



Australian Government

Defence

**Joint Committee of Public Accounts and Audit
Inquiry into the 2023–24 and 2024–25
Major Projects Report**

**Department of Defence
Submission**

March 2026

Introduction and Overview

1. Defence is grateful for the opportunity to provide this submission to the Joint Committee of Public Accounts and Audit (JCPAA) in support of its Inquiry into the 2023–24 and 2024–25 Defence Major Projects Reports (MPR). This submission incorporates relevant information previously tendered for the JCPAA’s Inquiry into the 2023–24 MPR, with additional information in consideration of the JCPAA’s expanded Terms of Reference to include the 2024–25 Defence MPR.
2. Defence continues to acknowledge the extensive work of the Australian National Audit Office (ANAO) and Defence staff in preparing the MPR each year. Defence will continue to work closely with the ANAO on opportunities to ensure that the MPR remains a high-quality report that achieves the objectives of accountability and transparency. Defence would like to highlight that the MPR is only made possible through the high level of engagement and joint effort of the two agencies. Defence would also like to acknowledge the contribution that defence industry makes to the report each year.
3. Work on the next iteration of the 2025–26 MPR will commence after JCPAA signature of the 2025–26 MPR Guidelines.

2023–24 and 2024–25 Major Projects Report

4. Both the 2023–24 MPR and 2024–25 MPR reported on 21 Defence major projects. The two reports covered;
 - a. 19 common projects;
 - b. Two new projects were included in the 2024–25 MPR: LAND 8113 Phase 1 (Long Range Fires) and AIR 6500 (Integrated Air and Missile Defence Command and Control); and
 - c. Two projects exited the MPR for 2024–25: LAND 121 Phase 3B (Overlander Medium/Heavy) and JOINT 2072 Phase 2B (Battlespace Communications System).

Project Performance

5. Defence continues to manage a large and complex program of work across acquisition and sustainment programs to deliver capability to the ADF. Within the 2024–25 MPR, the ANAO’s analysis highlighted that the overwhelming majority of agreed scope across both MPR years is forecast to be delivered with high confidence, increasing from 94.5 per cent expected delivery against agreed scope across the Major Projects at 30 June 2024 to 97.7 per cent at 30 June 2025.
6. The 21 projects in the 2024–25 MPR have a combined total approved budget of \$81.5 billion, which remained largely constant from the previous year, with a total acquisition cost of \$81.0 billion. The overall budget increase since initial second pass approval was predominantly due to the government’s approval of additional scope; and price and exchange variation. The acquisition of 58 Joint Strike Fighters and the approval to commence construction of the Hunter Class Frigates account for the majority of the increase.
7. Schedule performance continues to be the greatest challenge. However, when considering common projects across the last three MPRs, aggregate schedule variance has remained largely consistent and may be expected to remain so until long-term projects retire from being reported. In-year schedule slippage has seen improvement in 2024–25 MPR with an aggregate delay of 404 months, compared to 442 months reported in the 2023–24 MPR. However, Defence maintains that consideration of schedule delay in aggregate is not the most meaningful way of understanding overall schedule performance.
8. Around half of the total aggregated delay is due to slippage in three of the 21 projects – including the 93-month slippage (23 per cent) of AIR 5431 Phase 3 (Civil Military Air Traffic Management System), a well-known Project of Concern.

9. Understanding the context and rationale for the delay is critical. The MPR contains 21 of Defence's most complex and challenging major capital acquisition projects, complex undertakings at the cutting edge of technological, engineering and industrial capability, which inevitably involve risk. Defence sets ambitious schedules to drive performance and efficiencies in order to deliver capability safely to the war-fighter as soon as possible.
10. Neither the 2023–24 nor the 2024–25 MPR identified performance issues that were not already being managed by Defence. Most key projects suffering schedule delay are, or have been, managed as a Project of Concern or Interest, ensuring that there is appropriate oversight (including Ministerial oversight through performance reporting) over the associated issues. In general terms, this means the project has undertaken an Independent Assurance Review to determine the targeted support that can be provided, mandated senior executive forums between Defence and industry, and the development and monitoring of a dedicated remediation plan.
11. Defence continues to work to improve schedule forecasting and management, especially in the current strategic environment where speed to capability is imperative. Defence procurements are some of the most complex projects and programs undertaken by our nation. As technology and integration requirements evolve, Defence's major projects continue to increase in complexity. The 2024–25 MPR projects generally reflect a cross-section of Acquisition Categorisation (ACAT) I and ACAT II projects - strategically significant projects characterised by high acquisition cost, project management complexity, schedule complexity, technical difficulty, operational and support challenges and sophisticated commercial factors.

Lessons

12. For the 2024–25 MPR, the top five project-level lessons were reported, in addition to project strategic lessons. The ANAO determined that the requirements of the MPR guidelines were met relating to lessons learned and closed its previous qualified conclusion.
13. This can be attributed to the close working relationship between Defence and the ANAO to improve the reporting of lessons data.

