



# 2002-03 BUDGET

## READER'S GUIDE TO THE 2002-03 BUDGET PAPERS



# Foreword

This Guide has been prepared to assist readers with understanding the Budget Papers in the 2002–03 Budget.

The format of the Budget Papers continues to be presented on an accrual accounting basis. Accrual accounting presents the full cost of providing government services and demonstrates the ability of Government to sustain its operations over time.

The presentation of performance information has been enhanced and is described in the section on page 5.

Feedback is welcome and can be directed to the Department of Treasury and Finance.

## Contents

The 2002–03 Budget Papers	2
Budget Scope and Presentation	3
Enhancements to Budget Statements	5
Agency Information in Support of the Estimates	6
Illustration of Budget Tables	7
Glossary	15

# The 2002–03 Budget Papers

## **BUDGET PAPER NO. 1 – 2002–03 BUDGET SPEECH**

The budget speech delivered by the Treasurer, the Hon. E S Ripper B.A., Dip.Ed., MLA, to Parliament on 16 May 2002.

## **BUDGET PAPER NO. 2 – 2002–03 BUDGET STATEMENTS (VOLUMES 1 TO 3)**

Appropriations in accordance with the Appropriation Bills presented to Parliament, and detailed financial and performance information for agencies.

- Chapter 1 – Consolidated Fund Expenditure Estimates
- Chapter 2 – Net Appropriation Determinations
- Chapter 3 – Agency Information in Support of the Estimates

## **BUDGET PAPER NO. 3 – 2002–03 ECONOMIC AND FISCAL OUTLOOK**

Whole of government financial information together with key assumptions and economic factors taken into account when framing the budget.

- Chapter 1 – Economic and Fiscal Outlook – Summary
- Chapter 2 – Fiscal Strategy
- Chapter 3 – Financial Projections – Expenses
- Chapter 4 – Financial Projections – Revenue
- Chapter 5 – The Western Australian Economy
- Chapter 6 – Federal Affairs
- Chapter 7 – Structural Reform
- Appendix 1 – Detailed Financial Projections
- Appendix 2 – General Government Operating Revenue
- Appendix 3 – Tax and Royalty Expenditure Statement
- Appendix 4 – State Government Social Concessions Statement
- Appendix 5 – Capital Works Program - Summary of Expenditure and Source of Funds
- Appendix 6 – Public Corporations – Revenue and Expenses

## **2002–03 BUDGET OVERVIEW**

Key features of the Budget in simple form.

## **GROWING OUR STATE**

Major initiatives promoted by the Government and regional information on the economy, population and labour market.

## **READER'S GUIDE TO THE BUDGET PAPERS**

Explanation and illustration of the main content of the Budget Papers.

# Budget Scope and Presentation

## BUDGET SCOPE

All agencies receiving appropriations from the Consolidated Fund are identified in Budget Paper No. 2. This includes all departments and the majority of other agencies in the general government sector. The capital works programs of public non-financial and public financial corporations are also included in Budget Paper No. 2.

The projected whole of government financial position is reported in Chapter 2 of Budget Paper No. 3 with more detailed reports in Appendix 1 to that Paper.

## BUDGET PRESENTATION

### *Budget Paper No. 2*

Chapter 1 summarises the estimated expenditure from the Consolidated Fund. The Item numbers in this Chapter form the basis for the annual Appropriation Bills presented to Parliament.

Chapter 2 summarises the net appropriation determinations and the agencies to which they apply. These determinations allow the agencies to retain revenue received and to apply that revenue to production of the outputs as specified in the Budget Papers.

Chapter 3 presents detailed information on revenue, expenses and performance for each agency. The financial statements in this Chapter are prepared on the accrual basis in accordance with Australian Accounting Standards. This is consistent with the presentation used for financial statements in agency annual reports.

The budget for each agency is expressed in terms of funding provided to purchase outputs. These

outputs are intended to achieve the Government's policy priorities, currently expressed as strategic objectives, and 'desired outcomes'. Agencies are required to disclose measures of output quantity, quality, timeliness and cost (efficiency) together with appropriate performance targets. It is against these targets that the performance of each agency is assessed.

