

Defence Housing Australia

Agency Resources and Planned Performance

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DEFENCE HOUSING AUSTRALIA

Section 1: DHA Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

The primary function of Defence Housing Australia (DHA), as set out by the *Defence Housing Australia Act 1987*, is to provide housing and related services for members of the Australian Defence Force (ADF) and their families in line with the Defence operational requirements. DHA seeks to deliver positive outcomes for Defence while also functioning as a Government Business Enterprise charged with operating commercially and delivering shareholder return targets.

DHA achieves its function through a contracted relationship with the Commonwealth of Australia (Defence). A Services Agreement outlines the commercial arrangements and the responsibilities of both parties in providing housing services to the members of the ADF and their families. In accordance with the governance arrangements for Government Business Enterprises, DHA prepares a Corporate Plan to be agreed with its shareholder ministers.

DHA will continue to meet Defence housing needs for ADF members with dependents while expanding its off-base singles programme and maintaining a strong balance sheet. Critical to success will be land development and increased sales of DHA properties, mainly through the Sale and Leaseback (SLB) programme. The current outlook for SLB is positive. As the off-base singles portfolio grows, DHA will increase the number of apartments available to investors.

After successive years of growth in the Defence housing requirement, the latest forecast from the Department of Defence sees a flattening of demand over the next three years. Even so, the overall size of DHA's portfolio will increase over the next three years as DHA seeks to reduce the number of members housed in the private rental market and provide additional housing choices for single members of the ADF.

DHA will continue a \$300m programme to upgrade and replace Defence-owned housing on-base and off-base to meet the 2017 deadline for all housing to comply with the 2006 Defence minimum standard. DHA will further consolidate the allocation service for Defence Living-In-Accommodation.

Over the next four years it is estimated that DHA's capital expenditure will exceed \$2b. The programme will primarily be funded through DHA's Sale and Leaseback programme with additional funding options being implemented if approved by Government. The sale of surplus lots from DHA's major developments will also contribute. DHA will seek to preserve its Standard & Poor's credit rating of AA+.

DHA plans to continue providing a strong financial return to Government.

DHA Organisational Structure

The DHA Board and Advisory Committee compositions have changed and are detailed below.

The DHA Board members are:

Chairman	The Hon J.A.L. (Sandy) Macdonald
Managing Director	Mr Peter Howman
Commercial Director	Ms Margaret Walker
Commercial Director	Ms Carol Holley
Commercial Director	The Hon Alan Ferguson
Commercial Director	Vacant
Nominee Secretary of Defence	Mr Martin Brady AO
Nominee Chief of Defence Force	Commodore Vicki McConachie CSC RANR
Nominee Secretary of Finance	Ms Janice Williams

DHA has an Advisory Committee which has the following members:

Chairman	Ms Vicki McConachie CSC RANR
Committee Member	Mr Peter Howman
Committee Member	Mrs Robyn Ritchie
Committee Member	Rear Admiral Michael Van Balen
Committee Member	Major General Rick Burr DSC AM MVO
Committee Member	Air Vice-Marshal Gavin (Leo) Davies, CSC

DHA's wholly owned subsidiary entity DHA Investment Management Limited has a Board comprising a Chairperson and two directors.

The DHA Investment Management Limited Board members are:

Chair/ Non Executive Director	Ms Carol Holley
Executive Director	Mr Peter Howman
Executive Director	Mr Jon Brocklehurst

1.2 DHA RESOURCE STATEMENT

Table 114: DHA Resource Statement – Budget Estimates for 2015-16

	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Opening balance/Reserves at bank	136,236	(32,837)	103,399
REVENUE FROM GOVERNMENT			
Other services			
<i>Non-operating</i>	-	-	-
Total other services	-	-	-
Total annual appropriations	-	-	-
Payments from related entities			
Department of Defence	627,180	-	627,180
Total	627,180	-	627,180
Total funds from Government	627,180	-	627,180
FUNDS FROM INDUSTRY SOURCES			
FUNDS FROM OTHER SOURCES			
Interest	2,947	-	2,947
Sale of goods and services	516,282	-	516,282
Total	519,229	-	519,229
Total net resourcing for entity	1,146,409	-	1,146,409

Notes

1. DHA is not directly appropriated. Appropriations are made to Department of Defence which are then paid to DHA and are considered "departmental" for all purposes.
2. All figures are GST exclusive.

1.3 BUDGET MEASURES

There are no budget measures relating to DHA for the May 2015 Budget.

Section 2: DHA Outcomes and Planned Performance

DHA advises no significant changes to targets published in the *Portfolio Budget Statements 2014-15*.

2.1 OUTCOME AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programmes which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of Defence Housing Australia in achieving government outcomes.

