



**ACT**  
Government

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Chief Minister, Treasury and  
Economic Development

## **2023-24 Budget**

### **Glossary**



## GLOSSARY

### **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 a future 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 that 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.

### **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 Bureau of Statistics (ABS)**

The ABS is Australia's national statistical agency, providing official statistics on a wide range of economic, social, population and environmental matters of importance to Australia. In particular, the publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* is used for the presentation of data on government outlays.

## **ABS GFS Manual**

The ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015*.

## **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 that indicates the assets held by an entity relative to the claims against those assets (ie liabilities).

## **Better Infrastructure Fund**

The Better Infrastructure Fund (BIF) provides annual funding for improving existing Territory physical infrastructure assets to extend their useful life or enhance existing service delivery capacity. Improvements to existing infrastructure are distinct from routine repairs and maintenance, which are funded separately.

## **Board of Treasurers**

An independent body comprised of the State and Territory Treasurers to collaborate on issues of common interest, advance national reform priorities from a State and Territory perspective and promote a united agenda-setting role in federal affairs.

## **Budget Papers**

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

## **Budget Review**

The Budget Review provides updated information to allow an assessment of the Government's financial performance against its policy objectives and strategies as set out in the preceding budget.

The Budget Review:

- provides an update to the financial forecast projections for the current financial year and the next three financial years, taking into account the audited results for the previous financial year;
- updates financial and economic parameters, and incorporates the consequential changes to the estimated outcome and the forward years' forecasts;
- identifies the impact of policy initiatives that have been decided since the preceding budget;
- identifies the impact of refined cash expenditure forecasts associated with the Territory's Infrastructure Investment Program;
- identifies events and risks that have emerged since the preceding budget, and incorporates them where they are certain and quantifiable; and
- presents a view of the Territory's financial position and risks to that position.

Section 20A of the *Financial Management Act 1996* requires the preparation of a Budget Review for each financial year.

## **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**

A Capital Grant is provided to an entity, either in the form of an asset or funding to purchase an asset. The funding may also have been received from the sale of an asset held by the grantor. These grants do not have a reciprocal nature and no asset is returned to the Government.

### **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 arrangements 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 that do not extend the useful life of an asset and are funded through a Territory entity's recurrent appropriation.

### **Capital Works**

Capital works are:

- the creation of a new Territory asset, including new construction projects, and additions to assets;
- alterations to buildings and other assets;
- furniture and fittings, equipment or plant that are provided as an integral component in the construction and upgrade of buildings or works;
- work that 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.

### **Capital Works Reserve**

The Capital Works Reserve is funds available under section 18 of the *Financial Management Act 1996* for payments associated with multi-year capital works programs.

### **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 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 Statement of Cash Flows.

### **CIT Solutions**

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 that 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. They also include payments received from the Commonwealth Government for specific purposes. In addition, grants are 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 main function is to provide advice to the Commonwealth Government on the relative fiscal capacity of State and Territory governments to inform the distribution of the GST among the States and Territories in accordance with the principle 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.

### **Concessional Loan**

A concessional loan is a loan provided with more favourable terms and conditions than those offered in the market. It is comprised of two components: a market-based loan and a concessional component. The concessional component may involve discounted (or zero) interest rates, longer repayment periods, or deferred repayment terms (without incurring additional charges).

### **Consumer Price Index (CPI)**

The CPI measures changes in the price of a 'basket' of goods and services that is representative of the expenditure of the CPI population group (ie metropolitan households).

### **Contract Asset**

A contract asset is recognised if the Territory transfers goods or services to a customer before the customer pays consideration or the payment is due. It is different from a trade receivable which is an unconditional right to receive payment and is presented separately on the balance sheet.

### **Contract Liability**

A contract liability is recognised if a customer pays consideration before the Territory transfers a good or service to the customer.

### **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 a Territory entity for the delivery of goods and services provided by the Territory entity or a person providing goods and services on behalf of the Territory entity.

### **Council on Federal Financial Relations (CFFR)**

CFFR is an intergovernmental body comprised of all Treasurers and chaired by the Commonwealth Treasurer, with responsibility for overseeing the financial relationship between the Commonwealth and state and territory governments, including collaborating on all intergovernmental financial matters and overseeing the operation of the IGA-FFR. CFFR reports to National Cabinet under the Australian Federal Relations Architecture.

### **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 12 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 operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Territory entity does not have an unconditional right to defer settlement of the liability for at least 12 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 major 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 residual interest in the assets of the entity after deducting all its liabilities.

## **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 Total Territory harmonised operating statement expenses include all mutually agreed transactions that decrease net worth, in accordance with Government Finance Statistics principles.

## **Federation Funding Agreements**

Major sectoral agreements that outline common administrative processes and principles in relation to Commonwealth payments to the States and Territories for specific projects, services, and reforms. There are five Federation Funding Agreements, each relating to a specific area of service provision – Health, Education and Skills, Infrastructure, Environment, and Affordable Housing, Community Services and Other. Individual projects, services and reforms and their associated payments are specified as schedules under each Federation Funding Agreement.

