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David Brunoro
Secretary,
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
CANBERRA ACT 2600

**JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT 436:
REVIEW OF THE 2011-12 DEFENCE MATERIEL ORGANISATION MAJOR
PROJECTS REPORT**

Dear Mr Brunoro,

I have read and appreciate the Committee's Report 436 on the 2011-12 Major Projects Report (MPR). Unfortunately, my attention has been drawn to a technical error in the report that will require correction on the public record.

On Monday 17 June 2013, Senator Mark Bishop quoted Report 436 in the Senate when he strongly argued that expenditure of contingency funding in 2011-12 justified greater disclosure of the use of contingency budgets for Defence strategic procurements. Specifically, he relied on Paragraph 3.13 which states that 'The MPR disclosed that approximately \$1.1 billion had been drawn upon from project contingency budgets in 2011-12 to retire project risks'.

The \$1.1 billion is a valid summation of contingency expenditure, however, it should have been more clearly explained that it has been drawn down over the life of the projects since their various approval dates, and not just in the 2011-12 financial year.

My point of contact is Mr Paul Way, DMO Chief Audit Executive, who can be contacted on

Yours sincerely,

Mr Warren King
Chief Executive Office

20 September 2013