Major Projects Report 2013-14

Introduction

- 2.1 This chapter provides an overview of the 2013-14 Major Projects Report (MPR) and a summary of the Australian National Audit Office (ANAO)'s findings in regard to cost performance; schedule performance; capability performance; and governance and business processes.
- 2.2 This overview is not intended to be exhaustive, particularly as the entire document is over 500 pages long. Rather, it seeks to highlight a few key aspects of the document and some of the pertinent issues raised through the ANAO and DMO analysis.
- 2.3 The MPR is structured into three parts:
 - Part 1: ANAO review and analysis, which includes:
 - ⇒ Review, scope and approach of the MPR;
 - ⇒ Analysis of Projects' Performance including cost, schedule and capability performance analysis; and
 - ⇒ Developments in Acquisition Governance.
 - Part 2: The DMO Major Projects Report itself. This includes:
 - ⇒ Consolidated information on the status of Major Projects, such as project, budget and schedule performances, reflected by the Project Data Summary Sheets (PDSSs).
 - ⇒ Discussion of Major Projects' progress or challenges.
 - Part 3: Auditor-General's independent review report; DMO Chief Executive Officer's statement and 30 PDSSs.
 - Part 4: MPR 2013-14 MPR Guidelines. The guidelines as endorsed by the JCPAA.

2.4 Whereas other audit reports may contain recommendations, ANAO does not include recommendations in the MPR.

MPR fundamentals

The Project Data Summary Sheets

- 2.1 The collection of PDSSs for each of the 30 selected projects form the largest portion of the MPR. The PDSS are presented in a form compliant with Guidelines endorsed by the JCPAA.¹ In their current form, the PDSSs are structured as follows:
 - Project Header including name; capability and acquisition type; approval dates; total approved and in-year budgets; stage; complexity; and image;
 - Section 1—Project Summary: including description; current status, including a financial assurance and contingency statement; context, including background, unique features and major risks and issues; and other current sub-projects;
 - Section 2 Financial Performance: including the project's budget and expenditure, as well as variations to the budget; in-year variances between budgeted and actual expenditure; and major contracts in place (in addition to quantities delivered as at 30 June 2014);
 - Section 3 Schedule Performance: provides information on the design development; test and evaluation process; and forecasts and achievements against key project milestones including Initial Materiel Release (IMR), Final Materiel Release (FMR), Initial Operational Capability (IOC) and Final Operational Capability (FOC);
 - Section 4—Project Cost and Schedule Status: represents the project's cost and schedule status in a graphical format as at 30 June 2014;
 - Section 5 Materiel Capability Delivery Performance: provides a summary of the DMO's assessment of its progress on delivering key capabilities;
 - Section 6 Major Risks and Issues: outlines the major risks and issues
 of the project;
 - Section 7—Project Maturity: provides a summary of the project maturity as defined by the DMO and a comparison against the benchmark score;

¹ ANAO, Audit Report No. 14 (2014-15), *Major Projects Report* 2013-14, p. 9, hereafter referred to as 'Major Projects Report 2013-14'.

- Section 8 Lessons Learned: outlines the key lessons that have been learned at the project level (further information on lessons learned by the DMO are included in the DMO's Appendix 3); and
- Section 9—Project Line Management: details current project management responsibilities within the DMO.²
- 2.2 In terms of presentation, the PDSSs were largely unchanged from both the 2011-12 MPR and 2012-13 MPR.
- 2.3 In 2013–14, the results of the ANAO's priority assurance review of the 30 PDSSs was that nothing had come to the attention of the ANAO that caused them to believe that the information and data in the PDSSs, within the scope of its review, had not been prepared, in all material respects, in accordance with the Guidelines.³

