

SECTION 4

Glossary and
Indexes

ACRONYMS AND ABBREVIATIONS

A

ADF	Australian Defence Force
AEW&C	Airborne Early Warning and Control
AFATDS	Advanced Field Artillery Tactical Data System
AIC	Australian Industry Capability
AMLU	Anzac Multi-Link Upgrade
ANAO	Australian National Audit Office
APS	Australian Public Service
ARH	Armed Reconnaissance Helicopter
ASC	ASC AWD Shipbuilder Pty Ltd
ASD	Aerospace Systems Division
ASDEFCON	Australian Defence Contract
ASLAV	Australian Light Armoured Vehicle
ASMD	Anti Ship Missile Defence
ATM	Air Traffic Management
AUD	Australian Dollars
AWD	Air Warfare Destroyer

B

BCS(L)	Battlespace Communication System (LAND)
BMS	Battlespace Management System
BMS-F	Battlespace Management System – Fire

C

CA	Chief of Army
CBASS	Common Broadband Advanced Sonar System
CDG	Capability Development Group
C-RAM	Counter Rocket, Artillery and Mortar

CTOL	Conventional Take Off and Landing
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D

DAC	Directorate of Assurance and Compliance
DATMCS	Defence Air Traffic Management and Control Systems
DCEO	Deputy Chief Executive Officer
DCP	Defence Capability Plan
DIPS	Defence Industry Policy Statement
DMI (PROC)s	Defence Materiel Instruction (Procurements)
DMO	Defence Materiel Organisation
DMOI	Defence Materiel Organisation Institute
DMTC	Defence Materials Technology Centre
DPPM	Defence Procurement Policy Manual

E

EI&W	Early Indicators & Warning
ELF	Enhanced Position Locating System
EOD	Explosive Ordnance Division
ESD	Electronic Systems Division

F

FBT	Fringe Benefits Tax
FFG	Guided Missile Frigate
FMA	Financial Management and Accountability
FMO	Finance Ministers Orders
FMS	Financial Management System

G

GSC	Global Supply Chain
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GST	Goods and Services Tax	MSA	Materiel Sustainment Agreement
H		MSD	Maritime Systems Division
HMAS	Her Majesty's Australian Ship	MSI	Military Systems Integration
HMI	Humance Machine Interfaces	N	
HSD	Helicopter Systems Division	NATO	North Atlantic Treaty Organisation
I		O	
ICSI	Initial Common Support Infrastructure	OPA	Official Public Account
ICT	Information and Communication Technology	P	
IPPO	Independent Project Performance Office	PIC	Priority Industry Capabilities
J		PMV	Protected Mobility Vehicles
JASSM	Joint Air-to-Surface Standoff Missile	PoC	Project of Concern
JCPAA	Joint Committee of Public Accounts and Audit	PSSap	PSS accumulation plan
JEFM	Joint Electronic Fuels Management	R	
JFAS	Jindalee Facility Alice Springs	RAAF	Royal Australian Air Force
JORN	Jindalee Operation Radar Network	RAN	Royal Australian Navy
JSF	Joint Strike Fighter	REA	Re-Engineering Australia
L		RFA	Royal Fleet Auxilliary
LAIRCM	Large Aircraft Infra Red Counter Measure	S	
LLC	Limited Liability Corporation	SADI	Skilling Australia's Defence Industry
LSD	Land Systems Division	SATCOM	Satellite Communications
LWAGL	Light Weight Automation Grenade Launcher	SED	Single Entitlement Document
LWT	Lightweight Torpedo	SES	Senior Executive Service
M		SETF	Sub Escape Training Facility
MAA	Materiel Acquisition Agreement	SME	Small to Medium Enterprise
MARC	Materiel Audit and Risk Committee	SPO	System Program Office
MDFSW	Medium Direct Fire Support Weapons	SRP	Strategic Reform Program
MoA	Memorandum of Arrangements	SRS	Sub Rescue Services
MPR	Major Projects Report (DMO)	U	
MRH	Multi Role Helicopter	UAV	Unmanned Aerial Vehicle
MRTT	Multi Role Tanker Transport	V	
		VHF	Very High Frequency
		W	
		WGS	Wideband Global Satellite
		WTSS	Weapons Training Simulation System