Outcome 1: To contribute to Defence outcomes by providing total housing services that meet Defence Operational and client needs through a strong customer and business focus

Outcome 1 Strategy

DHA will meet this outcome through the execution of the Services Agreement on Housing and Related Matters (Services Agreement) between the Commonwealth of Australia (Defence) and DHA.

Under the terms of the Service Agreement, DHA provides a provisioning schedule to Defence in response to the Defence Housing Forecast (DHF). A Capital Programme is also developed which contains the detailed financial programme of capital expenditure related to the provisioning schedule. The key drivers of DHA's Capital Programme are changes to ADF strength and disposition; changes to Defence housing policy and standards; and DHA's need to replace expiring leases and ageing stock.

Outcome Expense Statement

Table 115: Budgeted Expenses for Outcome 1

Outcome 1: (To contribute to Defence outcomes by providing total housing services that meet Defence operational and client needs through a strong customer and business focus)	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.1: (Other Departmental - DHA)		
Revenue from Government		
Payment from related entities	594,010	627,180
Revenues from other independent sources	703,233	671,406
Total for Programme 1.1	1,297,243	1,298,586
Total expenses for Outcome 1	1,297,243	1,298,586

Contributions to Outcome 1

Programme 1.1: The provision of Defence housing and housing related services

Programme 1.1 Objective

- Provide modern quality housing that meets Defence requirements and community standards.
- Meet financial return targets.

Table 116: Cost Summary Programme 1.1 The provision of Defence housing and housing related services

Programme 1.1 Deliverables

- Deliver housing provisioning schedule outcomes to within 1% of agreed numbers.
- Deliver major land developments and acquisition/construction activities in key Defence locations.
- Achieve sustainable sale and leaseback and disposal revenues.

Key performance indicators	2014-15 Revised budget	2014-15 On target	2015-16 Budget target	2016-17 Forward year 1	2017-18 Forward year 2	2018-19 Forward year 3
Houses supplied against provisioning schedule	99%	Yes	99%	99%	99%	99%
Members satisfied with their service residence	80%	Yes	80%	80%	80%	80%
Return on equity	5.6%	Yes	5.7%	6.5%	6.5%	6.5%

Section 3: DHA Explanatory Tables and Budgeted Financial Statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

Not applicable to DHA.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Budgeted Financial Statements

Table 117: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
INCOME					
Revenue					
Sale of goods and rendering of services	1,289,773	1,295,439	1,448,884	1,497,117	1,203,042
Interest	7,470	3,147	2,059	3,967	11,460
Total revenue	1,297,243	1,298,586	1,450,943	1,501,084	1,214,502
Gains					
Sale of assets	(2,064)	(1,702)	(2,200)	(1,315)	(966)
Total gains	(2,064)	(1,702)	(2,200)	(1,315)	(966)
Total income	1,295,179	1,296,884	1,448,743	1,499,769	1,213,536
EXPENSES					
Employee benefits	71,188	75,135	77,906	80,799	83,794
Suppliers	1,083,999	1,081,772	1,214,877	1,260,971	1,006,246
Depreciation and amortisation	14,312	14,670	15,037	14,936	15,236
Finance costs	29,636	30,936	32,866	34,175	34,175
Write-down and impairment of assets	12,000	7,500	7,500	7,500	7,500
Total expenses	1,211,135	1,210,013	1,348,186	1,398,381	1,146,951
Profit/(loss) before income tax	84,044	86,871	100,557	101,388	66,585
Income tax expense	27,118	26,566	30,205	28,595	19,110
Net profit (loss)	56,926	60,305	70,352	72,793	47,475
Profit/(loss) attributable to the Australian Government	56,926	60,305	70,352	72,793	47,475

