

Introduction

Background

- 1.1 The 2010-11 Major Projects Report (MPR) is the fourth produced by the Defence Materiel Organisation (DMO) and the Australian National Audit Office (ANAO). The Joint Committee of Public Accounts and Audit (JCPAA) has reviewed the three previous MPRs (2007-08; 2008-09; 2009-10) and reported on two (2007-08; 2009-10).
- 1.2 The MPR came about as a result of a recommendation made in the *Senate Foreign Affairs, Defence and Trade References Committee Report into Materiel Acquisition and Management in Defence* in 2003 that the Department of Defence (Defence) produce an annual report on progress in major defence projects, detailing cost, time and technical performance data for each project.¹
- 1.3 In December 2006 the JCPAA unanimously agreed to recommend that the ANAO receive additional funding to produce such a report. In August 2008 the JCPAA published *Report 411: Progress on equipment acquisition and financial reporting in Defence*. Chapter 5 of that report provided a broad outline of the key features deemed critical for inclusion in the MPR.

¹ Foreign Affairs, Defence and Trade References Committee, *Report into Materiel Acquisition and Management in Defence*, March 2003, pp. xv-xvi.

- 1.4 The aim of the MPR is to provide the Parliament and wider Australian community with accessible, transparent and accurate information about the status of Defence's major acquisition projects, providing a basis for longitudinal analysis of project performance. The report is comprised of a series of Project Data Summary Sheets (PDSSs), an overview and summary by the DMO and an overview and limited assurance review undertaken by the Auditor-General.
- 1.5 The MPR is automatically referred to the JCPAA in accordance with its statutory obligations to examine all reports of the Auditor-General that are tabled in each House of the Parliament.²

Role of the committee

- 1.6 The JCPAA has reviewed the MPR annually to assess the content, accessibility and transparency of the information provided on major projects. The Committee's subsequent report has provided suggestions and recommendations to improve the format and presentation of the data and ensure that the MPR fulfils its original objective to enhance transparency and accountability.
- 1.7 As well as reviewing the MPR, the Committee reviews and endorses the MPR Work Plan annually. The MPR Work Plan includes:
- the criteria for project selection;
 - the roles and responsibilities of DMO in the production and review of the MPR;
 - Guidelines for producing the PDSS;
 - format for the PDSS template; and
 - an indicative program schedule.

Scope and conduct of the review

- 1.8 This report includes discussion on a selection of the ongoing issues highlighted in previous reviews of the MPR and discussion on the future role of the MPR. The Committee considered Government Responses to its

2 *Public Accounts and Audit Committee Act 1951 (Cth)*, 8(1)(c).

previous report, *Report 422: Review of the 2009-10 Defence Materiel Organisation Major Projects Report* during the course of the review.

- 1.9 The Committee received two submissions to the inquiry, which are listed at Appendix A.
- 1.10 The Committee held a public hearing on 21 March 2012 in Canberra with representatives from Defence, the DMO and ANAO. Witnesses who appeared before the Committee at this hearing are listed at Appendix B. The Transcript of Evidence received at this hearing is available from the Committee's website at:
http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jcpaa/defenceannual0311/index.htm.

Report structure

- 1.11 Chapter 2 provides an overview of the 2010-11 Major Projects Report including the Auditor-General's assurance audit.
- 1.12 Chapter 3 identifies and examines the ongoing issues identified in the Committee's review of the MPR, both in 2010-11 and previous years. Those issues include the presentation of financial data, project slippage and possible exit criteria for projects from the MPR as well as an overall evaluation of the usefulness of the MPR.

