

SUBMISSION NO. 2
Defence Material Organisation
Major Projects Report 2010-2011

2010–11 Major Projects Report

Audit Report No.20 2011–12

Opening comments by Ian McPhee, Auditor-General

JCPAA Hearing 21 March 2012

- The 2010–11 Major Projects Report (MPR) was the fourth review of the status of selected Defence equipment acquisition projects. This report represents the continued commitment towards improving the transparency and public accountability across Defence's Major Capital Equipment Investment Program by the JCPAA, the ANAO and the DMO. DMO faces significant challenges in its role of successfully delivering front line capability for the Australian Defence Force, with there often being significant risks, not only to delivering within budget and on schedule, but also to delivering the required capability.
- I am confident that the increased transparency and public accountability provided by the MPR will continue to assist this Committee, the Parliament and other key stakeholders to better gauge the overall achievements of this very significant program, and assist DMO in pursuing its project management improvement agenda.
- The 2010–11 MPR reported on 28 projects, an increase of six projects from the previous year and also disclosed additional information in the Project Data Summary Sheets (PDSSs) around DMO's assessment of progress towards delivering key materiel release and operational capability requirements for each project. Building on the 2009–10 report, the ANAO was able to expand on our data analysis and provide a basis for greater longitudinal analysis of project performance in future years.
- The outcome of the 2010–11 MPR was to draw attention to schedule remaining as the most significant challenge for the DMO and industry contractors; in turn affecting when the capability is made available for operational release and deployment. Additionally, stakeholders can now consider measures in the delivery of the material element of key capabilities for each of the projects for the first time.

- A further area for attention in the 2011–12 report will be the presentation of financial reporting for each of the projects.
- With this in mind the 2011–12 Major Projects Report is expected to report on the progress of 29 major DMO projects, and the ANAO will be working together and supporting the DMO to work through the recommendations made by the JCPAA, to further enhance the value of the report. At the same time the ANAO will undertake analysis of each project's performance, and continue to report on emerging trends across all projects.
- In closing, I would like to acknowledge the support and considerable ongoing work of the DMO in the continued development of the Major Projects Report, and assisting ANAO staff in their project reviews. Thank you.