



JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Inquiry into financial reporting and equipment acquisition
at the Department of Defence and Defence Materiel Organisation

MEDIA ALERT

Issued: 6 December 2006

Chair: Tony Smith MP

Deputy Chair: Sharon Grierson MP

COMMITTEE RECOMMENDS FUNDING FOR ANAO ANNUAL REVIEW OF MAJOR DEFENCE CAPITAL EQUIPMENT PROJECTS

“Federal Parliament’s Public Accounts and Audit Committee has unanimously agreed to recommend that the Australian National Audit Office (ANAO) receive additional funding of \$1.5 million in the 2007-08 budget to produce an annual audit on progress in major defence capital equipment projects”, the Chair of the Committee, Tony Smith, said today.

“The Committee recommended that the ANAO produce an annual report, based on data supplied by the Department of Defence and Defence Materiel Organisation, on progress of the top thirty capital equipment projects, which have an approved budget of \$30.2 billion”.

“The Committee believes that funding the ANAO to produce the annual audit on progress in major defence projects could deliver significant benefits to Defence, the Parliament and the community”.

“An additional \$1.5 million for the engagement of dedicated audit staff and associated costs is a minor cost and would be offset by the potential savings”.

“The Committee notes the large amount of taxpayer dollars being spent on Defence acquisition projects. Given the increasing size and complexity of these projects, the dollars being spent are also increasing. The Committee believes continuous monitoring of these projects by the Auditor-General, as well as looking back at individual projects, is a better way to go for the Australian taxpayer”.

“The Committee has devoted considerable time to considering the numerous Auditor-General’s reports on individual defence acquisition projects as part of its current inquiry into financial reporting and equipment acquisition at the Department of Defence and the Defence Materiel Organisation”.

“In recent years a series of reviews, notably the financial and performance audits conducted by the Auditor-General, have scrutinised financial reporting and equipment acquisition at Defence and the Defence Materiel Organisation and recommended several reforms”, Mr Smith said.

“Our inquiry is assessing the systems that Defence and the Defence Materiel Organisation have put in place to improve their financial reporting and equipment acquisition processes, and how those systems compare against international best practice.”

A final report is expected to be released next year.

For more information: please contact the Committee chair, Tony Smith MP, on telephone (02) 6277 4284 or the inquiry secretary on telephone (02) 6277 4615 or visit the Committee’s website at www.aph.gov.au/house/committee/jpaa/