

# APPENDIX

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## GLOSSARY

Accumulated Depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Additional estimates	Where amounts appropriated at Budget time are required to change, Parliament may make adjustments to portfolios through the Additional Estimates Acts.
Administered appropriations	Revenues, expenses, assets or liabilities administered by an agency for the Commonwealth (such as taxes, benefits payments and public debt) that are not concerned with running the agency or its commercial activities.
Agency	Assets, liabilities revenues and expenses that are controlled by Defence or a subsidiary. Includes officials allocated to the organisation.
Alliance Agreement	Innovative contract management model aimed at sharing risks and rewards across alliance participants. An alliance typically involves shared obligations and a higher level of cooperation across all parties to the agreement.
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.
Annual appropriation	Two appropriation Bills are introduced into 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.
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.
Australian Accounting Standards	These Standards specify techniques of accounting practice and the method of presenting financial information about a reporting entity.
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.
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.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Coalition	Countries including Australia who provide troops, logistical support or assistance in Military Operations, peacekeeping or reconstruction efforts.
Combined exercise	An exercise or activity involving one or more Services of the ADF with the forces of other countries.

Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Defence Capability Plan	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 changing strategic circumstances, new technologies and changed priorities, in the context of the overall Defence budget.
Defence information environment	Encompasses all of Defence's computing and communication capabilities at all classification levels. It supports all Defence warfighting functions, including overseas deployed elements and connection to Coalition networks, as well as the day-to-day management functions.
Defence Management and Finance Plan	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 <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 Plan also provides the Government with the information necessary to ensure that its investment in Defence is both affordable and sustainable.
Defence Management Review	A review commissioned in August 2006 by the Minister for Defence in consultation with the Secretary and the Chief of the Defence Force to examine organisational efficiency and effectiveness across the organisation.
Departmental items	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 most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	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.
Discretionary grants	Payments where the Portfolio Minister and paying agency have discretion in determining whether or not a particular applicant should receive funding and may or may not impose conditions in return for the grant. There is a central discretionary grants register.
Effectiveness indicators	Measures the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
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	Residual interest in the assets of an entity after deduction of its liabilities.

Equity injection	An additional contribution, over and above the cost of outputs. Equity injections form part of the Commonwealth's investment in Defence.
Expediency motion	The <i>Public Works Committee Act 1969</i> (the Act) empowers the Committee to comment fully of each public work referred to it. In particular, the Committee comments on the ways and means that an agency proposes to undertake a public work. The Committee receives its public works referral by means of a motion moved in either House of the Parliament. After reviewing the proposal the Committee presents its findings in the form of a report to Parliament and makes recommendations either to proceed or not to proceed with the project under investigation. The Government normally responds to each report by way of moving an expediency motion in the Parliament. After the passing of the expediency motion, public work may commence.
Expense	Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.
Fair value	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.
<i>Financial Management and Accountability Act 1997</i>	The Act establishes the regulatory framework for financial management within Defence and other public sector agencies.
Five Power Defence Arrangements	Agreed in 1971, committing Australia, Malaysia, New Zealand, Singapore and the United Kingdom to consult in the event of an attack on Singapore or Malaysia.
Force element	A component of a unit, a unit or an association of units having common prime objectives and activities.
Forward estimates	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.
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).
Hardened and Networked Army	The Army's key initiative to modernise and meet future operational demands and requirements of the Government. It will increase the size and firepower of the landforce, improve the protection to troops, and allow them to communicate better of the future battlefield.
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	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.
Materiel Acquisition Agreements	Materiel Acquisition Agreements will cover the Defence Materiel Organisation's acquisition services to Defence for both major and minor capital equipment.
Materiel Sustainment Agreements	Materiel Sustainment Agreements will be between the Capability Managers and the Chief Executive Officer of the Defence Materiel Organisation. These agreements will cover the sustainment of current capability, including services such as repairs, maintenance, fuel and explosive ordnance.
Net assets	See <i>Equity</i>
Operational Tempo	Operational tempo is the rate at which the ADF is able to deliver its operational effects, for example, the rate at which forces are dispatched and the time in which they are turned around for their next task. At the local level, this might translate to the crew of an aircraft only spending a very small time on the ground before it is re-tasked for its next mission. At the organisational level, this translates to available fighting forces spending very little time at home, before they are used again for their next operation.
Operating result	Equals revenue less expense.
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).
Outcomes	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. For more information, see Defence's Chapter Four - Planned Outcome Performance.
Output	The product or service produced by Defence on behalf of government for external organisations or individuals. For more information, see Defence's Chapter Four - Planned Outcome Performance.
Out-turned prices	Estimates adjusted to incorporate the expected rate of inflation.
Permanent forces	The permanent Navy, the regular Army and the permanent Air Force.
Platforms	Refers to air, land, surface or sub-surface assets that are discreet and taskable elements within the ADF.
Portfolio additional estimates statements	Similar to the portfolio budget statements and prepared at Additional Estimates time to support and update on the Government's original annual budget for Defence.