## **Financial Assets**

Assets that derive monetary value because of a contractual claim.

## ***Financial Management Act 1996 (FMA)***

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

## **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.

## **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.

## **General Government Sector (GGS)**

This is an 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)**

GRA covers a broad range of payments, including GST and municipal service payments, that 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 that is collected by the Commonwealth on behalf of the States and Territories and distributed 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, 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 (GSP)**

The total market value of goods and services produced in a State or Territory 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.

GSP, as defined here, is 'at market prices' and is equivalent to gross national expenditure, plus exports of goods and services, less imports of goods and services.

### **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.

### **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.

## **Horizontal Fiscal Equalisation (HFE)**

The principle used to distribute GST revenue amongst the State and Territory governments. Prior to 2021-22, HFE was defined as each State and Territory having 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. Following Commonwealth legislation passed in 2018, the principle is transitioning to a new definition from 2021-22 to 2026-27 that each State and Territory would have the fiscal capacity to provide services and the associated infrastructure to at least the same standard as the fiscally stronger of New South Wales or Victoria 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 is an unlisted public company owned by the ACT Government but operated as an arm's length commercial entity under the terms of the Territory-owned Corporations Act. Icon Water Limited owns and operates the water and sewerage assets and business in the ACT and manages the investment in the local energy businesses, EvoEnergy and ActewAGL Retail.

## **ICT**

Information and communications technologies.

## **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.

## **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 after 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 [IGA FFR](#) outlines the objectives, principles and institutional arrangements governing financial relations between the Commonwealth and the State and Territory governments. It recognises that the States and Territories have primary responsibility for many areas of service delivery, but that coordinated action is necessary to address Australia's economic and social challenges. It provides the foundation for the establishment of funding agreements between the Commonwealth and the States and Territories.

## **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.

## **Lease Liabilities**

A lease liability is the obligation to make lease payments, measured at the present value of future lease payments.

## **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 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 benefits (long service and annual leave) and trade creditors.

## **Local Hospital Network (LHN)**

The ACT Local Hospital Network, established in accordance with the National Health Reform agreement and managed in accordance with *the Health (National Health Funding Pool and Administration) Act 2013*, is administered by the Director General of the ACT Health Directorate. The ACT LHN is supported by the Directorate's staff.

The LHN received funding from the Commonwealth, and the ACT as well as other state and territory governments. The LHN funds public hospital and health services delivered by the main providers including the Canberra Health Services (CHS) which operates Canberra Hospital and the University of Canberra Hospital, a network of community health centres and walk in centres as well as other health service providers in the ACT.

## **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 in whether it is material.

## **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 and Territories in the delivery of services across a sector.

There are currently five major National Agreements— the National School Reform Agreement, the National Health Reform Agreement, the National Agreement for Skills and Workforce Development, the National Housing and Homelessness Agreement, and the National Mental Health and Suicide Prevention Agreement. Each of the first four listed National Agreements is associated with a payment which is required to be spent in the relevant sector under the conditions of the agreement – Quality Schools funding, National Health Reform funding, the Skills and Workforce Development National Specific Purpose Payment, and National Housing and Homelessness funding. Payments for the National Mental Health and Suicide Prevention Agreement are considered National Partnership Payments.

## **National Cabinet**

National Cabinet is the peak intergovernmental body of the Australian Commonwealth, chaired by the Prime Minister and attended by the Premiers and Chief Ministers of the States and Territories. National Cabinet replaced the Council of Australian Governments in 2020 and its role is to facilitate inter-governmental discussion and cooperation on issues of national significance, including major policy reforms and the ongoing response to the COVID-19 pandemic.

## **National Partnership Agreements**

Under the federal financial relations framework set out in the IGA-FFR, National Partnership Agreements 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 Agreements are gradually being phased out and replaced with schedules under the Federation Funding Agreements.

## **National Partnership Payment (NPP)**

A NPP is a Commonwealth payment to the States and Territories under the IGA-FFR, in respect of a Federation Funding Agreement, National Partnership Agreement or Project 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 (SPP)**

A Commonwealth financial contribution to support State and Territory delivery of services in a particular sector within the scope of the IGA-FFR. There is currently only one National SPP which is associated with the National Agreement on Skills and Workforce Development.

**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 assess 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. The ACT measure of net debt excludes the impact of superannuation related investments.

**Net Financial Liabilities**

Net financial liabilities take into account unfunded superannuation liabilities and provide 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). This measure 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 contributions of ACT Government entities to the wealth of the ACT.

### **Nominal Superannuation Expense**

The nominal superannuation expense is 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 situation, 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 are 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 are 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 are assets created by a production process and held by producers mainly for the purposes of production; they include produced assets, such as buildings (including dwellings), infrastructure (e.g. railways, roads, tunnels, airports and dams), plant and equipment, cultivated assets (e.g. livestock, vineyards and orchards), intangible assets (e.g. computer software), inventories (including materials, supplies, works in progress, finished goods and goods for resale), and valuables (e.g. precious metals and stones, and antiques).

### **Non-Financial Public Sector**

Non-financial public sector is 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 where 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 Result**

Operating profit or loss for the period being reported.



