


INDEXES AND GLOSSARY



Compliance index

This index is prepared from the checklist of annual report requirements contained in attachment F to the *Requirements for Annual Reports* approved by the Joint Committee of Public Accounts and Audit on 13 June 2007.⁷⁷

Description	Page	Requirement
Letter of transmittal	iii	mandatory
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Internet home page address and Internet address for report	Back cover	mandatory
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Social justice and equity impacts	139–142	suggested

77. These guidelines can be found at www.pmc.gov.au/guidelines/index.cfm.

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Discussion and analysis of the department's financial performance	33–42	mandatory
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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.
Accumulated depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Additional estimates	Where amounts appropriated at Budget time are required to change, the Parliament may make adjustments to portfolios through the Additional Estimates Acts.
Administered appropriation	Revenues, 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.
Annual appropriation	Two appropriation Bills are introduced into the 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.
Appropriation	An authorisation by the 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.
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, and so on, that gives Defence 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.
Chief of the Defence Force's Preparedness Directive	A principal strategic-level directive containing strategic planning guidance. It 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.
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 a single Consolidated Revenue Fund. The fund is not a bank account. The Official Public Account reflects most of the operations of the fund.
Consultants/consultancies	Individuals or organisations contracted to provide independent advice on an agreed subject.
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 Assistance to the Civil Community	A program that provides Defence resources in exceptional circumstances for the performance of emergency or non-emergency tasks that are the responsibility primarily of the civil community. Defence Assistance to the Civil Community comprises six categories under two headings: counter-disaster and emergency assistance; and non-emergency assistance.
Defence Capability Plan	A costed, detailed development plan for Australia's military capabilities over a 10-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 Collective Agreement	An enterprise agreement made under the <i>Workplace Relations Act 1996</i> about terms and conditions of service, including rates of pay, for Australian Public Service Defence employees. The agreement is negotiated between Defence, Australian Public Service employees and their representatives and is certified by the Australian Industrial Relations Commission.
Defence Integrated Distribution Service	An outsourced logistics project that provides national warehousing, distribution and selected land equipment maintenance support for Joint Logistics Command.

Defence information environment	Encompasses all of Defence's computing and communications 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	Provides Ministers and central agencies with a clear oversight of Defence planning and financing strategies and 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 in relation to 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 Defence organisation.
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 administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal use, 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	Includes benefits provided to employees in the form of salaries and wages, performance pay, senior officers' allowances, leave and superannuation; 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.
Expense	Total value of all the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increase 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.
Financial Management and Accountability Act 1997	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.
Force Element Group	A grouping of force elements with an appropriate command and control structure for a specified role or roles – for example, 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 requires 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 grounds maintenance, hospitality, training area management, base security, transport, air support and firefighting and rescue services.
Group	A high-level organisational grouping of functions and activities used by the Defence Executive as its primary management grouping – for example, 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 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 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	Consists of consumable stores and supplies, fuel and explosive ordnance used in the delivery of Defence services. These are items that are consumed in normal use, lose their identity during periods of use by incorporation in or attachment upon another assembly, as a result of wear and tear and 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 obliged to make to other entities as a result of past transactions or other past events.
Materiel acquisition agreements	Agreements that cover the Defence Materiel Organisation's acquisition services to Defence for both major and minor capital equipment.
Materiel sustainment agreements	Agreements between the Capability Managers and the Chief Executive Officer of the Defence Materiel Organisation, covering the sustainment of current capability, including 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.
Mission capability	The required level of unit readiness for tasking for which a force element is scheduled at any time through its operational cycle; includes all scheduled activities to achieve assigned Defence operations, international engagement requirements and levels of preparedness required for a military response.
Multi-crewing	A crew rotation model that permits greater availability of the Armidale class patrol boats while providing greater opportunities for leave, training and administration of personnel as they rest from operations.
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 organisational and geographic boundaries. Network Centric Warfare would allow Defence to harness recent developments in computing and communications technologies to enhance decision making and warfighting capability.
Operating result	Equals revenue less expenses.
Operational tempo	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 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.
Other property, plant and equipment	Comprises the following sub-classes: administrative assets, commercial vehicles, general military assets, heritage assets, and other (including all items not specific to one of the classes or sub-classes referred to and can include testing equipment and non-specific non-rotatable spares).
Outcomes	The results that the Government seeks from Defence, achieved by the successful delivery of its outputs, to the standards set in the portfolio budget statements.
Output	The product or service produced by Defence on behalf of the Government for external organisations or individuals.
Output groups	A logical aggregation of agency outputs, where useful, based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs may be needed for the provision of adequate information for performance monitoring or based on a materiality test.