Project maturity framework

- 2.5 Project maturity assessments have been a feature within the MPR since its inception in 2007–08. While the DMO has raised some doubts about the effectiveness of the current framework, the DMO has agreed to retain maturity scores following the JCPAA's recommendation in Report 442 the inquiry into the 2012-13 MPR. The Committee viewed the retention of maturity scores as important in relation to providing a measure of capability delivered for each project, until a measure equal to or better than current arrangements is available.⁴
- 2.6 Maturity scores are a composite indicator, constructed through the assessment and summation of seven different attributes which cumulatively form a project 'maturity score'. The attributes are: Schedule, Cost, Requirement, Technical Understanding, Technical Difficulty, Commercial, and Operations and Support, which are assessed on a scale of one to ten. While the ANAO has previously raised inconsistency in the application of project maturity scores as an issue, during 2013–14, the ANAO noted that project offices were more consistently assigning maturity scores than in previous years.⁵
- 2.7 The existing project maturity score model does not always effectively reflect a project's progress during the often protracted build phase, particularly for developmental projects. During this phase it can be expected that maximum expenditure will occur, and risks realised, some of which will only emerge as test and evaluation activities are pursued

² Major Projects Report 2013-14, p. 10.

³ Major Projects Report 2013-14, p. 40.

⁴ JCPAA, Report 442: *Review of the 2012-13 Defence Materiel Organisation Major Projects Report,* pp. 91 – 92.

⁵ Major Projects Report 2013-14, p. 33.

through to acceptance into operational service. While the DMO guidance underpinning maturity scores was due for review in September 2012, this review has not yet been finalised. The ANAO will continue to review the framework and attribution of maturity scores in subsequent MPRs.⁶

Major Projects reviewed in 2013-14

- 2.8 The 30 Major Projects in this year's report and their approved budgets appear in Table 1 below. Project entry into the MPR is based on selection criteria found in section 1.7 of the MPR Guidelines.⁷
- 2.4 The total approved budget for the Major Projects included in the 2013–14 MPR is approximately \$59.4 billion, covering nearly 63 per cent of the budget within the Approved Major Capital Investment Program of 94.7 billion. 8

Table 1: MPR projects and approved budgets at 30 June 2014

| Project Number (Defence Capability Plan) | Project Name (on DMO advice) | DMO Abbreviation (on DMO advice) | Approved Budget \$m | |
|--|---|----------------------------------|------------------------|--|
| AIR 6000 Phase 2A/2B | New Air Combat Capability | Joint Strike Fighter | 13 455.5 | |
| SEA 4000 Phase 3 | Air Warfare Destroyer Build | AWD Ships | 7 847.9 | |
| AIR 5077 Phase 3 | Airborne Early Warning and Control Aircraft | Wedgetail | 3 873.1 | |
| AIR 9000 Phase 2/4/6 | Multi-Role Helicopter | MRH90 Helicopters | 3 785.1 | |
| LAND 121 Phase 3B | ND 121 Phase 3B Medium Heavy Capability, Field Overlander Vehicles, Modules and Trailers Medium/Heavy | | 3 469.0 | |
| AIR 9000 Phase 8 | 9000 Phase 8 Future Naval Aviation Combat MH System Helicopter | | 3 196.9 | |
| JP 2048 Phase 4A/4B | Amphibious Ships (LHD) | LHD Ships | 3 089.4 | |
| AIR 5349 Phase 3 | R 5349 Phase 3 EA-18G Growler Airborne Electronic Attack Capability | | 3 036.6 | |
| AIR 87 Phase 2 | IR 87 Phase 2 Armed Reconnaissance Helicopter | | 2 033.0 | |
| AIR 5376 Phase 2 | F/A-18 Hornet Upgrade | | 1 881.3 | |
| AIR 5402 | Air to Air Refuelling Capability | Air to Air Refuel | 1 821.4 | |
| SEA 1390 Phase 2.1 | Guided Missile Frigate Upgrade Implementation | FFG Upgrade | 1 452.6 | |

⁶ Major Projects Report 2013-14, p. 35.