Table 118: Budgeted Departmental Balance Sheet (as at 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	103,398	22,747	40,119	103,740	274,699
Trade and other receivables	105,128	180,134	207,181	208,011	200,404
Other investments	2,500	3,502	0	0	0
Other financial assets	55,372	62,929	62,963	62,668	66,043
Total financial assets	266,398	269,312	310,263	374,419	541,146
Non-financial assets					
Land and buildings	1,491,243	1,494,101	1,483,527	1,494,705	1,514,022
Property, plant and equipment	14,978	18,978	22,978	24,874	26,965
Tax assets	22,558	23,122	23,700	4,547	4,110
Other non-financial assets	39,018	39,018	39,018	39,023	39,023
Total non-financial assets	1,567,797	1,575,219	1,569,223	1,563,149	1,584,120
Assets held for sale	1,204,311	1,261,115	1,338,716	1,393,607	1,250,810
Total assets	3,038,506	3,105,646	3,218,202	3,331,175	3,376,076
LIABILITIES					
Payables					
Suppliers	52,129	54,630	53,109	82,955	85,030
Dividends	50,274	50,476	57,390	54,331	36,308
Other payables	16,289	17,070	16,595	21,223	13,890
Total payables	118,692	122,176	127,094	158,509	135,228
Interest bearing liabilities					
Loans	509,580	529,580	569,580	569,580	569,580
Total interest bearing liabilities	509,580	529,580	569,580	569,580	569,580
Provisions					
Employee provisions	53,369	33,138	34,062	26,327	27,303
Other provisions	115,224	109,226	105,626	119,548	119,025
Total provisions	168,593	142,364	139,688	145,875	146,328
Total liabilities	796,865	794,120	836,362	873,964	851,136
Net assets	2,241,641	2,311,526	2,381,840	2,457,211	2,524,940
EQUITY*					
Parent entity interest					
Contributed equity	396,148	396,148	396,148	396,148	396,148
Reserves	1,810,702	1,868,715	1,926,067	1,982,976	2,039,538
Retained surplus (accumulated deficit)	34,791	46,663	59,625	78,087	89,254
Total parent entity interest	2,241,641	2,311,526	2,381,840	2,457,211	2,524,940
Attributed to non-controlling interest					
Total non-controlling interest	-	-	-	-	-
Total Equity	2,241,641	2,311,526	2,381,840	2,457,211	2,524,940

*Equity is the residual interest in assets after the deduction of liabilities.

Table 119: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	1,287,400	1,143,462	1,425,193	1,494,954	1,231,206
Interest	7,470	2,947	2,099	3,968	11,458
Other	25,100	24,013	25,481	28,639	28,687
Total cash received	1,319,970	1,170,422	1,452,773	1,527,561	1,271,351
Cash used					
Employees	69,000	78,596	77,906	74,003	76,745
Suppliers	1,276,845	998,858	1,221,577	1,185,362	861,932
Borrowing costs	29,636	30,936	32,866	34,175	34,175
Other	51,246	77,511	66,916	75,777	66,233
Total cash used	1,426,727	1,185,901	1,399,265	1,369,317	1,039,085
Net cash from/(used by) operating activities	(106,757)	(15,479)	53,508	158,244	232,266
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	51,600	42,538	54,995	32,887	24,143
Total cash received	51,600	42,538	54,995	32,887	24,143
Cash used					
Purchase of property, plant and equipment					
Investments	69,455	77,437	80,701	70,120	31,120
Total cash used	69,455	77,437	80,701	70,120	31,120
Net cash from/(used by) investing activities	(17,855)	(34,899)	(25,706)	(37,233)	(6,977)
FINANCING ACTIVITIES					
Cash received					
Other	-	20,000	40,000	-	-
Total cash received	-	20,000	40,000	-	-
Cash used					
Repayments of borrowings					
Dividends paid	53,991	50,274	50,476	57,390	54,331
Other					
Total cash used	53,991	50,274	50,476	57,390	54,331
Net cash from/(used by) financing activities	(53,991)	(30,274)	(10,476)	(57,390)	(54,331)
Net increase/(decrease) in cash held	(178,603)	(80,652)	17,326	63,621	170,958
Cash and cash equivalents at the beginning of the reporting period	282,002	103,399	22,793	40,119	103,741
Cash and cash equivalents at the end of the reporting period	103,399	22,747	40,119	103,740	274,699

Table 120: Departmental Statement of Changes in Equity – Summary of Movement (Budget Year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	34,791	1,810,702	-	396,148	2,241,641
Adjusted opening balance	34,791	1,810,702	-	396,148	2,241,641
Comprehensive income					
Surplus/(deficit) for the period	60,305	-	-	-	60,305
Total comprehensive income	60,305	-	-	-	60,305
Transactions with owners					
Distributions to owners					
Returns on capital:					
Dividends	(48,433)	-	-	-	(48,433)
Contributions by owners					
Other	-	58,013	-	-	58,013
Sub-total transactions with owners	(48,433)	58,013	-	-	9,580
Estimated closing balance as at 30 June 2016	46,663	1,868,715	-	396,148	2,311,526
Less: non-controlling interests	-	-	-	-	-
Closing balance attributable to the Australian Government	46,663	1,868,715	-	396,148	2,311,526

Table 121: Departmental Capital Budget Statement

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources (a)	69,455	77,437	80,701	70,120	31,120
TOTAL	69,455	77,437	80,701	70,120	31,120
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	69,455	77,437	80,701	70,120	31,120
Total cash used to acquire assets	69,455	77,437	80,701	70,120	31,120

(a) Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- gifts;
- internally developed assets;
- s 74 Retained revenue receipts;
- proceeds from the sale of assets.

