HOUSE OF REPRESENTATIVES

COMMITTEES

Public Accounts and Audit Committee

Report

SPEECH

Thursday, 5 May 2016

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES
Mr CONROY (Charlton) (09:36): by leave—I want to briefly talk to the Joint Committee of Public Accounts and Audit report No. 456, in particular the review of the LAND 121 project. This was a $3½ billion project to acquire new medium and heavy vehicles for the Army. This tender process was signed off in mid-2007. The ANAO condemned this Defence tender process as one of the most flawed tender processes in recent history. The department failed by claiming it was a low-risk military off-the-shelf acquisition. They failed by recommending a single supplier without test and evaluation. They ignored value for money and they failed to advise the minister at the time of the significant risks in acquiring this project. As the member for Groom highlighted, this resulted in a seven-year delay for capability and increased sustainment costs for an ageing fleet. It cost an extra $700 million to acquire the trucks and it resulted in the acquisition of 261 fewer protected vehicles.

This is a poster child for a failed Defence procurement. There are two issues of concern. First, this occurred post the Kinnaird reforms of 2004-05 that were supposed to put Defence procurement back on track. Secondly, the committee went to some lengths to try and understand the accountability mechanisms within Defence over this failed tender process. We asked, in committee, without identifying the individuals involved—because we did not want a witch-hunt—whether Defence could assure us that there were some negative consequences for the officials involved in the flawed tender process. Unfortunately they could not provide any evidence at the committee hearing, and, so far, they have not provided information on notice as to the eventual outcome of this matter. This goes to a fundamental problem with Defence acquisitions at the moment: is there accountability for the individuals involved in making mistakes? That is something that I would hope the public accounts and audit committee pursues in the 45th parliament. I commend the report to the House.