⁷ See Part 4 of the *Major Projects Report* 2013-14, pp.547-548.

⁸ Major Projects Report 2013-14, p. 6.

| AIR 8000 Phase 2 | Battlefield Airlift – Caribou Replacement | Battlefield Airlifter | 1 289.5 |
|-------------------|--|--------------------------|---------|
| LAND 116 Phase 3 | Bushmaster Protected Mobility Vehicle | Bushmaster Vehicles | 1 250.4 |
| LAND 121 Phase 3A | Field Vehicles and Trailers | Overlander Light | 1 020.5 |
| JP 2008 Phase 4 | Next Generation SATCOM Capability | Next Gen Satellite | 869.3 |
| SEA 1448 Phase 2B | ANZAC Anti-Ship Missile Defence | ANZAC ASMD 2B | 678.4 |
| AIR 9000 Phase 5C | Additional Medium Lift Helicopters | Additional Chinook | 617.2 |
| JP 2043 Phase 3A | High Frequency Modernisation | HF Modernisation | 580.1 |
| JP 2072 Phase 2A | Battlespace Communications System | Battle Comm. Sys. (Land) | 460.1 |
| SEA 1439 Phase 4A | Collins Replacement Combat System | Collins RCS | 450.1 |
| SEA 1429 Phase 2 | Replacement Heavyweight Torpedo | Hw Torpedo | 426.6 |
| JP 2008 Phase 5A | Indian Ocean Region UHF SATCOM | UHF SATCOM | 419.1 |
| SEA 1439 Phase 3 | Collins Class Submarine Reliability and Sustainability | Collins R&S | 411.7 |
| SEA 1390 Phase 4B | SM-1 Missile Replacement | SM-2 Missile | 407.3 |
| SEA 1448 Phase 2A | ANZAC Anti-Ship Missile Defence | ANZAC ASMD 2A | 386.9 |
| LAND 17 Phase 1A | Artillery Replacement | 155mm Howitzer | 336.1 |
| AIR 5418 Phase 1 | Follow On Stand Off Weapon | Stand Off Weapon | 317.4 |
| LAND 75 Phase 3.4 | Battlefield Command Support System | Battle Comm. Sys. | 314.8 |
| JP 2048 Phase 3 | Amphibious Watercraft Replacement LHD Landing Craft | | 239.9 |
| Total | 59 417.2 | | |

Source: ANAO, Audit Report No. 14 (2014-15), Major Projects Report 2013-14, p. 7.

Schedule slippage from original planned Final Operational Capability (FOC)

2.9 In the 2013–14 MPR, the total schedule slippage for the 30 Major Projects as at 30 June 2014 is 1,115 months (2012–13: 957 months) when compared to the initial schedule first approved by government. This represents a 36 per cent (2012–13: 36 per cent) increase on the originally approved schedule. See Table below.⁹

Table 2: Schedule slippage

| Project | In-year (months) | Total (months) | Project | In-year (months) | Total (months) |
|-------------------------|---------------------|-------------------|--------------------------|---------------------|-------------------|
| Joint Strike Fighter | 0 | 0 | Next Gen Satellite | 0 | 0 |
| AWD Ships | 0 | 22 | ANZAC ASMD 2B | 0 | 57 |
| Wedgetail | 0 | 78 | Additional Chinook | 0 | 0 |
| MRH90 Helicopters | 60 | 60 | HF Modernisation | 0 | 147 |
| Overlander Medium/Heavy | 0 | 0 | Battle Comm. Sys. (Land) | 0 | 4 |
| MH-60R Seahawk | 0 | 0 | Collins RCS | 1 | 109 |
| LHD Ships | 0 | 0 | Hw Torpedo | 58 | 58 |
| Growler | 0 | 0 | UHF SATCOM | 0 | 0 |
| ARH Tiger Helicopters | 0 | 79 | Collins R&S | 0 | 99 |
| Hornet Upgrade | 16 | 39 | SM-2 Missile | 11 | 26 |
| Air to Air Refuel | 12 | 57 | ANZAC ASMD 2A | 0 | 72 |
| FFG Upgrade | 12 | 132 | 155mm Howitzer | 7 | 7 |
| Battlefield Airlifter | 0 | 0 | Stand Off Weapon | 4 | 37 |
| Bushmaster Vehicles | 0 | 0 | Battle Comm. Sys. | 15 | 23 |
| Overlander Light | 9 | 9 | LHD Landing Craft | 0 | 0 |
| Total | | | | 205 | 1 115 |

