

Introduction

Background

- 1.1 The aim of the Major Projects Report (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 Defence Materiel Organisation (DMO) and an overview and limited assurance review undertaken by the Auditor-General.
- 1.2 The 2011–12 MPR is the fifth produced by the DMO and the Australian National Audit Office (ANAO). The Joint Committee of Public Accounts and Audit (JCPAA) has reviewed the four previous MPRs and produced reports on three (2007–08; 2009–10; 2010–11).
- 1.3 The MPR came about as a result of a recommendation made in the Senate Foreign Affairs, Defence and Trade References Committee's *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
- 1.4 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 Senate Foreign Affairs, Defence and Trade References Committee, *Report into Materiel Acquisition and Management in Defence*, March 2003, pp. xv-xvi.

- 1.5 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 the Parliament.²

Role of the committee

- 1.6 To date, 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 reports have provided suggestions and recommendations to improve the format and presentation of 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 annually reviews and endorses the MPR Guidelines (formerly referred to as the MPR Work Plan). The MPR Guidelines include:
- the criteria for project selection and removal;
 - a list of projects selected for inclusion or removal from the report;
 - the roles and responsibilities of the DMO in the production and review of the MPR;
 - guidelines for the development of PDSSs;
 - a PDSS template; and
 - an indicative program schedule.
- 1.8 Information on the endorsed Guidelines for the 2011-12 MPR can be found in JCPAA *Report 429: Review of the 2010-11 Defence Materiel Organisation Major Projects Report*.³ Information on the Guidelines for the 2012-13 MPR can be found in Chapter 4 of this report.

Conduct of the review

- 1.9 The Committee commenced its inquiry by requesting the DMO to provide information in response to a number of written questions.
- 1.10 Including the DMO's written response, the Committee received three submissions to the inquiry, listed at Appendix A.
- 1.11 The Committee held a public hearing on 13 March 2013 in Canberra with representatives from the DMO and the ANAO. Witnesses who appeared before the Committee at this hearing are listed at Appendix B.

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

³ JCPAA, *Report 429*, pp. 10-11.

- 1.12 A copy of this report, the submissions and a transcript of the hearing are available on the Committee's website: www.aph.gov.au/jcpaa

Report structure

- 1.13 Chapter 2 provides an overview of the 2011–12 Major Projects Report, including the findings of Auditor-General's assurance review.
- 1.14 Chapter 3 identifies and examines a range of issues identified during the Committee's review of the 2011–12 MPR, making recommendations where appropriate. The issues examined broadly relate to project cost performance, project schedule performance, and the DMO's governance and business processes.
- 1.15 Chapter 4 concerns the Committee's consideration and endorsement of the Guidelines for the 2012–13 Major Projects Report.

