

# Defence's Procurement of Infantry Fighting Vehicles Land 400 Phase 3

Joint Committee of Public Accounts and Audit

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Submitter:

**Michael Sanderson**

[REDACTED]  
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## Introduction

Thank you for the opportunity to make a submission to the Committee's inquiry into Defence's Procurement of Infantry Fighting Vehicles, Land 400 Phase 3.

The Committee's terms of reference ask whether Defence conducted an effective tender process, and whether Defence established effective contracting arrangements to support value for money outcomes. That is the correct starting point, but it should not be the end point. In a procurement of this scale, value for money is not only a finance question. It is a combat capability question, an integrity question, a sovereignty question, a public administration question and ultimately a question of whether Australian soldiers will be given equipment that is fit for the threat environment they may face.

The Auditor General's report is a serious warning. It does not merely identify minor administrative weakness. It finds that Defence's procurement and contract management have been only partly effective, that Defence moved away from its original intent to pursue a mature and proven solution into a more developmental pathway, that this increased integration and schedule risk, and that these risks were not clearly communicated to government or consistently reflected in tender evaluation and contracting decisions.

The audit snapshot on page 6 of the Auditor General's report captures the problem starkly. It identifies approved expenditure of 7.3 billion dollars, two very high risks to vehicle mobility and lethality remaining unresolved, and a December 2028 scheduled

final delivery date assessed by independent reviewers as highly challenging. These are not peripheral matters. Mobility and lethality go to the fighting purpose of the vehicle itself. Schedule risk goes to whether the Commonwealth is buying timely capability or merely maintaining the appearance of progress.

My submission is that the Committee should not treat Land 400 Phase 3 as an isolated procurement defect. It should treat it as a case study in whether Defence's major procurement machinery remains too top down, too industry facing, too tolerant of developmental risk, too dependent on process language, and insufficiently exposed to operational reality before public money is committed.

The blunt question is this: did Defence buy a vehicle, or did it buy unresolved risk?

**The central issue is not the Redback name, but the procurement architecture**

This submission does not proceed on the basis that the Redback Infantry Fighting Vehicle is necessarily incapable or that infantry fighting vehicles are obsolete. That would be too simplistic. Armoured mobility, protected transport, direct fire support and combined arms manoeuvre may remain important. The question is whether Defence has demonstrated, through a transparent tender process and enforceable contract structure, that the capability being procured is mature enough, survivable enough, adaptable enough and contractually controlled enough to justify the public commitment being made.

The Auditor General found that Defence's request for tender referred to mature and proven technology but did not define that term, specify minimum system maturity thresholds, or include evaluation criteria addressing system readiness, integration risk or design maturity. The same report states that all tender submissions involved varying levels of development and integration risk. That is a foundational failure. A procurement cannot credibly be defended as mature and proven if the tender architecture does not define maturity, test maturity or punish immaturity.

The Committee should therefore ask Defence to explain exactly what the Commonwealth thought it was buying at each stage of this process. Was it buying a mature vehicle? Was it buying a developmental platform? Was it buying Australian integration risk? Was it buying a compressed schedule? Was it buying future remediation? If the answer changed over time, the Committee should require a documented explanation of when it changed, who approved the change, and whether government was told plainly.

The Committee should also reject any attempt to reduce this inquiry to whether a procurement checklist was broadly followed. A process can be procedurally busy and still fail the public purpose it is meant to serve. A procurement file can be large,

technical and heavily documented, while still failing to give government the decision quality it requires.

### **Value for money was not adequately demonstrated**

The Auditor General found that the tender evaluation process was weakened by inconsistent treatment of risk and price adjustments, and by the absence of clearly articulated weighting or prioritisation of evaluation criteria in the tender documents. It also found that the approaches Defence used were not applied consistently or transparently across tenders, reducing the transparency and defensibility of the value for money assessment.

That is not a minor administrative defect. In a multibillion-dollar procurement, inconsistent risk and price treatment can change the apparent result. The Auditor General found that inconsistent application of pricing adjustments introduced uncertainty into value for money assessments. Defence's evaluation understated Hanwha Defence Australia's assessed cost at Stage 3 by 852.6 million dollars because price and risk adjustments were not applied consistently between tenderers.

The Committee should not accept the phrase value for money unless it is tied to a disciplined comparison of capability, cost, risk, maturity, schedule and operational relevance. If the higher capability option also carried greater developmental risk, higher integration risk, schedule compression and unresolved technical risks, then the Committee should ask whether the value assessment was real or merely retrospective justification.

In my view, the Committee should require Defence to provide a reconstructed value for money assessment that applies risk and price adjustments consistently across tenderers, shows the cost per unit of delivered and usable capability, discloses the value placed on maturity and schedule certainty, and identifies whether the selected vehicle remains value for money after unresolved risks to mobility, lethality, remote weapon station integration and schedule are properly costed.