### *Budget Paper No. 3*

The Detailed Financial Projections in Appendix 1 of this paper are prepared on the accrual basis in accordance with the standards for Government Finance Statistics (GFS). These are the standards used for the Uniform Presentation Framework (UPF) adopted throughout Australia, facilitating comparisons between jurisdictions.

The accrual UPF is the result of agreement between State, Territory and Commonwealth jurisdictions to present common financial information in budgets, mid year and outturn reports.

The financial reports prepared under the UPF, based on GFS concepts, consist of an operating statement, balance sheet and cash flow statement for each sector of government, being general government, public non-financial corporations and public financial corporations sectors, as well as two consolidated sectors being the total non-financial public sector and the total public sector. General government is treated as the holder of equity in the other two sectors.

The financial projections prepared on the GFS basis are reconciled to the Australian Accounting Standards basis.

The **general government sector** includes agencies that operate primarily with Parliamentary appropriation funding and other self funded agencies with non-commercial functions such as the Gaming Commission of Western Australia.

**Public non-financial corporations** charge for goods and services on a largely commercial basis, and operate relatively independently of central government. In Western Australia, this sector includes agencies such as Western Power and the Water Corporation.

The **public financial corporations** sector includes those agencies that largely trade in financial assets and liabilities. These include the State's central borrowing authority (the Western Australian Treasury Corporation), home lending schemes (through Keystart), and the Insurance Commission of Western Australia.

A comprehensive listing of all agencies, and their classifications into general government sector agencies, public non-financial corporations and public financial corporations is contained in Appendix 1 to Budget Paper No. 3.

Under GFS standards, the operating statement recognises transactions with external parties. It does not recognise the impact of changes in the value of assets such as revaluations and profits or losses on sale of assets. Because agency appropriations and transactions such as the capital user charge occur within the general government sector itself they net out on consolidation and do not appear in the sector's aggregates.

The bottom line measure in the GFS operating statement is the net operating balance, being the excess of revenue over expenses. It excludes expenditure on the acquisition of capital assets but includes non-cash costs such as accruing superannuation entitlements and the consumption of capital (depreciation).

By including all accruing costs the net operating balance encompasses the full costs of providing government services making it a reliable measure of the Government's ability to sustain its operations over time.

That is, an operating surplus shows the Government has sufficient revenue to meet its operating expenses for the period, including depreciation of capital assets and emerging liabilities such as employee leave and superannuation entitlements. An operating deficit shows the opposite position and it follows that extended operations in a deficit position is not financially sustainable.

# Enhancements to Budget Statements

## PERFORMANCE INFORMATION

Enhancement of the presentation of performance information has been achieved through the inclusion of a summary table under the heading 'Outcomes, Outputs and Performance Information' for each agency. The table shows the linkages of agency level desired outcomes and outputs to the most appropriate Government strategic objectives.

Currently there are seven Government strategic objectives. They are:

1. A growing and diversified economy;
2. Strong and vibrant regions;
3. An educated and skilled future for all Western Australians;
4. Safe, healthy and supportive communities;
5. A valued and protected environment;
6. Honest, accountable and inclusive government; and
7. Sound financial management.

Each output description includes a brief statement which describes how the output contributes to achievement of the desired outcome.

Within the retitled 'Output Performance Measures' table there is recognition that reported costs are measures of 'efficiency'.

In accordance with the Government Financial Responsibility Act, FTE's are included for the budget year and the two preceding years.

## ADMINISTERED TRANSACTIONS

The 'administered transactions' information contained in the Budget Statements has been rationalised.

Previously, administered financial statements plus details of the administered transactions (revenue and expenses) were presented separately. This year, the administered financial statements continue to be included in the Budget Statements but renamed as schedules to be consistent with Accounting Standards. The tables containing details of administered transactions expenditure and revenue have been deleted for those agencies where they do not materially add any further information than that already provided in the administered financial schedules.

