

DEPARTMENT OF DEFENCE INDEX

GLOSSARY

ACRONYMS AND ABBREVIATIONS

ALPHABETICAL INDEX

GLOSSARY

Accrual Accounting: is 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. Such resources may be used by third party organisations.

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 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 ended on 30 June 2002.

Balanced Scorecard: is an approach to performance measurement that translates an organisation's strategic objectives into a useful set of performance measurements. It typically supplements 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 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 (currently 11 per cent).

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

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

Defence Matters scorecard: *see* Balanced Scorecard.

Defence Plan: is 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.

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

Force Element Group: is 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: is 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.

Joint Exercise: is 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.

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

Outputs: are the agreed goods and services produced by Defence.

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 affect 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.

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.

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.

Sustainability: *see* Preparedness Concepts and Planning.

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

ACRONYMS AND ABBREVIATIONS

A

ACT	Australian Capital Territory
ADF	Australian Defence Force
ADM	Admiral
AIRMSHL	Air Marshal
Anzus	Australia, New Zealand, United States
APS	Australian Public Service
AVM	Air Vice Marshal

C

CDF	Chief of the Defence Force
CSA	Customer Service Agreement
CSIG	Corporate Support and Infrastructure Group

D

DHA	Defence Housing Authority
DMO	Defence Materiel Organisation
DSD	Defence Signals Directorate
DSTO	Defence Science and Technology Organisation

F

FBT	Fringe Benefit Tax
FFG	Guided Missile Frigate
FMA	<i>Financial Management and Accountability Act 1997</i>
FMC	Fully Mission Capable

G

GST	Goods and Services Tax
-----	------------------------

H

HMAS Her Majesty's Australian Ship

L

LTGEN Lieutenant General

M

MAJGEN Major General

N

NSW New South Wales

NT Northern Territory

NZ New Zealand

O

OPA Organisational Performance Agreement

O/S Overseas

P

PAES Portfolio Additional Estimates Statements

PBS Portfolio Budget Statements

PMKeyS Personnel Management Key Solution

Q

Qld Queensland

R

RAAF Royal Australian Air Force

RADM Rear Admiral

RAN Royal Australian Navy

ROMAN Resource and Output Management Accounting Network

Index

S

SA	South Australia
SEC	Secretary, Department of Defence
SES	Senior Executive Service
SME	Specialist Military Equipment

T

Tas	Tasmania
-----	----------

V

VADM	Vice Admiral
VCDF	Vice Chief of the Defence Force
Vic	Victoria

W

WA	Western Australia
----	-------------------

ALPHABETICAL INDEX

A

ADF Remuneration.....	6, 97
Air Force.....	20, <i>see also Outputs</i>
Army.....	20, <i>see also Outputs</i>

B

Budgeted Financial Statements

Administered – Assets and Liabilities	53
Administered – Cash Flows	54
Administered – Revenues and Expenses	52
Budgeted Statement of Cash Flows.....	49
Budgeted Statement of Financial Performance	47
Budgeted Statement of Financial Position.....	48
Capital Budget Statement.....	50
Non-Financial Assets – Summary of Movement.....	51
Notes to the budgeted financial statements.....	55

C

Capital Budget

Equipment	62-73
Facilities	74-83
Overview	61
Capital Use Charge.....	13, 57, 103
Commercial Support Program.....	88
Contents	iii-iv
Corporate Service and Infrastructure Division.....	<i>see Internal Services</i>
Customer-Supplier Arrangements	90

D

Defence Cooperation.....	40
Defence Housing Authority	66, 113-119
Defence Information Environment.....	93
Defence Material Organisation	62-73
Defence Operations	20, <i>see also Outputs</i>
Defence Outcome.....	3, 21
Defence White Paper	4-8

E

Efficiencies	86, 87
--------------------	--------

Exercise Program	25-28
G	
Glossary.....	103-105
I	
Intelligence.....	20, <i>see also</i> Outputs
Internal Services	91-92
L	
Letter of Transmittal from the Portfolio Minister to Parliament.....	i
N	
Navy	20, <i>see also</i> Outputs
O	
Organisational Changes.....	9
Organisational Structure.....	10
Outputs	
Output Five – Strategic Policy	38-40
Output Four – Air Force Capabilities	35-37
Output One – Defence Operations	22-28
Output Six – Intelligence	41-42
Output Three – Army Capabilities.....	33-34
Output Two – Navy Capabilities.....	29-32
Price to Government of Defence Outputs	19-21
Overview.....	3
P	
People	97-99
Workforce Summary	98-99
Portfolio Evaluations.....	94
Purchaser-provider arrangements.....	16
R	
Resourcing	11-15
S	
Strategic Initiatives	<i>see</i> Outputs
Strategic Policy	<i>see</i> Outputs
U	
User guide.....	vi-vii
W	
White Paper	<i>see</i> Defence White Paper