

Introduction

Background

- 1.1 In December 2006, the Joint Committee of Public Accounts and Audit (JCPAA) unanimously agreed to recommend that the Australian National Audit Office (ANAO) receive additional funding to produce an annual report on progress in major defence projects. A similar recommendation had been made by the Senate Foreign Affairs, Defence and Trade References Committee in 2003.¹ The Government approved funding for the report in the May 2008 budget.
- 1.2 In August 2008, following an inquiry into financial management and materiel acquisition at the Department of Defence and the Defence Materiel Organisation (DMO), the JCPAA published *Report 411: Progress on equipment acquisition and financial reporting in Defence*. Chapter five of that report provided a broad outline of the key features that were to be included in the Major Projects Report (MPR).
- 1.3 The aim of the MPR is to provide the Parliament and the Australian public with accessible, transparent and accurate information about the state of Defence's major acquisition projects while these projects are still in train.
- 1.4 The report is modelled on the Ministry of Defence and the United Kingdom National Audit Office (UK NAO) Major Projects Report.

1 Senate Foreign Affairs, Defence and Trade References Committee, *Materiel acquisition and management in Defence* (2003).

- 1.5 On 27 November 2008, the Auditor-General tabled the first Major Projects Report for the year 2007-08. The report is comprised of a series of DMO Project Data Summary Sheets (PDSS), an overview by the DMO and a review undertaken by the Auditor-General. The MPR 2007-08 was based on a pilot of nine projects.
- 1.6 In accordance with its statutory obligations to examine all reports of the Auditor-General that are tabled in each House of Parliament, the Committee reviewed the MPR 2007-08. This report presents the findings of that examination.

Scope and conduct of the review

- 1.7 The Committee held a public hearing in Canberra on 19 March 2009. The primary purpose of that hearing was for the Committee to be formally briefed about issues that had been identified by the ANAO and the DMO during the development of the pilot MPR, and to provide feedback to those agencies on the Parliament's requirements for future MPRs.
- 1.8 In addition to the oral evidence taken at the hearing on 19 March 2009 the review received four submissions and three exhibits.
- 1.9 On 19 August 2009, the Committee held a further public hearing. The main purpose of that hearing was for the Committee to follow up on the findings reported in *Report 411: Progress on equipment acquisition and financial reporting in Defence*. Information related to progress on the MPR was also provided to the Committee at that hearing.
- 1.10 This report is based on the oral evidence provided at the hearings on 19 March and 19 August 2009 and the information provided in the submissions and exhibits.