Source: ANAO, Audit Report No. 14 (2014-15), Major Projects Report 2013-14, p. 19.

2.10 Disaggregation according to a project's Second Pass Approval shows that 80 per cent (2012–13: 87 per cent) of the total schedule slippage across the Major Projects covered in the 2013–14 MPR is made up of projects approved prior to the DMO's demerger from the Department of Defence, in July 2005. ANAO stated that:

This is a positive indicator of the benefits that the DMO, as a specialist acquisition and sustainment organisation, is able to bring to complex Defence procurement. It also demonstrates the impact on schedule performance during the transition to higher levels of Military-Off-The-Shelf (MOTS) acquisitions following the Defence Procurement Review 2003 (Kinnaird Review). 10

In-year schedule performance

- 2.11 In 2013–14, there was a total schedule slippage of 205 months in the forecast achievement of FOC for the 30 Major Projects. There has been negative slippage for three projects:
 - Joint Strike Fighter currently expects to achieve FOC in October 2023, two months ahead of the original schedule;
 - Overlander Medium/Heavy currently expects to achieve FOC inJanuary 2023, 11 months ahead of the original schedule; and
 - LHD Landing Craft currently expects to achieve FOC in September 2015, five months ahead of the original schedule.¹¹
- 2.12 In-year schedule slippage involved the following 11 projects (the explanation provided, drawn from the 2013–14 PDSSs, may also include the reasons for prior slippage):
 - MRH90 Helicopters delays resulting from deed negotiations with the contractor and ongoing technical deficiencies;
 - Hornet Upgrade—achieved Supplemental Type Certification and Service Release in November 2012, however additional testing was necessary in 2014 with time allowed for finalisation of data analysis prior to Capability Manager sign off;
 - Air to Air Refuel delays resulting from issues around the Aerial Refuelling Boom System and flight testing and maintenance requirements on test aircraft;
 - FFG Upgrade schedule extended to allow for passive sonar (PANORAMA) capability to be included in the project;
 - Overlander Light delays resulting from complexity in finalising the design and manufacture of the Command Post Mobile;
 - Collins RCS—slippage resulting from changes to the Full Cycle Docking schedule affecting the installation schedule based on submarine availability;
 - Hw Torpedo—slippage resulting from changes to the Full Cycle Docking schedule affecting the installation schedule based on submarine availability;
 - SM-2 Missile delays in receipt of missile spares and arrangement of in-service support requirements;
 - 155mm Howitzer delays resulting from the time taken to approve the transfer of the Course Correcting Fuze capability to project LAND 17 Phase 1C.1;

- Stand Off Weapon—delivery delays due to issues with the reliability of the fuze; and
- Battle Comm Sys. delays in receipt of final equipment. 12

Entry and exit of projects

New Projects

2.13 Table 3 shows the four new projects that have been included in the 2013-14 MPR.

Table 3: New MPR projects

| Project Number (Defence Capability Plan) | Project Name | DMO Abbreviation | Approved Budget \$m |
|--|--|----------------------------|------------------------|
| LAND 121 Phase 3B | Medium Heavy Capability, Field Vehicles, Modules and Trailers | Overlander Medium/Heavy | 3 469.0 |
| AIR 5349 Phase 3 | EA-18G Growler Airborne Electronic Attack Capability | Growler | 3 036.6 |
| AIR 8000 Phase 2 | Battlefield Airlift – Caribou Replacement | Battlefield Airlifter | 1 289.5 |
| JP 2048 Phase 3 | Amphibious Watercraft Replacement | LHD Landing Craft | 239.9 |