## Appendix

Portfolio budget statements	The 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.
Prescribed agency	An agency established by Regulation under the <i>Financial Management and Accountability Act 1997</i> . The Act provides financial authority to, and requires accountability by, the Chief Executive of an agency.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.
Professional Service Providers	Individuals with specialist skills contracted to fill a line position.
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 and state/territory government or private sector bodies.
Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between user's expectations and experiences.
Quantity	One of the three key efficiency indicators. Examples include: the size of an output; count or volume measures; how many or how much.
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.
Reserves	The Naval Reserve, the Army Reserve and the Air Force Reserve.
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.
Special account	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> ).

Special Appropriations (including Standing Appropriations)	<p>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.</p> <p>Standing appropriations are a sub-category consisting of ongoing special appropriations – the amount appropriated will depend on circumstances specified in the legislation.</p>
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.
System Program Office	A System Program Office is one of the core business units in the DMO. They provide a crucial link between the DMO and its customers. They provide acquisition and sustainment services for the ADF.
Theatre	The area in which Military operations and activities take place.
Two-pass approval process	The process by which major capital investment proposals are developed for consideration and approval by the Government.
Unit ready days	The number of days that a force element is available for tasking, by the Commander Australian Fleet, either outside of major maintenance and within planned readiness requirements, or in accordance with contracted availability. 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 associated pre-workup (preparations for initial operational training) or based on the total number of days the force element is contracted to be available to Defence. Contracted availability applies to the Armidale-class patrol boats and may apply to other classes in the future.
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-downs	The reduction in the value of assets.

## ACRONYMS AND ABBREVIATIONS

### A

ACT	Australian Capital Territory
ADF	Australian Defence Force
ANAO	Australian National Audit Office
ANZAC	Australian and New Zealand Army Corps
APEC	Asia-Pacific Economic Cooperation
APS	Australian Public Service

### C

CDF	Chief of the Defence Force
CEO	Chief Executive Office
CFO	Chief Financial Officer
COMSUPER	Commonwealth Superannuation Administration

### D

DFAT	Department of Foreign Affairs and Trade
DFRDB	Defence Force Retirement and Death Benefits Scheme
DHA	Defence Housing Australia
DMO	Defence Materiel Organisation
DSTO	Defence Science and Technology Organisation

### E

ELF	Enhanced Land Force
ERC	Expenditure Review Committee

### F

FFG	Guided Missile Frigate
FMS	Foreign Military Sales
FTE	full-time equivalent

### G

GDP	Gross Domestic Product
GSI	General Stores Inventory
GST	goods and services tax

### H

HMAS	Her Majesty's Australian Ship
Hon	Honourable
HQJOC	Headquarters Joint Operations Command

### J

JP	Joint Project
----	---------------

### L

LEAP	Living Environment and Accommodation Precinct
------	---

### M

MP	Member of Parliament
MSBS	Military Superannuation and Benefits Scheme
MYEFO	Mid-Year Economic and Fiscal Outlook

### P

PSPs	Professional Service Providers
------	--------------------------------

### R

RAAF	Royal Australian Air Force
RAN	Royal Australian Navy

### S

SAS	Special Air Service Regiment
SES	Senior Executive Service

### U

URD	unit ready days
USAF	United States Air Force

### V

VCDF	Vice Chief of the Defence Force
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