

Guidelines for the 2012–13 MPR

Introduction

- 4.1 In addition to reviewing the Major Project Report (MPR), the Committee annually considers and endorses the MPR Guidelines.
- 4.2 While the Defence Materiel Organisation (DMO) and the Australian National Audit Office (ANAO) continue to develop the MPR Guidelines jointly, the ANAO has now taken administrative responsibility for updating the Guidelines and submitting them to the Committee, as per the Committee's recommendation in its review of the 2010–11 MPR.¹
- 4.3 The MPR Guidelines for 2012–13, presented to the Committee in August 2012, include:
- the criteria for project selection and the list of projects selected for the 2012–13 MPR;
 - the role and responsibilities of the DMO in the production and review of the 2012–13 MPR;
 - guidance for the development of Project Data Summary Sheets (PDSSs);
 - the PDSS Template; and
 - an indicative MPR Program Schedule in support of Tabling in November 2013.
- 4.4 The Committee wrote to the ANAO in September 2012 to indicate its endorsement of the proposed Guidelines, subject to minor amendments.

Changes from the 2011–12 Guidelines

- 4.5 The MPR Guidelines are reviewed and amended annually in order to reflect changes to the MPR process and lessons learned, and to improve

1 See Joint Committee of Public Accounts and Audit (JCPAA) *Report 429*, p. 29.

the presentation of data. The Committee has contributed to this process with its annual review of the MPR and the Guidelines approval process.

4.6 The revisions to the Guidelines for the 2012-13 MPR included:

- updated criteria for the removal of projects from the MPR (i.e. exit criteria) based on a post Final Materiel Release (FMR) risk assessment of the timely achievement of Final Operational Capability (FOC);
- clarification of roles and responsibilities;
- a requirement for the DMO to explain in the PDSS for new projects that are not classified as Military Off-the-Shelf (MOTS) or Commercial Off-the-Shelf (COTS) how these options were explicitly considered and eliminated for particular reasons prior to final procurement decisions being made;²
- additional information on cost increases and decreases in PDSS Section 2 – Financial Performance; and
- other minor amendments to information included in PDSSs.

New projects and exiting projects

4.7 In addition to 28 'repeat' projects that appeared in the 2011-12 MPR, the 2012-13 MPR will include one 'new' project:

- Battlespace Communications System (LAND) – JNT 2072 Ph 2A

4.8 One project will be 'removed' from the MPR, and will be reported on separately from the PDSSs in the 'Lessons Learned' section of the 2012-13 MPR:

- C-17 Globemaster III Heavy Airlifter – AIR 8000 Phase 3

4.9 The Committee notes concerns raised by the DMO's Chief Executive Officer that there is limited value in certain projects, which are nearing their completion, continuing to be included in the MPR.³

4.10 The Committee wishes to ensure that a sensible approach is taken to project selection and removal. The 2012-13 Guidelines allow for projects to be removed from the MPR prior to reaching Full Operational Capability, subject to certain risk criteria having been met. This process was intended to ensure that higher risk projects continue to be reported on for as long as there is significant value being obtained from their inclusion. For lower risk projects, where there is agreement that the cost of reporting

2 See JCPAA *Report 429*, p. 25.

3 Mr Warren King, Chief Executive Officer, DMO, *Committee Hansard*, Canberra, 13 March 2013, p. 1.

outweighs the value of continuing to include the project in the MPR, the agreed process enables those projects to be removed from the MPR.

- 4.11 The Committee suggests that if the agreed process for the removal of projects from the MPR is not producing an appropriately balanced outcome, then it will consider any proposal put forward to improve those criteria during its next annual review and endorsement of the MPR Guidelines.

Rob Oakeshott MP
Chair
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