

Treasury and Finance glossary for budget and financial reports

A

ABS GFS manual

The Australian Bureau of Statistics (ABS) publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* as updated from time to time.

Accrual accounting

Recognition of income, expenses, assets, liabilities and equity when the economic transaction occurs, irrespective of the timing of the related cash flow. For example, revenue from sale of goods is recorded as of the invoice date rather than the date on which payment is received.

Accrual output-based management

The Government, as purchaser, decides which outputs it will purchase from departments at specified levels of quantity, quality and price. As the owner, the Government decides the investment required in departments in order to enable departments to maintain their capacity to meet output delivery targets.

Accrued expenses

Expenses that have been incurred regardless of whether or not payment has been made.

Accrued leave

Leave earned by employees which the employer must financially recognise.

Accumulated depreciation

The aggregate, at a given point in time, of the depreciation expenses made in respect to a particular depreciable asset or class of depreciable assets since acquisition.

Accumulated surplus

Represents an excess of revenue over expenses (not necessarily cash), accumulated as a result of generating surpluses on operations.

Activity based costing

Assigns costs to outputs according to the consumption of each activity in the production of the outputs.

Additions to the net asset base

An appropriation which provides for an increase in the net capital base of a department's statement of financial position.

Administered item

Generally refers to a department not having the capacity to benefit from that item in the pursuit of the entity's objectives, or to deny or regulate the access of others to that benefit.

Advances paid

Loans acquired for policy rather than liquidity management purposes. These include long and short-term loans, non-marketable debentures and long and short-term promissory agreements (bonds and bills) issued to public sector units for achieving government policy objectives.

Advance to the Treasurer

An annual appropriation to the Treasurer to meet urgent expenditure claims that were unforeseen at the time of the budget. Amounts advanced under this authority are reported to and sanctioned by the Parliament in the subsequent year's annual appropriation bill.

Agency

Any government or semi-government organisation not defined under the *Public Sector Management and Employment Act 1998*.

Alliance

A major capital project delivery method where a government owner works collaboratively with private sector parties, sharing capped financial upside and downside risks. Under alliance contracts, risks of project delivery are often jointly managed, although financial exposure lies mainly with the State. Working as a team, the parties make unanimous decisions on all key project delivery issues.

Allocating costs

Assigning costs to anything for which a cost measurement is required. Can be an output, group of outputs, activity, process, project, or cost centre etc.

Amount appropriated

The limit of appropriation authority contained in the Appropriation Act for each purpose, or the amount authorised under standing provisions of Acts (other than the annual Appropriation Acts).

Annotated receipts

Section 29 refers to a section of the *Financial Management Act 1994* which provides the legislative authority, in conjunction with the Appropriation Act, for particular departmental appropriation items to be increased by an amount equal to specified departmental receipts under the terms and conditions incorporated in an agreement, signed by the Treasurer and the relevant departmental Minister.

Annual appropriation

The appropriations to various purposes contained in the Appropriation Act and Appropriation (Parliament) Act for a particular year.

Annual Financial Report

Commonly refers to the annual *Financial Report for the State of Victoria* which contains a set of financial statements, including associated disclosure notes, for the State of Victoria and for the Budget sector for a given financial year. The Annual Financial Report is prepared by the Treasurer as specified in Part 5 of the *Financial Management Act 1994*, audited by the Auditor-General and tabled in the Parliament. The Auditor-General is also required to present a separate report to Parliament on the finances of the State.

Annual Report

Report of an entity's operations and financial statements for the previous financial year. Section 45 of the *Financial Management Act 1994* requires the Accountable Officer for each department and public body to submit the financial statements to the Auditor-General within eight weeks after the end of the financial year.

Appropriation

An authority given by the Parliament to draw certain sums out of the Consolidated Fund, now or at some future point in time, for the purposes stated, up to the limit of the amount in the particular Act.

Appropriation Bill

A Bill which, when passed by Parliament, allows the Government to spend money.

Asset investment

In Budget papers, the terms 'asset investment', 'capital investment' and 'infrastructure investment' are used interchangeably to describe government funding used to acquire or construct non-financial assets such as land, buildings (e.g. new schools/hospitals or major upgrades to existing facilities), roads and bridges and rolling stock or information and communications technology infrastructure.

Asset investment funding

The quantum of funds provided to an entity for asset investment from all appropriation sources. It includes funds derived from output revenue.

Asset management

Process of guiding the acquisition, operation, maintenance, use and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their entire life.

Asset management plan

Outlines a set of flexible and scalable mandatory requirements and best practice guidance for public sector bodies to ensure government assets are appropriately managed.

Asset strategy

A set of agreed principles and actions that determines how an organisation manages its assets over a defined period of time.

Assets

Service potential or future economic benefits controlled by an entity (e.g. a department) as a result of past transactions or other past events. Assets may be physical (e.g. plant, equipment, buildings, trains, information technology systems) or non-physical (e.g. intellectual property, intangible assets). Assets may also be current (having service potential which is consumed in one year or less) or non-current (having service potential that is consumed over a period of more than one year).

Assets (current)

The cash or other assets of an entity that would, in the ordinary course of operations of the entity, be consumed or converted into cash within 12 months after the end of the reporting period. Examples include debtors and inventories.

Assets (net)

The residual interest in the assets of an entity after deduction of its liabilities.

Assets (non-current)

All assets other than current assets. They are usually held for use rather than exchange and provide an economic benefit for periods greater than one year. Examples include land, plant and equipment, motor vehicles, heritage assets and buildings.

Asset recycling

Asset recycling is a process of divesting assets (and associated services) to the private sector and reinvesting the proceeds in new productive economic infrastructure.

B

Balance sheet

See Statement of Financial Position.

Base funding

Existing funding levels for a department/entity in a given year.

Base price

The total price Government agrees to pay for an output, based on agreed levels of quantity, quality, price per unit, and timeliness, before any escalation factors are applied.

Biological assets

Biological assets may comprise commercial forests and also any living animal, plant or agricultural produce that is the harvested product of biological assets.

Borrowings

Refers to interest bearing liabilities mainly from public borrowings raised through the Treasury Corporation of Victoria and finance leases and other interest bearing arrangements.

