

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 1)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 12 November 2025:

In Report 507, the Committee recommended Defence provide an annual update to the Committee on the implementation of its improved governance and assurance process as it applies to acquisitions, including progress on embedding this across all projects, and detail on the procedure for scope change decision escalation. Defence agreed to provide this update during the Major Projects Report (MPR) hearings. A partial update was provided during the hearing. Please provide an update to the Committee on:

- a. the specific improved governance and assurance processes that have been applied to acquisitions
- b. detail on the progress Defence has made on embedding these specific governance and assurance process across all projects
- c. the procedure for scope change decision escalation

### **Defence provides the following answer:**

The Deputy Prime Minister, the Hon Richard Marles MP and the Minister for Defence Industry, the Hon Pat Conroy MP announced six measures to strengthen and revitalise the oversight of project performance, including the Projects of Concern process. Defence has progressed implementation of all six measures. This includes:

- Establishing an independent projects and portfolio management office;
- Monthly reports on Projects of Concern and Projects of Interest to the Deputy Prime Minister and Minister for Defence Industry;
- Establishing formal processes and early warning criteria for placing projects on the Projects of Concern and Projects of Interest lists;

- Fostering a culture in Defence of raising attention to emerging problems and encouraging and enabling early response through policy guidance and actively encouraging Projects of Concern and Projects of Interest listing where appropriate;
- Providing troubled projects with extra resources and skills; and
- Convening regular Ministerial summits to discuss remediation plans.

Independent Assurance Reviews continue to assess the ongoing viability of capability investment decisions, and provide senior leadership with an assessment of the health and outlook of programs, acquisition projects and sustainment products, from strategy and concept design through to in-service and disposal (as sustainment products). In 2024-25, 118 Independent Assurance Reviews relating to projects and products were conducted, including for 15 of the 21 Major Projects Report projects.

Acquisition assurance and reporting framework improvements continue to be complemented with broader acquisition initiatives. These include:

- **Risk Process:** Defence is continuously improving the Capability Acquisition and Sustainment Group (CASG) Risk Management Framework used by Delivery Groups (CASG, Naval Shipbuilding and Sustainment Group and Guided Weapons Explosive Ordnance). Recent improvement initiatives include refinements to simplify the functionality of Predict! (Defence risk system), strengthening governance and data assurance activities and, harmonisation of the CASG Risk Matrix with the Defence Enterprise Risk Matrix;
- **Strategic Risk Management:** The Project Management policy framework now incorporates the Implementation Risk Assessment template. This tool helps delivery managers clearly communicate implementation risks to decision makers during the approval and acquisition phases and supports the development of mitigation strategies to accelerate Defence's delivery of capacity outcomes;
- **Major Projects Report Lessons Management:** Defence has agreed with the Australian National Audit Office to ensure the 'Lessons Learned' section of the Project Data Summary Sheet also captures project level lessons, in addition to the ongoing reporting of project strategic lessons. Major Projects Report projects appropriately capture lessons in the Defence Lessons Repository; and
- **Workforce Professionalisation:** Defence is pursuing an agenda that leverages recognised standards and best practice from across the Australian Government; tertiary and vocational education; and private sectors, to design develop and implement a professionalisation program that equips Defence with a sustainable and fit-for-purpose workforce and builds business acumen across the organisation. The first stage was launched in July 2025 with the pilot release of the Defence Learning Academy.

Scope changes for Government approved Integrated Investment Program capability projects follow a process managed by the Vice Chief of the Defence Force. A project scope change proposal is assessed to determine whether it would represent a minor or material scope change to determine the appropriate decision escalation pathway.

The Defence Investment Committee has authority to approve minor scope changes for Government approved capability projects. Proposed scope changes that do not meet the minor scope change criteria are considered to be material scope changes. The Defence Investment Committee consider material scope changes to determine whether they should be escalated for Government consideration or whether alternative strategies should be pursued. Material scope changes endorsed by the Defence Investment Committee progress to Government consideration. Approved project scope changes, minor and material, are reported to Government. On 1 December 2025, the Deputy Prime Minister and Minister for Defence Industry announced reforms to Defence capability development and delivery including the establishment of a dedicated agency designed to strengthen and streamline acquisition and sustainment activities.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 2)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

Defence states the complexity of its projects, 'coupled with optimistic assessment of achievability by both Defence and industry remains a key cause of schedule performance issues' (page 98). Since 2007-08, each year the percentage increase in final operational capability forecast across all Major Projects Report (MPR) projects has never been below 21 per cent (page 81). What actions is Defence taking to improve its project forecasting capability?

