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## Glossary

<b>Accrual accounting</b>	The system of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received and paid.
<b>Accumulated depreciation</b>	The aggregate depreciation recorded for a particular depreciating asset.
<b>Additional estimates</b>	Where amounts appropriated at Budget time are required to change, the Parliament may make adjustments to portfolios through the Additional Estimates Acts.
<b>Administered appropriation</b>	Revenues, expenses, assets and liabilities administered by an agency for the Commonwealth (such as taxes, benefits payments and public debt) which are not concerned with running the agency or its commercial activities.
<b>Administered items</b>	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
<b>Agency</b>	Assets, liabilities, revenues and expenses which are controlled by Defence or a subsidiary. Includes officials allocated to the organisation.
<b>Amortisation</b>	A term used interchangeably with depreciation, except that it applies to a non-current physical asset under finance lease, or a non-current intangible asset, over its limited useful life.
<b>Annual appropriation</b>	Two appropriation Bills are introduced into the Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the additional estimates.
<b>Appropriation</b>	An authorisation by the Parliament to spend money from the Consolidated Revenue Fund (the principal working fund of the Commonwealth) for a particular purpose.
<b>Assets</b>	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. Non-financial assets are subject to ongoing revaluation assessment.
<b>Assets under construction</b>	Assets under construction by Defence for Defence, or for the use of another entity according to a construction contract where Defence controls the asset until completion, or assets under construction or otherwise being made ready by another entity for use by Defence.
<b>Australian Accounting Standard</b>	Australian Accounting Standards specify techniques of accounting practice and the method of presenting financial information about a reporting entity.
<b>Average funded strength</b>	A budgetary measure used to count the average number of ADF members paid on a full-time equivalent basis during a financial year.
<b>Capability</b>	The combination of military equipment, personnel, logistics support, training, resources, etc. that provides Defence with the ability to achieve its operational aims.
<b>Capability manager</b>	A Capability Manager is responsible for raising, training and sustaining in-service capabilities through the coordination of fundamental inputs to capability. Capability Managers include the Service Chiefs, the Chief of Joint Operations and the Chief Information Officer.

<b>Capital budget</b>	All proposed capital expenditure funded by appropriation for outcomes, by equity injections or loans and/or appropriations for administered capital, or by other sources.
<b>Capital expenditure</b>	Expenditure by an agency on capital projects, for example purchasing a building.
<b>Chief Executive Instructions</b>	Instructions issued by the Chief Executive of Defence (the Secretary) for the administration of the department. These instructions are issued under the authority of the <i>Financial Management and Accountability Act 1997</i> and carry the force of the law.
<b>Chief of the Defence Force's Preparedness Directive</b>	A principal strategic-level directive containing strategic planning guidance. It 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.
<b>Combined exercise</b>	An exercise or activity involving one or more Services of the ADF with the forces of other countries.
<b>Consolidated revenue fund</b>	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one consolidated revenue fund. The fund is not a bank account. The Official Public Account reflects most of the operations of the fund.
<b>Consultants/consultancies</b>	Individuals or organisations contracted to provide independent advice on an agreed subject.
<b>Corporate governance</b>	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
<b>Customer-supplier agreement</b>	An agreement between internal customers and suppliers for the supply of a service at an agreed quantity, standard and price.
<b>Defence Assistance to the Civil Community</b>	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. Defence Assistance to the Civil Community comprises six categories under two headings: Counter-disaster and emergency assistance and non emergency assistance.
<b>Defence Capability Plan</b>	The Defence Capability Plan is a costed, detailed development plan for Australia's military capabilities over a ten-year period. The plan is reviewed regularly to take account of the changing strategic circumstances, new technologies and changed priorities, in the context of the overall Defence budget.
<b>Defence Employees Certified Agreement</b>	An enterprise agreement made under the <i>Workplace Relations Act 1996</i> about terms and conditions of service, including rates of pay, for Australian Public Service Defence employees. The agreement is negotiated between Defence, Australian Public Service employees and their representatives and is certified by the Australian Industrial Relations Commission.
<b>Defence Integrated Distribution Service</b>	An outsourced logistics project that provides national warehousing, distribution and selected land equipment maintenance support for Joint Logistics Command.

