

GLOSSARY

Accrual Accounting: the system of accounting in which items are brought to account as they are earned or incurred (and not necessarily as money is received or paid) and included in the financial statements for the accounting periods to which they are related.

Administered Items: are resources administered on behalf of the Commonwealth, including grants, subsidies and benefits.

Appropriation: is an authorisation by Parliament to spend money from the Consolidated Revenue Fund.

Assets: are 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. They are revalued periodically on the basis of their written-down current replacement cost.

Balanced Scorecard: an approach to performance measurement that translates an organisation's strategic objectives into a useful set of performance measurements. It typically supplements the traditional financial measures with information on three additional perspectives of organisational performance: customer satisfaction, internal business processes, and innovation and learning. The Defence version is known as *Defence Matters*.

Capital Use Charge: represents the Government's required return, or dividend, on its capital investment in departments. The objective of this charge is to better reflect the true costs of outputs and to encourage good asset management practices. The charge is imposed by multiplying the closing net assets (ie total assets minus total liabilities) by the Government-specified rate of 12 per cent based on the long-term bond rate (currently around 6 per cent per annum) plus a margin for risk (6 per cent). The required rate of return has been reduced to 11 per cent for 2001-02.

Chief of the Defence Force's Preparedness Directive: *see* Preparedness Concepts and Planning.

Combined Exercise: an exercise involving one or more Services of the ADF with the forces of other countries.

Customer-Supplier Arrangement: an agreement between internal customers and suppliers for the supply of a service at an agreed quantity, standard and price.

Defence Assistance to the Civil Community: is a program which provides Defence resources, in exceptional circumstances, for the performance of emergency or non-emergency tasks which are the responsibility primarily of the civil community. While a high priority is given to civil emergencies and natural disasters where lives or property are at risk, other tasks include flyovers and displays at significant public events and various support tasks for local authorities and charitable organisations around Australia.

Defence Matters scorecard: *see* Balanced Scorecard.

Defence Plan: Defence's principal planning document, which both serves as an internal planning document and satisfies whole-of-government budget requirements. It provides a 'whole of business' focus with important links between the strategic resource and capability planning.

Departmental Items: are resources controlled directly by Defence including salaries, allowances, military equipment and associated costs.

Equity Injection: represents an additional contribution, over and above the price of outputs from the Government as customer, to Defence by the Government as owner.

Expenses: are consumptions or losses of future economic benefits, in the form of reductions in assets or increases in liabilities of Defence, other than those relating to distributions to the Commonwealth, that result in a decrease in equity during the reporting period.

Force Element: a component of a unit, a unit or an association of units having common prime objectives and activities.

Force Element Group: a grouping of force elements with an appropriate command and control structure for a specified role or roles.

Force Structure: *see* Preparedness Concepts and Planning.

Interoperability: the ability of systems, units or forces to provide 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.

Joint Exercise: an exercise involving two or more Services of the ADF.

Liabilities: are sacrifices of future economic benefits that Defence is obliged presently to make to other entities as a result of past transactions or other past events.

Military Capability: *see* Preparedness Concepts and Planning.

Outcome: is the results, impacts or consequences of actions by the Commonwealth for the Australian community.

Outputs: are the goods and services produced by Defence for the Government as customer.

Preparedness Concepts and Planning: Military capability is achieved by developing a force structure appropriately prepared for operations. Preparedness is of fundamental importance to Defence, which must be able to manage it effectively and communicate its status to the Government.

Directed Level of Capability (DLOC): is the funded level of capability maintained during a specified budget period. DLOC is formally agreed in organisational performance agreements between the Chief of the Defence Force/Secretary of the Department of Defence and each of Defence's six Output Executives. DLOC captures the levels of capability to be maintained to meet preparedness, ongoing operations, and known national task requirements.

Readiness: the readiness of forces to be committed to operations within a specified time is dependent on the availability and proficiency of personnel, equipment, facilities and consumables.

