

DEPARTMENT OF DEFENCE INDEX

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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: resources administered on behalf of the Commonwealth, including grants, subsidies and benefits. Such resources may be used by third party organisations.

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

Assets: future economic benefits controlled by Defence as a result of past transactions or other past events. Physical assets are initially recognised at the cost of acquisition. They are periodically revalued 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 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*.

Combined Exercise: an exercise/activity 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 Matters scorecard: see Balanced Scorecard.

Equity Injection: an additional contribution to Defence by the Commonwealth as owner. It is determined on the basis of the amount additional to the departmental output appropriation required to fund Defence up to the Government-agreed level of global funding. Within Defence's global flexibilities, the injection can be used for any purpose that increases the net assets of Defence. The injection is not tied to any specific capital projects.

Expenses: 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 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: an exercise/activity involving two or more Services of the ADF.

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.

Outcome: the result, impact or consequence of actions by the Australian Government for the Australian community, including for the Government, in return for appropriations to deliver outputs.

Outputs: the product 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.

Directed Level of Capability (DLOC): 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.

Force Structure: 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.

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, to ensure 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.

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. Defence

balances the mix of capabilities, or outputs, from within its budget to meet Government tasking priorities.

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: 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 principle 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.

Implementation of the 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 ensures there is regular feedback in the process and that objectives and resource allocations are refined as necessary.

Readiness: *see* Preparedness Concepts and Planning.

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

Unit Ready Days: the number of days that a force element is available for tasking, by the Maritime Commander, within planned readiness requirements.

ACRONYMS AND ABBREVIATIONS

A

ACT	Australian Capital Territory
ADF	Australian Defence Force
AFS	Average Funded Strength
AM	Air Marshal
AVM	Air Vice Marshal
ANAO	Australian National Audit Office
Anzus	Australia, New Zealand, United States
APS	Australian Public Service

C

CDF	Chief of the Defence Force
CSS	Commonwealth Superannuation Scheme

D

DIDS	Defence Integrated Distribution System
DMO	Defence Materiel Organisation
DSTO	Defence Science and Technology Organisation

F

FBT	Fringe Benefits Tax
FFG	Guided Missile Frigate

G

GDP	Gross Domestic Product
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H

HMAS	Her Majesty's Australian Ship
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I

IT	Information Technology
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L

LTGEN	Lieutenant General
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M

MAJGEN	Major General
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N

NSW	New South Wales
NT	Northern Territory

P

PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PMKeyS	Personnel Management Key Solution
PSS	Public Service Superannuation

Q

Qld	Queensland
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R

RAAF	Royal Australian Air Force
RADM	Rear Admiral
ROMAN	Resource and Output Management Accounting Network
RAN	Royal Australian Navy
RAR	Royal Australian Regiment

S

SA	South Australia
SASR	Special Air Service Regiment
SDSS	Standard Defence Supply System

T

Tas	Tasmania
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U

UHF	Ultra-High Frequency
URD	Unit Ready Days

V

VADM	Vice Admiral
Vic	Victoria

W

WA	Western Australia
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