

VI DEFINITIONS

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APS 1 Scope

The purpose of APS 2 is to define and identify the meaning of terms used in the Accounting Policy Frameworks and Accounting Policy Statements contained therein.

APS 2 Definitions/Meanings

Accounting Policy Statements means instructions, issued by the Treasurer pursuant to Section 41 of the *Public Finance and Audit Act*.

Australian Accounting Standards means accounting standards issued by the Australian Accounting Standards Board which are in force in relation to the reporting period to which the financial statement relates. Accounting Standards are binding on SA Government entities by authority of Treasurer's Instruction 19 *Financial Reporting*.

Base executive remuneration level means the remuneration of an executive at the A level on the EX structure ie EX A.

Commitments are obligations or undertakings to make future payments eg orders for goods or contracted services with reasonable expectation that the goods will be delivered or services provided.

Complex Asset means long-lived physical assets that are comprised of a number of components. These components may be replaced during the useful life of the asset (examples include a building or a train).

Component Asset means a part of an asset that is separately identifiable, measurable and has a significantly different useful life than the useful life of the structure to which it belongs.

Consultant means a person or entity that is engaged by an entity for a specified period to carry out a task that requires specialist skills and knowledge not available in the entity. The objectives of the task will be achieved by the consultant free from direction by the entity as to the way it is performed and in circumstances in which the engagement of a person under normal conditions is not a feasible alternative. A discussion to assist in identifying consultants from other forms of contractors is included in APF II guidance.

Contributions with conditional stipulations have enforceable stipulations that need to be satisfied before the contribution will be paid, or where the contribution is paid in advance, failure of the receiving entity to comply with or satisfy these enforceable stipulations will trigger repayment.

Contribution with unconditional stipulations refers to contributions that have no stipulations attached or has stipulations that would not result in the repayment of the contribution if the stipulations were not met.

Discount Rate means that rate of interest used in conjunction with the present value formula to express the expected future cash inflows or outflows associated with an asset or liability as an equivalent single amount, the present value of the expected future cash flows concerned.

Distribution to Owners means future economic benefits distributed by the entity to all or part of its ownership group, either as a return on investment or as a return of investment.

Employee means for the purposes of financial reporting by SA Government entities, an employee is any person engaged under any Act, Award or other contract of service and who receives a salary or a wage along with other benefits from the government entity.

Employment On-Costs means expenses which are consequential to the employment of employees, but which are not the entitlements of employees, such as payroll tax.

Future economic benefits are the capacity of assets to provide benefits to entities that use them and is common to all assets irrespective of their physical or other form. It is important to note that the asset is the future economic benefits and can be distinguished from their source – a particular object or right. The definition of an asset refers to the benefits and not to their source since, in the absence of future economic benefits, the object or right will not be of benefit to the entity and therefore will not qualify as an asset.

Government Department means a government controlled entity, established or continuing in existence, under the *Public Sector Act 2009* or otherwise designated as a government department by the government which controls it.

Government reporting entity means a public authority that is required by statute, Ministerial direction or other authority to prepare financial statements.

Grants are assistance in the form of transfers of resources to an entity and exclude normal trading transactions of the entity. Transfers may be based on compliance with past or future operations/activities.

Infrastructure Assets means items which meet the definition of an asset and comprise the facilities that provide essential services and enhance the capacity of the economy. Examples of assets commonly referred to as infrastructure are roads, sewerage systems, water supply systems and reservoirs, power generation plants and transmission grids, port and harbour facilities, busways and railways.

Land under roads:

- includes land under roads where roads have been declared under the South Australian Government's care, control and management and that portion of the land surrounding those roads that is the accepted responsibility of the South Australian Government;
- does not include land on title or parcel such as schools, hospitals and national parks; and
- does not include land controlled by councils.

Long-Lived Assets generally means any asset that has a useful life expectancy exceeding 50 years from its manufacture, construction or creation. In some cases, asset groups that include components or items with lives less than 50 years will also be included.

Long-term benefits means employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within 12 months after the end of the period in which the employees render the related service e.g. long service leave.

Maintenance Expenditure means expenditure incurred to ensure that the asset continues to provide its pre-determined service capacity and quality and achieves its useful life. It is of a regular, on-going nature and is to be treated as an expense. Expenditure that does not represent the replacement of a component asset or an asset enhancement is maintenance expense and should not be capitalised.

Material means the extent to which relevant and reliable information may be omitted, misstated or not disclosed separately without having the potential to adversely affect the decisions about the allocation of scarce resources made by users of a general purpose financial statement or the rendering of accountability by preparers.

Net Cost of Services means the total cost of services less any revenue retained by agencies involved in the provision of the services – it excludes items classified as revenues from and payments to the SA Government

Normal Remuneration means any remuneration paid or payable, or otherwise made available, in respect of the reporting period, other than a separation benefit paid or payable in return for an employee ceasing employment with the entity.

Public Financial Corporation means an entity classified to this institutional sector under the Australian Bureau of Statistics' System of National Accounts Framework.

Reciprocal transfer means a transfer in which the entity receives assets or services or has liabilities extinguished and directly gives approximately equal value in exchanges to the other party or parties to the transfer.

Recognised means reported on, or incorporated in amounts reported on, in the Statement of Comprehensive Income or Statement of Financial Position (whether or not further disclosure of the item is made in notes thereof).

Remuneration means any money, consideration or benefit but does not include amounts in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or a controlled entity. The amount of remuneration is determined on the basis of the cost of the remuneration to the entity. Where the entity provides non-monetary benefits to an employee, the employee's remuneration includes what it effectively cost the entity to provide the benefits.

Specialised Public Service Assets are where the specialised design or features of the asset mean that there are few, if any, similar assets that are bought or sold in the market and the asset is probably suitable only for the delivery of the specific service and therefore if demand for the service falls or ceases then so will the value of the asset.

In addition, many public service assets are the subject of specific service obligations imposed either by conditions on the land use or by obligations on the operating entity. These obligations often restrict the ability of public sector agencies to deal with the assets. These restrictions may mean that certain opportunities or alternative uses are not available and therefore should not be taken into account when assessing fair value.

[definition adapted from guidance contained within IVSC's *Valuation of Specialised Public Service Assets*]