

# **DEFENCE APPENDICES**

**GLOSSARY**

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## 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, over which Defence does not have management control.

**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. All classes of property, plant and equipment not under construction with values greater than established revaluation thresholds are progressively revalued in accordance with the 'deprival' method of valuation over a three-year revaluation cycle, so that values are no greater than three years old. The current progressive revaluation cycle began on 1 July 1999 and will end on 30 June 2002.

**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. This charge helps to reflect better the true costs of outputs and to encourage good asset management practices. The Capital Use Charge is imposed by multiplying the closing net assets (ie. total assets minus total liabilities) of Defence by the Government-specified rate (12 per cent, in 2000-01, 11 per cent thereafter).

**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 Plan:** Defence's overarching corporate plan, derived from government policy, that sets out the purpose, future direction, priorities and values for Defence. It links performance targets and resource allocations to the Government's strategic direction.

**Departmental Items:** are resources controlled directly by Defence including salaries, allowances, military equipment and costs used in delivering Defence's outputs.

**Equity Injection:** represents an additional contribution, over and above the price of outputs to the Government as customer, to Defence by the Commonwealth 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 impact or consequence of actions by the Commonwealth for the Australian community.

**Outputs:** are the products or services produced by Defence.

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

**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.

**Military Capability:** the two levels of military capability specified for forces within the ADF are derived from the concept of maintaining forces at an appropriate minimum level of capability (or MLOC) in peacetime and ensuring that those forces are ready to work up to an appropriate higher level of task-specific capability (or operational level of capability - OLOC), within a given time, in order to conduct operations effectively.

However, the maintenance of a force at a higher level of preparedness or at an operational level of capability for a prolonged period is resource-intensive.

**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.

**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.

**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 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 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

ADF	Australian Defence Force
AMSHL	Air Marshal
APS	Australian Public Service
AVM	Air Vice Marshal
FFG	Guided Missile Frigate
GST	Goods and services tax
HMAS	Her Majesty's Australian Ship
LTGEN	Lieutenant General
MAJGEN	Major General
Nato	North Atlantic Treaty Organisation
NZ	New Zealand
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
US	United States
VADM	Vice Admiral

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