
The Parliament of the Commonwealth of Australia

Report 416

Review of the Major Projects Report 2007-2008

Joint Committee of Public Accounts and Audit

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Foreword

The Committee's purpose in recommending funding for the annual Major Projects Report (MPR) was to provide a means by which accessible, transparent and accurate information could be made available to the Parliament and the Australian public about the state of Defence's major acquisition projects. After reviewing the inaugural *Major Projects Report 2007-08* the Committee is encouraged by what has been achieved so far, and in no doubt about the utility of future MPRs.

Developing and maintaining a reporting system such as the MPR is an evolving process and the *Major Projects Report 2007-08*, which provides information on the cost, schedule and capability progress of nine major acquisition projects, was a pilot. The Committee is aware that setting up the systems that underpin the annual publication of the MPR in a context where major projects are complex and diverse in nature has resulted in challenges for both the Australian National Audit Office (ANAO) and the Defence Materiel Organisation (DMO). In its review of this report, the Committee provides guidance and direction to both the ANAO and the DMO and outlines some of the ways the MPR can be improved. These improvements include: documenting lessons learned and project maturity scores more comprehensively; reporting further on capability performance data; and formal Committee approval of project selection. The Committee also makes plain its intention to carefully monitor the issues that gave rise to the scope reduction and the qualification contained in this report.

The development of the Major Projects Report was a significant and timely step forward. This review reflects the commitment made by the Committee to continuously monitor Defence's acquisition processes and outcomes and to provide input and guidance where necessary.

On behalf of the Committee, I would like to thank the Auditor-General, Mr Ian McPhee PSM and his staff and Dr Stephen Gumley, Chief Executive Officer of the DMO and his staff for the cooperative manner in which they have worked to produce the MPR 2007-08. We look forward to seeing the MPR evolve over time into a comprehensive, high-quality, reliable document which is of great use both within and without the Department of Defence. Ultimately the report should provide the Australian public with confidence that Defence procurement dollars are being spent wisely to provide our highly-valued Australian Defence Force personnel with the quality support they deserve.

Sharon Grierson MP
Chair



Membership of the Committee

Chair	Ms Sharon Grierson MP	
Deputy Chair	Hon Petro Georgiou MP	
Members	Hon Dick Adams MP (from 17/08/09)	Senator Guy Barnett (from 11/02/09)
	Hon Bob Baldwin MP (until 25/09/08)	Senator Mark Bishop
	Hon Arch Bevis MP	Senator Sue Boyce (until 11/01/09)
	Hon Bronwyn Bishop MP (from 25/09/08)	Senator David Bushby
	Mr David Bradbury MP	Senator David Feeney
	Mr Jamie Briggs MP (from 25/09/08)	Senator Kate Lundy
	Mr Mark Butler MP (until 15/06/09)	
	Ms Catherine King MP	
	Mr Scott Morrison MP (until 25/09/08)	
	Mr Shayne Neumann MP	
Mr Stuart Robert MP		

Committee Secretariat

Secretary Mr Russell Chafer

Inquiry Secretary Dr Kris Veenstra



List of abbreviations

ANAO	Australian National Audit Office
AUC	Assets Under Construction
DMO	Defence Materiel Organisation
EVMS	Earned Value Management System
JCPAA	Joint Committee of Public Accounts and Audit
MOE	Measures of Effectiveness
MPR	Major Projects Report
PDSS	Project Data Summary Sheets
UK NAO	United Kingdom National Audit Office
ANAO	Australian National Audit Office



List of recommendations

Recommendation 1

That all Major Projects Reports from the year 2009-10 onwards contain a section that clearly outlines the lessons learned on MPR projects which are systemic and interrelated in nature. This section must include plans for how the lesson learned will be incorporated into future policy and practice. This section is in addition to Section 5 in the PDSSs (i.e., 'Lessons Learned') which should still contain descriptions of lessons learned that are unique to the individual projects and how they will be incorporated into future policy and practice across the DMO. Section 5 of the PDSSs should also include cross-referencing to the systemic issues where relevant to individual projects.

Recommendation 2

That all Major Projects Reports from the year 2009-10 onward provide a breakdown of maturity scores against the following seven attributes in project data: Schedule; Cost; Requirement; Technical understanding; Technical difficulty; Commercial; Operations and support. Additionally, all Major Projects Reports from the year 2009-10 onward provide a succinct and straightforward explanation of how the DMO determines the benchmark, as opposed to the maximum, maturity score.

Recommendation 3

That the Defence Materiel Organisation provide a traffic light analysis of the percentage breakdown of Capability Measures of Effectiveness for each project. This traffic light analysis should be included in each MPR from 2009-10 onward until such time as the DMO is able to replace this analysis with unclassified and standardised capability achievement information.

Recommendation 4

That no later than 31 August each year, the ANAO and the DMO will consult the Committee on the projects to be included in and, where appropriate, excluded from, the following year's MPR.

Recommendation 5

That where possible the order of presentation of the projects will remain consistent across the Major Projects Report.