### **The project appears to have been kept alive by waivers and remediation**

The Auditor General found that Defence has waived certain contractual requirements and is managing project progress through remediation actions, which overstates the extent to which the project is on schedule.

That sentence should alarm the Committee. A project can appear on schedule because genuine milestones are being met. It can also appear on schedule because requirements are being waived, unresolved matters are being carried forward, and technical debt is being pushed into the future. The second situation is not progress. It is delayed failure risk.

The Auditor General reports that independent reviewers advised Defence that delivering the capability within the required compressed schedule is extremely challenging, and that it will be a significant, if not impossible, challenge to deliver 129 fully capable Infantry Fighting Vehicles by the end of 2028. The report also states that Defence's lack of implementation of independent review recommendations to mitigate technical risks has resulted in delays to the schedule that are yet to be defined, and that the project has recently been included on the Capability Acquisition and Sustainment Group Watch List.

The Committee should ask whether Defence is managing a procurement project or managing the optics of a procurement project. If contractual entry criteria are waived, if action items remain open, if independent review warnings are not implemented, and if schedule risk is known but not fully defined, then Parliament should not be told that the project is on track without heavy qualification.

### **The drone saturated battlefield must be part of the value for money question**

The Committee should ask whether the Redback capability remains fit for purpose in light of the drone saturated battlefield demonstrated in Ukraine.

This should not be framed as a claim that armoured vehicles have no role. It should be framed as a demand that Defence prove that this armoured vehicle, as contracted, can survive and fight under contemporary battlefield conditions. Those conditions include persistent surveillance, first person view drones, loitering munitions, top attack profiles, electronic warfare, sensor fusion, rapid target identification, artillery correction by drones, cheap attritable strike systems, and the constant adaptation of enemy tactics.

The Royal United Services Institute (RUSI) has estimated that drones were responsible for 60 to 70 percent of damaged or destroyed Russian military systems, and RUSI's work on the third year of the Russo Ukrainian war states that the threat from first person view drones means tanks and infantry fighting vehicles must be concealed and ideally dug in near the front line.

This does not prove that the Redback is obsolete. It proves that the threat environment has changed in a way that must be tested, not assumed away. A vehicle procured to deliver protected mobility, survivability and lethality cannot be assessed only against assumptions that predate the scale and tactical maturity of drone warfare now visible in Ukraine.

The Committee should require Defence to explain what counter drone, electronic warfare, active protection, passive protection, camouflage, deception, signature management, rapid repair, field recovery and tactical adaptation measures are included in the contracted capability. It should also require Defence to say whether those

measures are funded, scheduled, tested and contractually owned, or whether they are being left for later adaptation.

If the drone defence of the vehicle is not mature, not integrated, not tested and not funded, then the Commonwealth is not buying a complete fighting capability. It is buying a platform that will require further expenditure to survive the battlefield it is likely to enter.

### **Ukraine shows that procurement integrity is a combat capability issue**

Ukraine also provides a direct warning about procurement integrity during strategic urgency. Ukraine has had to fight corruption while fighting Russia. In 2025, Ukrainian anticorruption agencies exposed a military procurement scheme involving drones and signal jammers, inflated contracts and alleged kickbacks of up to thirty percent of contract values.

The lesson for Australia is not that Australia is Ukraine. The lesson is that defence procurement integrity is not a peacetime luxury. In war, corrupt procurement, weak contract control, inflated pricing, poor requirements discipline and failure to deliver usable equipment become battlefield risk. Money wasted in procurement is capability not delivered to soldiers.

The OECD has recognised Ukraine's efforts to strengthen its integrity and corruption control framework, including through stronger institutions, transparency and audit mechanisms, while also identifying the continuing importance of integrity reform under wartime conditions.

The Committee should ask Defence what lessons it has drawn from Ukraine's wartime procurement experience, including drone procurement, electronic warfare procurement, rapid battlefield adaptation, integrity controls under urgency and the need for independent corruption detection. Those lessons should not be treated as a foreign policy abstraction. They should be applied directly to Land 400 Phase 3.

### **The ANAO does not prove corruption, but it identifies corruption risk**

The Auditor General's report does not establish corruption in Land 400 Phase 3. The Committee should not allege bribery, kickbacks or criminal conduct without evidence. However, the absence of a corruption finding is not the same thing as the absence of corruption risk.

The report identifies enough integrity, probity and governance weaknesses to justify a direct examination of corruption risk, undue influence, unmanaged conflicts of interest, institutional bias and preferential treatment. These risks are especially serious in a procurement involving billions of dollars, major overseas and local industry interests, complex technical claims and long-term sustainment dependencies.