Borrowings exclude liabilities raised from other government entities, which are classified as deposits held and advances received.

Budget Paper No. 1

The Treasurer's second reading speech introducing the annual Appropriation Bill into the Legislative Assembly. Generally referred to as the Treasurer's Budget Speech.

Budget Paper No. 2

The Budget Statement detailing financial policy objectives and strategies, the budget position and outlook, economic conditions and outlook and budget initiatives.

Budget Paper No. 3

Comprises a summary of the activities supported from the Budget, the revenue and expenses of the budget sector and the outputs which the Government expects to purchase. It also includes commentary on how these outputs will contribute to the achievement of desired Government outcomes. This document is the primary source of information regarding the detailed output delivery plans of individual departments.

Budget Paper No. 4

The State Capital Program summarises the capital projects the Government has funded which are either funded in the current budget year, under construction or have recently been completed and will no longer be reported. Includes the capital projects of both the general government sector and the public non-financial corporations sector.

Budget Paper No. 5

The Statement of Finances (which includes the March Quarterly Financial Report), provides the financial details of the aggregated Victorian general government sector and the broader Victorian public sector. Also includes the financial statements of each department, the courts and the Parliament.

Budget sector

Entities in the general government sector which source 50 per cent or more of funding through appropriations and which are directly accountable through Ministers to Parliament. Includes all transactions passing through the public account, whether recorded in the consolidated fund, or the trust fund. The activities of budget sector agencies are subject to detailed financial scrutiny and accountability through the annual budget process.

Budget Sector Debt Portfolio

The portfolio of debt borrowed by the Treasury Corporation of Victoria on behalf of the State to provide funding for the Budget.

Budget Update

Updated information tabled in Parliament by 15 December each year on the Government's financial policy against the financial policy objectives and strategies set out in Budget Paper No. 2.

C

Capital asset

Any item which is a store of value or which provides future economic benefits and/or services. Such items may be financial (e.g. cash, bank deposits) or non-financial (e.g. fixed assets such as land, buildings, roads and other infrastructure including information and communication technology).

Capital assets charge (CAC)

A charge levied on the written-down value of controlled non-current physical assets in a department's balance sheet which aims to: attribute to agency outputs the opportunity cost of capital used in service delivery; and provide incentives to departments to identify and dispose of underutilised or surplus assets in a timely manner.

Capital grants

Transactions in which the ownership of an asset is transferred from one institutional unit to another, in which 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 injection

Contribution to the net worth of an entity made by its owner. A capital injection takes the form of a net increase in assets or a reduction in external liabilities, usually (but not necessarily) through the provision of cash to the entity. A capital injection gives the entity additional resources which it may use to further its ongoing activities.

Capital investment

In Budget papers, the terms 'asset investment', 'capital investment' and 'infrastructure investment' are used interchangeably to describe government funding used to acquire or construct non-financial assets such as land, buildings (e.g. new schools/hospitals or major upgrades to existing facilities), roads and bridges and rolling stock or information and communications technology infrastructure.

Capitalisation

Recognising the expenditure as an asset rather than as an expense.

Capital projects

Individual projects to deliver the capital assets.

Capital value

Dollar value of a capital project.

Carryover

Occurs where an annual appropriation amount for the previous year was not applied and where the Treasurer has approved the application of this amount in the next succeeding year, under Section 32 of the *Financial Management Act 1994*. Special standing appropriations are not impacted by the Carryover provisions.

Cash equivalents

Highly liquid investments which are readily convertible to cash on hand at the entity's option and which an entity uses in its cash management function on a day-to-day basis; and borrowings which are integral to the cash management function and which are not subject to a term facility.

Cash flows

Cash movements resulting from transactions with external parties.

Cash held

Notes and coins held, and deposits held at call with a bank or financial institution.

Cash surplus/deficit

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

Cash surplus/deficit – ABS GFS version

Equal to the cash surplus deficit (above) less the value of assets acquired under finance leases and similar arrangements.

Change in net worth

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

Chart of accounts

A chart of accounts (COA) is a financial organisational tool that provides a complete listing of every account in an accounting system. An account is a unique record for each type of asset, liability, equity, revenue and expense.

Commonwealth grants

Includes general revenue from the Commonwealth Government for the purpose of aiding in the financing of the current operations of the recipient; in addition to monies received for specific purposes (when the Commonwealth wishes to have some involvement in the direction of the expenditure). Grants are also received for on-passing to third parties (e.g. to non-government schools), where the State has no discretion as to their allocation.

Commonwealth Grants Commission

An independent authority established by the Commonwealth Government in 1933 to make recommendations to the Commonwealth concerning the distribution of grants between the States and Territories. In recent years, its principal role has been to make recommendations for the distribution of Goods and Services Tax revenue among the States.

Community service obligation

The non-commercial programs and activities of government business enterprises designed to meet community and social objectives determined by government.

Comprehensive result

The amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Contingencies

Central provisions for output and asset expenditure incorporated into annual budget estimates which have not yet been allocated to departments. Contingencies may be set aside to fund service growth and new initiatives in future budgets, funding held for new policy pending the completion of internal processes such as agreed business cases, and provisions for unforeseen cost pressures or events.

Contingencies for outputs and assets are outlined in notes 12 and 20 respectively of the estimated financial statements (Budget Paper No. 5) and are categorised by Decisions made but not yet allocated, and Funding not allocated to specific purposes.

Credit rating

An assessment of the credit worthiness of a borrower in general terms or with respect to a particular debt or financial obligation. A credit rating can be assigned to any entity that seeks to borrow money – an individual, corporation, state or provincial authority, or sovereign government. Credit assessment and evaluation for companies and governments is generally done by a credit rating agency contracted by the entity that is seeking a credit rating for itself or for one of its debt issues. The Victorian Government contracts Standard & Poor's Financial Services (S&Ps) and Moody's Investor Services to rate the credit worthiness of the Treasury Corporation of Victoria.

Ratings are expressed as letter grades that range from AAA, the highest rate, (Fitch and S&P) or Aaa (Moody's) to respectively D and Caa. Ratings between AAA and BBB are used to denote an 'investment grade' debt, while BB+ to D is considered as speculative or 'high yield'.

