies.

First Home Owner Grant Scheme (FHOG)

States and Territories are required to fund a FHOG to offset the impact of the Goods and Services Tax (GST) on the price of new homes.

Full-Time Equivalent (FTE)

A measure of the total level of staff resources used. The FTE of a full-time staff member is equal to 1.0. The calculation of an FTE for part-time staff is based on the proportion of time worked compared to that worked by full-time staff performing similar duties. Contractors are excluded from this definition.

Gains

Gains represent items other than revenue that meet the definition of income and may, or may not, arise in the course of the ordinary activities of a Territory entity. Gains may arise, for example, on the disposal of non-current assets.

Generally Accepted Accounting Principles (GAAP)

A widely accepted set of uniform standards, rules, conventions and procedures for reporting financial information established by the Australian Accounting Standards Board.

Government Business Enterprise (GBE)

Organisational units within the public sector that produce goods and services which are, or could be, sold or tendered in the market place without compromising a government's economic and social objectives.

General Government Sector (GGS)

This is an Australian Bureau of Statistics (ABS) categorisation of certain public sector agencies. It covers agencies mainly engaged in the production of goods and services outside the normal market mechanism, for consumption by government itself and the general public. The agencies' costs of production are mainly financed from public revenues and they provide goods and services to the general public, or sections of the general public, free of charge or at nominal charges well below the cost of production.

General Revenue Assistance (GRA)

This assistance covers a broad range of payments, including GST and municipal service payments which are provided to the States and Territories by the Commonwealth without conditions to be spent according to their own budget priorities.

Goods and Services Tax (GST)

The GST is an indirect, broad-based consumption tax.

GST Revenue

GST revenue collected by the Commonwealth Government is transferred to the States and Territories as untied financial assistance in accordance with the principle of Horizontal Fiscal Equalisation.

Government Finance Statistics (GFS)

The framework used by the ABS for presentation of data on government outlays, revenue and financing transactions through either the General Government sector or the public component of the business sector (the Public Trading Enterprise sector) in accordance with an internationally accepted set of concepts and definitions.

Grants (non ACT Government)

These grants include payments to individuals or organisations for general assistance or for a particular purpose that contribute to the achievement of the program's objectives. Grants may be for capital and the grant name or category reflects the use of the grant. Grants are usually made subject to terms and conditions contained in legislation or contracts, or stipulated in correspondence. An individual or organisation may apply for a grant based on eligibility criteria being met. Capital grants do not reflect an investment by the Government and are not included as Territory assets.

Gross State Product

The total value of production within a State or Territory which is the State/Territory equivalent of Gross Domestic Product.

Headline Net Operating Balance (HNOB)

The HNOB is the ACT Government's key measure of the public finances calculated as the difference between revenue and expenses resulting from transactions plus expected long term superannuation investment earnings.

Harmonised Financial Statements

These are consolidated financial statements prepared in accordance with the 'AASB 1049, *Whole of Government and General Government Sector Financial Reporting*', standard to meet the requirements of the GFS, the AASB and the Uniform Presentation Framework.

Horizontal Fiscal Equalisation (HFE)

A concept used to distribute GST Revenue amongst the State and Territory governments such that each would have the fiscal capacity to provide services and the associated infrastructure at the same standard, if each made the same effort to raise revenue from its own sources and operated at the same level of efficiency.

Icon Water Limited

Icon Water Limited, formerly known as ACTEW Corporation, is owned by the ACT Government. Icon Water Limited owns and operates the water and sewerage assets and business in the ACT.

Income

Income arises from increases in economic benefits during the accounting period in the form of inflows or enhancements of assets, or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants. Income encompasses both revenue and gains.

Industry Value Added

The value of output in a particular industry minus the intermediate inputs used in the production of that output.

ICT

Information and communications technologies.

Implementation Plans

Implementation Plans are subsidiary documents to some National Partnership agreements and outline what is to be achieved by a jurisdiction and when.

Input Tax Credit

Organisations that are registered for GST are entitled to claim as a credit, from the Australian Taxation Office, any GST paid on purchases they made for a creditable acquisition.

Interest-Bearing Liabilities

Interest-bearing liabilities are financial liabilities, which are measured at fair value when initially recognised and at amortised cost subsequent to initial recognition. Any adjustments to the carrying amount are recorded in the Operating Statement. The associated interest expense is recognised in the reporting period in which it occurs.