Security Management of Information

14. In the current security environment, the safeguarding of capability information has become critically important. Increasingly, information in the public domain can be automatically collated and synthesised to provide a view of Defence capabilities. Ingestion of open source material has become exponentially easier and faster with progressively sophisticated artificial intelligence. For this reason, Defence will need to continuously assess the types of information that should be included in published reporting.
15. Defence continues to publicly report on key acquisition and sustainment projects in the Portfolio Budget Statements, the Portfolio Additional Estimates Statements, and the Defence Annual Report. However, the MPR remains the most detailed aggregate of performance information across a collective group of Defence projects in the public domain. As the MPR is reported externally, it must take into account national security considerations, including the ability of foreign services to consolidate information in the public domain.
16. Defence views the MPR as an important element of accountability and transparency to Parliament and the public. However, for security reasons, some project performance information was withheld from publication in the Project Data Summary Sheets.

17. Defence reviewed all material for public release, applying a number of security principles. This included whether publication identified a vulnerability in ADF capability a potential adversary may exploit, or whether it might provide a potential adversary information on when a capability will be trialled, removed from service for upgrade or made operational. This security review confirmed that each individual Project Data Summary Sheet reflects data at an 'unclassified' level, that the aggregated information is not a risk to national security, and is suitable for public release through tabling in Parliament. Defence assessed that without sanitisation of the data, some details, both with respect to independent projects and in aggregate, would or could reasonably be expected to cause damage to the security, defence or international relations of the Commonwealth. Defence acknowledges the ANAO's Emphasis of Matter regarding Defence's Security Management of Information Review. The ANAO was supplied with all information on the projects to conduct its assurance review, including all the material deemed not suitable for publication.
18. In recognition of the concerns raised by the JCPAA and the ANAO, Defence conducted a review in December 2025 on the application of Security Management of Information principles as it pertains to future MPRs. Defence has proposed to cease its application of separate principles for the MPR and the application of 'Not for Publication' annotations. Projects will be required to ensure that all data is authored at the 'Official' level in accordance with their respective Security Classification and Categorisation Guide.
19. Defence remains committed to working collaboratively with the ANAO to ensure that the MPR remains contemporary and supports public transparency of Defence's project performance within the context of the current security environment.

JCPAA Report 507 Recommendations

20. Concurrent with the tabling of the 2023–24 MPR on 18 December 2024, the Chair of the JCPAA released Report 507: Defence 2022–23 Major Projects Report on 17 December 2024. Report 507 finalised the JCPAA's examination of the 2022–23 MPR.
21. Report 507 made four recommendations for implementation by the ANAO and Defence. The ANAO and Defence subsequently agreed on an approach to address Recommendations 1, 3 and 4 of the Report through updates to the 2025–26 MPR Guidelines. Subject to approval of the Guidelines, this approach would address the recommendations in the following manner.
 - a. Recommendation 1: The 2025–26 MPR Project Data Summary Sheet template includes an updated lessons section that captures the top five project-level lessons, in addition to the ongoing reporting of project strategic lessons. Defence and the ANAO included the top five project-level non-strategic insights, observations or lessons in the 2024–25 MPR Project Data Summary Sheet. As a result, the ANAO removed its previous qualified conclusion that related to lessons learned;
 - b. Recommendation 3: Defence and the ANAO have agreed to update the 2025–26 MPR 'Defence roles and responsibilities' section to include a summary of costs of delivery of each project's fundamental inputs to capability. The cost information will be drawn from Defence's financial management information systems using the 'Other Project Inputs to Capability' data. Implementation will commence from the 2025–26 MPR cycle; and
 - c. Recommendation 4: Defence and the ANAO have agreed to update the 'Defence roles and responsibility' section of the 2025–26 MPR Guidelines to include a high-level summary of modifications to scope, schedule and budget for 'in-year' and 'life-to-date' of each MPR project. Implementation will commence from the 2025–26 MPR cycle.

- d. Recommendation 2: In this recommendation the JCPAA seeks an annual update by Defence to the JCPAA on the implementation of its improved governance and assurance process as it applies to acquisitions. To address this recommendation, Defence updated the JCPAA on improved governance and assurance at the inquiry's public hearing in November 2025, and through subsequent responses to questions on notice.

Opportunities to improve future Major Projects Reports

22. Defence considers that the 2024–25 MPR represents a noticeably more accessible and refined presentation of analysis and information than previous reports, including:
 - a. simpler representation of tabular and graphical information and the introduction of pictorial representations for key information;
 - b. better contextualised statistics and information;
 - c. a substantially summarised ANAO chapter;
 - d. the introduction of an informative case study covering a project's life cycle; and
 - e. The introduction of a project performance longitudinal analysis across five MPR reporting years that provide meaningful and insightful understanding of the risks relating to financial and schedule performance associated with project complexity.
23. Defence considers the implementation of recommendations arising from JCPAA Report 507 (Defence 2022–23 Major Projects Report) through adoption of the draft 2025–26 MPR Guidelines, once approved, will further enhance future MPR project performance reporting.