Current grants

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

Current prices

Estimates are valued at the prices of the period to which the observation relates. For example, estimates for 2016-17 are valued using 2016-17 prices. This contrasts to chain volume measures where the prices used in valuation refer to the prices of the previous year.

Current replacement cost

A valuation basis that reflects the amount that would be required to replace the service capacity of an asset today.

D

Debt-servicing payments

Costs associated with borrowings, such as interest payments and sinking fund contributions. Debt-servicing payments also include the interest component of rental payments under finance leases.

Debt-servicing ratio

The debt-servicing ratio is indicative of the entity's capacity to meet its debt-servicing obligations.

Debt

A legal obligation to make payments of principal and interest, and in most cases, according to a predetermined schedule. *See also* Liabilities.

Deficit

A commonly used term for the difference in the Government Finance Statistics framework between outlays and revenue. The difference between expenses and revenue is known as financing transactions, which in turn comprises the deficit (or surplus) plus the increase in provisions (for employee entitlements). The deficit thus measures the requirement for additional resources or funding.

Delegate

A person authorised by the Minister to make general or specified decisions constrained only by the instrument of delegation, which may include the authority to commit and incur expenditure.

Delegation

A power handed down to a second party to act on their own behalf, but not including power to further delegate. The second party is responsible for actions arising from their use of such power.

Deliverables

Components of outputs that merit separate reporting and performance measurement. Major projects are one example where the output may be separated into deliverables.

Department

A department existing by virtue of an order made under section 10 of the *Public Administration Act 2004*.

Departmental objective indicator

A piece of data that demonstrates progress towards the achievement of a department's objectives. Indicators provide evidence to support measurement and management of performance.

Departmental objectives are results based and reflect the extent of the department's service delivery ambitions over the forward estimates period. They are quantifiable stepping stones that help take a department towards the desired outcomes articulated in its vision and mission statements. (See also Budget Paper No. 3, Chapter 2 Objectives (departmental)).

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

Depreciation expenses

An expense recognised systematically for the purpose of allocating the depreciable amount of a depreciable asset over its useful life.

Direct costs

Those costs which are directly traceable to the production of a specific output.

E

Economic forecasting

The process of making predictions about the future path of various economic indicators.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Employed persons

All persons aged 15 years and over who worked for one hour or more for pay, worked for one hour or more without pay in a family business or on a farm, were on paid leave, were away from work for less than four weeks or were employees who had a job but were not at work.

Employee entitlements

Benefit entitlements which employees accumulate as a result of the rendering of their services to an employer up to the reporting date. They include wages and salaries, annual leave, sick leave, long service leave, superannuation benefits, and other post-employment benefits.

Employee expenses

These expenses include all costs related to employment including wages and salaries, leave entitlements, termination payments, defined benefits superannuation plans and defined contribution superannuation plans.

Enactment

The date at which a Law, as expressed in an Act of Parliament, comes into force.

Entity

An accounting identity designed to define the legal bounds of the operation of a business unit.

Equity

Residual interest in the assets of an entity after deduction of its liabilities.

Escalation factor

The overall factor or percentage which is applied to a base price to account for inflation and productivity improvement.

Evaluation (services)

Evaluation is a key tool for ensuring efficient and effective delivery of government services through evidence based policy and decision making.

Evaluation objectively reviews the success of the policy, program or project in achieving the stated goals, including their impact on achieving outcomes, and recommend appropriate actions, including whether they

remain the best policy response. To a large extent, the evaluation will use the success measures that are established during planning.

Evaluation criteria (procurement)

Standards of judgement, and ranking or priority that are used to assess offers, compare alternatives put forward by suppliers or measure performance. Evaluation criteria may assess: compliance with the specification, professional competence, commercial viability, compliance with legal obligations, and other appropriate criteria to fully assess bidders' capacity to provide the good or service.

Evaluation plan (procurement)

Details the methods, techniques and resources allocated by the Department to evaluate tenders. The plan is written with reference to the evaluation criteria listed in the conditions of tendering, and is usually developed by the evaluation committee.

Evaluation strategy (procurement)

Refers to how the tender offers will be evaluated. The evaluation strategy is documented in the evaluation plan.

Expenses

Consumption or loss of service potential or economic benefits, in the form of reductions in assets or increases in liabilities of the entity during the reporting period.

Expenses from ordinary activities

Expenses incurred in the provision of outputs during the specified period of time. As well as items such as employee payments, these may include stock used in the provision of outputs, the depreciation of assets, the servicing of debt, and grants made. (Also referred to as operating expenses.)

Extraordinary items

Items of revenue and expense that are attributable to transactions or other events of a type that are outside the ordinary operations of the entity and are not of a recurring nature.

F

Fair value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fees

Fees from regulatory services are levies not primarily designed to raise general revenue but which are associated with the granting of permit or privilege or for the regulation of activity. This distinguishes them from charges for services rendered to clients by budget sector agencies.

Finance lease

A lease under which the lessor effectively transfers to the lessee substantially all the risks and benefits incidental to the lease and where legal ownership may or may not be actually transferred.

Financial asset

Any asset that is:

- a) cash;
- b) an equity instrument of another entity;
- c) a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial assistance grants

Grants made by the Commonwealth to state and territory governments for expenditure by the latter according to their own priorities. Financial assistance grants are sometimes referred to as general revenue or general purpose grants. See also Commonwealth Grants Commission.

Financial institution

Financial institution means: (a) an entity whose principal activity is to take deposits or borrow, or both take deposits and borrow, with the objective of lending or investing in financial assets other than equity instruments, but excluding: entities which take deposits or borrow principally from other entities in the economic entity, general insurers, life insurers and superannuation plans; or (b) an entity subject to banking legislation.

Financial instrument

Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability

Means any liability that is a contractual obligation:

- a) to deliver cash or another financial asset to another entity; or
- b) to exchange financial instruments with another entity under conditions that are potentially unfavourable.

Financial reporting

Refers to the process of preparing financial statements based on accounting standards and other authoritative pronouncements to meet the information needs common to users and discharge accountability obligations.