Intergovernmental Agreement on Federal Financial Relations (IGA-FFR)

The current Intergovernmental Agreement on Federal Financial Relations was signed by COAG in December 2008. The IGA-FFR replaced the 1999 IGA on the Reform of Commonwealth-State Financial Relations.

Federal legislation providing appropriation in respect of the fiscal grants, outlined in Schedule D of the IGA, was signed by the Commonwealth Government in the form of the *Federal Financial Relations Act 2009* on 1 April 2009.

Inventories

Inventories include assets (but not depreciable assets):

- held for sale or consumption in the ordinary course of service delivery; or
- in the process of production for such sale or consumption; or
- to be used up in the production of goods, other property or services for sale or consumption including consumable stores and supplies.

Investments

Assets held by a Territory entity primarily for the accumulation of wealth through receipt of distributions (such as interest, royalties, dividends and rentals) or for capital appreciation.

Liabilities

Liabilities represent a present obligation of a Territory entity arising from past events, the settlement of which is expected to result in an outflow from the Territory entity of resources embodying economic benefits. Liabilities are a broader concept than debt. They also include obligations which do not have a predetermined repayment schedule, and those which do not require payments of interest, such as unfunded liabilities of superannuation funds, liabilities in respect of other employee benefits (long service and annual leave) and trade creditors.

Loan Council

The Australian Loan Council established under the *Financial Agreement Act 1927*, the Australian Loan Council has the objective of managing the call on national savings by the Australian public sector as a whole. The Loan Council consists of a Commonwealth Government representative as the chair and a representative of each of the States and Territories.

Loan Council Allocation (LCA)

A measure of the call on national savings by a jurisdiction. The Australian Loan Council allocates, by mutual agreement, an annual target for total net financing by each jurisdiction. The LCA is calculated on the basis of a government's cash position, and resulting call on financial markets in any given year, required to meet its budget obligations.

Local Health Network (LHN)

The ACT LHN holds service contracts with the ACT Health Directorate and is comprised of the Canberra Hospital, Calvary Public Hospital, Clare Holland House (CHH) and the Queen Elizabeth II Family Centre (QEII). The ACT LHN has its own set of financial accounts and performance indicators, providing transparency and accountability of funding flows to the ACT LHN from the National Health Funding Pool.

Materiality

Materiality is the concept of establishing the importance of financial data. In general, an item of information is material if its omission, non-disclosure or misstatement would cause the financial statements to mislead users when making evaluations or decisions. The size or nature of the item, or a combination of both, could be a determining factor.

Memorandum Items

The size of a jurisdiction's Loan Council Allocation is determined by adding the General Government sector cash deficit/surplus, the Public Trading Enterprise sector's net financing requirement and certain memorandum items.

These memorandum items are included because their nature is sufficiently similar to financing transactions in their economic impact to justify inclusion. These include:

- the net movement of operating leases with a net present value of payments greater than \$5 million;
- private sector involvement in public sector infrastructure;
- sales of assets on a recourse basis;
- the net cash surplus/deficit of universities in the jurisdiction controlled by the Government (for example the University of Canberra); and
- adjustments to exclude all superannuation payments to externally managed and controlled superannuation funds from outlays.

Mid-Year Economic and Fiscal Outlook (MYEFO)

The Commonwealth Government generally updates its Federal budget estimates between December and February in any given year.

National Agreements

National Agreements define the objectives, outcomes, outputs and performance indicators, and clarify the roles and responsibilities that will guide the Commonwealth and the States in the delivery of services across a particular sector.

There are currently six National Agreements covering key areas of healthcare, education, skills and workforce development, disability services, affordable housing and Indigenous reform. Each National Agreement, with the exception of the National Indigenous Reform Agreement, is associated with a National Specific Purpose Payment (National SPP) which is required to be spent in the relevant sector.

National Partnership Agreements

A key element of the federal financial relations framework set out in the Intergovernmental Agreement on Federal Financial Relations is the National Partnership agreements, which define the mutually agreed objectives, outcomes, outputs and performance benchmarks or milestones related to the delivery of specific projects, improvements in service delivery or reform.

National Partnership Payment (NPP)

A NPP is a Commonwealth payment to the States and Territories, in respect of a National Partnership Agreement, to support the delivery of specified projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

National Specific Purpose Payment

A Commonwealth financial contribution to support State and Territory delivery of services in a particular sector. Each National SPP is associated with a National Agreement.