Source: Expurgated version of Table 1 in the ANAO, Audit Report No. 14 (2014-15), Major Projects Report 2013-14, p. 7

Exited projects

2.14 Table 4 shows those projects that have exited from the MPR's latest iteration.

Table 4: Exited MPR projects

| Project Number | Project | Government approved budget \$m | Expenditure to Date \$m | Remaining Budget \$m | FMR Achieved | FOC Achieved/ Forecast |
|-----------------------|---|--------------------------------|-------------------------------|----------------------------|-----------------|------------------------------|
| AIR 5376 Phase 3.2 | F/A 18 Hornet Upgrade Structural Refurbishment (Hornet Refurbishment) | 951.3 | 319.1 | 632.2 | N/A | N/A |
| AIR 8000 Phase 3 | C-17 Heavy Airlift | 1696.9 | 1367.8 | 329.1 | Dec 11 | Dec 11 |
| AIR 5349 Phase 1/2 | Bridging Air Combat Capability | 3594.8 | 2881.6 | 713.2 | Dec 12 | Dec 12 |
| SEA 1444 Phase 1 | Armidale Class Patrol Boat | 537.2 | 488.5 | 48.7 | Nov 07 | Oct 12 |
| LAND 19 Phase 7A | Counter-Rocket Artillery and Mortar | 260.3 | 176.0 | 78.4 | Jan 13 | Jan 13 |

Source: ANAO, Audit Report No. 14 (2014-15), Major Projects Report 2013-14, p. 118.

Projects of Concern at 30 June 2014

- 2.15 First established in 2008, the Projects of Concern (PoC) process was implemented to address project issues of concern to the DMO and government, relating to cost, schedule and capability. ANAO stated that the process has continued to play an important, although limited role, across the portfolio of MPR projects.¹³
- 2.16 PoC are those projects identified as having very significant technical, cost and/or schedule difficulties. The primary objective of the PoC regime is to assist with the implementation of an agreed remediation plan. Projects listed as PoC receive a higher level of oversight and management and undertake increased reporting to government. Since 2008, 22 projects, with a total value of \$30.4 billion, have been managed as PoC. There are six active PoC with a total value of \$14.6 billion as at 30 June 2014. In 2013-14, the Electronic Support Measures Upgrade Project for the AP-3C Orion Aircraft was removed, and the Air Warfare Destroyer was added as a PoC.¹⁴

Table 4: Projects of Concern

| Project Name | Project Number | Date added |
|-------------------------------------|----------------------|---------------|
| Collins Class Submarine Sustainment | CN10 | November 2008 |
| Air to Air Refuelling | AIR 5402 | October 2010 |
| Multi-Role Helicopter MRH90 | AIR 9000 Phase 2/4/6 | November 2011 |
| Mulwala Redevelopment Project | JP 2086 Phase 1 | December 2012 |
| Direct Fire Support Weapons | LAND 40 Phase 2 | December 2012 |
| Air Warfare Destroyer Build | SEA 4000 Phase 3 | June 2014 |

Source: ANAO, Audit Report No. 14 (2014-15), Major Projects Report 2013-14, p. 109.

Project expenditure

2.17 DMO reported that most projects have expended close to their given budget with minor variations attributed primarily to exchange rates or rounding issues. For example one project, HF Modernisation, had a significant overachievement of 10.3 percent. This was as a result of being able to bring forward an IT Refresh milestone. Five projects had significant underspends:

¹³ Major Projects Report 2013-14, p. 23.

¹⁴ *Major Projects Report* 2013-14, pp. 108-09.

