

Joint Committee of Public Accounts and Audit
Parliament House
Canberra ACT 2600

Inquiry into the 2015-16 Defence Major Projects

by

Michael Wunderlich

[REDACTED]

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Prologue

I thank the Committee for the opportunity to be able to make a submission and ask you to read it in conjunction with my concurrent submissions to the

1. Senate – Foreign Affairs Defence and Trade Committee
[Department of Defence's management of credit and other transaction cards](#)
(PDF 1476 KB) Attachment 1 (PDF 2932 KB)
2. Joint – Parliamentary Joint Committee on Corporations and Financial Services
[Whistleblower protections in the Corporate, Public and Not-For-Profit sectors](#)

Given the number of Freedom of Information applications that I have made to give substance to this and other submissions, I feel that now as a civilian talking about issues that have evolved over the last 25 years, there is not much more that I can do from outside the tent.

My first 16 years of effort reflected my personal belief in the Military Justice System, this was only tempered when I met the then Defence Minister in 2010.

That meeting left me with the impression that Defence accountability to the Minister, the Parliament and the Australian taxpayer was questionable with regard to 'Fraud, Waste, Abuse and Mismanagement' issues.

I hope the enclosed adds to the knowledge base of the Committee.

Michael Wunderlich

[REDACTED]

01 March 2017

Introduction

As a private citizen, I have no access to Defence Procurement information apart from publicly released Defence, ANAO, Parliamentary and / or media sources.

The updated start point for my concern is the publicly released:

[Re-thinking systems of inquiry, investigation, review and audit in Defence Report on Stage B](#)
[\(Possible models for an optimal system of audit\) 10 May 2013 - Page 19](#)

Defence's own review identified the following common themes emerging from audit reviews of major capital acquisition projects.

- a. Gaps/delays in briefing senior decision-makers and Ministers
- b. Leadership failure at a senior level
- c. Failure to appreciate complex interdependencies
- d. Underestimated project complexity and cost
- e. Changes to project scope and objectives
- f. Project management deficiencies
- g. Insufficient skilled personnel
- h. Project record-keeping deficiencies
- i. Controls not effective
- j. Failure in project accounting

To keep the above in context I provide the following.

From the Defence Annual Report 2015-16 PDF page 81 of 172 (Print page 73)
Defence identified a fraud loss of \$535,766 and a recovery of \$202,879.

Given the signed Letter of Transmittal in the Defence Annual Report to the Defence Minister and its presentation annually to the Parliament, I would make the following observation.

Defence have been appropriated something like \$340bn in the last 20+ years, but have only reported fraud of less than \$25m (recovering much less) in the same period.

Is anyone else seeing a problem with this?

Australian National Audit Office

In my submission to this Committee's current 'Inquiry into Defence Sustainment Expenditure' I enclosed the following table.

Annex A: Historical data from Defence Annual Reports

ANAO exempt contracts			FOI exempt contracts, offers, variations		
Year	Number	Value \$	Year	Number	Value \$
2015-16	48	3,334,447,408	2015-16	265	565,688,434.63
2014-15	51	1,219,425,202	2014-15	248	616,100,000.00
2013-14	69	1,918,409,770	2013-14	173	273,700,000.00
2012-13	84	1,488,892,598	2012-13	196	154,100,000.00
2011-12	136	3,220,615,377	2011-12	117	44,300,000.00
2010-11	700+ E&OE	4,005,897,000	2010-11	358	170,200,000.00
2009-10	27	18,254,401	2009-10	1005	703,700,000.00
2008-09	6	3,773,336	2008-09	59	83,525,000.00
2007-08	205	145,100,000	2007-08	92	89,950,000.00
2006-07			2006-07	115	458,700,000.00
2005-06			2005-06	86	234,400,000.00
2004-05			2004-05	298	167,400,000.00
2003-04			2003-04 (1)	158	373,500,000.00
2002-03			2002-03	386	38,000,000.00
2001-02			2001-02	301	168,019,743.00

(1) Last year where limit was \$2000 or more.

From 2004-05 reporting limit was increased to \$10,000

With respect to the 'limited assurance' that is applied to the ANAO 2015-16 Major Projects Report, how would the combined exempt contracts, offers, and variations of \$3.9bn affect the quality of output presented in this report?