<b>Defence information environment</b>	Encompasses all of Defence’s computing and communications capabilities at all classification levels. It supports all Defence warfighting functions, including Defence’s overseas deployed elements and connection to coalition networks, as well as the day-to-day management functions of Defence.
<b>Defence Management and Finance Plan</b>	The Defence Management and Finance Plan provides Ministers and central agencies with a clear oversight of Defence planning and financing strategies. It describes the strategies agreed through the 2000 Defence White Paper and subsequent Strategic Review papers. As a compendium of information attached to Defence’s annual Portfolio Budget Submission, it is intended to help Ministers make informed strategic and budgetary decisions on Defence, by bringing into one document the expected financial position of the portfolio taking into account existing commitments and proposed new investments. The Plan also provides the Government with the information necessary to ensure that its investment in Defence is both affordable and sustainable.
<b>Defence Procurement Review</b>	An independent review initiated by the Government in December 2002 to examine the procurement process for major acquisitions in Defence. The review was led by Mr Malcolm Kinnaird and is also known as the ‘Kinnaird Review’.
<b>Departmental items</b>	Assets, liabilities, revenues and expenses that are controlled by the agency in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and administrative expenses incurred.
<b>Depreciation</b>	Apportionment of an asset’s capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
<b>Discretionary grants</b>	Payments where the portfolio minister and paying agency has discretion in determining whether or not a particular applicant receive funding and may or may not impose conditions in return for the grant. There is a central discretionary grants register.
<b>Employee</b>	Any Australian Public Service officer of Defence or serving Defence Force member who receives a salary or wage, along with other benefits, for the provision of services whether on a full-time, part-time, permanent, casual or temporary basis.
<b>Employee expenses</b>	Include, but are not limited to, benefits provided to employees in the form of salaries and wages, performance pay, senior officers’ allowances, leave, and superannuation, but does not include amounts paid or owed to employees as reimbursement of out-of-pocket expenses.
<b>Equity injection</b>	An additional contribution, over and above the cost of outputs. Equity injections form part of the Commonwealth’s investment in Defence.
<b>Equity or net assets</b>	Residual interest in the assets of an entity after deduction of its liabilities.
<b>Expense</b>	Total value of all the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increase in liabilities of an entity.
<b>Fair value</b>	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm’s length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.

<b>Financial Management and Accountability Act 1997</b>	The Act establishes the regulatory framework for financial management within Defence and other public sector agencies.
<b>Five Power Defence Arrangements</b>	Agreed in 1971 and commits Australia, Malaysia, New Zealand, Singapore and the United Kingdom to consult in the event of an attack on Singapore or Malaysia.
<b>Force element</b>	A component of a unit, a unit or an association of units having common prime objectives and activities.
<b>Force Element Group</b>	A grouping of force elements with an appropriate command and control structure for a specified role or roles (eg the Navy Submarine Group).
<b>Force element product costing tool</b>	A methodology that provides all Defence Groups with a consistent framework to cost their internal products or services and identify how these contribute to the costs of operating a force element.
<b>Forward estimates</b>	The level of proposed expenditure for future years (based on relevant demographic, economic and other future forecasting assumptions). The Government requires forward estimates for the following three financial years to be published in each annual Federal Budget paper.
<b>Garrison support services</b>	Include a range of base support services including: grounds maintenance, hospitality, training area management, base security, transport, air support and fire-fighting and rescue services.
<b>Group</b>	A high-level organisational grouping of functions and activities used by the Defence Executive as its primary management grouping (eg the Capability Development Group)
<b>Infrastructure</b>	Items owned, leased or otherwise under the control of Defence in support of activities on land and within buildings. Infrastructure includes items such as runways, roads, car parks, parade grounds, ovals, lighting, water, sewerage and other general service related items. It does not include land upon which, or within which, it is constructed or those fixed items integral to, and under, buildings.
<b>Interoperability</b>	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.
<b>Inventory</b>	Inventory is comprised of consumable stores and supplies, fuel and explosive ordnance used in the delivery of Defence services. These are items which are consumed in normal use, lose their identity during periods of use by incorporation into, or attachment upon, another assembly, as a result of wear and tear, cannot be reconditioned because their design does not make it possible or their specific values do not justify it.
<b>Joint exercise</b>	An exercise involving two or more Services of the ADF.
<b>Liabilities</b>	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.
<b>Material Acquisition Agreements</b>	Material Acquisition Agreements will cover the Defence Material Organisation's acquisition services to Defence for both major and minor capital equipment.
<b>Material Sustainment Agreements</b>	Material Sustainment Agreements will be between the Capability Managers and the Chief Executive Officer of the Defence Material Organisation. These agreements will cover the sustainment of current capability, including services such as repairs, maintenance, fuel and explosive ordnance.