### **Defence provides the following answer:**

As seen in the 2023-24 Major Projects Report (figure 2.15, page 81), the total percentage change in Final Operational Capability (FOC) forecast variance from the Second Pass Approval FOC date shows a reduction over time.

Around half of the total aggregated schedule delay in 2023-24 is due to slippage in three of the 21 projects, including the slippage of the Civil Military Air Traffic Management System (AIR 5431 Phase 3), a well-known Project of Concern. Removal of these legacy projects from the Major Projects Report would reduce the percentage change in the FOC forecast substantially.

Defence is undertaking the following actions to improve project forecasting capability:

### **Professionalisation:**

Defence is pursuing an uplift to the capability and competencies of its workforce. Defence is leveraging recognised standards and best practice to design, develop and implement a professionalisation program that builds business acumen across the organisation. The first stage was launched in July 2025 with the pilot release of the Defence Learning Academy and a specific and targeted focus on competency development for Project Management. In parallel, a program of knowledge and skills uplift for Project Controls personnel has been developed, and designed to strengthen the scheduling and forecasting capability within the

Australian Public Service with the intent of delivering through the Defence Learning Academy.

**Schedule Uplift:**

Reporting systems and data flows have recently been upgraded to permit deployment of a dedicated tool which intrinsically links schedule and cost forecasting. The new functionality seamlessly integrates with the scheduling application and provides financial performance insights with the ability for managers to understand future scenarios and forecasting, including easier preparation of budget estimates, improved data integrity, fidelity and standardisation, all drawn from a systemised and auditable environment. Migration to the new application has commenced with a pilot for selected major acquisition projects.

**Implementation Risk Assessments:**

Defence has introduced Implementation Risk Assessments, a summary of the most significant risks that will impact a Delivery Manager's ability to deliver required outcomes on time, within budget and to scope. It is a critical tool to capture delivery risks from conception to delivery, enhancing Defence's understanding, management and treatment of those risks.

**Schedule Confidence Risk Review:**

The *One Defence Capability System Manual* (paragraph 5.69) now mandates the conduct of a Schedule Confidence Risk Review before Second Pass consideration by Defence's Investment Committee. A Schedule Confidence Risk Review provides a structured method to achieve a higher level of confidence in the achievability of the proposed acquisition scope, schedule and resource planning, through a lens of project risk and founded on industry achievability. The methodology for the review has been developed and Defence's Capability Acquisition Sustainment Group is in the process of identifying a project to conduct a pilot.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 3)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

Defence has updated its policy for the management of Projects of Interest and Projects of Concern, but there are no automatic triggers for escalation when considering whether to place a project on the Projects of Interest or Projects of Concern list (Major Projects Report, paragraph 1.41).

- a. What are the reasons Defence does not implement automatic triggers for projects to be placed on the Projects of Interest or Projects of Concern list?
- b. In the absence of automatic triggers, how does Defence assure itself all projects are treated equally when judgements about Projects of Interest or Projects of Concern listings are made?

**Defence provides the following answer:**

Elevation decisions rely on qualitative and quantitative assessments to support early identification and escalation of risks before they materialise in reporting systems. Defence has not implemented automatic triggers for escalation to the Projects and Products of Interest and Concern (POI/POC) lists, as each project or product presents unique circumstances. Metrics alone will not always provide the complete picture of the variables being managed by the respective team, and how they are addressing them. In some cases, a performance metric (such as scope, schedule, availability or cost) that may activate a potential trigger in a particular performance period may not reflect the underlying health of the project or product.

Defence ensures consistency in evaluating project performance through a structured governance and assurance framework. Major projects undergo independent assurance reviews. These reviews provide an independent assessment of program health and ongoing

viability of capability investments, with recommendations that include an assessment as to whether elevation to a POI/POC is appropriate. Additionally, major projects participate in aggregated enterprise performance reporting through the Independent Project and Portfolio Management Office. Defence delivers a quarterly performance report and a monthly POC/POI report to the Minister for Defence Industry and Defence's Investment Committee (which contains representatives from all delivery groups).