National Tax Equivalent Regime

An administrative arrangement between the Commonwealth Government, States and Territories which notionally applies relevant taxation laws to nominated State and Territory GBEs.

Net Debt

The sum of deposits held, advances received and borrowings minus the sum of cash and deposits, advances paid, investments, loans and placements. Net debt is a useful measure to judge the overall strength of the Government's fiscal position. A positive position indicates that cash reserves and investments are lower than gross liabilities placing a call on future revenues to service these liabilities. A negative position indicates that cash reserves and investments are greater than gross liabilities.

Net Financial Liabilities

Net financial liabilities takes into account unfunded superannuation liabilities and provides a broader measure of debt than net debt. Net financial liabilities are calculated as total liabilities less financial assets (such as cash reserves and investments). It takes into account all non-equity financial assets but excludes the value of equity held by the General Government sector in public corporations.

Net Financial Worth

The amount by which total financial assets exceed financial liabilities. It is a measure of net holdings of financial assets.

Net Increase / (Decrease) in Cash Held

The sum of the net cash flows from all operating, investing and financing activities.

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 on the harmonised whole of government operating statement as revenue minus expenses. It is equivalent to the change in net worth arising from transactions.

Net Worth

Defined as total assets less total liabilities. It is an economic measure of wealth and reflects the contribution of jurisdictions to the wealth of Australia.

Nominal Superannuation Expense

The Nominal Superannuation Expense refers to the imputed interest accrued each quarter on unfunded superannuation liabilities. In an unfunded superannuation scheme, the increase in superannuation liability is taken as being equivalent to the liability that would be generated under a fully funded scheme as if the employer was paying into a separate superannuation fund. In this scenario, the Government is viewed as compulsorily 'borrowing' from employees the value of the increase in superannuation liability each period. In doing so, it sustains an additional cost for the use of these 'borrowed' funds which is an interest expense. The cost of these 'borrowed' funds is presented in operating statements as nominal interest.

Non-Financial Assets

Non-Financial Assets refers to all assets other than financial assets, primarily property, plant and equipment, such as roads, schools, hospitals, land, inventories, other infrastructure and intangible assets.

Non-Financial Non-Produced Assets

Non-Financial Non-Produced Assets refers to assets held by producers mainly for the purpose of production that have not themselves been produced. They mainly include land and subsoil assets such as mineral deposits; non-cultivated biological resources and water resources such as virgin forests, fishing grounds and natural water resources; and intangible non-produced assets such as patents, copyrights and goodwill.

Non-Financial Produced Assets

Non-Financial Produced Assets refers to assets created by a production process and held by producers mainly for the purposes of production; includes produced assets, such as buildings (including dwellings), infrastructure (eg railways, roads, tunnels, airports and dams), plant and equipment, cultivated assets (eg livestock, vineyards and orchards), intangible assets (eg computer software), inventories (including materials, supplies, defence weapon platforms, works in progress, finished goods and goods for resale), and valuables (eg precious metals and stones and antiques).

Non-Financial Public Sector

Non-Financial Public Sector represents the consolidated transactions and assets and liabilities of the General Government and Public Non-Financial Corporation (PNFC) sectors. In compiling statistics for the NFPS transactions and debtor-creditor relationships between subsectors are eliminated to avoid double counting. This process is known as consolidation.

Operating Leases

Operating leases are leasing arrangements in which all substantial risks and rewards incidental to ownership of a leased asset effectively remain with the lessor (the owner of the asset) rather than passing to the lessee (which would make it a finance lease).

Operating Statement

A summary of an entity's revenues and expenses over the reporting period.

Operating Result

Operating profit or loss for the period being reported.

Other Economic Flows

For the whole of government harmonised operating statement, other economic flows include changes in the value of assets from revaluations, non-financial asset sales and non-mutual bad debts written off.

Other Non-Financial Assets

Refers to assets not elsewhere classifiable.

Output

Goods produced or services provided by, or on behalf of, a Territory entity to the community. Outputs allow for the measurement of the cost of a Territory entity to provide goods or services to the ACT community.

Output Class

Output Classes will no longer be identified in the Appropriation Act.

