

Glossary

Advances/Advances Paid	Loans acquired for policy rather than liquidity management purposes. Included are long-term and short-term loans, non marketable debentures and long-term and short-term promissory agreements (bonds and bills) issued to public sector units for achieving government policy objectives.
Agency	A unit of government administration, or office or statutory corporation, nominated in an Administrative Arrangements Order for the purposes of the <i>Financial Management Act</i> and including, where the case requires, a part or division (by whatever name called) of an agency.
Australian Accounting Standards	Statements of accounting standards which can be applied in the preparation and presentation of financial statements.
Capital Grants	Transactions in which the ownership of an asset (other than cash and inventories) 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.
Cash Surplus/Deficit	Reported in the cash flow statement that measures the net impact of cash flows during the period. It equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets, less distributions paid less value of assets acquired under finance leases and similar arrangements.
Commonwealth Own-purpose Expenses	Payments by the Commonwealth for goods and services and associated transfer payments for the conduct of its general government activities.
Comprehensive Result	The net result of all items of income and expense recognised for the period. It is the aggregate of the operating result and other movements in equity, other than transactions with owners as owners.
Consumer Price Index	A general indicator of the prices paid by household consumers for a specific basket of goods and services.
Contingent Liability	A potential financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.
Current Grants	Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.
Finance Lease	Lease agreements that transfer substantially all the risks and benefits relating to ownership of an asset from the lessor (legal owner) to the lessee (party using the asset).

Financial Asset	<p>Any asset that is:</p> <ul style="list-style-type: none"> • cash; • an equity instrument of another entity; • a contractual right: <ul style="list-style-type: none"> – 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 • a contract that will or may be settled in the entity's own equity instruments and is: <ul style="list-style-type: none"> – 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. <p>For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.</p>
Fiscal Balance	<p>Fiscal balance, also referred to as net lending/borrowing, is an operating statement measure that differs from the net operating balance in that it includes spending on capital items but excludes depreciation. The fiscal balance measure more accurately reflects the cash requirements of a government in any given year. A net lending (or fiscal surplus) balance indicates that a government is saving more than enough to finance all its investment spending. A net borrowing (or fiscal deficit) position indicates that a government's level of investment is greater than its level of savings.</p>
Generally Accepted Accounting Principles	<p>Generally accepted accounting principles (GAAP) is a term used to describe broadly the body of principles that governs the accounting for financial transactions underlying the preparation of a set of financial statements.</p>
General Government Sector	<p>Defined in Government Finance Statistics as an entity or group of entities which are mainly engaged in the production of goods and/or services outside the normal market mechanism. Goods and services are provided free of charge or at nominal charges well below costs of production.</p>
Goods and Services Tax Revenue	<p>On 1 July 2000, the Commonwealth introduced the goods and services tax (GST). Payments from the Commonwealth return the GST revenue to the states and territories, replacing the previous general purpose grants.</p>
Government Business Division (GBD)	<p>A Territory-controlled trading entity that follows commercial practices and is required to comply with competitive neutrality principles.</p>

Government Finance Statistics (GFS)	Refers to statistics that measure the financial transactions of governments and reflect the impact of those transactions on other sectors of the economy. Government Finance Statistics in Australia are developed by the Australian Bureau of Statistics in conjunction with all governments and are mainly based on international statistical standards, developed in consultation with member countries by the International Monetary Fund.
Government Owned Corporation	A government owned corporation (GOC) is an entity whose objectives are to operate at least as efficiently as any corporate business and maximise sustainable return to government. The <i>Government Owned Corporations Act</i> adopts the shareholder model of corporate governance and the Power and Water Corporation became the Territory's first GOC on 1 July 2002.
Government Purpose Classification	Classifies outlays or expenditure transactions by the purpose served, for example, health, education.
Grants	<p>Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be of a current or capital nature (see current grants and capital grants).</p> <p>Grants can be paid as general purpose grants which refer to grants which are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.</p>
Grants for On-passing	All grants paid to one institutional sector (for example, a state general government) to be passed on to another institutional sector (for example, local government or a non-profit institution).
Gross Domestic Product	The total value of goods and services produced in Australia over the period for final consumption. Intermediate goods, or those used in the production of other goods, are excluded. Gross domestic product can be calculated by summing total output, total income or total expenditure.
Gross State Product	Similar to gross domestic product, except that it measures the total value of goods and services produced in a jurisdiction. It is the sum of all income, namely wages, salaries and profits, plus indirect taxes less subsidies. It can also be calculated by measuring expenditure, where it is the sum of state final demand and international and interstate trade, changes in the level of stocks and a balancing item.
Guarantee	An undertaking to answer for the debt or obligations of another person or entity.
Indemnity	A written undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability.
Loan Council	The Australian Loan Council coordinates borrowing by Australian and state governments. Current arrangements seek to emphasise transparency of public sector finances, through financial market scrutiny of proposed borrowing to restrict borrowing to prudent levels.