## SUMMARY OF RECENT FINANCIAL REFORMS

Accrual appropriations which were introduced in 2001-02, specify the total amount of resources, both cash (purchase of outputs, capital contribution and transfer payments) and non-cash (accruing employee leave entitlements and asset depreciation). The non-cash appropriation is credited to a holding account administered by Treasury and Finance and is made available to agencies, upon application, and subject to Government approval.

The capital user charge, also introduced in 2001-02, is a levy by Government on the net value of assets used by agencies in the delivery of services to the public. It recognises that there is a cost associated with holding assets which is included in the full cost of service delivery to the community.

# Agency Information in Support of the Estimates

Chapter 3 of Budget Paper No. 2 is divided into divisions, with one division for each agency that receives an appropriation from the Consolidated Fund.

The outline of a typical Division is shown below:

<b>APPROPRIATION AND FORWARD ESTIMATES</b>
<b>MISSION</b>
<b>SIGNIFICANT ISSUES AND TRENDS</b>
<b>MAJOR POLICY DECISIONS*</b>
<b>OUTPUT AND APPROPRIATION SUMMARY</b>
<b>RESOURCE AGREEMENT</b>
<b>OUTCOMES, OUTPUTS AND PERFORMANCE INFORMATION</b>
<i>Relationship to Government Strategic Objectives</i>
<i>Outcome</i>
<i>Output 1</i>
<i>Major Achievements for 2001–02</i>
<i>Major Initiatives for 2002–03</i>
<i>Outcome</i>
<i>Output 2</i>
<i>Major Achievements for 2001–02</i>
<i>Major Initiatives for 2002–03</i>
<b>CAPITAL WORKS PROGRAM*</b>
<b>CAPITAL CONTRIBUTION*</b>
<b>FINANCIAL STATEMENTS</b>
<i>STATEMENT OF FINANCIAL PERFORMANCE (Controlled)</i>
<i>STATEMENT OF FINANCIAL POSITION (Controlled)</i>
<i>STATEMENT OF CASH FLOWS (Controlled)</i>
NOTE TO THE CONTROLLED CASH FLOW STATEMENT
<i>SCHEDULE OF ADMINISTERED EXPENSES AND REVENUES*</i>
<i>SCHEDULE OF ADMINISTERED ASSETS AND LIABILITIES*</i>
<i>SCHEDULE OF ADMINISTERED PAYMENTS AND RECEIPTS*</i>
<b>DETAILS OF CONTROLLED GRANTS AND SUBSIDIES*</b>
<b>DETAILS OF THE ADMINISTERED TRANSACTIONS EXPENDITURE*</b>
<b>DETAILS OF THE ADMINISTERED TRANSACTIONS REVENUE*</b>
<b>TRUST ACCOUNT DETAILS*</b>
<b>NET APPROPRIATION DETERMINATION*</b>

\* These sections may not be relevant to all divisions.

# Illustration of Budget Tables

Appearing for each Division in Chapter 3 of Budget Paper No. 2

Illustrations are given of the more complex tables in the Budget Papers to assist with interpretation.

## APPROPRIATION AND FORWARD ESTIMATES TABLE

	2000-01 Actual \$'000	2001-02 Budget \$'000	2001-02 Estimated Actual \$'000	2002-03 Budget Estimate \$'000	2003-04 Forward Estimate \$'000	2004-05 Forward Estimate \$'000	2005-06 Forward Estimate \$'000
<b>PURCHASE OF OUTPUTS</b>							
Item 87 Net amount appropriated to purchase outputs				54,696			
Amount Authorised by Other Statutes – Salaries and Allowances Act 1975 – Lotteries Commission Act 1990				478 8,600			
Total appropriations provided to purchase outputs				63,774			
<b>ADMINISTERED GRANTS SUBSIDIES AND TRANSFER PAYMENTS</b>							
Item 88 Amount provided for Administered Grants, Subsidies and Transfer Payments				600			
<b>CAPITAL</b>							
Item 171 Capital Contribution				7,959			
<b>GRAND TOTAL</b>				72,333			

Amount appropriated through the budget process for purchase of the outputs of the agency for the year.