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.
Personnel Management Key Solution (PMKeyS)	Defence's personnel management system for the administration of ADF and civilian staff.
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 statements and prepared at Additional Estimates time to support an update on the Government's original annual budget for Defence.
Portfolio budget statements	A 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 Financial Management and Accountability Act 1997. The Act provides financial management authority to, and requires accountability by, the Chief Executive of an agency.
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 and 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 users' expectations and experiences.
Quantity	One of the three key efficiency indicators. Examples are the size of an output, count or volume measures, and 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.

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.
Resource and Output Management and Accounting Network (ROMAN)	Defence's primary financial management system, incorporating corporate budgeting, accounting and reporting.
Special account	Balances existing within the Consolidated Revenue Fund, that are supported by standing appropriations (<i>Financial Management and Accountability Act 1997</i> , sections 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 (section 20 of the <i>Financial Management and Accountability Act 1997</i>) or through an Act of Parliament (referred to in section 21 of the Act).
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 that are not available through the normal external market in their current form to other than government military purchasers. 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 Program Office	The office of the program manager and some of his or her key team members. 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 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 Armadale class patrol boats and may apply to other classes in the future
Weighted average cost	An inventory valuation method that considers the fluctuating prices and quantities of acquired goods in computing of the cost of inventory. The method takes the prices of units at the beginning inventory and the varying prices of purchases made 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-off	The recording in the accounting records of irrecoverable or uneconomic to recover debts.
Write-down	The reduction in value of an asset.

LEGISLATION

The following legislation referred to in this report can be found at www.comlaw.gov.au except where noted.

- › *Archives Act 1983*
- › *Commonwealth Electoral Act 1918*
- › *Commonwealth Procurement Guidelines*
– www.finance.gov.au/procurement/procurement_guidelines.html
- › *Copyright Act 1968*
- › *Defence Act 1903*
- › *Defence Force (Home Loans Assistance) Act 1990*
- › *Defence Force Discipline Act 1982*
- › *Defence Legislation Amendment Act 2006*
- › *Environment Protection and Biodiversity Conservation Act 1999*
- › *Financial Management and Accountability Act 1997*
- › *Freedom of Information Act 1982*
- › *Intelligence Services Act 2001*
- › *Law Enforcement (AFP Professional Standards and Related Matters) Act 2006*
- › *Military Rehabilitation and Compensation Act 2004*
- › *Occupational Health and Safety (Commonwealth Employment) Act 1991*
- › *Ombudsman Act 1976*
- › *Public Service Act 1999*
- › *Safety Rehabilitation and Compensation Act 1988*
- › *Telecommunications Act 1997*
- › *United Nations Safety of Life at Sea (SOLAS) Convention 1974 (as amended) and Navigation Act 1912*
– www.dfat.gov.au/security/safety_nuc_shipment.html
- › *Workplace Relations Act 1996*



