

DEFENCE

ANNUAL  
REPORT

1997-98

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**Department of Defence**

21 October 1998

The Hon John Moore MP  
Minister for Defence

Dear Minister

We are pleased to present the annual report of the Department of Defence for the year ended 30 June 1998 in accordance with subsection 25(6) of the *Public Service Act 1922*, and we certify that this report complies with the requirements referred to in subsection 25(7) of the Act.

Under subsection 25(8) of the Act, you are required to cause a copy of the report to be laid before each House of Parliament by 31 October 1998.

This report presents our overview of the performance and outputs of the Department of Defence for 1997-98, as well as the Program performance and other reports required by Parliament.

Yours sincerely

P H Barratt  
Secretary  
Department of Defence

C A Barrie AO RAN  
Admiral  
Chief of the Defence Force

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## USER GUIDE

The format and content of this annual report reflect the guidelines approved by the Joint Committee of Public Accounts and Audit in March 1994 and updated in April 1998. The guidelines give emphasis to accountability, outcomes and achievements. The annual report is also the mechanism for reporting to Parliament the outlays for the financial year.

The 1997-98 Defence Annual Report addresses the Department of Defence and the Australian Defence Force (collectively known as the Defence organisation), while the Department of Veterans' Affairs, which is part of the Defence Portfolio, has a separate annual report.

This report is divided into three parts. **Part One** contains an overview of portfolio performance and outcomes for 1997-98. The overview includes a summary of significant achievements and issues, financial and human resources and performance management. It also includes organisational charts that show the formal structure of the Defence organisation as at 30 June 1998, a range of financial statistics and the audited Section 49 Financial Statements.

**Part Two** provides information about Program performance. The Defence organisation is divided into fourteen Programs. This provides a framework for the devolution of management authority, the allocation of resources and reporting on performance against objectives. For each Program there is an objective and a description; a summary of achievements; performance measures and outcomes; outlays and staffing data; a reconciliation of appropriations; and an explanation of major resource variations.

**Part Three** includes information on a number of activities, such as public affairs and freedom of information, that are required to be included in the Annual Report.

Finally, the index to this report includes a compliance index which identifies where those matters required by the Joint Committee of Public Accounts and Audit to be included in annual reports are located; a full listing of tables, charts and graphs; a glossary; and an alphabetical index.

## STYLE CONVENTIONS

In general, figures provided in this report are rounded to the nearest \$100,000, although there are some tables in which the figures are rounded to \$m or, in some cases of smaller amounts, one significant figure. The convention used is that rounding downwards occurs if the end digit is less than five, and rounding upwards occurs if the figure is five or more. Where totals may not add due to rounding, a footnote is provided to that effect.

There are two significant exceptions to this convention. Firstly, for reconciliation purposes, the summary of Defence appropriations at Table 7 in Part One of the report is provided to the nearest dollar. Each annual appropriation item is cross-referenced to the Appropriation Bills by use of a code which identifies the address of the item (in terms of Division, Sub-Division) in the Appropriation Bills.

Secondly, amounts in the 1997-98 Financial Statements, contained in *Appendix F* to Part One, are rounded to the nearest \$1,000, in accordance with an order issued by the Minister for Finance and Administration pursuant to the *Financial Management and Accountability Act 1997*. See Note 1.3 in the *Notes to the Financial Statements* for further explanation.

## DEFENCE FORCE CAPABILITY TERMINOLOGY

The following are definitions of terms related to Defence Force preparedness and capability used throughout this document:

*Military Capability* is the combination of force structure and preparedness.

*Force Structure* refers to the size, organisation and technical and operational characteristics of the forces.

*Preparedness* denotes the ability of forces to undertake operations in a timely manner and sustain activity involved in those operations. It is used to describe the combined outcome of readiness and sustainability.

*Readiness* is the ability of designated forces to conduct specified operational roles and tasks within a nominated time at specific strengths and capabilities, and can be defined in terms of equipment, personnel and collective training.

*Sustainability* is the ability to continue to conduct operations for a specified period of time.

*Operational Level of Capability* is a specified level of capability to conduct specified operational roles and tasks.

*Minimum Level of Capability* is the minimum level from which units or force elements can achieve their Operational Level of Capability within assigned readiness notice.

*Present Level of Capability* is the level of capability of a unit or force element at any given time.