Amounts that are appropriated by Acts of Parliament other than the annual *Appropriation Act* for the year.

Total amount appropriated to the agency for purchase of outputs. This equals 'Appropriation provided to purchase Outputs' in the Output and Appropriation Summary.

This amount is appropriated to the agency to increase the operating capacity of the agency mainly through the purchase of assets. It is analysed in the Capital Contribution Table (illustrated on page 11).

These amounts are not directly controlled by the agency and therefore do not form part of the cost of the outputs produced. They are controlled by Central Government and the agency administers the payments on its behalf.



# Illustration of Budget Tables

Appearing for each Division in Chapter 3 of Budget Paper No. 2

## OUTPUT AND APPROPRIATION SUMMARY TABLE

	2000-01 Actual \$'000	2001-02 Budget \$'000	2001-02 Estimated Actual \$'000	2002-03 Budget Estimate \$'000	2003-04 Forward Estimate \$'000	2004-05 Forward Estimate \$'000	2005-06 Forward Estimate \$'000
<b>PURCHASE OF OUTPUTS</b>							
<b>Output 1:</b> Creation of, and the provision of access to, a diverse range of knowledge, information, arts and cultural experiences				27,085			
<b>Output 2:</b> Development and management of the State's natural, cultural and documentary collections				26,383			
<b>Output 3:</b> Support to Western Australia's arts and cultural industries				26,440			
<b>Total Cost of Outputs</b>				79,908			
<b>Less Operating revenues</b>				16,134			
<b>Net Cost of Outputs</b>				63,774			
Adjustments				-			
<b>Appropriation provided to purchase Outputs</b>				63,774			
ADMINISTERED GRANTS SUBSIDIES AND TRANSFER PAYMENTS				600			
<b>Appropriation for Administered Grants Subsidies and Transfer Payments</b>				600			
CAPITAL CONTRIBUTION TO MEET EQUITY NEEDS				7,959			
<b>Appropriation for Capital Contribution to meet equity needs<sup>(b)</sup></b>				7,959			
<b>TOTAL CONSOLIDATED FUND APPROPRIATIONS</b>				72,333			

Gross accrual cost of each individual output to be produced by the agency in the financial year.

Gross cost of all outputs for the financial year as per the Statement of Financial Performance (illustrated on page 12).

Revenue received by the agency that reduces the gross cost of outputs to give net cost of outputs.

Changes in cash balances and accrued balances such as receivables and payables between the beginning and end of the financial year may cause the accrual cost of outputs to vary from the amount appropriated to the agency in the financial year.

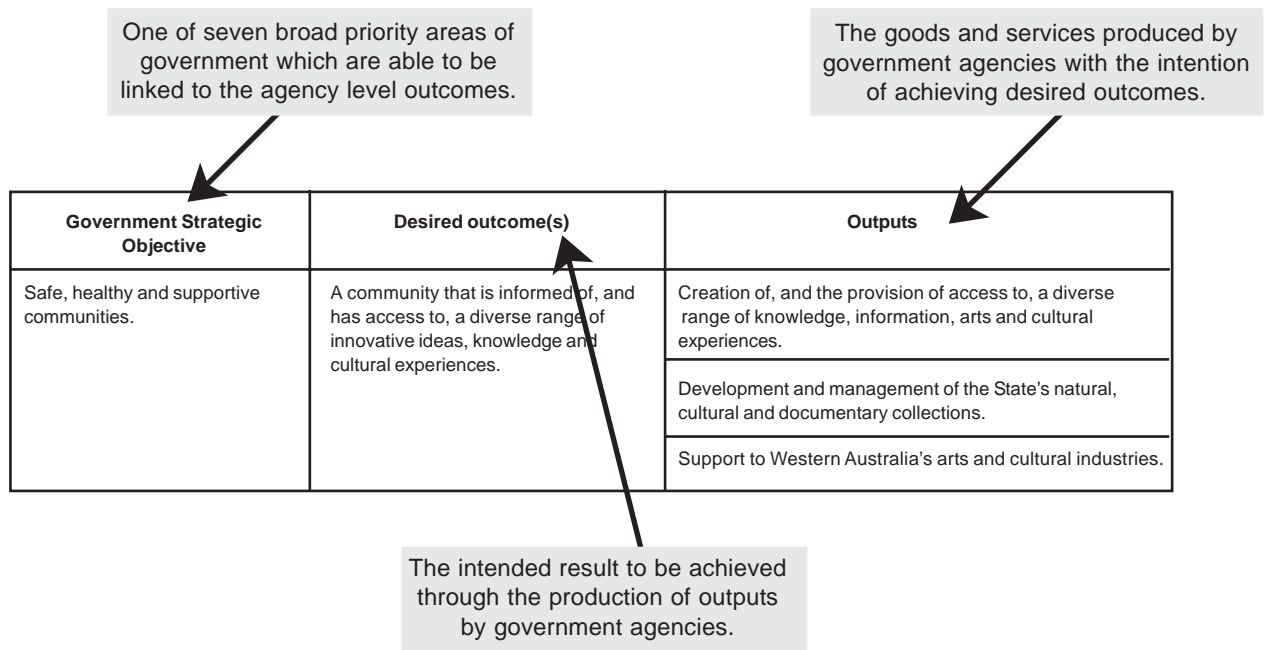
Agrees to 'Total appropriations provided to purchase outputs' in Appropriation and Forward Estimates Table (illustrated on page 7).