The Auditor General found that 73 of 174 relevant personnel declared a potential conflict of interest. It also found that across the six-year period examined, just over half of relevant SES and Star ranked officers fully complied with the requirement to complete annual declarations of personal and financial interests. That is not adequate for a procurement of this scale.

The Committee should ask Defence why incomplete senior conflict declaration compliance did not trigger stronger remedial action. It should also ask whether reliance on declarations was sufficient, or whether practical controls such as recusal, restricted access, independent review and enhanced oversight should have been mandatory for particular roles.

The Committee should also examine the inaccurate advice identified by the Auditor General in relation to negotiation outcomes. Where Defence advised that minimum fallback positions had been achieved, but the ANAO found otherwise, the Committee should ask whether this was error, optimism, pressure, poor record keeping, cultural defensiveness, or something more serious.

### **Foreign ownership, control and influence risk must be examined**

The Committee should examine foreign ownership, control and influence risk as part of value for money.

This is not an allegation against South Korea or against Hanwha. South Korea is a significant defence partner. Foreign ownership is not, by itself, improper. The question is whether Defence properly assessed and controlled the consequences of foreign ownership for sovereign Australian capability.

The Auditor General report describes Hanwha Defence Australia as a subsidiary of Hanwha Aerospace, a South Korean company. That fact makes it necessary to ask what the Commonwealth controls, what it depends on, what can be withheld, what requires foreign approval, what technical data and software rights Australia will have, and what happens if Australian strategic needs diverge from parent company priorities, overseas supply chain conditions or foreign regulatory settings.

A foreign owned prime contractor may deliver excellent capability. But value for money cannot be assessed only by asking whether the vehicle appears technically attractive or whether the contract price appears acceptable. The Committee should ask whether Australia will have sovereign operational control, wartime availability, technical data access, cyber security assurance, sustainment resilience, repair capacity, upgrade freedom and supply chain visibility over the life of the capability.

This is particularly important because the ANAO report identifies negotiation issues involving technical data and software rights, integration risk, schedule pressure and unresolved technical risks. Where a capability is developmental, foreign owned,

technically complex and tied to long term sustainment, the Commonwealth's ability to access, repair, adapt, upgrade and operate the platform independently becomes central to value for money.

The Committee should ask Defence whether it conducted a specific foreign ownership, control and influence assessment of Hanwha Defence Australia, Hanwha Aerospace, relevant subcontractors, overseas supply chains, technical data dependencies, intellectual property dependencies, export approval dependencies and cyber security risks before preferred tenderer selection, before contract execution and during contract management.

The question is not whether Defence should avoid foreign suppliers. The question is whether Defence has secured enough Australian control to ensure that the capability can be used, sustained, repaired, adapted and upgraded when Australia needs it, not merely when commercial and foreign regulatory conditions allow it.

### **Revolving door risk must be examined**

Defence procurement exists inside a dense political, bureaucratic and industry ecosystem. Former ministers, ministerial advisers, senior Defence personnel, consultants, lobbyists, advisory board members and defence industry executives may all have access, relationships and knowledge that ordinary citizens and smaller firms do not have.

The federal Lobbying Code of Conduct restricts former ministers and parliamentary secretaries from lobbying on matters they dealt with in their last 18 months in office for 18 months after leaving office, and imposes a 12-month restriction for former ministerial advisers, senior public servants and Australian Defence Force members at Colonel level and above.

Those rules are not enough. Transparency International Australia has described Australia's federal lobbying regulation as weak compared with international and state and territory standards, with cooling off periods rarely enforced and carrying no real punishments.

Public reporting has identified former defence ministers and senior political figures moving into defence related lobbying, advisory or industry roles, including examples involving clients or employers in the defence sector.

This does not prove that Land 400 Phase 3 was affected by improper influence. It does mean the Committee should ask the question. In a procurement of this scale, Defence should be required to disclose whether it conducted a specific revolving door risk assessment covering former ministers, ministerial advisers, senior Defence officials, contractors, consultants, lobbyists, advisory board members, secondees and industry personnel connected to tenderers or subcontractors.

The Committee should ask whether any such relationships were disclosed, assessed and managed before key tender, negotiation and contract decisions were made. It should also ask whether Defence's probity framework was designed to detect subtle influence, not merely obvious gifts and hospitality.

### **Land 400 Phase 3 fits a wider Defence procurement pattern**

The Committee should not examine Land 400 Phase 3 as though it appeared from nowhere. Defence has a long record of major acquisition and sustainment failures where immature capability, incomplete advice to government, weak value for money analysis, poor records, inadequate probity controls and deferred technical risk have produced expensive public failure.