Financial statements

A structured document that summarises the financial activities of an entity. Mainly consists of four types of financial statements: statement of financial performance, statement of financial position, statement of cash flows and statement of changes in equity.

Financial year

Generally the 12 months from 1 July in one year to 30 June in the next. However, some entities (such as Technical and Further Education entities) have different financial years (e.g. ending 31 December).

Fines

Refers to penalties received and receivable under legislation and regulations. Revenue from fines is recognised at the time when it is determined by the courts.

Fixed assets

Durable goods intended to be employed in the production process for longer than a year. Excluded are current assets, non-reproducible tangible assets such as timber plantations and intangible assets such as trademarks.

Fiscal aggregates

Analytical balances that are useful for macroeconomic analysis purposes, including assessing the impact of a government and its sectors on the economy. It includes both key fiscal aggregates as defined in this glossary, and other additional fiscal aggregates such as net financial worth, net financial liabilities and net debt.

Forward estimates

Budget projections for revenue, expenses and financial position for the three years beyond the current (budgeted) financial year.

Franchising

The sale to an external party, usually on a basis of a competitive bidding process, of the right to distribute a particular good or a service to a particular market for a defined period.

Full cost

The total cost (direct and indirect) of all resources expensed in the production of an output.

Full time workers

Employed persons who usually worked 35 hours or more a week and those who, although usually working less than 35 hours a week, worked 35 hours or more during the reference week.

G

Gateway review

The gateway review process examines projects and programs at key decision points throughout their life cycle. Each review is short and focused, providing senior responsible owners of programs and projects with an independent view of progress, and assurance of readiness to proceed successfully to the next stage. More information is available at <http://www.dtf.vic.gov.au/Investment-Planning-and-Evaluation/understanding-planning-and-review/what-is-the-gateway-review-process>.

General government sector

Includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. These entities are financed mainly through taxes, Commonwealth Government grants, and other compulsory levies and user charges. They typically provide products and services that are non-market in nature and/or are for the collective consumption of the community, and those which involve the transfer or redistribution of income.

Some of these entities may also earn revenue from commercial activities, however such revenue represents less than half of their total revenue.

Government business enterprise

A publicly owned entity providing goods or services on commercial terms with the objective of recovering its costs of production and, in most cases, of providing some financial return to its owner.

Government finance statistics

Government finance statistics (GFS) enable policy makers and users to analyse the financial operations and financial position of the public sector at either the specific government, institutional sector or transactional level. The GFS system is based on two international statistical standards: the *System of National Accounts 1993* and the *International Monetary Fund Government Statistics Manual*. More details about the GFS can be found in the Australian Bureau of Statistics (ABS) GFS manual.

Government infrastructure investment

Represents the sum of purchases of non-financial assets, net cash flows from investments in financial assets for policy purposes and sales of non-financial assets. In addition, investment in government infrastructure also includes public private partnerships infrastructure investment.

Grant funding

A funding arrangement for assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Transactions in which one entity provides goods, services, assets (or extinguishes a liability) or labour to another without receiving approximately equal value in return. Grants can either be of a current or capital nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive benefits directly of approximately equal value.

Grants can be paid as general purpose grants, which refers to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific-purpose grants that are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and transfer payments

Refers to grants or transfer payments (i.e. transfers of cash that are non-reciprocal) for the purpose of aiding in the financing of the current operations of the recipient; in addition to monies paid for the purpose of meeting part of the cost of capital expenditure of the recipient.

Grants for on-passing

All grants paid to one institutional sector (e.g. a state-based general government entity) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

Gross domestic product

Gross domestic product (GDP) is the total market value of goods and services produced in Australia within a given period after deducting the cost of goods and services used up in the process of production but before deducting allowances for the consumption of fixed capital.

Gross state product

Gross state product (GSP) is the market value of output of a state or territory and is conceptually similar to national gross domestic product (GDP). It is estimated by considering three measures: income, output and expenditure. The expenditure measure is more commonly used to describe the main drivers of GSP, which include consumption by households and government, investment by private businesses and government (including government-owned businesses), dwelling investment and the net balance of imports and exports of goods and services. At the state level, trade in goods and services also includes trade with other states and territories, as well as overseas trade. As interstate trade is difficult to measure, only annual estimates of GSP

are calculated by the Australian Bureau of Statistics (whereas GDP is estimated quarterly). Government forecasts of Victoria's GSP are published twice yearly in the annual budget papers (Budget Paper No. 2) and Budget Update (published on the [DTF website](#)).

H

Nil

I

Indemnity

An undertaking to compensate another against loss or damages suffered as a result of doing some act at the request of the person giving the undertaking. Indemnity is security against loss or damage.

Indexation

A factor or percentage applied to a base price in the forward estimates. Rates may differ between sectors, or depending on major cost drivers.

Indirect costs

Costs that are not directly traceable to the production of a specific output.

Infrastructure

Infrastructure is the basic facilities and installations needed for the functioning of a community or society, such as transportation and communications systems, water and power lines, and public institutions including schools, post offices, hospitals and prisons.

Infrastructure investment

Expenditure on infrastructure.

In Budget papers, the terms 'asset investment', 'capital investment' and 'infrastructure investment' are used interchangeably to describe government funding used to acquire or construct non-financial assets such as land, buildings (e.g. new schools/hospitals or major upgrades to existing facilities), roads and bridges and rolling stock or information and communications technology infrastructure.

Infrastructure planning

Infrastructure is provided to deliver services. Infrastructure needs to be managed, updated and added to in order to meet changing service needs. Infrastructure planning is the process of identifying needs and developing strategies and proposals to address that need. This can incorporate early work, feasibility studies, options analysis or infrastructure design undertaken in preparation for project delivery.

Infrastructure program

Group of like or related infrastructure projects comprising an integrated package of work. For example, the level crossing removal program would comprise projects to remove various level crossings or the managed motorway program would relate to a series of projects to achieve a managed motorway.

Infrastructure projects

An initiative designed to procure or construct a capital asset such as a new or upgraded school.

Infrastructure systems/networks

Infrastructure systems provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, and public transport assets owned by the State.

Inputs

Labour, materials and other resources used to produce outputs.

Intangible produced assets

Refer to 'Produced assets' in this glossary.