Recommendations for project listing may stem from independent assurance findings, requests by the Capability Manager and Delivery Manager, internal reporting recommendations, and/or assessment by the Independent Project and Portfolio Management Office. The scrutiny of independent assurance reviews and regular reporting, coupled with decision-making by Senior Executives and the Minister, ensure an appropriately balanced determination of projects that may require elevation to POC/POI listings.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 4)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

Defence's policy 'Delivery Group Performance Management and Reporting, and Management of Projects and Products of Interest and Concern' contains performance measures and risk categories that can be used to monitor performance when considering placing a project on the POI or POC list (Major Projects Report, paragraph 1.41).

- a. By what process does Defence determine risk through these performance measures?
- b. How does the Executive engage with risk, including through the audit committee?

**Defence provides the following answer:**

Defence in its oversight of projects or products experiencing major difficulties or facing significant challenges, applies a three tiered approach to the identification, management and mitigation of risk in Group project and product delivery. This includes the establishment and implementation of the Group Projects and Products Watch Lists and the Projects and Products of Interest and Concern regime.

Risks may be identified through various means, including:

- Defence risk systems such as Predict!;
- reporting systems when agreed parameters are breached;
- enterprise performance reporting;
- consideration by an Independent Assurance Review;
- consideration by senior committees, and senior executive engagement with industry;  
and
- project or product requests for help.

Defence engages with risk in accordance with the Defence Risk Management Policy 2023.



This policy states the Secretary of Defence is the Accountable Authority for the management of risk in Defence in accordance with the *Public Governance, Performance and Accountability Act 2013*. The Secretary and the Chief of the Defence Force are jointly responsible for setting the direction on the management and mitigation of Defence's strategic and organisational risks.

In accordance with Defence Instruction – Administrative Policy, senior officials are required to ensure policy is implemented within their areas of responsibility. Group Heads and Service Chiefs are responsible for managing risks in relation to the activities for which they are accountable or responsible, including reporting requirements.

Risk Stewards are members of Defence's Enterprise Business Committee responsible for providing assurance to the Accountable Authority that Defence is effectively managing its enterprise risks. Risk Stewards report to the Enterprise Business Committee and the Defence Audit and Risk Committee as required on respective enterprise risk categories and the effectiveness of related enterprise risk controls.

The Defence Audit and Risk Committee provides written advice to the Secretary and the Chief of the Defence Force on the appropriateness of the Defence Risk Management Policy and Framework, its consistency with the Commonwealth Risk Management Policy, and the approach to managing Defence risks, including those associated with projects and program implementation.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 5)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

33 per cent of 2023-24 Major Projects Report (MPR) projects have been classified as projects of interest; 10 per cent projects of concern. How will Defence's 'minimum viable capability' approach address the frequency of troubled projects?

**Defence provides the following answer:**

Defence's Minimum Viable Capability approach has the potential to reduce project risk and improve the delivery of capability by focusing on achieving a threshold capability effect, inclusive of all fundamental inputs to capability, in the required time.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 6)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

According to the National Defence Strategy, minimum viable capability will involve iterative upgrades.

- a. Under the minimum viable capability approach, what aspects of the project scope, capability and budget will be established at the commencement of a project?
- b. How will Defence report on the milestones of Initial Operational Capability and Final Operational Capability under the minimum viable capability model?
- c. By what mechanism will Defence manage project budgets where the project will involve iterative upgrades?

**Defence provides the following answer:**

Defence projects, and their budgets, are captured in the Integrated Investment Program. Achievement of Initial Operational Capability and Final Operational Capability are determined by Capability Managers and reported to the Government. There is no change to these reporting arrangements under the Minimum Viable Capability model.

Where projects have Government approval for iterative upgrades, sustainment funding is allocated to support regular incremental refreshes and upgrades. This approach is used when multiple long-term upgrades are required to move a project from Initial Operating Capability to Minimum Viable Capability, or when regular minor upgrades are required to maintain Minimum Viable Capability.