Table 122: Statement of Asset Movements (2015-16)

	Land \$'000	Buildings \$'000	Other property, plant and equipment \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2015					
Gross book value	811,598	679,690	34,368	39,018	1,564,674
Accumulated depreciation/amortisation and impairment	-	(45)	(21,444)	-	(21,489)
Opening net book balance	811,598	679,645	12,924	39,018	1,543,185
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - other	5,058	-	6,054	-	11,112
Total additions	5,058	-	6,054	-	11,112
Other movements					
Assets held for sale or in a disposal group held for sale	-	(2,200)	-	-	(2,200)
Depreciation/amortisation expense	-	-	-	-	-
Total other movements	-	(2,200)	-	-	(2,200)
As at 30 June 2016					
Gross book value	816,656	677,490	40,422	39,018	1,573,586
Accumulated depreciation/amortisation and impairment	-	(45)	(21,444)	-	(21,489)
Closing net book balance	816,656	677,445	18,978	39,018	1,552,097

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 appropriation	Revenue, expenses, assets and 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.
Administered items	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.
Agency	Assets, liabilities, revenues and expenses that are controlled by Defence or a subsidiary. Includes officials allocated to the organisation.
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.
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.
Australian Accounting 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.
Capability Manager	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.
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.
Consolidated Revenue Fund	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.
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 provide 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.
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.
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.
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. Equity injections form part of the Commonwealth's investment in Defence.
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.
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 (e.g. the Navy Submarine Group).
Forward estimates	The level of proposed expenditure for future years, based on relevant demographic, economic and other future forecasting assumptions. The Government required forward estimates for the following three financial years to be published in each annual Federal Budget paper.
Garrison Support Services	Includes a range of base support services such as ground maintenance, hospitality, training area management, base security, transport, air support and fire fighting and rescue services.
Group	A high-level organisational grouping of functions and activities used by the Defence Executive as its primary management grouping (e.g. the Capability Development Group).
Hardened and Networked Army	The Army's key initiative to modernise and meet future operations demands and requirements of the Government. It will increase the size and firepower of the land force, improve the protection provided to troops, and allow them to communicate better on 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.

Listed Entity	(a) any body (except a body corporate), person, group of persons or organisation; (b) any combination of bodies (except bodies corporate), persons, groups of persons or organisations (whether or not part of a Department of State); that is prescribed by an Act or the <i>Public Governance, Performance and Accountability Rule 2014</i> to be a listed entity.
Materiel Acquisition Agreements	Materiel Acquisition Agreements cover the Defence Materiel Organisation's acquisition services to Defence for both major and minor capital equipment.
Materiel Sustainment Agreements	Materiel Sustainment Agreements are between the Capability Managers and the Chief Executive Officer of the Defence Materiel Organisation. These agreements cover the sustainment of current capability, including good and services such as repairs, maintenance, fuel and explosive ordnance.
Military response options	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.
Net assets	See Equity.
Network Centric Warfare	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 organisation and geographic boundaries. Network Centric Warfare would allow Defence to harness recent development in computing and communications technologies to enhance decision making and warfighting capability.
Operating result	Equals revenue less expense.
Operational tempo	The rate at which the ADF is able to deliver its operations 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 spending a very small amount of 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 deployed again for their next operation.
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 Section 2 - Planned Outcome Performance.
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 discrete and taskable elements within the ADF.
Portfolio Additional Estimates Statements	Similar to the portfolio budget statement and prepared at Additional Estimates time to support and update on the Government's original annual budget for Defence.
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 Appropriations 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.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.

<i>Public Governance, Performance and Accountability Act 2013</i>	The <i>Public Governance, Performance and Accountability Act 2013</i> replaced the <i>Financial Management and Accountability Act 1997</i> and the <i>Commonwealth Authorities and Companies Act 1997</i> on 1 July 2014.
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.
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.
Risk management	At the highest level, 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.
Special account	Balances existing within the Consolidated Revenue Fund, that are supported by standing appropriations (<i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act), ss.78 and 80). 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.78 of the PGPA Act) or through an Act of Parliament (referred to in s.80 of the PGPA Act).
Special Appropriations (including Standing Appropriations)	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. Standing appropriations are a sub-category consisting of ongoing special appropriations — the amount appropriated will depend on circumstances specified in the legislation.
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.
Standard Defence Supply System (SDSS)	A key information system for the financial management of inventory, general stores, repairable items and other assets associated with Defence's logistic capability.

System Programme Office	The office of the Programme Manager. It serves as the single point of contact with industry, government agencies, and other activities participating in the acquisition process of a given system.
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 Maritime commander, 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.