The Hon Stephen Smith MP
Minister for Defence
Parliament House
CANBERRA ACT 2600

Dear Minister

We present the Defence Annual Report 2011–12 for the year ending 30 June 2012. The report has been prepared in accordance with section 63 of the Public Service Act 1999.

Subsection 63(1) of the Public Service Act 1999 requires our report to you be tabled in Parliament.

The report is divided into three parts. Part 1 comprises the Department of Defence report. Part 2 comprises the report of the Defence Materiel Organisation, a prescribed agency within Defence, and Part 3 comprises the Appendixes, including the Department’s Financial Statements. These parts summarise the performance of Defence for the financial year 2011–12 and include all mandatory information required by legislation.

In accordance with Section 45 of the Financial Management and Accountability Act 1997 and pursuant to regulation 16A of the Act, we are satisfied Defence has prepared fraud risk assessments and fraud control plans, and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of Defence and comply with the Commonwealth Fraud Control Guidelines 2011.

Yours sincerely

Duncan Lewis
Secretary

29 September 2012

D. J. Hurley, AC, DSC
General
Chief of the Defence Force

28 September 2012
User Guide

The format and content of this volume reflects the requirements developed by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit on 28 June 2012 under subsections 63(2) and 70(2) of the Public Service Act 1999.

This report addresses the Department of Defence, the Australian Defence Force and the Defence Materiel Organisation. The Department of Veterans' Affairs and Defence Housing Australia, which are parts of the Defence Portfolio, have separate annual reports. The Australian Strategic Policy Institute, funded substantially by Defence, is a Government-owned company incorporated under the Corporations Act 2001 and has a separate annual report.

Annual reports, portfolio budget and additional estimates statements are the principal formal accountability mechanisms between the Government, departments and Parliament. Portfolio Budget Statements set out performance targets for departmental outputs. Portfolio Additional Estimates Statements may contain revised targets and annual reports describe achievement against the revised targets.

In addition, Defence's annual reports are designed to link performance during the year under review with performance forecasts contained in the Portfolio Budget Statements for the following year. This report covers the period 1 July 2011 to 30 June 2012.

Style conventions

The following notation is used:

- ($) nil
- (%) mathematically undefined or erroneous nil
.. not zero, but rounded to zero
n/a not applicable (unless otherwise specified)
$'000 $ thousands
$m $ million
$b $ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand or million. Discrepancies in tables between totals and sums of components are due to rounding. Where variation percentages are nil, mathematically undefined or erroneous due to mis-alignment between Budgets and Actuals, this has been represented with a dash.

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