<b>Military response options</b>	A set of generic tasks that describe the range of military options the Government could consider as a basis for a response to a particular situation or contingency.
<b>Mission capability</b>	The required level of unit readiness for tasking for which a force element is scheduled at any time through its operational cycle (includes all scheduled activities to achieve assigned Defence operations, international engagement requirements and levels of preparedness required for a military response).
<b>Net assets</b>	See <i>equity</i>
<b>Network Centric Warfare</b>	The aim of Network Centric Warfare is to improve the ability of the ADF to collaborate internally, with supporting agencies, and with coalition partners across organisational and geographic boundaries. Network Centric Warfare will allow Defence to harness recent developments in computing and communications technologies to enhance decision making and warfighting capability.
<b>Operating result</b>	Equals revenue less expense.
<b>Other property, plant and equipment</b>	This comprises the following sub-classes; administrative assets, commercial vehicles, general military assets, heritage assets and other (includes all items not specific to one of the classes or sub-classes referred to above and can include testing equipment and non-specific non-rotatable spares.)
<b>Outcomes</b>	The results that the Government seeks from Defence, and are achieved by the successful delivery of its outputs, to the standards set in the portfolio budget statements.
<b>Output</b>	The product or service produced by Defence on behalf of the Government for external organisations or individuals.
<b>Output groups</b>	A logical aggregation of agency outputs, where useful, and based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs may also be needed for the provision of adequate information for performance monitoring, or based on a materiality test.
<b>Outturned prices</b>	Estimates adjusted to incorporate the expected rate of inflation.
<b>Permanent forces</b>	The permanent Navy, the regular Army and the permanent Air Force.
<b>Platforms</b>	Refers to air, land, surface or sub-surface assets that are discrete and taskable elements within the ADF.
<b>PMKeyS (Personnel Management Key Solution)</b>	Defence's personnel management system for the administration of ADF and civilian staff.
<b>Portfolio Additional Estimates Statements</b>	Similar to the portfolio budget statements and prepared at Additional Estimates time to support an update on the Government's original annual budget for Defence.
<b>Portfolio budget statements</b>	A document presented by the Minister for Defence to Parliament to inform Senators and Members of the basis for the Defence budget appropriations in support of the provisions in Appropriation Bills 1 and 2. The statements summarise the Defence budget and provides detail of outcome performance forecasts and resources in order to justify expenditure for Defence.
<b>Prescribed agency</b>	A prescribed agency is an agency established by regulation under the <i>Financial Management and Accountability Act 1997</i> . It provides financial management authority to, and requires accountability by, the Chief Executive of an agency.
<b>Professional service providers</b>	Individuals with specialist skills contracted to fill a line position.

<b>Purchaser-provider arrangements</b>	Arrangements under which the outputs of one agency are purchased by another agency to contribute to outcomes. Purchaser-provider arrangements can occur between Commonwealth agencies and state/territory government or private sector bodies.
<b>Qualifying assets</b>	Assets under construction.
<b>Readiness</b>	The readiness of forces to be committed to operations within a specified time, dependent on the availability and proficiency of personnel, equipment, facilities and consumables.
<b>Receivables</b>	Amounts payable to Defence, including debtors, bills of exchange and promissory notes, loans to other governments and other entities, interest accrued but not yet received, and advances to Defence employees and other entities that are to be returned or acquitted.
<b>Reconstitution</b>	A component of the phases of operations, immediately following an operation, being a period required to revert a force element to the directed level of capability in a specific time. The preparedness cycle is not complete until reconstitution to a directed level has been achieved, including immediate maintenance, rest and recuperation, and redistribution of supplies and systems, if necessary.
<b>Reserves</b>	The Naval Reserve, the Army Reserve and the Air Force Reserve.
<b>Revenues</b>	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.
<b>Risk management</b>	At the highest level, it 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.
<b>Resource and Output Management and Accounting Network (ROMAN)</b>	Defence's primary financial management system incorporating corporate budgeting, accounting and reporting.
<b>Special account</b>	Balances existing within the Consolidated Revenue Fund, that are supported by standing appropriations ( <i>Financial Management and Accountability Act 1997</i> , ss.20 and 21). Special accounts allow money in the Consolidated Revenue Fund to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (s.20 of the <i>Financial Management and Accountability Act 1997</i> ) or through an Act of Parliament (referred to in s.21 of the <i>Financial Management and Accountability Act 1997</i> ).
<b>Special appropriations (including standing appropriations)</b>	An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year.
<b>Specialist military equipment</b>	Items of a specific military nature and that are not available through the normal external market in their current form to other than government military purchasers. It includes the prime military equipment plus the direct support items associated with the equipment.

