

**HOME AFFAIRS PORTFOLIO
AUSTRALIAN BORDER FORCE**

PARLIAMENTARY INQUIRY WRITTEN QUESTION ON NOTICE

Joint Committee Public Accounts and Audit

14 December 2022

QoN Number: 23

Subject: Leidos - Cobham Special Mission - Dash 8 Fleet

Asked by: The Committee

Question:

In the context of recent media commentary by Leidos which was reported to have taken over Cobham Special Mission in November 2022 that “the Dash 8 fleet is currently being integrated with the latest surveillance technology” can the Department please provide a full explanation of:

- the latest surveillance technology being integrated into the Dash 8 fleet
- the cost of such upgrades
- how the cost is being met
- any agreement reached with the contractor as part of the contract extension or subsequently regarding:
 - upgrades to surveillance technology, and
 - any other capital investments being made by the contractor

Answer:

As part of the six year contract extension to 31 December 2027, the service provider is implementing a two year aircraft upgrade program progressively replacing obsolete mission systems and equipment. The cost of the upgrade program is incorporated into the contract’s service fee, and is being met within the approved Departmental funding for the contract extension. The cost of the technology upgrade is capped at \$120 million (GST exclusive).

The mission systems and equipment that the service provider is replacing as part of the technology upgrade program are the:

- Maritime Surveillance Radar;
- Electro Optic Infrared Turret;
- Mission Management System (both air and ground component);
- Mission radios;
- Direction finder;
- Automatic Identification System (AIS); and
- Inertial Navigation System (INS).

There have been no agreements regarding any other capital investments being made by the service provider.

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Joint Committee Public Accounts and Audit

14 December 2022

QoN Number: 24

Subject: Contract Extension - Market Sweep

Asked by: The Committee

Question:

It is understood that an initial decision was taken in March 2021 to extend the contract for 2 years. A market sweep was then undertaken in August 2021 before a decision was taken in September 2021 to extend the contract for 6 years.

- Who made these decisions?
- Why was a market sweep deemed necessary and undertaken after a decision had already been taken to extend the contract?
- Please explain the rationale for a 2 year extension vs. a 6 year extension?
- Why was a decision later taken to extend for 6 years?

Answer:

In March 2021 the Secretary authorised seeking an extension for two years from December 2021 to December 2023 (with a further one year option to December 2024) to avoid a capability gap while the Department evaluated the long term requirement for aerial surveillance capability including the optimal capability mix and associated delivery timeframes. The total value of the contract including the proposed extension required approval by the Secretary. Section 2.6 of the *Commonwealth Procurement Rules 2022* was applied 'for the protection of essential security interests'.

In parallel to the evaluation of the long term requirement and negotiations on the proposed two year extension, the Secretary with support from the ABF Commissioner as the capability manager, approved the August 2021 market sweep to establish industry capacity to deliver a like-for-like replacement of the crewed fixed wing capability. This was to ensure no capability degradation or capability gap emerged at the end of the current contract.

The market sweep indicated that full delivery of a like-for-like replacement capability could not be achieved by other service providers (other than the incumbent) before at

least 2025. Only the incumbent provider could maintain current capability for the period from December 2021 until 2025.

The outcome of the market sweep demonstrated that an extension to the existing contract longer than two years (with a one year option) would be required to ensure no capability gap arose, as well as providing sufficient time to undertake an open tender to fully test the market, and effectively transition to future capabilities.

This informed the decision by the Secretary in September 2021—in line with the *Commonwealth Procurement Rules 2022*—to enter into a six year extension with the current service provider (to December 2027), allowing for termination at years four and five of the contract if the replacement arrangements are in place earlier.

On 25 September 2021, the acting Prime Minister, with advice from the Minister for Home Affairs and the Department of Finance approved the required additional funding to supplement existing baseline funding for this capability to extend the existing contract.