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Auditor-General for Australia



8 September 2022

Mr Julian Hill MP  
Chair  
Joint Committee of Public Accounts and Audit  
By email: [jcpaa@aph.gov.au](mailto:jcpaa@aph.gov.au)

Dear Mr Hill

**Joint Committee of Public Accounts and Audit Report 489, *Inquiry into the Defence Major Projects Report 2019–20***

I am writing to respond to recommendations directed to the Australian National Audit Office (ANAO) contained in JCPAA Report 489: *Inquiry into the Defence Major Projects Report 2019–20*, related to Auditor-General Report No.19 of 2020–21.

**Recommendation 2** - The Committee recommends that the Department of Defence revisit its effort to provide criteria for projects to enter and exit the Projects of Concern and Projects of Interest categories and create processes for their consistent application, enabling these to be reviewed as part of the next MPR, and that the ANAO gives further consideration to these issues in the next MPR.

**Summary of proposed response:** Agreed

**Supporting rationale:** The ANAO will continue to report on developments relating to the Projects of Concern regime, in Part 1 of the MPR, which includes a section on acquisition governance. The ANAO will also include, in the 2021–22 MPR, a table which documents all MPR projects which have been listed as Projects of Concern since the inception of the MPR. The MPR Guidelines require Defence to identify whether a project is a Project of Concern in its PDSS. The ANAO will continue to review compliance with this requirement in the context of its review of PDSSs. The ANAO understands that Defence will respond separately to the Committee regarding its planned changes to the Projects of Concern regime.

**Recommendation 5** – The Committee recommends that the Department of Defence and the ANAO provide the Committee with a joint briefing on the outcome of the Smart Buyer review in the next Parliament so that the Committee can consider changes to MPR processes and scope if warranted.

**Summary of proposed response:** Agreed

**Supporting rationale:** The Smart Buyer review was a Defence initiative and it would be appropriate for Defence to provide the review report and a briefing to the Committee. The ANAO would be available to

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attend the briefing. The ANAO understands that Defence will respond directly to the Committee on this recommendation.

I am available to discuss any matters arising from this advice with the Committee.

Yours sincerely

Grant Hehir  
Auditor-General

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