Loan Council Allocation	The nomination to the Loan Council of the level of financing required.
Memorandum Items – Loan Council	Memorandum items are used to adjust the cash surplus/deficit to include in the Loan Council Allocation certain transactions that may have the characteristics of public sector borrowings but do not constitute formal borrowings.
National Partnership Agreement	An agreement defining the objectives, outputs and performance benchmarks related to the delivery of specified projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.
Net Acquisition/ (Disposal) of Non Financial Assets from Transactions	<p>Purchases (or acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets.</p> <p>Purchases and sales (or net acquisitions) of non-financial assets generally include accrued expenses and payables for capital items. Purchases exclude non-produced assets and valuables which are included in other movements in non-financial assets.</p>
Net Actuarial Gains	Includes actuarial gains and losses on defined benefit superannuation plans.
Net Cash Flows from Investments in Financial Assets (Liquidity Management purposes)	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)	Cash receipts from the repayment and liquidation of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. 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 is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by natural disasters.
Net Debt	<p>Net debt measures a government's net stock of selected gross financial liabilities less financial assets.</p> <p>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.</p>
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 (for example, accrued employee liabilities such as superannuation and long service leave entitlements). For the PNFC and PFC sectors, it is equal to negative net financial worth.

Net Financial Worth	A measure of a government's net holdings of financial assets. It is calculated from the Uniform Presentation Framework balance sheet as financial assets minus liabilities. Net financial worth is a broader measure than net debt, in that it incorporates provisions (such as superannuation, but excludes depreciation and doubtful debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities.
Net Operating Balance	The revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations and 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 Worth	Provides a relatively comprehensive picture of a government's overall financial position. It is calculated as total assets less total liabilities less shares and other contributed capital. It includes a government's non financial assets such as land and other fixed assets, which may be sold and used to repay debt, as well as its financial assets and liabilities including debtors, creditors and superannuation liabilities. Net worth also shows asset acquisitions over time, giving an indication of the extent to which borrowings are used to finance asset purchases, rather than only current expenditure.
Non Financial Assets	Assets that are not financial assets, predominantly land and other fixed assets.
Non Financial Public Sector	The sector formed through a consolidation of the general government and public non financial corporation subsectors.
Other Economic Flows	Changes in the volume or value of an asset or liability that do not result from transactions (that is, revaluations and other changes in the volume of assets).
Other Superannuation Expense	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.
Payables	Government-controlled entities which perform central bank functions, and/or have the authority to incur liabilities and acquire financial assets in the market on their own account.
Public Financial Corporations (PFC)	The Australian Loan Council coordinates borrowing by Australian and state governments. Current arrangements seek to emphasise transparency of public sector finances, through financial market scrutiny of proposed borrowing to restrict borrowing to prudent levels.
Public Non Financial Corporations (PNFC)	Public enterprises primarily engaged in the production of goods or services of a non financial nature, for sale in the market place, at prices which aim to recover most of the costs involved.
Receivables	Includes short-term and long-term trade credit and accounts receivable, grants, taxes and interest receivable.

Sale of Goods and Services	Revenue from the direct provision of goods and services and includes fees and charges for services rendered, sale 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 rental income from the use of non-produced assets such as land. User charges includes sale of goods and services revenue.
Specific Purpose Payments	A Commonwealth financial contribution to support state delivery of services in a particular sector. Payments are made from the Commonwealth Treasury to state treasuries, and are appropriated to the relevant Northern Territory agency.
State Final Demand	Final consumption expenditure plus gross fixed capital formation in each jurisdiction. It represents the total expenditure on consumption and investment in a jurisdiction.
Superannuation Interest Cost	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. Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement, as per the relevant accounting standard. The cost is measured net of the actuarial return on plan assets of defined benefit schemes calculated using an actuarially determined long-term rate of return.
Tax Equivalents Regime	The mechanism to ensure that GBDs and GOCs incur tax liabilities similar to privately owned organisations. Thus, greater parity exists between the cost structures of government-controlled trading entities and the private sector, aiding in the achievement of competitive neutrality.
Treasurer's Advance	An appropriation purpose of that name as specified in an Appropriation Act, which provides a pool of funds specifically set aside in each budget to meet operational contingencies that arise during the year.
Uniform Presentation Framework	A uniform reporting framework (UPF) agreed by the Australian Loan Council in 2000, which is a revision of the agreement reached at the 1991 Premiers' Conference. The UPF was further updated and reissued in April 2008 to incorporate accounting standard AASB 1049 Whole of Government and General Government Sector Financial Reporting. The UPF specifies that the Commonwealth, state and territory governments will present a minimum set of budget and financial outcome information on the Government Finance Statistics basis, according to an agreed format and specified Loan Council reporting arrangements.