GLOSSARY

Additional estimates	Where amounts appropriated at Budget time are required to change, the Parliament may make adjustments 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.
Agency	Assets, liabilities, revenues and expenses which are controlled by Defence or a subsidiary. Includes officials allocated to the organisation.
Amortisation	A term used interchangeably with depreciation, except that it applies to a non-current physical asset under finance lease, or a non-current intangible asset, over its limited useful life.
Annual appropriation	Two appropriation Bills are introduced into the Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the additional estimates.
Appropriation	An authorisation by the Parliament to spend money from the Consolidated Revenue Fund (the principal working fund of the Commonwealth) for a particular purpose.
Assets	Future economic benefits controlled by Defence as a result of past transactions or other past events. Assets are initially recognised at the cost of acquisition. Non-financial assets are subject to ongoing revaluation assessment.
Assets under construction	Assets under construction by Defence for Defence, or for the use of another entity according to a construction contract where Defence controls the asset until completion, or assets under construction or otherwise being made ready by another entity for use by Defence.
Australian Accounting Standard	Australian Accounting Standards specify techniques of accounting practice and the method of presenting financial information about a reporting entity.
Capability	The combination of military equipment, personnel, logistics support, training, resources, etc. that provides Defence with the ability to achieve its operational aims.
Capability manager	A Capability Manager is responsible for raising, training and sustaining in-service capabilities through the coordination of fundamental inputs to capability. Capability Managers include the Service Chiefs, the Chief of Joint Operations and the Chief Information Officer.
Capital budget	All proposed capital expenditure funded by appropriation for outcomes, by equity injections or loans and/or appropriations for administered capital, or by other sources.
Chief Executive Instructions	Instructions issued by the Chief Executive of Defence (the Secretary) for the administration of the department. These instructions are issued under the authority of the <i>Financial Management and Accountability Act 1997</i> and carry the force of the law.
Consultants/consultancies	Individuals or organisations contracted to provide independent advice on an agreed subject.
Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Customer-supplier agreement	An agreement between internal customers and suppliers for the supply of a service at an agreed quantity, standard and price.

Defence Capability Plan	The Defence Capability Plan is a costed, detailed development plan for Australia's military capabilities over a ten-year period. The plan is reviewed regularly to take account of the changing strategic circumstances, new technologies and changed priorities, in the context of the overall Defence budget.
Defence Procurement Review	An independent review initiated by the Government in December 2002 to examine the procurement process for major acquisitions in Defence. The review was led by Mr Malcolm Kinnaird and is also known as the 'Kinnaird Review'.
Departmental items	Assets, liabilities, revenues and expenses that 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 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.
Employee	Any Australian Public Service officer of Defence or serving Defence Force member who receives a salary or wage, along with other benefits, for the provision of services whether on a full-time, part-time, permanent, casual or temporary basis.
Equity injection	An additional contribution, over and above the cost of outputs. Equity injections form part of the Commonwealth's investment in Defence.
Expense	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 increase in liabilities of an entity.
Fair value	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.
Final Operational Capability	The point in time at which the final subset of a Capability System that can be operationally employed is realised. Final Operational Capability is a capability state endorsed at project approval at Second Pass, and reported as having been reached by the Capability Manager.
<i>Financial Management and Accountability Act 1997</i>	The Act establishes the regulatory framework for financial management within Defence and other public sector agencies.
Force element	A component of a unit, a unit or an association of units having common prime objectives and activities.
Forward estimates	The level of proposed expenditure for future years (based on relevant demographic, economic and other future forecasting assumptions). The Government requires forward estimates for the following three financial years to be published in each annual Federal Budget paper.
Group	A high-level organisational grouping of functions and activities used by the Defence Executive as its primary management grouping (eg the Capability Development Executive).
Infrastructure	Items owned, leased or otherwise under the control of Defence in support of activities on land and within buildings. Infrastructure includes items such as runways, roads, car parks, parade grounds, ovals, lighting, water, sewerage and other general service related items. It does not include land upon which, or within which, it is constructed or those fixed items integral to, and under, buildings.
Initial Operational Capability	The point in time at which the first subset of a Capability System that can be operationally employed is realised. Initial Operational Capability is a capability state endorsed at project approval at Second Pass, and reported as having been reached by the Capability Manager.