Intangible non-produced assets

Refer to 'Non-produced assets' in this glossary.

Intellectual property

Intellectual property is the term for property rights such as: patents, trademarks, design, confidential information, copyright and know-how.

Interest expense

Represents costs incurred in connection with borrowings. 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.

Investment in financial assets for policy purposes – capital expenditure by general government sector representing an increase in equity of public non-financial corporations in support of government policy.

Inventory

Encompasses materials or supplies to be consumed in the production of outputs or services available for sale.

Investing activities

Relates to the acquisition and/or disposal of non-current assets, including property, plant and equipment and other productive assets, and investments, such as securities, not falling within the definition of cash.

Investments

Represents assets held by an entity for the accumulation of wealth by way of revenue (e.g. interest, dividends) or for capital appreciation for the benefit of the investing entity. Examples include shares, foreign and domestic (fixed and/or floating interest) deposits, loans, placements, partnership interests, managed portfolios, debt securities.

J

Nil

K

Key fiscal aggregates

Referred to as analytical balances in the ABS GFS manual and are required to be disclosed under AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Key fiscal aggregates are data identified as useful for macroeconomic analysis purposes, including assessing the impact of a government and its sectors on the economy. They are:

- opening net worth;
- net operating balance;
- net lending/(borrowing);
- change in net worth due to revaluations;
- change in net worth due to other changes in the volume of assets;
- total change in net worth;
- closing net worth; and
- cash surplus/(deficit).

L

Labour force

For any group, the total of employed persons (see 'Employed persons') and unemployed persons (see 'Unemployed persons').

Labour force participation rate

For any group, the labour force expressed as a percentage of the civilian population aged 15 years and over in the same group.

Land tax

An annual tax assessed on the unimproved value of taxable land owned by a landowner. Land that is used for primary production, or as a landowner's principal place of residence, is exempt.

Lapsing program

Programs where funding was provided for a specified, time-limited period only.

Liabilities

Liabilities comprise future payments that an entity is currently obliged to make to other entities as a result of past transactions or other past events. Liabilities are a broader concept than debt, and also include obligations that do not have a predetermined repayment schedule, and those that do not require payments of interest — such as unfunded liabilities of superannuation funds, liabilities in respect of other employee entitlements (long-service and annual leave), trade creditors and provisions for deferred maintenance.

Liabilities (current)

Those liabilities of the department that would, in the ordinary course of operations of the department, be due and payable within 12 months after the end of the reporting period. Examples include creditors and employee entitlements such as annual leave.

Liabilities (non-current)

All liabilities other than current liabilities, e.g. finance lease liabilities due after 12 months.

Life cycle cost

Life cycle cost is the total cost of an asset or system over its full life. It includes the cost of development, production, ownership (operation, maintenance, support) and disposal, if applicable.

Long service leave equivalent

The quantum of funds equal to actual long service leave expense, which is provided to a department from output revenue for paying out long-service leave entitlements.

Long service leave expense

Recognises long service leave accrued by employees during the reporting period. Referred to as a non-cash cost.

Long service leave payout

The payment to an employee of any accrued long service leave entitlement, which is available when entitled and utilised or upon resignation, retirement or redundancy.

Long service leave provision

An obligation (liability) of a department to its employees for accrued outstanding long service leave.

M

Market-led proposals

These are proposals put to Government that originate from the private sector. The Government has released a guideline providing a transparent framework for assessing these proposals that must offer something genuinely unique and of value to Victorians.

Market participants

Buyers and sellers in the principal (or most advantageous) market for the asset or liability that have all of the following characteristics:

- a) They are independent of each other, i.e. they are not related parties as defined in AASB 124, although the price in a related party transaction may be used as an input to a fair value measurement if the entity has evidence that the transaction was entered into at market terms.
- b) They are knowledgeable, having a reasonable understanding about the asset or liability and the transaction using all available information, including information that might be obtained through due diligence efforts that are usual and customary.
- c) They are able to enter into a transaction for the asset or liability.
- d) They are willing to enter into a transaction for the asset or liability, i.e. they are motivated but not forced or otherwise compelled to do so.

Ministerial directions for public construction

Ministerial directions prescribe principles and procedures that Victorian government departments and public bodies must follow when they procure public construction works and services, including:

- a) construction tendering procedures that must be used, based on the estimated value of the works or services;
- b) general conditions of contract to be used for public construction and the principles to be followed when developing contract conditions;
- c) the design of buildings of a public nature taking into account bushfire attack risk; and
- d) construction requirements for community fire refuges.

N

Net acquisition of non-financial assets (from transactions)

Purchases (and other 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.

Includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net assets

See 'Assets (net)'

Net cash flows from investments in financial assets (liquidity management purposes)

Net cash flows from investments in financial assets (liquidity management purposes) are cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.

Net cash flows from investments in financial assets (policy purposes)

Net cash flows from investments in financial assets (policy purposes) represent cash payments made for acquiring financial assets for policy purposes less cash receipts from the repayment and liquidation of such investments in financial assets.

Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets.

Acquisition of financial assets for policy purposes includes loans made by government that are motivated by government policies, such as encouraging the development of certain industries or assisting people affected by natural disaster.

For the general government sector, this item also includes cash flows arising from the acquisition and disposal by government of its investments (contributed capital) in entities in the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors.

Net debt

Net debt effectively measures liquid borrowings less liquid financial assets. It can be crudely characterised as cash owed less cash owned.

More technically net debt equals the sum of deposits held, advances received, government securities, loans and other borrowing less the sum of cash and deposits, advances paid and investments, loans and placements.

For the public financial corporations sector it also includes loans receivable from other sector entities.

Net fair value

Net fair value is a term used in relation to an asset or a liability:

- a) in relation to an asset, it refers to the fair value after deducting costs expected to be incurred; or
- b) in relation to a liability, the term refers to the fair value plus costs expected to be incurred were the liability to be settled.

Net financial liabilities

Total liabilities less financial assets, other than equity in PNFCs and PFCs. This measure is broader than net debt as it includes significant liabilities, other than borrowings (e.g. 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.

