



Australian Government

Australian Government response to the
Joint Committee of Public Accounts and Audit final report:

Defence 2022–23 Major Projects Report

JUNE 2025

EXECUTIVE MINUTE

on

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

REPORT 507

Defence 2022–23 Major Projects Report

Recommendation No: 1 2

Recommendation No: 2 3

Recommendation No: 3 3

Recommendation No: 4 3

General Comments

Defence acknowledges the observations of the Joint Committee of Public Accounts and Audit (‘the Committee’) in Report 507. Defence is working with the Australian National Audit Office (ANAO) to determine how these recommendations can be implemented without impacting overall readability and presentation of the Major Projects Report (MPR). Defence and the ANAO will largely progress implementation of these recommendations through the development of the 2025–26 MPR Guidelines. This activity routinely concludes in August.

Recommendation No: 1

The Committee recommends that the Australian National Audit Office and Department of Defence put forward amendments to the Major Projects Report Guidelines that ensure lessons are reinstated to the PDSSs and clarity is provided on the nature and scope of lessons to be included so the intent of this section of the Guidelines is fulfilled.

Summary of response: Agreed

Supporting rationale:

For the last two years, Defence believed that it was adhering to the MPR Guidelines with respect to lessons learnt. Defence considers that an agreed amendment to the 2024–25 MPR Guidelines, perhaps formally defining ‘strategic’ or ‘systemic’ lessons and how they are derived, would provide clarity on *the nature and scope of the lessons to be included and allow Defence to include project lessons that are appropriately traceable and supported by evidence.*

Defence is currently working with the ANAO to determine what reasonable action is required to satisfy auditing standards to resolve this issue. The ANAO will need to agree to the evidence mechanism for including a project lesson within the Project Data Summary Sheet (PDSS). Projects currently capture a range of project level insights, observations or lessons identified at a tactical level that are not strategic or systemic in nature and have not been included in the Defence Lessons Repository.

Recommendation No: 2

The Committee recommends that Defence provides 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.

Summary of response: Agreed

Supporting rationale:

Defence notes that it meets biannually with the Committee to discuss the Major Projects Report. Defence suggests that one of these briefings could include an annual update by Defence on the implementation of our improved governance and assurance process, such as the new One Defence Capability System manual, for scope changes.

Recommendation No: 3

The Committee recommends the Department of Defence examines and provides to the Committee in the Major Projects Report 2025–26, an assessment of the full project costs for each project, including fundamental inputs to capability: organisation, command and management, personnel, collective training, major systems, facilities and training areas, supplies, support, and industry.

Summary of response: Partially agreed

Supporting rationale:

Fundamental Input to Capability costs for approved major acquisition projects are captured in Defence's financial management information systems under Other Project Inputs to Capability. This information is already included in support of reporting disclosures for the Top 30 Military Equipment Acquisition projects in Defence's Portfolio Budget Statements, Portfolio Additional Estimates Statements and Defence Annual Report. Defence will work with the ANAO to identify implementation options, mapping appropriate information necessary to meet the ANAO's evidentiary requirements for inclusion in the 2025–26 MPR guidelines.

Recommendation No: 4

The Committee recommends the ANAO and Department of Defence examine and provide to the Committee in the draft 2025–26 Major Projects Report Guidelines, options for including in the MPR, in an easily accessible format, a high-level summary of modifications to scope, schedule and budget for 'in-year' and 'life-to-date' of each project. This would allow for the easy identification of project variations, scope changes, and real cost increases. It would include an explanation of: the source of funding for scope changes, whether scope was transferred to other projects/phases, the extent of real budget increases and how they have been met, and whether timeframes were extended.

Summary of response: Partially agreed

Supporting rationale:

Defence acknowledges the benefit to the reader in summarising aggregate project data to provide a clear picture of scope and financial and schedule performance (and changes) associated with project complexity. Defence will work with the ANAO to identify options for the 2025–26 MPR Guidelines to provide a high-level summary of scope, schedule and budget changes for 'in-year' and 'life-to-date' of each project.