Initial Operational Release	The milestone at which the Capability Manager is satisfied that the initial operational and materiel state of the Capability System—including any deficiencies in the Fundamental Input to Capability—are such that it is sufficiently safe, fit for service and environmentally compliant to proceed into a period of Operational Test And Evaluation leading to an endorsed Capability State.
Interoperability	The ability of systems, units or forces to provide the services to, and accept services from, other systems, units or forces and to use the services so exchanged to enable them to operate effectively together.
Inventory	Inventory is comprised of consumable stores and supplies, fuel and explosive ordnance used in the delivery of Defence services. These are items which are consumed in normal use, lose their identity during periods of use by incorporation into, or attachment upon, another assembly, as a result of wear and tear, cannot be reconditioned because their design does not make it possible or their specific values do not justify it.
Lean Methodology	A proven and disciplined change methodology incorporating a set of principles, concepts and techniques designed to reduce waste and create an absolute focus on customer's needs and demands.
Liabilities	Sacrifices of future economic benefits that Defence is presently obliged to make to other entities as a result of past transactions or other past events.
Materiel Acquisition Agreements	Materiel Acquisition Agreements will cover the Defence Materiel Organisation's acquisition services to Defence for both major and minor capital equipment.
Materiel Sustainment Agreements	Materiel Sustainment Agreements will be between the Capability Managers and the Chief Executive Officer of the Defence Materiel Organisation. These agreements will cover the sustainment of current capability, including services such as repairs, maintenance, fuel and explosive ordnance.
Mortimer Review	A review of Defence procurement and sustainment conducted by Mr David Mortimer, AO. The review focused on the entire Defence 'life cycle' for the development, procurement and through-life support of defence capabilities.
Net assets	See equity.
Network Centric Warfare	The aim of Network Centric Warfare is to improve the ability of the ADF to collaborate internally, with supporting agencies, and with coalition partners across organisational and geographic boundaries. Network Centric Warfare will allow Defence to harness recent developments in computing and communications technologies to enhance decision making and warfighting capability.
Operating result	Equals revenue less expense.
Outcomes	The results that the Government seeks from Defence, and are achieved by the successful delivery of its outputs, to the standards set in the portfolio budget statements.
Output	The product or service produced by Defence on behalf of the Government for external organisations or individuals.
Platforms	Refers to air, land, surface or sub-surface assets that are discrete and taskable elements within the ADF.
Portfolio Additional Estimates Statements	Similar to the portfolio budget statements and prepared at Additional Estimates time to support an update on the Government's original annual budget for Defence.

Portfolio Budget Statements	A document presented by the Minister for Defence to Parliament to inform Senators and Members of the basis for the Defence budget appropriations in support of the provisions in Appropriation Bills 1 and 2. The statements summarise the Defence budget and provides detail of outcome performance forecasts and resources in order to justify expenditure for Defence.
Prescribed agency	A prescribed agency is an agency established by regulation under the <i>Financial Management and Accountability Act 1997</i> . It provides financial management authority to, and requires accountability by, the Chief Executive of an agency.
Professional service providers	Individuals with specialist skills contracted to fill a line position.
Purchaser-provider arrangements	Arrangements under which the outputs of one agency are purchased by another agency to contribute to outcomes. Purchaser-provider arrangements can occur between Commonwealth agencies and state/territory government or private sector bodies.
Readiness	The readiness of forces to be committed to operations within a specified time, dependent on the availability and proficiency of personnel, equipment, facilities and consumables.
Receivables	Amounts payable to Defence, including debtors, bills of exchange and promissory notes, loans to other governments and other entities, interest accrued but not yet received, and advances to Defence employees and other entities that are to be returned or acquitted.
Revenue	Inflows or other enhancements, or savings in outflows, of future economic benefits in the form of increases in assets or reductions in liabilities of Defence, other than those relating to contributions by the Commonwealth, that result in an increase in equity during the reporting period.
Risk management	At the highest level, it involves the identification and mitigation of those risks that have the potential to affect adversely the achievement of agreed output performance at the agreed output price.
Special account	Balances existing within the Consolidated Revenue Fund, that are supported by standing appropriations (<i>Financial Management and Accountability Act 1997</i> , Sections 20 and 21). Special accounts allow money in the Consolidated Revenue Fund 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 (Section 20 of the <i>Financial Management and Accountability Act 1997</i>) or through an Act of Parliament (referred to in Section 21 of the <i>Financial Management and Accountability Act 1997</i>).
Special appropriations (including standing appropriations)	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.
System Program Office	A System Program Office is one of the core business units in the DMO. They provide a crucial link between the DMO and its customers. They provide acquisition and sustainment services for the ADF.
Theatre	The area in which military operations/activities take place.
Two-pass approval process	The process by which major capital investment proposals are developed for consideration and approval by the Government.
Write-down	The reduction in value of asset.

COMPLIANCE INDEX

This index is prepared from the checklist of annual report requirements contained in Attachment F of the *Requirements for Annual Reports* approved by the Joint Committee of Public Accounts and Audit on 8 July 2011. Where the DMO's compliance is covered in Volume 1 of this report, this is indicated in the page reference.

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This report was developed by the Reporting and Governance section with input and assistance from staff throughout the Defence Materiel Organisation (the DMO) and the Department of Defence.

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Internet

The DMO website provides a comprehensive overview of the business and functions of the DMO.

DMO	www.defence.gov.au/dmo
Careers	www.dmojobs.gov.au
On Target	www.defence.gov.au/dmo/news/ontarget.cfm
DMO Business Access Offices	www.defence.gov.au/dmo/id/bao
Skilling Australia's Defence Industry	www.defence.gov.au/dmo/id/sadi/index.cfm

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