Same amounts as appear in Appropriation and Forward Estimates Table (illustrated on page 7).

# Illustration of Budget Tables

Appearing for each Division in Chapter 3 of Budget Paper No. 2

## RELATIONSHIP TO GOVERNMENT STRATEGIC OBJECTIVES



# Illustration of Budget Tables

Appearing for each Division in Chapter 3 of Budget Paper No. 2

## OUTPUT PERFORMANCE MEASURES

	2000-01 Actual	2001-02 Budget	2001-02 Estimated	2002-03 Target	Reason for Significant Variation between 2001-02 Estimated and 2002-03 Target
<b>Quantity</b>					
Number of interactions (visitors, internet hits, enquiries and exchanges)					
- LISWA	2,850,000			3,500,000	
- WA Museum	876,000			1,300,000	
- Art Gallery	357,812			480,770	
<b>Quality</b>					
Satisfaction rate - interactions					
- LISWA	90%			91%	
- WA Museum	96%			97%	
- Art Gallery	93%			93%	
Satisfaction rate - products					
- LISWA	93%			93%	
- WA Museum	97%			97%	
- Art Gallery	96%			96%	
<b>Timeliness</b>					
Number of hours per week public has access to collections at Perth sites					
- LISWA	74.5			74.5	
- WA Museum					
- Perth Museum	49			49	
- Maritime Museum	46			46	
- Fremantle History Museum	40			40	
- Art Gallery	49			49	
<b>Cost (Efficiency)</b>					
- LISWA	\$5.59			\$5.50	
- WA Museum	\$1.81			\$1.70	
- Art Gallery	\$12.10			\$11.70	
<b>Full Time Equivalents (FTEs)</b>	<b>340</b>	<b>340</b>	<b>341</b>	<b>343</b>	

Cost x quantity equals, in a material sense, the gross cost of the output.

Recognition that cost is a measure of efficiency.

Improved clarification in presentation of FTE numbers.

# Illustration of Budget Tables

Appearing for each Division in Chapter 3 of Budget Paper No. 2

## CAPITAL CONTRIBUTION TABLE

	2000-01 Actual \$'000	2001-02 Budget \$'000	2001-02 Estimate Actual \$'000	2002-03 Budget Estimate \$'000	2003-04 Forward Estimate \$'000	2004-05 Forward Estimate \$'000	2005-06 Forward Estimate \$'000
Agrees to the total of the Capital Works Program.							
CAPITAL CONTRIBUTION TO MEET EQUITY NEEDS							
<b>Total Cost of Capital Works Program</b>				9,277			
<b>Working capital requirement</b>							
Loan repayments				912			
				10,189			
LESS							
Borrowings				2,130			
Funding included in output appropriations				-			
Holding Account				100			
Internal Funds and Balances				-			
<b>Capital Contribution</b>				7,959			

Loan repayments are capital transactions not included in the cost of outputs. They affect only the Statement of Financial Position.