Net financial worth

Net financial worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

Net gain on equity investments in other sector entities

Net gain on equity investments in other sector entities measured at proportional share of the carrying amount of net assets/(liabilities) represents the net gains relating to the equity held by the general government sector in other sector entities. It arises from a change in the carrying amount of net assets of the subsidiaries. The net gains are measured based on the proportional share of the subsidiary's carrying amount of net assets/(liabilities) before elimination of inter-sector balances.

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 – net result from transactions

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net result

This is the net result from transactions (per above) plus/minus 'other economic flows included in net result', and excludes those that are classified as 'other economic flows– other comprehensive income', which generally include unrealised gains and losses arising from asset and liability revaluations during the reporting period, which are also reflected in asset and liability valuations on the balance sheet.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Nominal dollars/prices

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

Non-budget sector

Public sector entities, mainly business enterprises, that are not directly funded through the annual budget process. Traditionally this has related to the regulatory bodies within the general government sector (although these are now included in the budget sector), PNFC and PFC sector entities.

Non-current assets

All assets other than current assets. They are usually held for use rather than exchange, and provide an economic benefit for periods greater than one year. Examples include land, plant and equipment, motor vehicles, heritage assets and buildings.

Non-current liabilities

All liabilities other than current liabilities, e.g. finance lease liabilities due after 12 months.

Non-financial assets

All assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests.

Non-financial public sector

The non-financial public sector (NFPS) represents the consolidated transactions and assets and liabilities of the general government and PNFC sectors. In compiling statistics for the NFPS, transactions and debtor–creditor relationships between sub-sectors are eliminated to avoid double counting.

Non-produced assets

Assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Non-public account

Non-public account transactions are those of budget sector entities that do not transact their business or financial transactions through the public account.

Non-reciprocal transfer

A transaction in which an entity receives assets or services or has liabilities extinguished without directly giving approximately equal value in exchange to the other party or parties to the transaction.

O

Objectives (departmental)

The intended objectives to be achieved by a department through the production or delivery of its outputs. (See also 'Departmental objective indicators')

Operating cycle

The average time between the acquisition of materials entered into a process and their realisation in cash or an instrument that is readily convertible into cash.

Operating deficit

Where operating expenses incurred exceed operating revenue earned in the production of outputs and other trading activities during the reporting period. An operating deficit has the effect of reducing the net worth of the entity.

Operating leases

Leasing arrangements in which substantially all risks and benefits incidental to the ownership of the leased property effectively remain with the lessor (the owner of the property) rather than passing to the lessee (which would make it a finance lease).

Operating result

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'. Refer also to 'Net result'.

Operating surplus / net operating balance / net result from transactions (used interchangeably)

This is a key government fiscal aggregate and a key measure of financial operating performance for the period. It is the income from transactions minus expenses from transactions, excluding those that are classified as 'other economic flows included in net result'.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market re-measurements.

They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; re-measurement arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

Other superannuation expense

Includes all superannuation expenses from transactions except superannuation interest cost. Generally includes current service cost, which is the increase in entitlements associated with the employment services provided by employees in the current period. Superannuation re-measurements are excluded as they are considered other economic flows.

Output

Goods produced or services provided by or on behalf of an authority or public body.

Output groups

The aggregation of outputs into manageable groups to assist planning, budgeting, performance monitoring and reporting.

Output management

The Government, as purchaser, decides which outputs it will purchase from departments at specified levels of quality, quantity and price. As the owner, the Government decides the investment required in departments to enable them to maintain their capacity to meet output delivery targets.

Output manager

Those responsible for planning resources, monitoring and forecasting pressures, as well as for the non-people related output delivery budgets including consultants, communications, marketing, publications legal, travel, etc. They are responsible for the contribution margin line (the difference between revenue and direct costs).

Output performance measures

Specify a department's expected service delivery performance. They are used to demonstrate the efficiency and effectiveness of output delivery (quantity, quality and timeliness) and the achievement of value for money (cost). As such they must be selected on the basis of their capacity to measure the extent and standard of output delivery (refer to Budget Paper No. 3, Chapter 2).

Outturn

Predicted financial position at the end of the financial year.

Own-source revenue

Revenue other than from intergovernmental (Commonwealth) grants. It includes taxes, sales of goods and services, fees, dividends, interest and other revenues (including fines and miscellaneous revenue). It excludes tied and untied grants from the Commonwealth.

P

Payables

Includes short and long-term trade debt and accounts payable, grants and interest payable.

Payments

Cash costs associated with the provision of services.

Payments on behalf of the State

An appropriation which provides for payments to be made on behalf of the State. The department making the payment has no direct control with respect to the quantity of outputs delivered.

Performance indicator

Provides information that gives reasonable assurance that an objective has been or is being achieved (a pointer).

Performance measures

The tool used to measure actual performance against an objective or output (a 'ruler'). Output performance measures are expressed in terms of quantity, quality, timeliness or cost.

Performance targets

Intended output delivery levels expressed in terms of each performance measure. Targets are used as a benchmark to assess performance in delivering budget outputs.

Prepayments

Refers to payments in advance of receipt of goods or services (i.e. where payment is made in the current reporting period but receipt of goods or services is not until the next reporting period), or expenditure made in one accounting period covering a term extending into the next accounting period. Examples include amounts paid for items such as rent, motor vehicle registrations and insurance paid in advance.

Pre-election Budget Update

If a writ is issued for a general election within the meaning of section 3 of the *Electoral Act 2002*, the Secretary of the Department of Treasury and Finance must prepare a pre-election budget update in accordance with the requirements set out in section 27B of the *Financial Management Act 1994*. The

purpose of a pre-election budget update is to provide updated information on the estimated financial statements.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

Productivity

Productivity is an average measure of the efficiency of production. It can be expressed as the ratio of output to inputs used in the production process, i.e. output per unit of input. When all outputs and inputs are included in the productivity measure it is called total productivity. Outputs and inputs are defined in the total productivity measure as their economic values. The value of outputs minus the value of inputs is a measure of the income generated in a production process. It is a measure of total efficiency of a production process and as such the objective to be maximised in the production process. There are a number of productivity measures, including:

- capital productivity estimates – indexes of real GDP per unit of capital services used in production;
- labour productivity estimates – indexes of real GDP per capita or per hour worked; and
- multifactor productivity estimates – indexes of real GDP per combined unit of labour and capital.

