



Review of the Major Projects Reports 2007-08

Main Committee

16 November 2009

Sharon Grierson MP

Ms Grierson: (Newcastle) (9:15 PM) — On 6 December 2006, the Joint Committee of Public Accounts and Audit unanimously agreed to recommend that the Australian National Audit Office receive additional funding to produce an annual report on progress in major Defence projects. This report would detail cost, schedule and capability information for a number of large acquisition projects. The government agreed with that recommendation and approved funding for the report in the May 2008 budget.

The committee's purpose in recommending funding was to provide a means by which accessible, transparent and accurate information could be made available to the parliament and the Australian public about the state of Defence's major acquisition projects.

The MPR 2007-08 is a pilot of that report—it provides information on nine selected DMO projects. The report is comprised of a series of Defence Materiel Organisation Project Data Summary Sheets that provide a snapshot of key performance data for each of the projects, an overview by the DMO and a review undertaken by the Auditor-General.

In accordance with its statutory obligation to examine all reports of the Auditor-General, the committee has reviewed the major projects report 2007-08. Having completed that review, the committee is very encouraged about the benefits of the report to the parliament and the Australian public. However, the pilot report has also reaffirmed in the minds of the committee members that establishing and maintaining the reporting systems that underpin the MPR is an evolving process. Major acquisition projects are complex and often diverse in nature. This creates challenges for both the DMO in presenting consistent data across projects and for the ANAO in reviewing this work. The purpose of this review is to provide guidance and direction to both the DMO and the ANAO and, to that end, the review outlines some of the ways the committee believes the MPR can be improved. For example, the review highlights again the importance of ensuring that lessons learned on previous acquisition experiences are not only documented but incorporated into future policy and practice. The review also reinforces the need for benchmarking scores to convey as much information as possible so as to provide the reader with a tool for assessing

a project's development, and the presentation of information on capability achievement is reiterated as another key area for further development.

It is the committee's intention to continue to monitor the MPR process closely. This includes keeping a watchful eye on the issues that gave rise to the scope reduction and qualification contained in the pilot report and the agencies' adherence to the MPR schedule.

The major projects report is a real step forward. It increases transparency and accountability around Defence acquisitions and provides the parliament and the Australian public with an opportunity to assess the progress of major acquisitions while they are still in train.

This week, we look forward to the release of the next MPR for the year 2008-09. The next MPR will report on a further six projects and the committee is hopeful that by 2010-11 the major projects report will be reporting progress on up to 30 of Defence's major acquisition projects.

On behalf of the committee, I would like to congratulate Mr Ian McPhee, the Auditor-General, and Dr Stephen Gumley, the CEO of the DMO, on the cooperative manner in which they and their staff have worked to produce the MPR 2007-08. We very much look forward to seeing the MPR evolve over time into a comprehensive, high-quality, reliable document which the committee believes will be of great benefit both within and outside of the Department of Defence. The committee stands firm in its commitment to continuously monitor Defence's acquisition processes and outcomes and to provide input where necessary. Ultimately the MPR should provide the Australian public with confidence that Defence procurement dollars are being spent wisely to provide our highly valued Australian Defence Force personnel with the quality support they deserve.

I give particular acknowledgement and thanks to Russell Chafer, the secretary of the committee, and Dr Kris Veenstra, the inquiry secretary.