

# GLOSSARY



<b>Accrual accounting</b>	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.
<b>Accumulated depreciation</b>	The aggregate depreciation recorded for a particular depreciating asset.
<b>Administered items</b>	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.
<b>Additional Estimates</b>	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts. This is the Additional Estimates process.
<b>Additional Estimates Bills or Acts</b>	These are Appropriation Bills 3 and 4, and a separate Bill for the Parliamentary Departments (Appropriations (Parliamentary Departments) Bill (No. 2)). These Bills are introduced into Parliament after the Budget Bills.
<b>Appropriation</b>	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund.
<b>Annual Appropriation</b>	Two Appropriation Bills are introduced into Parliament in May and comprise the Budget. Further Bills are introduced later in the financial year as part of the Additional Estimates. Parliamentary Departments have their own appropriations.
<b>Capital Budget Statement</b>	Shows all planned capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.
<b>Capital expenditure</b>	Expenditure by an agency on capital projects, for example, purchasing a building.
<b>Capital Use Charge</b>	The Capital Use Charge is a dividend requirement levied on Commonwealth General Government Sector agencies and authorities. The Capital Use Charge payment is based on those agencies and authorities' Departmental net assets at financial year end. Funding for the Capital Use Charge is included in agencies and authorities Departmental price of outputs appropriation.
<b>Departmental items</b>	Assets, liabilities, revenues and expenses which are controlled by the agency in providing its 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.
<b>Depreciation</b>	An expense recognised systematically for the purpose of allocating the depreciable amount of a depreciable asset over its useful life.
<b>Effectiveness indicators</b>	Measures the joint or independent contribution of outputs and administered items to the achievements of their outcome.
<b>Efficiency indicators</b>	Measures the adequacy of an agency's management of its outputs (and where applicable, administered items). Includes price, quality and quantity indicators. Indicators should be considered in relation to other indicators.
<b>Equity or net assets</b>	Residual interest in the assets of an entity after deduction of its liabilities.
<b>Expense</b>	Total value of all the resources consumed in producing goods and services.

<b>Fair value</b>	Valuation methodology: the amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.
<b>Historical cost</b>	The original cost of acquisition of an asset, including any costs associated with acquisition. Under Australian Accounting Standard 10 'Acquisition of Non Current Assets' assets need to be reported initially at acquisition (historical cost). The Commonwealth's financial reporting requirements issued under the Finance Minister's Orders require the subsequent revaluation of non-current assets to their deprival value within every three years.
<b>Non-financial Assets – Summary of Movement</b>	Shows budgeted acquisitions and disposals of non-financial assets during the financial year.
<b>Operating result</b>	Equals revenue less expense.
<b>Outcomes</b>	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community influenced by the actions of the Commonwealth. Actual outcomes are the results or impacts actually achieved.
<b>Output groups</b>	A logical aggregation of outputs, where useful, based either on homogeneity, type of product or beneficiary target group. Aggregation may also be needed for the provision of adequate information for performance monitoring; or based on a materiality test.
<b>Outputs</b>	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs include goods and services for other areas of government external to the agency.
<b>Price</b>	The amount the government or the community pays for the delivery of agreed outputs.
<b>Quality</b>	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.
<b>Quantity</b>	Size of an output. Count or volume measures. How many or how much.
<b>Revenue</b>	Total value of resources earned or received to cover the production of goods and services.
<b>Special Appropriations</b>	Moneys appropriated by Parliament in an Act separate to an annual Appropriation Act, where the payment is for a specified amount. Special appropriations are not subject to Parliament's annual budget control, unlike the annual appropriations.
<b>Statement of Financial Position (Balance Sheet)</b>	Shows the financial position of the Department. It enables decision makers to track the management of the Department's assets and liabilities.
<b>Statement of Cash Flows</b>	Provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

**Statement of  
Financial  
Performance  
(Operating  
Statement)**

This statement provides a picture of the expected financial results to the Department by identifying full accrual expense and revenues which highlights whether the Department is operating at a sustainable level.

**Third Party Outputs**

Goods or services delivered to the community by entities outside the Commonwealth General Government Sector. They are outputs wholly or partly funded by administered items and are directed to achieving planned outcomes.