Overdraft or Credit Facility

The Treasurer may, on the terms and conditions he/she considers appropriate, borrow money for a Territory authority; or lend public money to a Territory authority. A Territory authority may subsequently (with written approval of the Treasurer) arrange an overdraft or credit facility only with the written approval of the Treasurer. The relevant Budget Statement section is intended to summarise the operating conditions and financial movements associated with the facility.

Payments for Expenses on Behalf of the Territory

Territorial (administered) revenues, which the Government appropriates to Territory entities for the payment of grants, subsidies and transfer payments (refer Territorial).

Performance Indicator

An accountability indicator or a strategic indicator.

Performance Measure

Quantifiable units of measurement used to determine and assess the delivery of outputs.

Prepayments

Payments made in one reporting period, in respect to goods or services that a Territory entity expects to receive or consume in future periods.

Project Agreements

Project Agreements are a type of National Partnership used to implement projects that are considered low-value and/or low risk. Project Agreements are simple, standalone, outputs-focused documents that are generally bilateral although they may be multilateral in certain limited circumstances.

Property, Plant and Equipment

Property, plant and equipment are assets that:

- are held by the Territory entity for use in the production or supply of goods and services, for rental to others, or for administrative purposes;
- have been acquired, obtained or constructed with the intention of being used on a continuing basis; and
- are not intended for sale in the ordinary course of business or service delivery.

Provision

A provision is a liability for which the amount or timing of the future sacrifice of economic benefits that will be made is uncertain.

Public Non-Financial Corporation (PNFC) Sector

The PNFC sector is also known as the Public Trading Enterprise (PTE) sector. The PNFC sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved. In general PNFCs are legally distinguishable from the government which owns them.

Public Trading Enterprises (PTEs)

This is an ABS categorisation of certain public sector agencies. It comprises government controlled corporations and quasi-corporations mainly engaged in the production of market goods and/or non-financial services.

Repayable Capital Injection Statement

Where a Territory entity is appropriated with a repayable capital injection, a statement is to be presented reflecting that it is repayable and which sets out the conditions of the injection, including the repayment term.

Receipts

Cash inflows for a period, irrespective of when the moneys are earned.

Relativity (GST)

A per capita weight assessed by the CGC for use by the Australian Treasury to calculate the share of the GST revenue a State or Territory requires to achieve HFE. The Australian average relativity is 1.0. By way of example, a jurisdiction assessed by the CGC as having a relativity of 2.0 would require twice as much GST revenue per capita than the Australian average to achieve HFE.

Reserves

Reserves are recognised for the increases on revaluation of non-current assets or other intended uses of accumulated funds.

Retained Earnings (or Earnings)

Retained earnings are the accumulated operating results since the 1996-97 audited financial statements not transferred to reserves or to the Government.

Revenue

Revenue is an inflow of economic benefit which arises in the course of the ordinary activities of a Territory entity. For the whole of government operating statement, revenue includes all mutually agreed transactions that increase net worth in accordance with GFS principles.

Service Purchasing

Refers to funding arrangements by which the Territory (as purchaser) contracts with a provider for delivery of specified services. These are identified as specific outputs which contribute toward the achievement of the Government's desired outcomes. Providers are required to report against agreed indicators in order to assist the Territory to meet its accountability obligations to the community.

State Final Demand

The aggregate obtained by summing government final consumption expenditure, household final consumption expenditure, private gross fixed capital formation and the gross fixed capital formation of public corporations and general government.

Standing Council for Federal Financial Relations (SCFFR)

The SCFFR has responsibility for the general oversight of the operation of the IGA-FFR on behalf of COAG and is comprised of all State and Territory Treasurers, chaired by the Commonwealth Treasurer.

Strategic Indicators

Performance indicators aimed at measuring the Government's performance against longer-term strategic outcomes which impact upon the ACT community. A Territory entity has some accountability for performance against these indicators, although it cannot be held fully responsible for achieving the specified targets, as there are external factors which will influence the result. Strategic indicators are not subject to audit.

Strategic Objectives

The effect or difference a Territory entity aims to make in the ACT community in the short to medium term. Strategic objectives contribute to government priorities and goals and can be influenced by a Territory entity in the medium term. The objectives are measureable and/or verifiable through strategic indicators.

Superannuation Provision Account

A provisioning account to assist the Government in managing its unfunded superannuation liabilities for employees who are members of the Commonwealth Government's CSS and PSS schemes. Its operations are subject to the legislative requirements of the *Territory Superannuation Provision Protection Act 2000* which limits monies standing to the credit of the account to be used for superannuation purposes only, not for the general purposes of government.