Department of Defence

As an [attachment](#) to the Senate Foreign Affairs Defence and Trade Committee I have attached the list of Cost Centres (including Major Projects) as part of the Defence Trial Balance 2014-15.

The Defence budget is planned to increase from \$32.3bn in 2016-17 to \$59.1bn by 2025-26.

I note from the Secretary's statement on PDF page 140 of 490 / printed Page 134

".... I acknowledge that the following sections of each PDSS are not covered in the scope of the Auditor-General's assessment:

- Section 1.2 Materiel Capability Delivery Performance,
Section 1.3 Project Context–Major Risks and Issues,
Section 4.1 Measures of Materiel Capability Delivery Performance,
Section 5 Major Risks and Issues; and
- Future dates that are 'forecasts' and capability assessments regarding a project's expected achievement of delivery schedules and capability where included in Sections 1 and 3 of each PDSS Project Data Summary Sheets."

I would ask here as to how this reflects on my initial concern represented by apparently still not implementing:

[Re-thinking systems of inquiry, investigation, review and audit in Defence
Report on Stage B
\(Possible models for an optimal system of audit\) 10 May 2013 - Page 19](#)

Outside Looking In

No Win No Loss Policy

Australian Government arrangements for foreign exchange variation involve 'No Win/No Loss' supplementation. As a matter of policy, unless specifically approved, individual entities are not permitted to 'hedge' against foreign exchange risk.

2.23 Exchange rate variations can result from projects' exposure to foreign currencies and movements in foreign exchange rates against the Australian dollar.⁷⁸ Budget adjustments aim to maintain the relative buying power of the project budget. Movements in the US dollar and the Euro are the main influences. Projects with larger movements in foreign exchange in 2015–16 included:

- Joint Strike Fighter—\$1 557.2 million, or 10.3 per cent increase in budget;
- P-8A Poseidon—\$246.7 million, or 6.2 per cent increase in budget;
- Growler—\$293.0 million, or 8.3 per cent increase in budget; and
- MH-60R Seahawk—\$111.9 million, or 3.3 per cent increase in budget.

Table 9: In year (2015-16) budget variations by project totalled \$2,512.8 million

What weight does the JCPAA review apply to the NWNL monetary figure?

From previous ANAO Major Projects Reports, budget variations by project:

2014-15	25 projects	\$18.5bn
2013-14	30 projects	\$16.8bn
2012-13	29 projects	\$6.5bn
2011-12		(\$3.7689bn)
2010-11		(\$3.47bn)
2009-10		(340.8m)
2008-09		(340.8m)
2007-08		

In trying to get information on this via FOI, I was advised that it would be probably redacted as it is "Cabinet in Confidence".

Extracts from replies from Treasury and Finance attached.

On the 23rd of January 2017, I received the following reply to FOI Ref: 2080 from Treasury.

I refer to your FOI request to this department dated 26 December 2016. Your request reads as follows:

'Is there a budget document that can explain and quantify the 'No-Win No-Loss' Foreign Exchange (FOREX) funding arrangement for all Departments, but Defence in particular?

Given the swings in the A\$ in the recent past, I request your assistance in identifying a document that can show the Credit / Debit to Consolidated Revenue for the period 2009-10 through 2015-16.'

I am an authorised decision maker under section 23 of the *Freedom of Information Act 1982* (the Act).

Decision

I am unable to grant you access to the documents requested as the department is not in possession of any such documents. I must therefore refuse your request pursuant to section 24A(1) of the Act.

Following this response from Treasury, I made a similar request to the Department of Finance and was advised on the 15th of February 2017

Freedom of Information Request – FOI 17/20

Thank you for your email to the Department of Finance (Finance) in which you sought access to the following under the *Freedom of Information Act 1982* (FOI Act).

RMS14/08156 Commonwealth Budget Management – Budget Estimates – Defence – No Win No Loss (NWNL) – 2014-2015

I request release of this document and its equivalent for 2015-2016...

1. I seek the ability to explain and quantify the 'No-Win-No-Loss' Foreign Exchange (FOREX) funding arrangement for the Department of Defence in particular.