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<b>Standard Defence Supply System (SDSS)</b>	A key information system for the financial management of inventory, general stores, repairable items and other assets associated with Defence's logistic capability.
<b>Theatre</b>	The area in which military operations/activities take place.
<b>'Two pass' approval process</b>	The process by which major capital investment proposals are developed for consideration and approval by the Government.
<b>Unit ready days</b>	The number of days that a force element is available for tasking within planned readiness requirements. Planned unit ready days are determined for each Force Element Group by aggregating total days for the unit in commission, less all days when the unit is programmed to be in major maintenance and conducting pre-workup (preparations for initial operational training).
<b>Weighted average cost</b>	An inventory valuation method which considers the fluctuating prices and quantities of acquired goods in computing of the cost of inventory. The weighted average method takes the prices of units at the beginning inventory and the varying prices of purchases made and are weighted by the number of units to determine the weighted average cost per unit. It may be computed as the weighted average cost of all available goods present in a given period, or as a weighted moving average cost adjusted when new goods are delivered.
<b>Write-offs</b>	The recording in the accounting records of irrecoverable or uneconomic to recover debts.
<b>Write-downs</b>	The reduction in value of asset.

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## Acronyms and Abbreviations

### A

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ADF	Australian Defence Force
ADFA	Australian Defence Force Academy
AEIFRS	Australian Equivalent to International Financial Reporting Standards
AEW&C	Airborne Early Warning and Control
AFS	Average Funded Strength
AMTG	Al Muthanna Task Group
ANAO	Australian National Audit Office
ANZAC	Australian and New Zealand Army Corps
APS	Australian Public Service
ARDs	Asbestos-related diseases
ASLAV	Australian Light Armoured Vehicle
AUC	Assets Under Construction

### B

BORIS	Budgetary and Output Reporting Information System
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### C

CEO DMO	Chief Executive Officer of the Defence Material Organisation
CIO	Chief Information Officer
COMSARM	Computer System Armaments
CTF	Combined Task Force

### D

DFAT	Department of Foreign Affairs and Trade
DFRDB	Defence Force Retirement and Death Benefits Scheme
DHA	Defence Housing Authority
DMO	Defence Materiel Organisation
DoFA	Department of Finance and Administration
DSD	Defence Signals Directorate
DSTO	Defence Science and Technology Organisation

### F

FFG	Guided Missile Frigate
FMA Act	<i>Financial and Management Accountability Act 1997</i>
FMO	Finance Minister's Orders
FMS	Foreign Military Sales

### G

GDP	Gross Domestic Product
GST	Goods and Services Tax

*Appendices*

**H**

HMAS Her Majesty's Australian Ship

**I**

IT Information technology

**J**

JTF Joint Task Force

**M**

MSBS Military Superannuation Benefits Scheme

**P**

PAES Portfolio Additional Estimates Statements

PBS Portfolio Budget Statements

PMKeyS Personnel Management Key Solution

PSP Professional Service Provider

**R**

RAAF Royal Australian Air Force

RAN Royal Australian Navy

RAR Royal Australian Regiment

ROMAN Resource and Output Management Accounting Network

**S**

SDA Survey/Sortie Days Achieved

SDP Survey/Sortie Days Planned

SDSS Standard Defence Supply System

SES Senior Executive Service

**T**

TNI Indonesian Armed Forces

**U**

UIG Urgent Issues Group

UN United Nations

URD Unit Ready Days

**W**

White Paper *Defence 2000: Our Future Defence Force*

## Alphabetical Index

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