

## Background to the Inquiry

- 2.1 The 2014-15 Major Projects Report (MPR) is a consolidated review of 25 selected major defence acquisition projects ('Major Projects') being managed by the Department of Defence ('Defence'). Projects in the MPR include, for example:
- Air Warfare Destroyers;
  - Joint Strike Fighters;
  - MRH90 helicopters;
  - Collins Class Submarines; and
  - Battlefield Airlifter.
- 2.2 The MPR reviews overall issues, risks, challenges and complexities affecting Major Projects and also reviews the status of each of the 25 selected Major Projects, in terms of cost, schedule and forecast capability. The MPR is a joint publication of Defence and Australian National Audit Office (ANAO) and is prepared in accordance with Guidelines approved by the Joint Committee of Public Accounts and Audit (JCPAA).
- 2.3 The aim of the MPR is to improve accountability and transparency of Defence acquisition for the benefit of the Parliament and other stakeholders.
- 2.4 The MPR comprises a series of Project Data Summary Sheets (PDSSs) for each of the 25 selected projects and an overarching analysis by ANAO and DMO. Project data (except forecasts of capability) is subject to an assurance audit by the Auditor-General.

## Role of the Committee

- 2.5 In February 2012, the JCPAA identified the future MPRs as a priority assurance reviews.<sup>1</sup> This allows ANAO to utilise information gathering powers available under the *Auditor-General Act 1997*.<sup>2</sup>
- 2.6 More generally, the JCPAA has a duty under s.8(d) of its Act to report to Parliament on any matters in the “accounts, statements or reports” of the Commonwealth or Auditor-General “or any circumstances connected with them, that the Committee thinks should be drawn to the attention of the Parliament.”<sup>3</sup>
- 2.7 The MPR is automatically referred to the JCPAA in accordance with its statutory obligation to examine all reports of the Auditor-General that are tabled in each House of Parliament.<sup>4</sup>
- 2.8 The JCPAA assesses the content, accessibility and transparency of the information provided on Major Projects. The Committee examines overall transparency, performance and governance, in addition to specific details of individual projects.
- 2.9 As well as reviewing the MPR, the Committee annually reviews and endorses the MPR Guidelines. The MPR Guidelines include:
- criteria for project selection and removal (or ‘entry’ and ‘exit’);
  - a list of projects proposed for inclusion or removal from the MPR;
  - the roles and responsibilities of the Defence in the production and review of the MPR;
  - guidelines for the preparation of the PDSSs;
  - a PDSS template; and
  - an indicative audit program.
- 2.10 The Guidelines endorsed by the JCPAA and used to prepare the 2014-15 MPR can be found in Part 4 of the MPR on page 451.

## Conduct of the review

- 2.11 The Committee received two submissions to the inquiry, which are listed at Appendix A.
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1 *Major Projects Report 2011-12*, p.17; JCPAA, *Report 429*, p.33; *Auditor-General Act 1997* (Cth) s.19A(5).

2 *Major Projects Report 2011-12*, p.17; JCPAA, *Report 429*, p.33.

3 *Public Accounts and Audit Committee Act 1951* (Cth) s.8(1)(d).

4 *Public Accounts and Audit Committee Act 1951* (Cth) s.8(1)(c).

- 2.12 The JCPAA has reviewed the MPR by way of a public hearing in Canberra with representatives of ANAO and Defence, which was held on 17 March 2016. Witnesses who appeared at the hearing are listed at Appendix B.