2. Given the swings in the A\$ in the recent past, I request the revenue table that shows the consolidated Defence figure for the Credit / Debit to Consolidated Revenue or the period 2009-10 through 2015-16.

Liability to pay a charge

In accordance with section 29 of the FOI Act, I have decided that you are liable to pay a charge in respect of the processing of your request. My preliminary assessment of that charge is as follows:

Task	Rate	Units	Charge
Search & retrieval	\$15 per hour	6.83 hours	\$ 102.45
Decision-making	\$20 per hour	30 hours	\$ 600
less first 5 hours free		5 hours	\$ -100.00
Photocopies	0.10 per page	0 pages	\$ 0.00
TOTAL			602.45

1

On a preliminary basis, I have reviewed the documents falling within the scope of your request. Whilst I have not formed a final view regarding the documents and any exemptions that may apply, I have considered the nature of those documents. I consider that the majority of the documents are likely to be considered Cabinet documents and may be exempt under section 34 of the FOI Act. Accordingly, should you wish to proceed, which is your entitlement under the FOI Act, you may not ultimately receive the documents you have requested if it is determined that they are exempt.

In accordance with the *Freedom of Information (Charges) Regulations 1982*, this estimate has included five hours of decision making time free of charge.

You can agree to pay the charge. If you agree, processing of your request will resume as soon as Finance receives a payment, either in full or a deposit.

Due to the uncertainty of coming up against 'Cabinet documents', and having to pay for redacted pages I did not complete this FOI request.

Cost Centres relating to the 2015-16 Major Projects Report (E&OE)

New Air Combat Capability	103534
Air Warfare Destroyer Build	PW0001
Maritime Patrol and Response Aircraft System	CA01PA24000
Multi-Role Helicopter	CA01F010010
EA-18G Growler Airborne Electronic Attack Capability	PA0019
Future Naval Aviation Combat System Helicopter	CA01F001074
Medium Heavy Capability, Field Vehicles, Modules and Trailers	CA0110139A / 657009
Amphibious Ships (LHD)	677006/677007/677008
Armed Reconnaissance Helicopter	CA01F00105S
Air to Air Refuelling Capability	600731
Battlefield Airlift – Caribou Replacement	PA0022 / CA01PA41300 / 432284
Bushmaster Protected Mobility Vehicle	315204
Field Vehicles and Trailers	100066
Additional KC-30A Multi-role Tanker Transport	CA01PA40000 / CA01I001000
ANZAC Anti-ship Missile Defence	CA01PM23000
Additional Medium Lift Helicopters	CA01PH00001 / PH0001
Helicopter Aircrew Training System	613806 / 600747
Battlespace Communications System	315231
Maritime Communication Modernisation	PE0011
Collins Replacement Combat System	PC0004 / PC0011
Replacement Heavyweight Torpedo	PC0002
Indian Ocean Region UHF SATCOM	PE0063/PE0098/PE0099/614003
Collins Class Submarine Reliability and Sustainability	PC0003
Battle Management System	PE0016
Amphibious Watercraft Replacement	PMM0012

The Committee in its workings may want to get a copy of the current Profit & Loss statements attached to the cost centre of one or more Major Projects for a deeper analysis as to why they are a project of concern.

Enclosed on the on the next three pages are lists of the Defence Audit Reports and Management Directed Tasks for the last three financial years.

FY 2015-16

FY 2014-15

FY 2013-14

Obtained under [FOI](#).

1. AUDIT REPORTS AND MANAGEMENT DIRECTED TASKS: FY 2015-16

Audit Reports

Controls Testing - Round 1 - 2015-16
Controls Testing - Round 3 - 2014-15
Defence International Engagement Activities
Disposal Management in Defence
Establishment of the Fuel Services Branch
Fleet Marine Services Contract
Infrastructure Projects
Joint Health Command: Administrative Operation of Garrison Health Services
Management of Intellectual Property across Defence
Management of Military Support Items
Management of Post Separation Employment and Conflict of Interest Declarations
Pacific Patrol Maritime Security Program
Performance of contract management across Defence
Performance of SeMPRO
PGPA Act Framework Implementation and Compliance
Progress on the Implementation of the Wraith Review
Review of the Defence Logistics Transformation Program - ICT Aspects

