

Introduction

Background

- 1.1 The 2013-14 Major Projects Report (MPR) is a consolidated review of 30 selected major defence acquisition projects ('Major Projects') being managed by Defence Materiel Organisation (DMO). Projects in the MPR include, for example:
- Air Warfare Destroyers;
 - Joint Strike Fighters;
 - MRH90 helicopters;
 - Collins Class Submarines; and
 - Bushmaster Vehicles.
- 1.2 The MPR reviews overall issues, risks, challenges and complexities affecting Major Projects and also reviews the status of each of the 30 selected Major Projects, in terms of cost, schedule and forecast capability. The MPR is a joint publication of the DMO and Australian National Audit Office (ANAO) and is prepared in accordance with Guidelines approved by the Joint Committee of Public Accounts and Audit (JCPAA).
- 1.3 The aim of the MPR is to improve accountability and transparency for the benefit of the Parliament and other stakeholders.
- 1.4 In 2003, the Senate Foreign Affairs, Defence and Trade Reference Committee recommended that the Department of Defence produce an annual report on the progress of major defence acquisition projects, detailing cost, time and technical performance data for each project.¹

¹ Senate Foreign Affairs, Defence and Trade References Committee, *Report into Materiel Acquisition and Management in Defence*, March 2003, pp.xv-xvi.

- 1.5 In December 2006, the JCPAA recommended that the ANAO receive additional funding to produce such a report. In August 2008, the Committee published *Report 411: Progress on Equipment Acquisition and Financial Reporting in Defence*, which provided a broad outline of the key features deemed critical for inclusion in the report. Thereafter, the ANAO and DMO have jointly published the MPR, which is usually released in December each year and covers the previous financial year.
- 1.6 Since the first iteration, the MPR continues to evolve. During 2011-12, a stakeholder survey found that “73 per cent of users agreed that the MPR was useful for understanding the DMO’s project performance, while around 44 per cent used it as a comparison tool and to produce further reports.”²
- 1.7 The 2013-14 MPR is the seventh produced by the DMO and ANAO. The JCPAA has reviewed six of the past seven MPRs and produced reports on five (2007-08; 2009-10 to 2012-13).
- 1.8 The MPR comprises a series of Project Data Summary Sheets (PDSSs) for each of the 30 selected projects and analysis by ANAO and DMO. Project data (except forecasts of capability) is subject to an assurance audit by the Auditor-General.
- 1.9 In February 2012, the JCPAA identified the future MPRs as a priority assurance reviews.³ This allows ANAO to utilise information gathering powers available under the *Auditor-General Act 1997*.⁴

Role of the Committee

- 1.10 The MPR is automatically referred to the JCPAA in accordance with its statutory obligation to examine all reports of the Auditor-General that are tabled in each House of Parliament.⁵
- 1.11 The JCPAA assesses the content, accessibility and transparency of the information provided on Major Projects. The Committee concentrates its review on overall transparency, performance and governance, rather than specific details of individual projects.
- 1.12 More generally, the JCPAA has a duty under s.8(d) of its Act to report to Parliament on any matters in the “accounts, statements or reports” of the

2 JCPAA, *Report 436*, p.32. Based on a sample of 86 respondents.

3 *Major Projects Report 2011-12*, p.17; JCPAA, *Report 429*, p.33; *Auditor-General Act 1997* (Cth) s.19A(5).

4 *Major Projects Report 2011-12*, p.17; JCPAA, *Report 429*, p.33.

5 *Public Accounts and Audit Committee Act 1951* (Cth) s.8(1)(c).

Commonwealth or Auditor-General “or any circumstances connected with them, that the Committee thinks should be drawn to the attention of the Parliament.”⁶

- 1.13 As well as reviewing the MPR, the Committee annually reviews and endorses the MPR Guidelines. The MPR Guidelines include:
- criteria for project selection and removal (or ‘entry’ and ‘exit’);
 - a list of projects proposed for inclusion or removal from the MPR;
 - the roles and responsibilities of the DMO in the production and review of the MPR;
 - guidelines for the preparation of the PDSSs;
 - a PDSS template; and
 - an indicative audit program.
- 1.14 The Guidelines endorsed by the JCPAA and used to prepare the 2013-14 MPR can be found in Part 4 of the MPR on page 545.

Conduct of the review

- 1.15 The Committee received two submissions to the inquiry, which are listed at Appendix A.
- 1.16 The JCPAA has reviewed the MPR by way of a public hearing in Canberra with representatives of ANAO and DMO, which was held on 27 February 2015. Witnesses who appeared at the hearing are listed at Appendix B.

6 *Public Accounts and Audit Committee Act 1951* (Cth) s.8(1)(d).