Acronyms and abbreviations

ACM	Air Chief Marshal	CDS	Chief Defence Scientist
ACPB	Armidade-class patrol boat	CEO	Chief Executive Officer
ACT	Australian Capital Territory	CFO	Chief Financial Officer
ADF	Australian Defence Force	CN	Chief of Navy
ADFA	Australian Defence Force Academy	COL	Colonel
ADFC	Australian Defence Force Cadets	COMSUPER	Commonwealth Superannuation Administration
ADFIS	ADF Investigative Service	COMTRACK	Complaint Management, Tracking and Reporting System
AFRV	Australian Forces Radio Vietnam	CSIG	Corporate Services and Infrastructure Group
AFS	Average Funded Strength	CTF	Combined Task Force
AIRMSHL	Air Marshal	DCN	Deputy Chief of Navy
ANAO	Australian National Audit Office	DCO	Defence Community Organisation
ANZAC	Australian and New Zealand Army Corps	DeCA	Defence Collective Agreement
APEC	Asia–Pacific Economic Cooperation	Dep Sec	Deputy Secretary
APS	Australian Public Service	DFAT	Department of Foreign Affairs and Trade
ARPANSA	Australian Radiation Protection and Nuclear Safety Agency	DFRT	Defence Force Remuneration Tribunal
ASEAN	Association of South East Asian Nations	DHA	Defence Housing Australia
ASIST	Applied suicide intervention skills training	DIGO	Defence Imagery and Geospatial Organisation
ASLAVs	Australian light armoured vehicle	DIO	Defence Intelligence Organisation
AWA	Australian workplace agreement	DMO	Defence Materiel Organisation
BOI	Board of Inquiry	DMR	Defence Management Review
BRIG	Brigadier	DSD	Defence Signals Directorate
CA	Chief of Army	DSTO	Defence Science and Technology Organisation
CAF	Chief of Air Force	DSWP	Defence Strategic Workforce Plan
CCDG	Chief of Capability Development Group	ELF	Enhanced Land Force
CDDA	Compensation for Detriment Caused by Defective Administration	EWSP	electronic warfare self protection
CDF	Chief of the Defence Force	FCPB	Freemantle-class patrol boat
		FMA Act	Financial Management and Accountability Act 1997

FTE	full-time equivalent	PNGDF	Papua New Guinea Defence Force
GA	Garuda Assist or Garuda Airlines (Chapter 3 page 44)	P.O.W.	Prisoner of War
GST	goods and services tax	PSPs	Professional Service Providers
HMAS	Her Majesty's Australian Ship	RAAF	Royal Australian Air Force
Hon	Honourable	RADM	Rear Admiral
HPE	Head Personnel Executive	RAMSI	Regional Assistance Mission to Solomon Islands
HQJOC	Headquarters Joint Operations Command	RAN	Royal Australian Navy
IGADF	Inspector General ADF	RAR	Royal Australian Regiment
IPP	Indigenous Participation Project	RMC	Royal Military College
IS&IP	Intelligence, Security and International Policy	ROMAN	Resource and Output Management Accounting Network
JP	Joint Project	SCG	Strategy, Coordination and Governance
JPAU	Joint Public Affairs Unit	SDA	sortie days achieved
LEAP	Living Environment and Accommodation Precinct	SDP	sortie days planned
LTGEN	Lieutenant General	SDSS	Standard Defence Supply System
MAJGEN	Major General	SES	Senior Executive Service
MCRU	Mobile Control and Reporting Unit	SG	Support Group
MP	Member of Parliament	SOLAS	Safety of Life at Sea
MSBS	Military Superannuation and Benefits Scheme	SoS	System of Systems
NORFORCE	North West Mobile Force	SUBSAFE	RAN Submarine Safety Program
NWCC	National Welfare Coordination Centre	UK	United Kingdom
NZ	New Zealand	URD	unit ready days
OHS	Occupational Health and Safety	US	United States
QHSS	Queensland Health Scientific Services	USAF	United States Air Force
PLA	People's Liberation Army	VADM	Vice Admiral
PMADF	Provost Marshal ADF	VCDF	Vice Chief of the Defence Force
PMKeys	Personnel Management Key Solution		



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