

**JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT**

Review of Auditor-General's Reports

Hearing on Defence project management

Federal Parliament's Public Accounts and Audit Committee is holding a hearing to examine two Audit Reports which were critical of Defence project management.

The hearing is **Thursday, 9 February 2006**, from **11:10am – 12:30pm**, in **Committee Room 2S3, Parliament House**, Canberra.

The first report to be reviewed is **No. 45, 2004-05: *Management of Selected Defence System Program Offices***. The audit looked at management of major acquisition projects under the Defence Materiel Organisation (DMO). The projects, including upgrading of M1-113 personnel carriers, implementation of the Over-the-Horizon radar network, and major upgrades to Fast Frigates, are managed by a number of DMO System Program Offices.

In this Audit, the Australian National Audit Office (ANAO) reported that of 156 major acquisition projects, 30 per cent had already missed their in-service date or had unrecoverable schedule slippage. A further 20 per cent would require intensive management to achieve their in-service date. The ANAO found that the System Program Offices had varying levels of management expertise. In particular, the Fast Frigate Guided upgrade project was suffering from extensive schedule slippage. The ANAO felt that the slippage on this project would have flow-on effects for overall Navy capability.

The second report to be examined is **No. 3, 2005-06: *Management of the M113 Armoured Personnel Carrier Upgrade Project***. The M113 is a lightly armoured fully tracked vehicle. There are 766 M113 vehicles in the Australian Army fleet, with 520 in-service. The M113 has a number of identified operational deficiencies and currently remains in its original mid 1960s M113A1 standard.

The ANAO found that the first stage of the M113 upgrade project suffered from poor project management practices, ineffective project planning, inadequately defined project objectives, and technical problems. Combined with an inability to successfully integrate the components of the vehicle, this resulted in a failure to deliver capability to the ADF.

While the second stage of the project was better managed, the ADF is yet to receive any upgraded vehicles and there is some doubt as to whether the upgraded vehicles will meet their in-service date of late 2006. The last vehicle is to be delivered in late 2010 and has a planned end life of 2020.

At the hearing the Committee will be examining the deficiencies in Defence project management, and whether any changes have been made as a result of these critical audit findings.

For media comment: please contact **Ms Sharon Grierson MP (Deputy Chair)** on telephone **(02) 6277 4221**

For more information: please contact the inquiry secretary on telephone (02) 6277 4615 or visit the Committee's website at www.aph.gov.au/house/committee/jpaa/