Provisions

The meaning of the term 'provisions' alters slightly with its context:

- a) In relation to an operating statement, it means an amount charged as an expense to recognise:
 - i. a liability that has been provided for based on estimates; or
 - ii. a reduction in the carrying amount of an asset by way of depreciation or amortisation of the asset or diminution in value of the asset.
- b) In relation to a statement of financial position, it refers to amounts in paragraph (a) that have accumulated from previous financial years and the current financial year in relation to assets or liabilities included in that statement.

Public account

The Government's official bank account. All the bank accounts of the State, maintained at various commercial banks, in which the moneys of the consolidated fund and the trust fund are held.

Public construction

Under the *Project Development And Construction Management Act 1994 (Vic)* (PDCM Act) public construction consists of any matter relating to the construction, maintenance, rehabilitation, alteration, extension or demolition of any improvements on land by, or on behalf of, departments and public bodies and includes design and construction practices, tendering processes, project delivery and contract administration.

Public financial corporation (PFC)

Government-controlled entities that perform statutory insurance and central bank functions, accept demand, time or savings deposits and/or are authorised to incur liabilities and acquire financial assets in the market on their own account.

or

Bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities (e.g. taking deposits, issuing securities or providing insurance services) and acquire financial assets in the market on their own account.

Public ledger

The public ledger is established and maintained to record transactions on the public account; expenses and obligations incurred that are to be met out of the public account; and such other transactions and such account balances as the Minister determines. Currently the public ledger is maintained as part of the State Resource Information Management System.

Public non-financial corporation (PNFC)

Government-controlled entities that derive their funding mainly from the provision of goods and services that are sold in markets and are non-regulatory in nature.

or

The PNFC sector comprises bodies mainly engaged in the production of market goods and non-financial services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments that own them.

Public private partnership (PPP)

A long-term contract between the public and private sectors where government (or direct users) pays the private sector to deliver infrastructure and related services on behalf of, or in support, of government's broader service responsibilities. PPPs typically require the private sector parties who build the infrastructure to be responsible for its condition and performance on a whole-of-life-basis.

Purchases of non-financial assets

Cash payments to acquire property, plant and equipment, intangibles and other long-term assets. These payments include those relating to capitalised development costs and self-constructed property, plant and equipment.

Q

Nil

R

Real terms

A monetary value expressed in constant prices, or adjusted to allow for inflation.

Receipts

Cash amounts received by the State for any purpose.

Receivables

Includes short and long-term trade credit and accounts receivable, grants, taxes and interest receivable.

Reciprocal transfer

A transfer in which the entity receives assets or services or has liabilities extinguished and directly gives approximately equal value in the exchange to the other party or parties to the transfer.

Recognition

The process of reporting on, or recording, or incorporating an asset, liability, revenue or expense into the financial statement of the entity.

Recognition of assets

An asset should be recognised in the statement of financial position when and only when:

- a) it is probable that the future economic benefits embodied in the asset will eventuate; and
- b) the asset possesses a cost or other value that can be measured reliably.

Recognition of liabilities

A liability should be recognised in the statement of financial position when and only when:

- a) it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation; and
- b) the amount at which the settlement will take place can be measured reliably.

Recoverable amount

In relation to an asset, the recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

Recurrent/operating expenditure/output

Recurrent or operating expenses represent the annual expenditure on day-to-day operations of an organisation. Recurrent/operating expenditure is shown as an expense on the operating statement and typically includes payment for wages and salaries, the purchases of goods and services, interest, depreciation and operating grants to parties outside of government. Recurrent/operating expenditure excludes payments for capital investment.

Output costs are a sub-set of recurrent /operating expenses. Output costs represent the day to day costs of providing specific government services such as Acute Health Services and School Education - Primary (defined as 'outputs' in Budget Paper No. 3). Output costs include wages and salaries, purchases of goods and services and depreciation incurred in delivering the specified outputs/services.

Recurrent expenditure/operating costs also includes other day to day costs not related to delivery of specific outputs/services such as interest expense on state borrowings.

In broad terms, expenditure which provides less than a 12-month benefit is generally regarded as recurrent/operating expenditure, whereas expenditure that provides benefit over several years is classified as capital expenditure – giving rise to an asset on the balance sheet.

Refunds

Negative revenues by way of cash or credit against future revenues.

Reprioritisations

When a program is funded from within its existing budget, either from reallocation of internal cost savings or estimates. The reprioritisation may defer or replace the delivery of another internally funded project or service.

Request for tender

A request for offer against a set of clearly defined and specified requirements. Tenderers are advised of all requirements involved including the conditions of tendering and proposed contract conditions.

Roads

Roads include road pavement and road works in progress. All land under roads is included under the category of 'land'.

Road infrastructure

Road infrastructure mainly includes sound barriers, bridges and traffic signal control systems.

S

Sale of goods and services

Refers to revenue from the direct provision of goods and services, and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges include sale of goods and services revenue.

Sensitivity analysis

A technique used to determine how different values of an independent variable will impact a particular dependent variable under a given set of assumptions.

Special appropriations

Used for ongoing payments which need to be made independently of the government's annual budget priorities. Special appropriations represent a standing authority and do not lapse each year as annual appropriations do, but remain in force until amended or repealed by Parliament.

State final demand

State final demand (SFD) is a subset of GSP, and excludes international and interstate trade flows. As the remaining items (consumption by households and government, investment by private businesses and government [including government-owned businesses], and dwelling investment) can be more readily estimated, the ABS produces quarterly estimates of SFD at the same time it releases national quarterly GDP data. SFD is therefore used as a proxy for tracking economic growth at the state level between annual releases of GSP. Government/DTF forecasts of Victorian SFD are not publicly released.

State Resource Information Management System

The State Resource Information Management System (SRIMS) is a secure, integrated, robust and scalable system to support the Department of Treasury and Finance in its 'head office' role to provide the Government with financial and performance information to support strategic resource allocation decision making from a whole of government perspective.