Borrowings are an external source of funding and reduce the funding required from the Consolidated Fund.

As explained on page 5 of this Guide, amounts here relate to cash drawdowns from the holding account.

Funding for some items in the capital works program may be included in 'Purchase of Outputs'. To also include such funding in the Capital Contribution would be duplication.

# Illustration of Budget Tables

Appearing for each Division in Chapter 3 of Budget Paper No. 2

## STATEMENT OF FINANCIAL PERFORMANCE (CONTROLLED)

(aligns with cost of producing outputs)

	2000-01 Actual \$'000	2001-02 Budget \$'000	2001-02 Estimated Actual \$'000	2002-03 Budget Estimate \$'000	2003-04 Forward Estimate \$'000	2004-05 Forward Estimate \$'000	2005-06 Forward Estimate \$'000
<b>COST OF SERVICES</b>							
<b>Expenses from ordinary activities</b>							
Salaries and allowances				25,114			
Superannuation				1,280			
Supplies and services				12,869			
Administration expenses				8,310			
Accommodation expenses				3,000			
Depreciation				6,056			
Net loss on disposal of non-current assets				-			
Borrowing costs				3,073			
Capital User Charge				13,000			
Grants, subsidies and transfer payments				7,206			
<b>TOTAL COST OF SERVICES</b>				79,908			
<b>Revenues from ordinary activities</b>							
User charges and fees				10,244			
Interest				890			
Net profit on disposal of non-current assets				-			
Grants and subsidies				2,000			
Other				3,000			
<b>Total Revenues from Ordinary Activities</b>				16,134			
<b>NET COST OF SERVICES</b>				63,774			
<b>REVENUES FROM GOVERNMENT</b>							
Appropriations				63,774			
<b>TOTAL REVENUES FROM GOVERNMENT</b>				63,774			
Change in Equity arising from restructuring				-			
<b>CHANGE IN EQUITY RESULTING FROM OPERATIONS</b>				-			
Extraordinary Items				-			
<b>CHANGE IN EQUITY AFTER EXTRAORDINARY ITEMS</b>				-			

Details of accrual operating costs in the financial year.

Accrual revenues of the agency that are retained by the agency and applied to the delivery of outputs.

Accrual net cost of provision of services by the agency in the financial year.

Total amount appropriated to the agency to purchase outputs. This agrees to the total in the 'Appropriation and Forward Estimates Table'.

Agencies may be subject to restructuring involving transfers of assets and liabilities to and from the agency. This represents the net change relating directly to restructuring as opposed to normal operations.

Certain items of revenue and expenditure are deemed by Accounting Standards to be extraordinary when they are outside ordinary operating activities and not likely to recur.

This represents the change in the 'net worth' of the agency due to its operations in the financial year.