Alternatively, iterative upgrades may be presented to Government for approval as discrete projects, with a defined capability, schedule, and budget outcome.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 7)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

The National Defence Strategy states under the minimum viable capability approach, speed to acquisition will be emphasised over value for money. How will Defence ensure it complies with the Commonwealth Procurement Rules that require value for money to be demonstrated?

**Defence provides the following answer:**

Achieving value for money is the core rule of the Commonwealth Procurement Rules. A minimum viable capability approach does not affect or change this. The National Defence Strategy states that the minimum viable capability ‘approach retains a focus on value for money, but places greater emphasis on speed to acquisition’.

The full extract from the National Defence Strategy as follows:

Minimum viable capability

*8.8 The Government has adopted a minimum viable capability model to get new capabilities into service faster. A minimum viable capability is a capability that can be introduced into service successfully, sustained effectively and achieve the directed effect in the required time. It is underpinned by minimum viable products, which achieve or enable the lowest acceptable mission performance in the required time. This approach retains a focus on value for money, but places greater emphasis on speed to acquisition.*

*8.9 Minimum viable capability supports innovation and developmental projects, allowing Defence to embrace risk, support speed to capability and work with Australian industry to undertake iterative upgrades, rather than waiting for a perfect solution.*

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 8)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

How does Defence assess the impact on transparency and public accountability resulting from the increasing use of non-disclosures in Project Data Summary Sheets?

**Defence provides the following answer:**

Defence assesses that the Major Projects Report continues to meet transparency and public accountability, while balancing this with safeguarding national security, defence, and the international relations of the Commonwealth.

Defence provides the Australian National Audit Office with all project information and evidence, including classified data, enabling longitudinal analysis of schedule data to be conducted.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 9)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

At the time of the 2023-24 Major Projects Report, five major projects do not have Australian Industry Capability (AIC) plans in place, and Defence failed to publish AIC plans for two projects (Major Projects Report, paragraphs 1.66, 1.69-1.70). A recent performance audit found Defence had not maximised Australian industry participation through the administration of its contracts. What processes and procedures does Defence have in place to ensure the implementation and transparency of AIC plans?

**Defence provides the following answer:**

Defence is updating its processes and procedures to improve the implementation and transparency of Australian Industry Capability Plans.

Defence has recently incorporated system changes to its MyProcurements system, which is an online tool for Defence personnel conducting procurements to complete and gain delegate approval. MyProcurements also assists users to comply with the Commonwealth Procurement Framework; navigate the procurement process; and informs and educates Defence personnel of procurement policy changes. These system changes now enable Defence to track all new procurements which have Australian Industry Capability obligations, and identify when Australian Industry Capability Plans are applicable. Defence will extract data from MyProcurements on a monthly basis to maintain a register of procurements for which Australian Industry Capability Plans apply, and progressively review this register to intervene where it is evident that a public Australian Industry Capability Plan is pending.

In some cases, there may be suitable justification for not publishing a public Australian Industry Capability Plan, such as security requirements, Foreign Military Sales or collaboration programs with other countries. Such determinations are approved by the relevant delegate and the decision recorded.

Defence is also in the process of updating its Australian Industry Capability Practitioners course, which is delivered internally to Defence personnel, and externally to industry representatives. The update to course content will clearly identify the conditions for when a public Australian Industry Capability Plan is required to be published, and the timeframe within which this is to occur.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 10)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

In addition to the lack of a clear link between allocations against risk in the contingency and risk log, Defence continues to experience governance issues around risk management. These include variable compliance with corporate guidance, visibility when projects are transitioning to sustainment, frequency of review, and lack of quality control (Major Projects Report, paragraph 1.88).

- a. What observations can Defence provide regarding the use of contingency and risk logs in the context of managing major projects?
- b. What actions is Defence taking to deal with the governance issues highlighted by the ANAO around variable compliance with corporate guidance, visibility when projects are transitioning to sustainment, frequency of review, and a lack of quality control?

**Defence provides the following answer:**

Defence has taken a multi-faceted approach to address the use of contingency and risk for major projects. These initiatives include a combination of new and updated risk training offerings, specifically tailored to acquisition project and sustainment product personnel, to improve risk management practices in relation to risk identification and contingency allocation. To complement this, the Capability Acquisition and Sustainment Group Risk Management Manual (CASG RMM) and instructions are updated as required to clarify risk and contingency management requirements.