Superannuation interest expense

The expense resulting from the increase in the liability due to the fact that, for all participants in the scheme, retirement (and death) is one year nearer, and so one fewer discount factors must be used to calculate the present value of the benefits for each future year. The net superannuation interest expense is calculated using the discount rate (a long-term government bond rate) without reference to the expected rate of investment return on plan assets.

Superannuation – other

Includes all superannuation expenses from transactions except superannuation interest cost. It generally includes current service cost, which is the increase in entitlements associated with the employment services provided by employees in the current period. Superannuation actuarial gains/losses are excluded as they are considered other economic flows.

T

Taxation revenue

Represents revenue received from the State's taxpayers and includes: payroll tax, land tax, duties levied principally on conveyances and land transfers, gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing, insurance duty relating to compulsory third party and non-life policies, Fire Services Property Levy, Congestion Levy, motor vehicle taxes, including registration fees and duty on registrations and transfers, levies (including the environmental levy) on statutory corporations in other sectors of government, and other taxes, including landfill levies, licence and concession fees.

Total estimated investment (TEI)

Represents an estimate of the funds required to complete the acquisition or construction of an approved asset investment/infrastructure project (such as construction of a new road, construction of new hospital or major upgrade to existing school facilities).

The construction period of a significant infrastructure asset may extend beyond one year. The TEI represents the full amount of funding required to complete construction over the full period of construction. The TEI may include funding from different sources such as State and Commonwealth funding contributions.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the Government.

Tax-equivalent payments

Payments which a government business enterprise is required to make in order to ensure that it has the same taxation obligations as private sector firms. While most government departments and agencies are exempt from Federal income tax, certain larger PNFC and PFC entities are subject to income tax-equivalent payable to the general government sector in accordance with the National Tax Equivalent Regime (NTER). The primary objective of NTER is to promote competitive neutrality, through uniformly applying income tax laws, between NTER entities and their privately held counterparts.

Taxation

Includes a number of compulsory levies imposed by the State that are mainly designed to raise revenue, and are prescribed under State tax legislation.

Taxing Bill

A Bill that authorises taxation measures.

Temporary advance

An advance provided by the Treasurer under Section 35 of the *Financial Management Act 1994* to a Minister to enable him/her to meet urgent claims in the current budget year before Parliamentary sanction is obtained. Parliamentary sanction is obtained when the subsequent year's appropriation bill is debated and passed in the Parliament.

Tender

A document in the form of an offer to supply goods and/or services, usually submitted in response to a public or selective invitation or request for tender.

Tender box

A secure location within which tenders, offers, quotations or bids are placed by a stipulated closing time.

Treasurer's advance

See 'Advance to the Treasurer' in this glossary.

Trend series

A smoothed seasonally adjusted series of estimates.

Triple-A rating

The highest quality bond rating or grade assigned to an issue or issuing company by a ratings agency. The rating or grade is awarded after an assessment of the risk of certain bonds through the study of all information provided to the public. The rating reflects the company's ability to meet the promised principal and interested payments. See 'Credit rating' in this glossary.

Triple-bottom line

A policy approach whereby the Government's social, economic and environmental responsibilities are balanced.

Trust accounts

Separate accounts within the trust fund, which contain moneys held on trust. The specific purpose for the establishment of each trust account is defined by the Minister, pursuant to section 19 of the *Financial Management Act 1994*, or is contained in a separate statute. Each specific trust account is identified by a unique trust authority (i.e. the third segment of the public ledger chart of accounts) and contains ledger accounts which can potentially record revenue, expenses, investments, assets and liabilities (i.e. the full range of natural accounts) for certain departmental activities.

Trust fund

Forms part of the State's public account, and comprises around 80 trust accounts. The trust fund does not form part of the consolidated fund.

U

Unclaimed monies

The *Unclaimed Moneys Act 1962* provides for the administration, management, receipt and payment of certain funds that are legally payable to an owner and have remained unclaimed for at least 12 months after they became payable. These funds include dividends, salaries, wages, bonds, deposits, trusts and superannuation benefits. Receipts from other acts and regulations include unclaimed amounts from Tattersall/Tattslotto prizes, Keno, poker machines and Tabcorp/racing dividends.

Unemployed persons

Persons aged 15 years and over who were not employed and were either (a) actively looking for work and available to start work, or (b) were waiting to start a new job within four weeks and could have started the job.

Unemployment rate

For any group, the number of unemployed persons expressed as a percentage of the labour force in the same group, where labour force is the sum of persons who are employed and unemployed.

Unfunded superannuation liabilities

The present value of future benefits, determined by actuarial assessment, that a superannuation scheme's members have accrued during past service that are not covered by fund assets. Unfunded superannuation liabilities arise when superannuation costs are not contributed as the members' benefits accrue.

Unit cost

The full cost divided by the number of output units produced.

Units of use (depreciation)

Allocates depreciation in terms of economic units of production or usage rather than on the basis of time.

User charges

Receipts that satisfy the following criteria: the receipt should originate from payments that are made voluntarily for goods and services provided; and the payments made and the benefits gained by the user can be clearly linked to the cost of providing the products and services.

V

Value for money

Value for money (with a focus on objectives, whole of life costs and risk management) is a key criterion for each output evaluation project. There are often also non-financial matters to be considered in evaluating value for money. Refers to much more than mere efficiency since it relates to the achievement of departmental objectives and/or delivery of outputs. Value for money links the output evaluation and output price review activities for consideration by the Government as part of the budget process.

Variance

The difference between the profiled budget and actual expenditure or revenue.

Vesting

The transfer of certain rights in relation to an asset or assets to a department. In most cases the transfer of the rights does not amount to a transfer of legal ownership. It does generally amount to a transfer of economic benefits embodied in the asset or assets.

W

Warrant

A written authority to draw specified sums during the financial year from the Consolidated Fund which must be signed by the Treasurer, the Auditor-General and the Governor.

Working accounts

A trust fund facility designed to provide departments with direct access to user charge receipts for those activities conducted on a commercial basis separately from core departmental operations.

Write-off

In relation to amounts receivable, recognition that an amount so receivable is uncollectable.

Written-down value

The gross value of an asset (acquisition cost or fair value) less accumulated depreciation.

X

Nil

Y

Nil

Z

Nil



Treasury
and Finance