Management Directed Tasks

Assistance to IG - Regimental Trust Fund and Public Money
Audit of the Directorate of Defence Counsel Services
Contract and Project Management of Sentinel
End User Computing Gate 3 Readiness Review
Financial Audit of Training Ship (TS) Canberra - Australian Navy Cadets
Project SENTINEL Phase 2
Review of Mandatory SES Training
Review of Procurement Compliance at RAAF Security and Fire School
Review of Procurement Management Processes
Review of the Garrison and Estate Management System Project
Technical Risk Assessment (TRA) on the Next Generation Desktop (NGD) Project
Contracted Services Arrangements in Capability Acquisition and Sustainment Group System Program
Potential Conflict of Interest

2. AUDIT REPORTS AND MANAGEMENT DIRECTED TASKS: FY 2014-15

Audit Reports

Annual Public Key Infrastructure (PKI) compliance audit
Certificate of Compliance
CIOG Security Branch Review
Defence Cooperation Program
Defence Corporate Planning
Discrepancy Management at Units
Enterprise Risk and Risk Management Across Defence
Equipment Redeployment from Multi-National Base Tarin Kowt
Finance Shared Services Implementation
Financial Assurance
Financial Management in the Australian Government Security Vetting Agency
Follow Up Audit - Defence Compliance with Commonwealth Radiation Safety Management and Report
HR Shared Services/HR Reform
Joint Project Directives and Service Level Agreements across Defence and the DMO
Land Force Digitisation as part of an Integrated Joint Force
Management of Tax Exposures Across Defence
Probity Boards and DSTO interaction with External Parties
Review of AMSPA Contracts
Review of Procurement Processes within Defence and DMO
SAP Identity and Access Controls (SIAC) System Assurance Review
Social Media Networking in Defence
The Australian Government Security Vetting Agency - Compliance with Security Vetting Policy
WHS Branch Corporate Audit

Management Directed Tasks

Afghan National Security Forces Sustainment Fund
Assistance to IG - ICT Support Contract Compliance
CFO Requested Review
CIO Initiated Review - Review the NGD project
End User Computing Gate 1 Readiness Review
Probity review of activities leading to the award of the AMSPA deed arrangement
Probity review of activities leading to the award of the NGD contract
Review of Defence leave records - 2013-14

3. AUDIT REPORTS: FY 2013-14

Audit Reports

Administrative Arrangements for Civilians employed overseas in support of ADF Operations

Annual Public Key Infrastructure Accreditation

Armidale Class Patrol Boats

Certificate of Compliance

Controls Testing - Round 2 - 2013-14

Critical ADF Employment Categories

Defence Work Health and Safety

Defence's Engagement Processes with CIOG

e-Procurement (previously e-Doc)

Follow Up Audit - Management and Eradication of Asbestos Containing Material (ACM)

Implementation of Rizzo Review

Major Capital Facilities Program High Level Review of Re-programming and Re-prioritisation

Non Materiel Procurement (NMP) Shared Services Implementation - Phase 1

Planning for Logistical Support to Exercises

Planning for Post Operations Equipment Transition and Repatriation

Procurement Processes and Government Approval Process for JP2047 - Defence Wide Area Communication Network Replacement project

Review of Base Security Improvement Initiatives

Review of Defence Trials - The Effectiveness of Australian Defence Test & Evaluation Office (ADTEO)

Review of HQJTF633 - Business Management Cell

Review of Net Personnel and Operating Costs (NPOC) Budget Processes and Estimates

Review the UNISYS contract within CIOG

The Australian Government Security Vetting Agency - Compliance with Security Vetting Policy

Airservices Australia

I acknowledge that Airservices Australia and its operations do not technically come under the scrutiny of Defence Major Projects but I present the following for the Committee's scrutiny and inquiry if deemed appropriate.

To obtain information about Defence Major Projects is near impossible for a private citizen, but Air Services Australia belongs to another Department and is more open to transparency and scrutiny by the Parliamentary processes.

Take for example Airservices Australia's \$1.5 billion OneSKY air traffic control system, and the scrutiny it has attained following the 'damning report' by the ANAO into one aspect of Airservices' contracting for OneSKY.

