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GLOSSARY

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

Accrual Accounting: recognises the change in value of assets, liabilities, income and expenditure at the time that transactions and/or events occur, not at the time cash is paid or received, as is the case in cash accounting.

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

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. They are periodically revalued on the basis of their written-down current replacement cost.

Capability Assessment Reporting: preparedness is reported as part of the Capability Assessment Reporting (CAR) process, which requires all Executive managers to report the salient aspects of their Executive's capabilities in terms of force structure, preparedness, resources and vision.

Capital Use Charge: represents the opportunity cost of capital tied up in assets. The objective of this charge is to better 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 Department of Finance and Administration-specified rate of 12%, based on the long-term bond rate (currently around 6%) plus a margin for risk (6%).

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

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 primarily the responsibility 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 International Engagement Plan: is the primary guidance document for Defence's international relationships, and is produced annually by International Policy Division. It aims to ensure that our international engagement activities are conducted in accordance with strategic guidance. As such, the DIEP interprets strategic guidance and identifies priority areas for the development of individual international relationships.

Departmental Items: are resources directly controlled by Defence including salaries, allowances, military equipment and costs associated with the Defence organisation. Such resources, including outsourced activities funded and controlled by Defence, are used to produce outputs for government.

Equity Injection: represents the additional contribution to Defence by the Commonwealth as owner. It is determined on the basis of the amount additional to the Departmental outcome 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. It is planned to use these funds for investment in new or replacement capital equipment or facilities. The injection is not tied to any specific capital projects.

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: 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*.

Group: was a term used prior to 1 July 2000 as the basis upon which Defence was structured and resources were allocated.

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: are 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.

Military Capability: see *Preparedness Concepts and Planning*.

Outcomes are the results, impacts or consequences of actions by the Commonwealth for the Australian community.

Outputs are the products or services produced by Defence.

Preparedness Concepts and Planning: To achieve its outcome, Defence develops military capabilities that enable the Government to apply military power when required. Military capability is achieved by developing a force structure appropriately prepared for operations. Preparedness is a measure of how ready (*readiness*) and how sustainable (*sustainability*) the ADF is to undertake military operations. Preparedness is therefore of fundamental importance to Defence, which must be able to manage it effectively and communicate its status to the Government.

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. A clear understanding of the implications is required before a force is raised to that level of capability in peacetime. During a time of economic constraint, Defence balances the mix of capabilities, or outputs, from within its budget to meet Government tasking priorities.

Readiness – The readiness of forces to be committed to operations within a specified time is dependant on the availability and proficiency of personnel, equipment, facilities and consumables.

Sustainability – 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.

Force Structure - Force structure relates to the type of force required - personnel, equipment, facilities and military doctrine - to achieve the operational 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 capability, retirement of an old capability or capability enhancement will have a direct impact on the resource, training and facility requirements of the forces involved.

Preparedness - Preparedness is a measurement of how ready (readiness) and how sustainable (sustainability) the whole or part of the ADF is to undertake military operations. 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 its period of 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.

The Chief of the Defence Force's Preparedness Directive - This principal 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.

The implementation of 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 ensure that there is regular feedback in the process and that objectives and resource allocations are refined as necessary.

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.

Risk Management: at the highest level, strategic risk management involves the identification and mitigation of those risks that have the potential to adversely affect the achievement of agreed output performance at the agreed output price.

Running Costs: are the full recurrent and minor capital costs consumed by an agency. Included are salaries and related employment costs, superannuation, administrative items, minor capital items, property operating expenses and consultancy services.

Sustainability: see *Preparedness Concepts and Planning*.

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

LIST OF ACRONYMS

AAS	Australian Accounting Standard
ACT	Australian Capital Territory
ADF	Australian Defence Force
ADFA	Australian Defence Force Academy
ADI	Australian Defence Industries Ltd
AE	Additional Estimate
AEW&C	Airborne Early Warning and Control
AFS	Average Funded Strength
ALG	Air Lift Group
ANAO	Australian National Audit Office
APIN	Army Presence in the North
APS	Australian Public Service
ARDU	Aircraft Research and Development Unit
ASEAN	Association of South East Asian Nations
ASO	Administrative Service Officer
ATSIC	Aboriginal and Torres Strait Islander Commission
AUC	Assets Under Construction
AUSMIN	Australia/United States Ministerial Talks
C ³ I	Command, Control, Communications and Intelligence
CDF	Chief of the Defence Force
COD	Chief of Division, Science and Technology
COMAST	Commander Australian Theatre
CRU	Control and Reporting Unit
CSP	Commercial Support Program
CUC	Capital Use Charge
DACC	Defence Assistance to the Civil Community
DAO	Defence Acquisition Organisation
DCS	Defence Corporate Support
DDG	Destroyer
DEFMIS	Defence Financial Management and Information System
DFRB	Defence Force Retirement Benefits
DFRDB	Defence Force Retirement and Death Benefits
DoFA	Department of Finance and Administration

DPE	Defence Personnel Executive
DRP	Defence Reform Program
DSTO	Defence Science and Technology Organisation
EOD	Explosive Ordnance Disposal
FANC	French Armed Forces New Caledonia
FFG	Frigate
FFH	Anzac Frigates
FMA	Financial Management and Accountability
FMS	Foreign Military Sales
FOI	Freedom of Information
HealthKEYS	Health Key Solution information management system
HF	High Frequency
HMAS	Her Majesty's Australian Ship
IADS	Integrated Air Defence System (Malaysia)
Interfet	International Intervention Force East Timor
ISO	International Organization for Standardization
ITO	Information Technology Officer
ITR	Invitation to Register Interest
JORN	Jindalee Operational Radar Network
LADS	Laser Airborne Depth Sounder
LCH	Landing Craft Heavy
LPA	Amphibious Transport
LSH	Landing Ship Heavy
MGI	Military Geographic Information
MHI	Inshore Minehunter
MINTACS	Command Decision Aids
MLOC	Minimum Level of Capability
MSBS	Military Superannuation and Benefits Scheme
NSW	New South Wales

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NT	Northern Territory
NUSHIP	Ship yet to be commissioned
NZDF	New Zealand Defence Force
OPD	Operational Preparedness Directive
PAC JTFEX	Pacific Joint Task Force Exercises
PMKeyS	Personnel Management Key Solution
PNG	Papua New Guinea
PNGDF	Papua New Guinea Defence Force
RAR	Royal Australian Regiment
R&D	Research and Development
RNZAF	Royal New Zealand Air Force
ROMAN	Resource and Output Management and Accounting Network
RSN	Republic of Singapore Navy
SES	Senior Executive Service
SITO	Senior Information Technology Officer
SMEs	Small to Medium Enterprises
SO	Senior Officer
STS	Sail Training Ship
TAFE	Technical and Further Education
TNI	Indonesian Army
UN	United Nations
UNAMET	United Nations Assistance Mission in East Timor
UNTAET	United Nations Transitional Administration in East Timor
USN	United States Navy
USS	United States Ship
WA	Western Australia
Y2K	Year 2000

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