- FFG Upgrade: the underspend is due to systems costing less than originally budgeted for, delay in invoicing due to technical difficulties and spares being paid for from sustainment budget.
- Next Gen Satellite: the underspend is due to a delay in billing by the USA and realisation of cost savings in production under the Wideband Global Satellite Program. The DMO process underspend relates to activities that have been moved to 2014-15.
- Hw Torpedo: the underspend is primarily due to the postponement of Pre-Full Cycle Docking work on *HMAS Collins*.
- SM-2 Missile: the underspend is primarily attributed to delayed contracted scope with Australian and Foreign Industry and subsequent savings as well as deferred Foreign Military Sales (FMS) payments. Establishment of In-Service arrangements has not proceeded as quickly as planned.
- Battle Comm. Sys: the underspend is primarily due to a number of supplies and quotes that are: no longer required; have been transferred to sustainment; or have taken longer than anticipated to approve.¹⁵
- 2.18 The Committee notes, however, these underspent projects were due to various aspects of the projects being delayed or moved to 'sustainment' rather than notable savings being achieved.

ANAO's review

- 2.19 Previous reviews have highlighted issues which impact on the Defence Materiel Organisation's (DMO's) administration of major Defence equipment acquisition projects (Major Projects), and their related frameworks. These issues were reconsidered by the ANAO, where appropriate, in order to assess the DMO's progress in addressing them during 2013–14. Key frameworks considered further include:
 - the financial framework as it applies to the management of project budgets and expenditure, in an out-turned budget environment;
 - the project maturity framework and systems in place to support the provision of maturity data in the PDSS;
 - the enterprise risk management framework as it applies to major risk and issue data and its maturity; and
 - the capability assessment framework, as it relates to the DMO's evaluation of the probability of delivering required capabilities. ¹⁶

- 2.20 The ANAO's review of the individual project PDSSs were conducted in accordance with the Australian Standard on Assurance Engagements (ASAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the Australian Auditing and Assurance Standards Board.¹⁷
- 2.21 The ANAO assesses that the MPR is well positioned to examine systemic issues and provide longitudinal analysis for the 30 projects reviewed, and may also reflect on, or have implications for, general project management practices in the DMO, or more broadly within other areas of the Australian Defence organisation.¹⁸
- 2.22 The ANAO's review of the information presented in the individual PDSSs included:
 - examination of each PDSS and the documents and information relevant to them;
 - a review of relevant processes and procedures used by the DMO in the preparation of the PDSSs;
 - an assessment of the systems and controls that support project financial management, risk management, and project status reporting, within the Australian Defence organisation;
 - interviews with persons responsible for the preparation of the PDSSs and those responsible for the management of the 30 projects;
 - taking account of industry contractor comments provided to the ANAO and the DMO on draft PDSS information;
 - assessing the assurance by the DMO managers attesting to the accuracy and completeness of the PDSSs;
 - examination of the representations by the Chief Finance Officer (CFO)
 DMO supporting the project financial assurance and contingency
 statements, and the independent third-party review of the project financial assurance statements;
 - examination of confirmations, provided by the Secretary of the Department of Defence and Chief of the Defence Force, from the Capability Managers, relating to each project's progress toward Initial Materiel Release (IMR) and Final Materiel Release (FMR), and Initial Operational Capability (IOC) and Final Operational Capability (FOC); and

¹⁶ Major Projects Report 2013-14, p. 25.

¹⁷ Major Projects Report 2013-14, p. 26.