Only referencing here, the project management aspects of Airservices Australia, I note:

1. Air Chief Marshall Sir Allan Grant "Angus" Houston AK, AC (Mil), AFC (Rtd)
was Chief of Air Force (2001-05)
Chief of the Defence Force (2005-11)
is Chairman of Airservices Australia 2011-present
Chair of the Defence SA Advisory Board 2014-present

From 2005-2011 ACM Houston would have had the joint signatory responsibility to sign Defence's 'Letter of Transmittal' in successive Defence Annual Reports with the Secretary of the Department, presented to the Minister and then the Parliament, and this would have included Major Projects.

2. Air Vice Marshall Christopher Deeble
was General Manager – Bushmaster Protected Mobility Vehicle (Acting June 13 to Aug 13)
was General Manager – Amphibious Ships (LHD) – (to Sep 2013)
was Program Manager – Air to Air Refuelling Capability – (Sep 13 – Feb 14)
was Non-Executive Director of ICCPM as of December 2015 – [ICCPM Connect](#) Page 24
Was AVM Deeble properly authorised in Routine Orders to hold this position,
from when to when?
was Division Head – Joint Strike Fighter Project – (Mar 2014 – Mar 2016)
is currently Airservices Australia OneSKY program executive Mar 2016-present
ICCPM is a prime consultant to Airservices Australia

Some controversy has arisen out of the [Senate Rural and Regional Affairs and Transport](#) Committee with an inquiry into the [Performance of Airservices Australia](#), however the inquiry lapsed with the proroguing of the last parliament.

An ANAO Performance Audit – 1 of 2016-2017 was published on the 31st August 2016 titled: [Procurement of the International Centre for Complex Project Management to Assist on the OneSKY Australia Program](#). This Audit is to be complemented by a secondary audit (currently in report preparation) titled, [Conduct of the OneSKY Tender](#) which is due to be tabled in March, 2017

As mentioned earlier, it is much easier to get information about other Federal government departments than it is for the Department Defence, but what is interesting here is the cross-pollination of military personnel and Military Air Traffic Control.

I hope this observation assists the Committee.

Project Management

In several answers by the Department of Defence to questions on notice by Senators in the Senate Estimates process of the Foreign Affairs Defence and Trade Committee, Defence stated:

1. Business owners in each Defence Group and Service, who initiate procurement, retain the responsibility for that procurement. This includes monitoring and reporting contract management and any issues to the relevant Group Head or Service Chief.

[Supplementary Budget Estimates hearing – 20 November 2013](#)

Question on Notice No. 69 – Commercial Contract Payments

Will the JCPAA Committee in its inquiry into the 2015-16 Defence Major Projects be taking evidence, either in public or in camera, from the current Service Chiefs and or a selection of the Group Heads of Project.

Service Chiefs

Royal Australian Navy

[Vice Admiral Tim Barrett, AO, CSC](#)

Royal Australian Army

[Lieutenant General Angus Campbell, DSC, AM](#)

Royal Australian Air Force

[Air Marshall Leo Davies, AO, CSC](#)