To address the governance issues identified by the Australian National Audit Office, Defence is taking the following steps:

- Defence is adjusting the CASG RMM requiring Project Risk Management Plans to be reviewed and updated in line with the review cycles for other project management documents.



- Guidance has been updated for projects transitioning to sustainment in the CASG RMM. This update provides improved guidance regarding considerations for closing acquisition risks where relevant, and the process for transferal of active risks to sustainment products where appropriate.
- Assurance activities are being undertaken at the project level, by 'Predict! (Defence risk system) administrators to identify and notify risk owners of risks that are overdue for review.
- The CASG RMM has been updated so that Project Risk Management Plans are required to specify governance frameworks, risk management, reporting and assurance activities specific to their business area and organisational structure.
- Policy guidance has been introduced specifically for issue management which advises that once a risk is realised and becomes an issue, the likelihood axis of the matrix must be viewed in terms of a response/issue resolution priority timeframe. This provides a clear and consistent approach for projects to assess and consider treatments for addressing issues.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 11)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

What specific steps is Defence taking to ensure major projects fully align their contingency log to their risk log as required?

**Defence provides the following answer:**

The application for and use of contingency is dependent on the occurrence of a contingency event.

In accordance with the Management of Defence Capability Project Contingency Policy, if a major project is unable to manage a contingency event within its approved budget allocation, it must enter a formal process to access contingency provisions.

The requirement for submission of the contingency log, is to be assessed as part of the contingency application process, ensuring that major projects maintain a record of management decisions relating to the emergence and realisation of contingent events.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 12)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

Ideally, Materiel Acquisition Agreements are reviewed regularly, however this has not occurred with all major projects.

- a. What specific steps is Defence taking to ensure Materiel Acquisition Agreements are updated in a timely manner?
- b. What has been the impact on the accuracy of reporting drawn from Defence systems (Monthly Reporting Module and Project Performance Reporting Information Platform) that have been populated with out-of-date materiel acquisition agreements?

**Defence provides the following answer:**

Defence has taken specific steps to actively monitor Materiel Acquisition Agreements (MAAs). In accordance with Materiel Acquisition Agreement Governance Policy, MAAs are to be signed within 45 days from approval and are subject to annual review by project stakeholders.

To support the establishment of the MAA within the specified timeframe, projects approaching first or second pass must include a mature draft agreement as part of the document suite considered by Defence's Capability Gate Review and Defence's Investment Committee. Through annual review of the MAA, projects are required to provide a record on the status of the MAA and explanation of the decision to update or defer.

Defence has digitised MAAs, providing a means of more effectively interrogating status including drafting and endorsement of updates to align with Government approvals. A dedicated team within Defence, under a rolling program, manages the oversight of compliance with policy. In addition, Defence senior committees receive status reports on MAAs regularly and the Independent Assurance Review assures MAAs as part of its processes.

There is an impact on the accuracy of reporting drawn from Defence systems for projects containing out-of-date MAAs. These reports require additional manual input, and assurance of published reports to align with the latest approved baseline.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 13)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

In Report 507, the Committee recommended amendments to the Major Projects Report Guidelines to improve transparency of scope and budget modifications for the life of each project.

- a. What actions is Defence taking to provide transparency over budget and scope changes over time to support improved transparency and oversight?
- b. What specific information will be included in the summary of scope and budget changes Defence has advised it will publish in future Major Projects Reports?

**Defence provides the following answer:**

Defence has been working with the Australian National Audit Office to identify implementation options for inclusion within the 2025-26 Major Projects Report Guidelines to improve transparency and oversight over budget and scope changes. The Major Projects Report will remain subject to national security considerations, which remain a significant factor in what can be publicly disclosed.

The draft 2025-26 Major Projects Report Guidelines includes an updated 'Defence roles and responsibilities' section as an attachment to the Defence chapter. This attachment will include a summary of the Major Projects Report projects budget and currency variations or amendments over life. The cost information will be drawn from Defence's financial management information systems using the 'Other Project Inputs to Capability' data.