¹⁸ *Major Projects Report* 2013-14, p. 26.

examination of the 'Statement by the Chief Executive Officer (CEO)
 DMO', including significant events occurring post 30 June, and
 management representations by the CEO DMO.¹⁹

Governance and business processes

Financial framework

- 2.23 A number of project offices added additional disclosures to their PDSSs, and in particular, AWD Ships, LHD Ships and ANZAC ASMD Phase 2B recognised that available funding for price indexation was a key concern. Prior to 1 July 2010 projects were periodically supplemented for price whereas the allocation for price indexation is now provided for on an outturned basis at Second Pass Approval. This change in supplementation policy has meant that price indexation has emerged as a risk for some projects, which would generally emerge later in a project's life cycle.²⁰
- 2.24 The ANAO stated that the emergence of indexation risk has, to some extent, changed the nature and use of the contingency budget from dealing only with project risk management to including broader price management. This requires project office finance staff to have a greater understanding of the factors that influence indices and their likely movement over the life of the project.²¹
- 2.25 In conjunction with the financial assurance statement, introduced in the 2011–12 MPR, the contingency statements were introduced for the first time in this, the 2013–14 MPR. Together, they provide greater transparency of projects' financial status, following the move to outturned budgeting in 2010, and highlight the use of contingency funding to mitigate projects risks.²²
- 2.26 In 2013–14, while all projects continued to operate within their total approved budget, the AWD Ships, LHD Ships and ANZAC ASMD 2B project offices continued to recognise that available funding may be insufficient as contracted indices escalation may be greater than the approved project budget. In relation to the AWD Ships project, the 2013-14 Statement by the CEO DMO, noted concerns in relation to the adequacy of the total project budget, which will be dependent on the results of the AWD Reform Program.²³

¹⁹ *Major Projects Report* 2013-14, pp. 26-27.

²⁰ *Major Projects Report* 2013-14, pp. 28-29.

²¹ Major Projects Report 2013-14, p. 29.

²² Major Projects Report 2013-14, p. 29.

²³ Major Projects Report 2013-14, p. 30.

- 2.27 During 2013–14, the DMO continued to support the project financial assurance statements with an independent third-party review, considering factors including: remaining budget, Projects of Concern listing, complexity, diversity across divisions and past history.
- 2.28 Projects selected for third-party review in support of the financial assurance statement assurance process included:
 - detailed review Overlander Medium/Heavy, MH-60R Seahawk, Growler and Additional Chinook; and
 - standard review Joint Strike Fighter, AWD Ships, MRH90 Helicopters,
 LHD Ships, Battlefield Airlifter and Next Gen Satellite.
- 2.29 Observations from the review included that both the AWD Ships and LHD Ships projects have significant contractual exposure to indexation factors and that both project offices have recognised and costed a risk in relation to this matter. The ANAO stated it would continue to assess the outcomes of the financial assurance statements in future MPRs.²⁴

Committee comments

- 2.30 The MPR is now in its seventh iteration and has progressively developed into a high-value document to help assess Defence procurement funding. The MPR and its accompanying processes have reached a level of maturity which the Committee is generally satisfied with. The Committee will continue to scrutinise the MPR and recommend changes to the MPR Guidelines when and where necessary. Looking forward, the Committee is broadening its focus to further examine other aspects of Defence funding, namely sustainment expenditure.
- 2.31 The issue of sustainment funding, and its lack of transparency, has been one which has occupied the Committee for some time and the JCPAA is currently in the process of seeking greater clarity from Defence/DMO on where and how these funds are being expended. This will be covered in greater detail in Chapter 4.
- 2.32 The projects identified as PoCs are of concern to the Committee and have already caught the JCPAA's attention through separate ANAO reporting such as the MRH90 which was reviewed by the Committee in Report 447.²⁵ Issues pertaining to the Collins-class submarines and the Air

²⁴ Major Projects Report 2013-14, pp. 30-1.

²⁵ JCPAA Report 447, EPBC Act, Cyber Security, Mail Screening, ABR and Helicopter Program: Review of Auditor-General Reports Nos 32-54 (2013-14), http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Review_of_Auditor-Generals_Reports_32-54_2013-14/Report accessed 23 April 2015.

Warfare Destroyer have also received attention from the Committee and these will be examined in greater detail in the following chapter.