

# **DEPARTMENT OF DEFENCE INDEX**

**GLOSSARY**

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## GLOSSARY

**Accrual Accounting:** is the system of accounting in which items are brought to account as they are earned or incurred, and not as cash is received or paid.

**Administered Items:** are resources controlled by the Government and managed by Defence on behalf of the Government. These items include subsidies, grants and benefits, and taxes.

**Appropriation:** is the amount of public monies authorised by Parliament for expenditure. The Consolidated Revenue Fund is the principal working fund of the Commonwealth and the Constitution requires an appropriation of monies by Parliament before any expenditure can be made from the Consolidated Revenue Fund.

**Assets:** are future economic benefits controlled by Defence as a result of past transactions or other events.

**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 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. The objective of this charge is to reflect better the true costs of outputs and to encourage good asset management practices. The current Government specified rate is 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 Assistance to the Civil Authorities:** is the support to civil authorities in the performance of law enforcement related tasks where the use of force by Defence personnel may be required.

**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 Capability Plan:** The Defence Capability Plan, previously known as the unclassified Pink Book or Defence New Major Capital Equipment Proposals, contains a list of approved (not yet to contract) and unapproved major capability proposals over the next ten years.

**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.

**Departmental Items:** are resources controlled by Defence and utilised in delivering Defence's outputs, for example, price of outputs, liabilities for employee entitlements, revenues from user charges and employee expenses, together with other administrative expenses.

**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.

**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 future sacrifices of future economic benefits that Defence is obliged presently to make to other parties as a result of past transactions or other events.

**Military Capability:** *see* Preparedness Concepts and Planning.

**Outcomes:** are the results or impacts on the Australian community or the environment that the Government intends to achieve.

**Outputs:** are the goods and services produced by Defence on behalf of the Government for external organisations and individuals.

**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.

**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 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.

**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.

**Preparedness Planning:** *see* Preparedness Concepts and Planning.

**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.

**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
ADM	Admiral
AEW&C	Airborne Early Warning and Control
AIRMSHL	Air Marshal
Anzus	Australia, New Zealand, United States
AVM	Air Vice Marshal
DMO	Defence Materiel Organisation
DSTO	Defence Science and Technology Organisation
FFG	Guided Missile Frigate
FPDA	Five Power Defence Arrangements
GST	Goods and Services Tax
HMAS	Her Majesty's Australian Ship
LTGEN	Lieutenant General
MAJGEN	Major General
NAS	Naval Air Station
PMKeyS	Personnel Management Key Solution
RAAF	Royal Australian Air Force
RADM	Rear Admiral
RAN	Royal Australian Navy
VADM	Vice Admiral

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