		Project Line Management	
			PLM 2015-16
	Page	Position	Name
New Air Combat Capability	139	Division Head	AVM Chris Deeble (to Mar 16) AVM Leigh Gordon (Mar 16–current)
Air Warfare Destroyer Build	157	General Manager Ships	Mr Alan Nicholl (Nov 15–current)
Maritime Patrol and Response Aircraft System	173	Division Head	AVM Leigh Gordon (to Mar 16) AVM Catherine Roberts (Mar 16–current)
Multi-Role Helicopter	187	Division Head	RADM Tony Dalton (to Oct 15) MAJGEN Andrew Mathewson (Oct 15–current)
EA-18G Growler Airborne Electronic Attack Capability	201	Division Head	AVM Leigh Gordon (to Mar 16) AVM Catherine Roberts (Mar 16–current)
Future Naval Aviation Combat System Helicopter	215	Division Head	RADM Tony Dalton (to Oct 15) MAJGEN Andrew Mathewson (Oct 15–current)
Medium Heavy Capability, Field Vehicles, Modules and Trailers	225	Division Head	MAJGEN Paul McLachlan (Jul 15–Dec 15) MAJGEN David Coghlan (Dec 15–current)
Amphibious Ships (LHD)	237	Division Head	RADM Mark Purcell (to Dec 15) Mr Alan Nicholl (Dec 15–current)
Armed Reconnaissance Helicopter	249	Division Head	RADM Tony Dalton (to Oct 15) MAJGEN Andrew Mathewson (Oct 15–current)
Air to Air Refuelling Capability	263	Division Head	AVM Leigh Gordon (to Mar 16) AVM Catherine Roberts (Mar 16–current)
Battlefield Airlift - Caribou Replacement	275	Division Head	AVM Leigh Gordon (Jul 15–Mar 16) AVM Catherine Roberts (Mar 16–current)
Bushmaster Protected Mobility Vehicle	287	Division Head	MAJGEN Paul McLachlan (to Dec 15) MAJGEN David Coghlan (Dec 15–current)
Field Vehicles and Trailers	299	Division Head	MAJGEN Paul McLachlan (to Dec 15) MAJGEN David Coghlan (Dec 15–current)
Additional KC-30A Multi-role Tanker Transport	313	Division Head	AVM Leigh Gordon (to Mar 16) AVM Catherine Roberts (Mar 16–current)
ANZAC Anti-ship Missile Defence	321	Division Head	RADM Mark Purcell, RAN (to Dec 15) RADM Adam Grunsell, RAN (Dec 15–current)

ANZAC Anti-Ship Missile Defence	425	Division Head	RADM Mark Purcell, RAN (to Dec 15) RADM Adam Grunsell, RAN (Dec 15-current)
Additional Medium Lift Helicopters	333	Division Head	RADM Tony Dalton (to Oct 15) MAJGEN Andrew Mathewson (Oct 15 to current)
Helicopter Aircrew Training System	349	Division Head	RADM Anthony Dalton (to Oct 15) MAJGEN Andrew Mathewson (Oct 15–current)
Battlespace Communications System	359	Division Head	Mr Ivan Zlanbur (Acting Jul 15 – Sept 15) RADM Tony Dalton (Oct 15 – current)
Maritime Communications Modernisation	369	Division Head	Mr Ivan Zlabur (Acting Jul 15–Sep 15) RADM Anthony Dalton (Oct 15–current)
Collins Replacement Combat System	379	Division Head	Mr Stephen Johnson (Nov 15-current)
Replacement Heavyweight Torpedo	391	Division Head	Mr Stephen Johnson (Nov 15–current)
Indian Ocean Region UHF SATCOM	401	Division Head	Mr Ivan Zlabur (Acting Jul 15–Sep 15) RADM Anthony Dalton (Oct 15–current)
Collins Class Submarine Reliability and Sustainability	411	Division Head	Mr Stephen Johnson (Nov 15-current)
Battle Management System	435	Division Head	Mr Ivan Zlabur (Acting Jul 15–Sep 15) RADM Tony Dalton (Oct 15–current)
Amphibious Watercraft Replacement	445	Division Head	RADM Mark Purcell (to Dec 15) Mr Alan Nicholl (Dec 15 to current)