**Operating Statement**

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

**Other Economic Flows**

For the whole of government harmonised Operating Statement, other economic flows are defined as changes in the volume or value of assets and liabilities that do not result from transactions and include changes in the value of assets from revaluations, non-financial asset sales and non-mutual bad debts written off.

**Other Non-Financial Assets**

Include non-financial assets not elsewhere classifiable such as lease incentives.

**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.

**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 (only with written approval of the Treasurer) arrange an overdraft or credit facility. The relevant Budget Statement section summarises 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.

**Productivity Commission (PC)**

The PC is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians.

## **Project Agreements**

Project Agreements are a type of National Partnership Agreement used to implement projects that are low-value and/or low risk. Project Agreements are simple, standalone, output-focussed documents that are generally bilateral, but 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**

The term provision has two meanings in Budget documentation.

In financial statements, the term has the generally accepted accounting definition of a liability for which the amount or timing of the future sacrifice of economic benefits that will be made is uncertain.

In other areas of the Budget, including budget initiatives, the term provision is an amount held in the consolidated estimates to ensure they are based on the best information available at the time of the budget and reflect anticipated events that cannot be assigned to specific agencies at the time of preparation.

## **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 marketplace at prices that aim to recover most of the costs involved. In general, PNFCs are legally distinguishable from the government which owns them.

### **Public Private Partnerships (PPP)**

Public Private Partnerships are a form of infrastructure procurement that involve high levels of risk transfer to the private sector and high levels of integrated delivery including:

- design;
- construction;
- maintenance;
- operations; and
- financing.

PPPs provide the Territory with additional delivery and financing options to support large infrastructure. Under the PPP model, the contractor is incentivised to achieve on-time, on-budget delivery as payments do not commence until the asset is commissioned.

PPPs involve integrated maintenance and operations over extended periods of time resulting in the preservation of an asset's condition throughout its life. Whole-of-life asset costs are improved through integrated service delivery as a design feature. PPPs can offer savings over traditional procurement.

### **Public Trading Enterprises (PTEs)**

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

### **Right of use assets**

A right of use asset (ROU) is the lessee's right to use an asset over the contracted term of a lease. The rights, obligations, risks and benefits of assets under lease contracts may differ substantially from corresponding assets that are owned outright. Lease ROU assets are a distinct grouping of assets.

### **Receipts**

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

### **Relativity (GST)**

GST relativities reflect the fiscal capacity of each State or Territory relative to the average fiscal capacity of all States and Territories. It is a single figure representing each jurisdiction's advantages and disadvantages in revenue raising, spending and Commonwealth Government payments. A jurisdiction's GST relativity shows the proportion of the national average GST per person it should receive to give it the benchmark fiscal capacity.

### **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 Concession Arrangements**

Service Concession Arrangements are typically contracts between a grantor (the ACT Government) and an operator where a private operator provides public services related to a service concession asset on behalf of the public sector grantor for a specified period of time and manages at least some of those services.

The service concession arrangement is effective in the reporting period between a grantor and an operator in which:

- the operator has a right of access to the service concession asset(s) to provide public services on behalf of the grantor for a specified period of time;
- the operator is responsible for at least some of the management of the public services provided through the asset and does not merely act as an agent on behalf of the grantor; and
- the operator is compensated for its services over the period of the service concession arrangement.

A grantor is the ACT Government agency that grants the right to access the service concession asset to the operator. An operator is the entity that has a right of access to the service concession asset to provide public services (AASB 1059 Appendix A).

### **Service Purchasing**

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

### **State Final Demand (SFD)**

The sum of 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. It is conceptually equivalent to domestic final demand at the national level.

## **Strategic Indicators**

Performance indicators that measure 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 that 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 measurable and/or verifiable through strategic indicators.

## **Superannuation Provision Account**

An 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 provides that monies in the account can only be used for superannuation purposes, 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 types of expenses such as travel, office requisites, postage, computer services, consultants and telecommunications services.

## **Tax-Equivalent Payments**

Payments that a PTE is required to make to ensure it has the same taxation obligations as private sector firms, usually for competitive neutrality reasons. For example, although PTEs 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.

**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 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.

**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 that a Territory entity holds in trust on behalf of a third party. Trust money is money deposited with the Territory pending the completion of a transaction or the determination of a dispute and that may become repayable to the depositor or payable to the Territory or anyone else. It can also be money that is paid into a Territory court for possible repayment to the payee or a third party because of any Act, order, instruction or authority. Trust money is money that belongs to or is owing to any person and is collected by the Territory because of an agreement between the Territory and that person or unclaimed money that is owing to or belongs to anyone and is deposited with the Territory.

**Unemployment Rate**

For any group, the number of unemployed persons expressed as a percentage of the labour force in the same group.

### **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. User charges are reflected under the sales of goods and services from contracts with customers line in agency Operating Statements.

### **Vertical Fiscal Imbalance (VFI)**

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

### **Wage Price Index (WPI)**

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

### **Whole of Government Harmonised Standard**

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 that 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.