

GLOSSARY

Accrual Accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated Depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Administered Items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
AEIFRS	Australian Equivalents to International Financial Reporting Standards which were issued by the Australian Accounting Standards Board in July 2004.
Annual Appropriation	Acts of Parliament, which provide appropriation for the government's activities during a specific financial year. Three appropriation Bills are introduced into Parliament in May and comprise the Budget. Further supplementary Bills are introduced later in the financial year as part of the Additional Estimates process. The Parliamentary Departments have their own appropriation Bills.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.

Glossary

Appropriation Bill (No. 1)	This Bill proposes spending from the Consolidated Revenue Fund for the ordinary annual services of government. Once the Bill is passed by Parliament and given royal assent, it becomes the Appropriation Act (No. 1).
Appropriation Bill (No. 2)	This Bill proposes spending from the Consolidated Revenue Fund for purposes other than the ordinary annual services of government. Under existing arrangements between the two Houses of Parliament (the 'Compact'), this Bill includes appropriation funding of administered expenses for new outcomes, payments to the States and Territories, and for departmental or administered capital. Funding for extensions to existing programs can be included in Appropriation Bill (No.1). Once the Bill is passed by Parliament and given royal assent, it becomes the Appropriation Act (No. 2).
Appropriation Bill (Nos 3 and 4)	If an amount provided in Appropriation Acts (No.1 or 2) is not enough to meet approved expenditure to be paid in a financial year, supplementary appropriation may be sought in Appropriation Bills (No. 3 or 4). Once these Bills are passed by Parliament and given royal assent, they become the Appropriation Acts (Nos 3 and 4). However, they are also commonly referred to as the Additional Estimates Bills.
Assets	Future economic benefits controlled by an entity as a result of past transactions or other past events.
Average Staffing Level (ASL)	ASL is the average number of employees receiving salary/wages (or compensation in lieu of salary/wages) over a financial year, with adjustments for casual and part-time employees to show the full-time equivalent.

Budget Measure	A decision by the Cabinet or Ministers that have been finalised since the previous years additional estimates and has resulted in a change in expenditure.
Budget Papers	Comprises Budget Paper (No. 1) 'Budget Strategy and Outlook', Budget Paper (No. 2) 'Budget Measures', Budget Paper (No. 3) 'Federal Financial Relations', Budget Paper (No. 4) 'Agency Resourcing'.
Budget Related Paper	Budget related papers provide more detailed explanations on specific aspects of the budget than the budget papers. Examples include the detailed Portfolio Budget Statements prepared by each portfolio.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Competitive Tendering	The process by which agencies call for offers to perform a service from internal and external bodies, including the private sector and other departments and agencies, in an open and transparent competitive environment.
Consolidated Revenue Fund (CRF)	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one CRF. The CRF is not a bank account. The Official Public Account reflects most of the operations of the CRF.
Cross Portfolio Budget Measure	This is a budget measure, which affects programs administered in a number of portfolios.
Departmental Expenses	Funds over which the department has significant control (for example, salaries money), which the department uses to produce outputs.

Glossary

Departmental items	Assets, liabilities, revenues and expenses that are controlled by the agency to produce outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Effectiveness indicators	Indicators to assess the degree of success in achieving outcomes. As outcomes are generally long-term in nature, effectiveness indicators often relate to intermediate outcomes (shorter-term impacts) below the planned outcomes specified.
Efficiency Dividend	An annual deduction of a percentage of an agency's departmental Outputs appropriation or annual administered Outcome appropriations. Efficiency dividends act as an incentive to improve operational efficiency.
Efficiency indicators	Measures the adequacy of an agency's management of its outputs (and where applicable, administered items). Includes Price, Quality and Quantity indicators. The interrelationship between the three efficiency indicators of any one output should be considered when judging efficiency.
Equity or net assets	Residual interest in the assets of an entity after deduction of its liabilities.

Expenditure Review Committee (ERC)	ERC is the major ministerial committee responsible for examining all outlay proposals in the light of the Government's overall fiscal strategy, advising Cabinet on budget spending priorities and initiating reviews of outlays under individual ongoing programs. It usually includes the Prime Minister, Treasurer and Minister for Finance and Administration as well as relevant portfolio Ministers.
Expense	Expenses represent the full costs of an activity, that is, the total value of all the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of the entity. Expenses include cash items such as salary payments as well as expenses that have been incurred, such as accruing employee entitlements that will be paid in the future.
Fair value	Valuation methodology: The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Australian Government entities will move to this method incrementally by 30 June 2006 for valuing most infrastructure, plant and equipment.
Financial Management and Accountability (FMA) Act 1997	The principal legislation governing the proper use and management of public money and public property, and other Commonwealth resources. FMA Regulations and FMA Orders are made pursuant to the Act.
Forward Estimates	The financial statement estimate for the three out-years after the budget year.
Indexation	Price adjustment of estimates to reflect price levels applicable in that specific year (current or out-turned prices). All financial statement estimates are in out-turned prices.

Glossary

Intermediate outcomes	More specific medium-term impacts (eg. trend data, targets or milestones) below the level of the planned outcomes specified in the Budget. A combination of several intermediate outcomes can at times be considered as a proxy for determining the achievement of outcomes or progress towards outcomes. (See outcomes)
Liabilities	Liabilities are future sacrifices of future economic benefits that the entity is presently obliged to make to other entities as a result of past transactions or other past events.
Operating result	Equals revenue less expenses.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Australian Government. Actual outcomes are assessments of the end-results or impacts actually achieved.
Output Groups	A logical aggregation of agency outputs, where useful, and based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs may also be needed for the provision of adequate information for performance monitoring, or based on a materiality test.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs also include goods and services for other areas of government external to the agency.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.

Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between user's expectations and experiences.
Quantity	One of the three key efficiency indicators. Examples include: the size of an output; count or volume measures; how many or how much.
Revenue	Total value of resources earned or received to cover the production of goods and services.
Special Account	Balances existing within the Consolidated Revenue Fund (CRF) that are supported by standing appropriations (Financial Management and Accountability (FMA) Act 1997, ss.20 and 21). Special accounts allow money in the CRF to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (s.20 FMA Act) or through an Act of Parliament (referred to in s.21 of the FMA Act).
Special Appropriations (including Standing Appropriations)	<p>An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year.</p> <p>Standing appropriations are a sub-category consisting of ongoing special appropriations – the amount appropriated will depend on circumstances specified in the legislation.</p>