The proposed Defence chapter attachment will include a high-level summary of modifications to scope, schedule and budget for 'in-year' and 'life-to-date' of each Major Projects Report project to provide easy identification of project variations, scope changes, schedule extensions and real cost increases. Specific information will be drawn from the in-year Major Projects Report Project Data Summary Sheets. Additional financial information that captures fundamental inputs to capability will be considered for inclusion, subject to Australian National Audit Office agreement. This information will be captured from Defence's financial management information systems.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 14)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

The following table identifies some projects where scope/capability changes have been identified. For each of the projects, please provide detail on:

- how scope/capability reductions have affected the project budget/expenditures
- the allocation of the residual budget.

Project	Summary of detail
Hunter Class Frigate	Reduction in frigates from 9 to 6
Offshore Patrol Vessel	Reduction of vessels from 12 to 6
Overlander Medium/Heavy	11% of FOC declared with caveats, remaining scope (five caveats) and deliverables transferred to LAND121 Phase 5B
Hawkei	2023-24 – 0.1% reduction – Not for publication October 2021 – reduction of 2 vehicles
Battlefield Command System	Minimum 23.9% of scope will not be delivered 16% of scope/capability at risk
JORN mid-life upgrade	0.1% reduction in 2022-23 due to capability not achieving an ‘appropriate level of technical maturity’
Joint Strike Fighter	5 April 2023 – transfer of completion of limited capability 0.1%- from AIR6000 Phase 2A/2B to AIR6000 Phase 6
MQ-4C Triton	1% of elements not expected to be progressed into the platform due to prioritising other capabilities
Battlespace Communications System	1% reduction – project scope for ground based TRES delivered by another acquisition project; tethered TRES project scope not proceeding; reduction of two vehicles

**Defence provides the following answer:**

Defence notes that the projects identified in the table relate to projects that have input in the 'red' category of Section 4 – Materiel Capability/Scope Delivery Performance of the [Product Data Summary Sheets \(PDSS\)](#).

Each PDSS provides significant financial information related to the project, refer to Table 2.1 of each PDSS, which includes:

- Project Budget, including a breakdown of real variations, such as scope, transfer, exchange variations; and
- Project Expenditure, including a breakdown of expenditure by contractor.

In addition, the PDSS provides transparency on the project's budget and expenditure for the financial year covered in the respective Major Projects Report. The PDSS outlines the factors and reasons behind any in year budget variances, reflected in table 2.2B.

For the projects listed, where the change in scope or delivery has resulted in a change to the total project approved value, this will be detailed in the Major Projects Report table 2.1. Any adjustments to approved project budgets are returned or managed within the overall Integrated Investment Program and annual appropriations.

When Government considers and approves future tranches of projects within the Integrated Investment Program, referred to as the 'unapproved program', these values transfer into the 'approved' project value and become visible in the PDSS. Budgets and any subsequent changes for unapproved projects are not individually disclosed until they are agreed by Government.

## Defence Portfolio

# INQUIRY QUESTION

(Question No. 15)

The Joint Committee of Public Accounts and Audit asked the Department of Defence the following question, upon notice, on 11 November 2025:

The lessons learned section of the Major Projects Report was again a reason for the Auditor-General's qualified conclusion.

- a. What specific limitations or omissions contributed to the Auditor-General's qualified conclusion with regard to lessons learned?
- b. What specific steps has Defence taken to resolve these issues?

**Defence provides the following answer:**

The Australian National Audit Office reported a qualification in the 2023-24 Major Projects Report (MPR) regarding Defence's reporting of MPR lessons in Project Data Summary Sheets. The Australian National Audit Office advised that there was insufficient audit evidence to conclude whether the MPR lessons learned disclosed in the Defence Lessons Repository were materially correct. Specifically, the Australian National Audit Office determined that Defence was not able to demonstrate why certain lessons were categorised as strategic lessons compared with other lessons in the Defence Lessons Repository.

Defence has undertaken updates to Capability Acquisition and Sustainment Group Lessons and Project Management policies. Specifically, projects are required to develop and implement a Lessons Collection and Management Plan that captures existing lessons information and aids recording of future lessons information. For MPR projects, the Capability Acquisition and Sustainment Group conducts an annual Lessons Board to consider and validate current lessons information.

To address the Joint Committee Public Accounts and Audit Report 507 Recommendation related to lessons, Defence agreed with the ANAO to update the 2025-26 MPR Guidelines to include both strategic lessons and project level lessons from each project to provide increased transparency over lessons management.