Supplies and Services

This category of expenses is one of a number identified according to their nature or type for disclosure in the operating statement. This category includes such types of expenses as travel, office requisites, postage, computer services, consultants and telecommunications services.

Tax-Equivalent Payments

Refers to payments that a GBE is required to make in order to ensure it has the same taxation obligations as private sector firms, usually for competitive neutrality reasons. For example, although GBEs are ordinarily exempt from Commonwealth Government income taxes, they are required by their owner governments to make payments calculated on the same basis as income tax.

Territorial

Territorial (administered) items are income, expenses, assets and liabilities that a Territory entity administers but does not control. These items relate to activities performed on behalf of the Territory. An item would generally be regarded as a Territorial (administered) item if the Territory entity:

- has restricted or no discretion in relation to the item;
- has restricted or no discretion to increase or decrease the item;
- has responsibility for the item, but restricted or no authority over its use; or
- is responsible only for the collection and/or transfer of the item.

Items are Territorial (administered) where decisions relating to their use are primarily made by the Government.

Territory Banking Account

The Territory Banking Account is a banking account required to be opened and maintained for the purposes of the Territory in accordance with Section 33 of the *Financial Management Act 1996*.

Territory Entity

A directorate, Territory authority, or Territory-owned corporation.

Territory Owned Corporation

A company owned by the Territory which is specified in Schedule 1 of the *Territory-Owned Corporations Act 1990*. Territory Owned Corporations are subject to the obligations imposed by the *Territory-Owned Corporations Act 1990* as well as other legal obligations imposed on them by any other law such as the *Commonwealth Corporations Act 2001* or the constitution of the company.

Territory Unencumbered Cash

A measure of excess capacity (cash and investments) at a point in time that has not been formally allocated, excluding Territory entity balances. Territory Unencumbered Cash needs to be considered in the context of its balance over the Budget and Forward Estimates period, in order to ensure cash reserves are maintained at a reasonable level.

Total Comprehensive Income

A measure of the total change in value of the Territory entity during a financial year arising from revenue, expenses and both realised and unrealised movements in the valuation of assets and liabilities. Total Comprehensive Income is the equivalent to the increase or decrease in Net Assets during the financial year.

Total Territory

The Total Territory includes transactions with external parties by the General Government Sector and Public Trading Enterprises.

Transactions

Changes to stocks that come about as a result of mutually agreed interactions between enterprise units.

Treasurer's Advance

Funds available under Section 18 of the *Financial Management Act 1996* for payments where there is an immediate requirement for the payment and the payment is not provided for, or is insufficiently provided for, by an appropriation.

Trust Money

Money a Territory entity holds in trust on behalf of a third party. The Territory entity acts as administrator of funds and is not permitted to spend these funds on the Territory entity's controlled activities. This money is accounted for separately from either controlled or territorial money.

Uniform Presentation Framework (UPF)

By agreement between the Commonwealth Government and the States and Territories, each jurisdiction presents financial information on a UPF basis in their budget papers, and in mid-year budget updates and in budget outcome reporting. The primary objective of the UPF is to ensure that the Commonwealth, State and Territory governments provide a common 'core' of financial information in their budget papers to enable direct comparisons of each government's budget and financial results. The UPF is based on the harmonised whole of government reporting standard.

User Charges

Revenues resulting from the sale of goods and services to consumers. User charges include revenue that the reporting Territory entity controls, and excludes Territory (administered) revenue. User charges exclude Controlled Recurrent Payments.

Vertical Fiscal Imbalance

The difference between the relative revenue raising capacity and spending responsibilities of the Commonwealth and States and Territories.

Wage Price Index (WPI)

The WPI is a price index which measures changes over time in wages and salaries for employee jobs, unaffected by changes in the quality or quantity of work performed. Changes in wages and salaries resulting from changes in the composition of the labour market are excluded from the WPI movements.

Whole of Government Harmonised Standard

The term refers to the harmonisation of GAAP and Government Finance Statistics. 'AASB 1049, *Whole of Government and General Government Sector Financial Reporting*' requires a single set of government reports which are auditable, comparable between jurisdictions, and in which the outcome statements are directly comparable to the relevant budget statements. The standard requires governments to report according to accounting standards, choosing options that are consistent with GFS accounting where available, and present according to the GFS principles.