# Illustration of Budget Tables

Appearing for each Division in Chapter 3 of Budget Paper No. 2

## STATEMENT OF FINANCIAL POSITION (CONTROLLED)

	2000-01 Actual \$'000	2001-02 Budget \$'000	2001-02 Estimated Actual \$'000	2002-03 Budget Estimate \$'000	2003-04 Forward Estimate \$'000	2004-05 Forward Estimate \$'000	2005-06 Forward Estimate \$'000
<b>CURRENT ASSETS</b>							
Cash assets				15,857			
Other financial assets (Investments)				208			
Receivables				1,360			
Inventories				774			
Restricted cash assets				1,756			
Amounts receivable for outputs				150			
Prepayments				180			
Other				300			
<b>Total current assets</b>				20,585			
<b>NON-CURRENT ASSETS</b>							
Amounts receivable for outputs				7,032			
Land and buildings				121,495			
Other financial assets (Investments)				2,479			
Plant, equipment and vehicles				6,482			
Library collections				32,109			
Works of art				28,385			
Other non-current assets				250			
<b>Total non-current assets</b>				198,232			
<b>TOTAL ASSETS</b>				218,817			
<b>CURRENT LIABILITIES</b>							
Provision for employee entitlements				3,331			
Payables				1,262			
Interest bearing liabilities (Borrowings)				1,221			
Interest payable				999			
Trust Funds				1,506			
Other liabilities				7,101			
<b>Total current liabilities</b>				15,420			
<b>NON-CURRENT LIABILITIES</b>							
Employee entitlements				2,920			
Interest bearing liabilities (Borrowings)				32,640			
<b>Total non-current liabilities</b>				35,560			
<b>TOTAL LIABILITIES</b>				50,980			
<b>EQUITY</b>							
Contributed equity				7,959			
Accumulated surplus/(deficit)				83,337			
Asset revaluation reserve				23,669			
Other reserves				52,872			
<b>Total equity</b>				167,837			
<b>TOTAL LIABILITIES AND EQUITY</b>				218,817			

Assets that are either cash or are likely to be converted to cash within 12 months.

Assets that do not fall within the definition of current assets.

Current liabilities are those that are likely to be settled within 12 months.

Non-current liabilities are those that are not likely to be settled within 12 months.

The accumulated balance of capital contributions as shown in the 'Appropriation and Forward Estimates Table'.

Accumulated balance over time of the 'Change in Equity after Extraordinary Items' from the Statement of Financial Performance.

Represents the difference between cost and current valuation of assets controlled by the agency.

The sum of assets less liabilities and represents the ownership interest of the Government in the agency.

# Illustration of Budget Tables

Appearing for each Division in Chapter 3 of Budget Paper No. 2

## STATEMENT OF CASH FLOWS (CONTROLLED)

	2000-01 Actual \$'000	2001-02 Budget \$'000	2001-02 Estimated Actual \$'000	2002-03 Budget Estimate \$'000	2003-04 Forward Estimate \$'000	2004-05 Forward Estimate \$'000	2005-06 Forward Estimate
<b>CASH FLOWS FROM GOVERNMENT</b>							
Output appropriation				56,492			
Capital Contribution				7,959			
Holding Account				100			
<b>Net cash provided by government</b>				64,551			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Salaries and related costs				(23,276)			
Superannuation payments				(1,280)			
Supplies and services				(15,079)			
Administration expenses				(7,840)			
Accommodation expenses				(3,000)			
Borrowing costs				(2,946)			
Capital User Charge				(13,000)			
Grants, subsidies and transfer payments				(6,519)			
Goods and Services Tax				(6,000)			
<b>Receipts</b>							
User charges and fees				9,879			
Interest				790			
Grants and subsidies				2,000			
Goods and Services Tax				6,000			
Other				4,427			
<b>Net cash from operating activities</b>				(55,844)			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of non-current assets				(8,417)			
Purchase of investments				(760)			
Receipts from the sale of non-current assets				1			
<b>Net cash from investing activities</b>				(9,176)			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Proceeds from borrowings				2,130			
Repayment of borrowings				(912)			
<b>Net cash from financing activities</b>				1,218			
<b>NET INCREASE (DECREASE) IN CASH HELD</b>				749			
Cash assets at the beginning of the reporting period				16,864			
<b>Cash assets at the end of the reporting period</b>				17,613			

Cash received by the agency from appropriations and drawdowns from the holding account.

Cash flows involved in the course of normal operations of the agency. These are the cash movements relating to the accrual-based figures for expenses and revenues in the Statement of Financial Performance.

Cash flows involved in purchase and sale of non-current assets.

Cash flows involved in new borrowings and repayment of borrowings. This includes borrowing from government sources.

Net total of all cash flows of the agency during the financial year.

Total of cash controlled by the agency at the beginning of the financial year.

Total of cash controlled by the agency at the end of the financial year.

# Glossary

This glossary relates to terms used in this document and other Budget Papers. It is not exhaustive but is designed to provide readers with definitions or explanations of many of the terms contained in the Budget Papers.

