

DEFENCE

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GLOSSARY

Accrual accounting	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.
Administered appropriation	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.
Administered items	Resources administered on behalf of the Commonwealth by Defence, including grants, subsidies and benefits. Such resources may be used by third party organisations.
Amortisation	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.
Appropriation	An authorisation by Parliament to spend money from the Consolidated Revenue Fund (the principal working fund of the Commonwealth) for a particular purpose.
Assets	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.
Assets under construction	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.
Average funded strength	A budgetary measure used to count the average number of ADF members paid on a full-time equivalent basis during a financial year.
Budget Estimates and Framework Review	The term used to describe the recommendations agreed by the Government in May 2002 following a thorough assessment of the budget estimates and advice system. The review outcomes are designed to improve the accuracy, responsiveness and effectiveness of the Government's budget estimates and framework system. It also provides agencies with methods to improve financial management and reporting within their own organisations.
Capability	The combination of military equipment, personnel, logistics support, training, resources, etc. that provides Defence with the ability to achieve its operational aims.

Capital budget	All proposed capital expenditure funded by appropriation for outcomes, by equity injections or loans and/or appropriations for administered capital, or by other sources.
Combined exercise	An exercise or activity involving one or more Services of the ADF with the forces of other countries.
Defence Management and Finance Plan	The Defence Management and Finance Plan (DMFP) provides Ministers and central agencies with a clear oversight of Defence planning and financing strategies. It describes the strategies agreed through the <i>2000 Defence White Paper</i> 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 DMFP also provides the Government with the information necessary to ensure that its investment in Defence is both affordable and sustainable.
Defence Procurement Review	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.
Employee	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
Employee expenses	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.
Equity injection	An additional contribution, over and above the cost of outputs to the Government as customer, to Defence by the Commonwealth as owner. Equity injections form part of the Commonwealth's investment in Defence and partly reflect the Commonwealth's ownership interest in Defence.
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 (eg the Navy Submarine Force).
Group	A high-level organisational grouping of functions and activities used by the Defence Executive as its primary management grouping (eg the Capability Development Group).
Infrastructure	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.
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.
Inventory	An 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.
Joint exercise	An exercise 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.
Other property, plant and equipment	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-rotable spares.)
Outcome	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, see Chapter Four (Planned Outcome Performance) for more information.
Output	The product or service produced by Defence; see Chapter Four (Planned Outcome Performance) for more information.

Purchaser-provider arrangements	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 or between Commonwealth agencies and state/territory government or private sector bodies.
Readiness	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.
Receivables	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.
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.
Specialist military equipment	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.
Unit ready days	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).
Weighted average cost	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.
Write-offs	The recording in the accounting records of irrecoverable or uneconomic to recover debts.
Write-downs	The reduction in value of assets.

ACRONYMS AND ABBREVIATIONS

A

AASB	Australian Accounting Standards Board
ADF	Australian Defence Force
AFS	Average funded strength
APS	Australian Public Service

D

DIDS	Defence Integrated Distribution System
DFAT	Department of Foreign Affairs and Trade
DFRDB	Defence Force Retirement and Death Benefits Scheme
DMO	Defence Materiel Organisation
DSTO	Defence Science and Technology Organisation

F

FFG	Guided Missile Frigate
-----	------------------------

G

GST	Goods and Services Tax
-----	------------------------

H

HMAS	Her Majesty's Australian Ship
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I

IT	Information Technology
----	------------------------

M

MSBS	Military Superannuation Benefits Scheme
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P

PBS	Portfolio Budget Statements
PAES	Portfolio Additional Estimates Statements

R

RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RAR	Royal Australian Regiment

U

UN	United Nations
URD	Unit ready days

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