Slippage

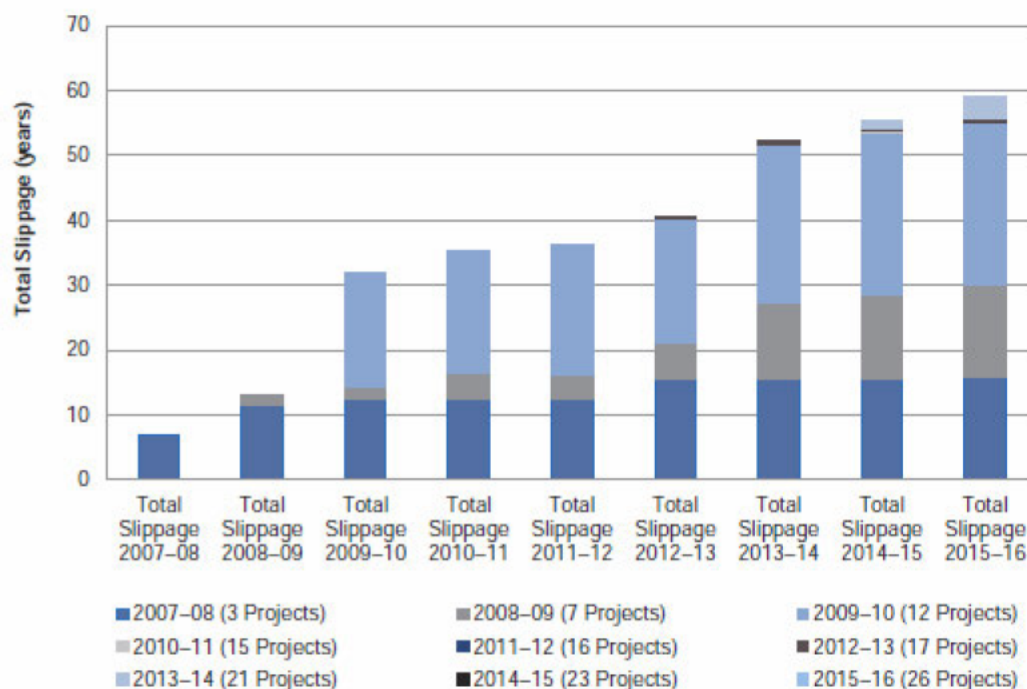
[Project Slippage](#) (Wikipedia)

In [project planning](#), a **slippage** is the act of missing a [deadline](#). It can be an arbitrary [milestone](#) put in place to help track progress.

To avoid slippage, one must plan his or her [projects](#) (especially research) carefully to avoid delays in [schedule](#). Using [Gantt charts](#) and timeline diagrams can help.^[1]

Has the Joint Committee Public Accounts and Audit (Defence) ever costed Project Slippage? In the current Major Projects Report what would the cost of 708 months (59 years) to the Defence Budget of project slippage reflected in the 2015-16 Major Projects Report?

Figure 11: Longitudinal schedule slippage across years for projects in the 2015-16 MPR (in years)



Note 1: The total schedule slippage in 2015-16 across the 26 projects is 708 months. Additional MRTT and HATS, which are new to this year's Major Projects Report, have not experienced schedule slippage against FOC according to Defence's PDSSs. BMS, also new to this year's Major Projects Report, does not have IOC or FOC milestones. These are linked to Work Packages B-D which are yet to receive government approval. Work Package A is currently a work in progress.

Note 2: Bushmaster Vehicles has an FOC date for each Production Period (discrete order). The FOC used for this year's analysis is Production Period Five.

Source: ANAO analysis of the PDSSs in published Major Projects Reports.

From Table 2: Summary longitudinal analysis showed slippage
for 2014-15 was 64 years and
for 2013-14 was 92.9 years

How is the \$ value of slippage shown as an accountable item in the Defence Annual Report?

Could the CDDA be applied to Defence Major Projects, quite possibly

Could the Scheme for [Compensation for Detriment caused by Defective Administration](#) (the CDDA Scheme) be used to bench mark Defence Major Projects.

Both the CDDA and the 'No Win No Loss' programs are run by the Department of Finance.

In the case of Defence's Major Projects, what is detriment?

'economic detriment that is not related to a personal injury (pure economic loss)'

In the case of Defence's Major Projects, what is defective administration?

Defective administration is defined as:

- a specific and unreasonable lapse in complying with existing administrative procedures; or
- an unreasonable failure to institute appropriate administrative procedures; or
- an unreasonable failure to give to (or for) an applicant, the proper advice that was within the officer's power and knowledge to give (or reasonably capable of being obtained by the officer to give); or
- giving advice to (or for) an applicant that was, in all the circumstances, incorrect or ambiguous.

Given the huge cost to Australia's fiscal resources, when will the Australian Government apply and the Australian Parliament fully bring Australia's Service Chiefs to account for the current slippages and the future commitment of \$195billion over the next decade, for building Defence capability.

Conclusion by the Auditor-General

20. The Auditor-General was unable to provide an unqualified *Independent Assurance Report* as a number of matters were identified, in the course of the ANAO's review, that resulted in the qualification of progress and performance as reported in two Project Data Summary Sheets (PDSSs).

Will perceived reputational risk within Defence management continue to be part of that problem and its recognition be part of its solution?