Sustainability: is measured in terms of the ability to provide personnel, equipment, facilities and consumables to enable a force to complete the needed period of operations.

Force Structure: relates to the type of force required - personnel, equipment, facilities and military doctrine - to achieve the level of capability necessary to conduct operations effectively. In the medium to long term, military capability will vary due to changes in force structure generated by the capability development process. In the short term, force structure is the more constant component of military capability and the level of capability available for operations is determined by Defence's management of preparedness of the current force.

Changes to force structure usually impact on the preparedness of the associated forces. For example, the introduction of a new platform, retirement of an old platform or capability enhancement will have a direct impact on the resource, training and facility requirements of the forces involved.

Preparedness: is a measurement of how ready (readiness) and how sustainable (sustainability) the whole, or part, of the ADF is to undertake military operations.

Preparedness Planning: the preparedness planning process begins with a strategic appreciation involving an analysis of the national security objectives which are specified in Government guidance. These objectives are considered against current strategic circumstances and defence policy. In the light of this appreciation, military strategies are developed or refined to achieve the objectives. Military strategic objectives and military response options are then derived from the military strategies and are used to provide preparedness planning guidance.

The Chief of the Defence Force's Preparedness Directive: this principal strategic-level directive contains strategic planning guidance, lists military response options and sets preparedness requirements. It informs all subordinate preparedness directives at the operational level, which set specified levels of preparedness and contain the capability standards against which force units measure and report.

The implementation of preparedness involves the allocation of resources to the current force to ensure that preparedness objectives can be met and managed properly. The evaluation and reporting of preparedness ensure that there is regular feedback in the process and that objectives and resource allocations are refined as necessary.

Readiness: *see* Preparedness Concepts and Planning.

Revenues: are 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

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those relating to contributions by the Commonwealth, that result in an increase in equity during the reporting period.

Risk Management: at the highest level, strategic risk management involves the identification and, as appropriate, mitigation of those risks that have the potential to affect adversely the achievement of agreed output performance at the agreed output price.

Sustainability: *see* Preparedness Concepts and Planning.

Theatre: is the area in which military operations/activities take place.

ACRONYMS AND ABBREVIATIONS

A

ADF	Australian Defence Force
AM	Air Marshal
ANAO	Australian National Audit Office
Anzus	Australia, New Zealand, United States
APS	Australian Public Service
AVM	Air Vice Marshal

B

BOI	Board of Inquiry
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C

CDF	Chief of the Defence Force
COD	Chief of Division
COMAST	Commander Australian Theatre

D

DACC	Defence Assistance to the Civil Community
DLOC	Directed Level of Capability
DMO	Defence Materiel Organisation
DRP	Defence Reform Program
DSTO	Defence Science and Technology Organisation

F

FFG	Guided Missile Frigate
FOI	Freedom of Information

G

GST Goods and Services Tax

H

HMAS Her Majesty's Australian Ship

HQAST Headquarters Australian Theatre

I

ITO Information Technology Officer

J

JORN Jindalee Operational Radar Network

L

LTGEN Lieutenant General

M

MAJGEN Major General

MLOC Minimum Level of Capability

N

Nuship Ship yet to be commissioned

NZ New Zealand

O

OPD Operational Preparedness Directive

P

PAES Portfolio Additional Estimates Statements

PBS	Portfolio Budget Statements
PMKeyS	Personnel Management Key Solution
PNG	Papua New Guinea

R

RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RNZAF	Royal New Zealand Air Force
RNZN	Royal New Zealand Navy
ROMAN	Resource and Output Management Accounting Network

S

SDSS	Standard Defence Supply System
SES	Senior Executive Service
SITO	Senior Information Technology Officer
SMART	Strategic Material Acquisition Request for Tender
SO	Senior Officer

U

UK	United Kingdom
UNTAET	United Nations Transitional Administration in East Timor
US	United States
USS	United States Ship

V

VADM	Vice Admiral
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