<b>AAS31</b>	Australian Accounting Standard 31 (Financial reporting by Governments) is the principal accounting standard applicable to State Governments.
<b>accrual appropriations</b>	Appropriations that recognise the total amount of resources, both cash and non-cash, that are to be made available to agencies for delivery of outputs.
<b>administered revenues/ expenses/assets/liabilities</b>	Activities and functions that are managed by an agency on behalf of government and do not contribute to the outputs produced by the agency.
<b>agency</b>	Used generically to describe the organisational units within the public sector that deliver goods and services. These are mainly departments (designated under section 35 of the <i>Public Sector Management Act 1994</i> ) and statutory authorities (established under specific legislation and for specific purposes).
<b>amounts receivable for Outputs</b>	A restricted asset on an agency's statement of financial position that can only be used for asset replacement or payment of accrued leave liability.
<b>appropriation</b>	Parliamentary authorisation of expenditure made by agencies. The budget process includes the passage of Appropriation Bills by Parliament.
<b>capital contributions</b>	Appropriations that increase the operating capacity of an agency by being applied to purchase of assets (capital works program) or reduction of liabilities such as loan repayments.
<b>capital user charge</b>	A levy charged by government on the value of net assets (assets less liabilities) used by agencies in the delivery of outputs.
<b>Consolidated Fund</b>	The central ledger account administered by the Treasurer from which appropriations are paid and into which revenues of the Crown, such as State taxes, royalties and Commonwealth grants, are credited.
<b>controlled revenues/ expenses/assets/liabilities</b>	Functions and activities over which an agency has 'control' and is able to use to achieve its outcomes through delivery of outputs.
<b>cost of capital</b>	The expected return that is foregone by investing in an asset rather than in comparable financial securities. Also referred to as the opportunity cost of capital.
<b>debt</b>	An interest bearing liability held by an entity. The rate of interest on the debt is the cost of debt.
<b>depreciation</b>	The portion of the cost of a non-current asset that is written off as an expense in the financial year, recognising the loss of future economic benefits embodied in non-current assets that have limited useful lives.



<b>effectiveness indicator</b>	A performance indicator providing information on the extent to which outcomes have been achieved through the funding and production of agreed outputs.
<b>efficiency indicator</b>	A performance indicator that relates outputs to the level of resource inputs required to produce them.
<b><i>Financial Administration and Audit Act</i></b>	Commonly referred to as the <i>FAAA</i> , this statute sets out the framework of financial administration for departments and statutory authorities in the Western Australian public sector.
<b>forward estimates</b>	Estimates prepared on a three year rolling basis, of future funding requirements. These assume that there will be no significant change in government policy and are designed to provide a longer term perspective to the budget process.
<b>full time equivalent</b>	One full time equivalent equals one person working full-time for one financial year.
<b>Government Strategic Objectives</b>	The broad priority areas of Government to which agency level outcomes are expected to be linked.
<b>holding account</b>	An account, administered by the Department of Treasury and Finance on behalf of each agency that holds credits for accumulated depreciation and leave expenses. The credits accumulate as an asset on the balance sheet of agencies and subject to government approval, may be drawn upon for the purpose of asset replacement (in the case of depreciation) or to meet emerging employee leave entitlements.
<b>net appropriations</b>	The revenues agencies are permitted to retain under the <i>FAAA</i> , and apply to agency outputs.
<b>outcome</b>	The intended result to be achieved through the production of outputs by government agencies.
<b>output</b>	The goods and services produced by government agencies with the intention of achieving stated outcomes.
<b>output based management</b>	The process whereby agencies are funded and have their performance assessed on the basis of the outputs they produce and the outcomes they achieve.
<b>performance measures</b>	Units of measurement used to determine and assess delivery of outputs. They measure the quantity, quality, timeliness and cost of all outputs.
<b>resource agreements</b>	A signed agreement between the Treasurer, relevant Minister and CEO (and accountable authority in certain circumstances) formally endorsing the outputs to be produced, the outcomes to be achieved and the financial plan of the agency.