The MRH 90 Taipan is an obvious comparator. The ANAO audit objective was to assess Defence's progress in delivering MRH 90 helicopters within approved cost, schedule and performance parameters, and the ANAO identified problems in requirements definition, maturity assessment, schedule and delivery.

The Hunter class frigates provide another comparator. The ANAO found that Defence did not conduct an effective limited tender process for the ship design, that value for money of the three competing designs was not assessed by officials, and that design immaturity contributed to delay and cost.

The Thales munitions facilities contract is a direct probity warning. The ANAO found that probity risks were realised when Defence personnel provided Thales with confidential information relating to an Investment Committee proposal, and public reporting stated that Defence referred the matter to the National Anti-Corruption Commission after the audit found evidence of unethical conduct.

The Canberra class landing helicopter dock sustainment audit also raises wider concerns. ANAO material states that Defence did not take reasonable steps to manage systemic poor procurement practices by the prime contractor or investigate claims of fraudulent activity in subcontracting arrangements in accordance with its own policies.

The Super Seasprite remains the classic warning. The ANAO found that the project began with underestimated costs, reduced capability to fit the approved budget, and suffered poor contract management practices that contributed to ongoing contractual uncertainty.

These examples do not prove that Land 400 Phase 3 will fail. They do prove that Defence has a recurring institutional pattern. The Committee should ask what Defence has learned from MRH 90, Hunter class, Thales munitions, Canberra class sustainment and Super Seasprite, and why Parliament should accept that Land 400 Phase 3 is not another version of the same failure pattern.

### **AUKUS is a warning about scale and scrutiny**

AUKUS is not a direct procurement comparator in the same way as MRH 90 or Hunter class. It is larger than a procurement. It is a national industrial, strategic, workforce, regulatory and alliance commitment.

For that reason, it is useful as a warning about governance. The official AUKUS pathway contemplates Australia acquiring Virginia class nuclear powered submarines from as early as the early 2030s, subject to United States Congressional approval.

Public reporting has also raised concerns about United States submarine production capacity and whether the industrial base can meet both United States Navy needs and AUKUS commitments.

The lesson for this inquiry is that strategic urgency must not become a substitute for evidence. Once a project is wrapped in alliance language, national security language or industrial sovereignty language, ordinary scrutiny can weaken. That must not happen with Land 400 Phase 3.

The Committee should insist that strategic urgency increases the need for discipline. It does not excuse the failure to define maturity, test operational relevance, apply price adjustments consistently, disclose risk clearly to government, or establish contract controls that expose rather than conceal schedule slippage.

### **Defence procurement should be restructured around operational evidence**

The Committee should consider whether Defence procurement remains too top down and too insulated from battlefield reality.

There is a legitimate place for senior direction. Government and senior Defence should set strategic need, threat assumptions, force structure priorities, sovereign industry objectives and urgency. However, once those settings are made, the procurement pathway must be disciplined by operational evidence, independent contestability and real testing.

The people who operate, maintain, recover, repair, conceal, protect and fight with equipment should have a formal role before tender design, before source selection, before contract execution and before major milestones are accepted. Their role should not be advisory theatre. It should be built into the decision structure, recorded, and visible to government.

For vehicles such as the Redback, small scale operational testing should occur before full scale commitment. That testing should include drone attack, loitering munitions, top attack, electronic warfare, degraded communications, vehicle recovery under fire,

battlefield repair, ammunition resupply, heat, dust, mud, littoral conditions, camouflage, deception and rapid adaptation.

The Commonwealth should not treat a platform as fit for purpose merely because it meets a tender specification. It should have to survive a hostile test environment that resembles the next war, not the last procurement plan.

The Committee should recommend the establishment of an independent Operational Procurement and Test Authority for major Defence acquisitions. Its function should be to ensure that procurement decisions are tested against real operational use, not merely paper compliance. It should have authority to require small batch trials, adversarial testing, counter drone testing, electronic warfare testing, sustainment testing, operator review, maintainer review and independent technical review before Second Pass approval and before contract execution.

The Committee should also recommend a formal protected dissent register for major procurements. If front line operators, maintainers, technical testers, independent reviewers, commercial specialists, probity advisers or other personnel disagree with the project direction, their dissent should be recorded and provided to the relevant decision maker. It should not be absorbed, softened, buried inside internal process or filtered through the same chain of command that is invested in project approval.

The dissent process must include a firewall against adverse career impact. Personnel who raise good faith concerns about capability, safety, maturity, survivability, schedule, value for money, probity or contract risk should not be disadvantaged in postings, promotion, performance assessment, security clearance processes, contract renewal, committee access or future project involvement. Defence should be required to certify that no adverse action has been taken against dissenting personnel because they raised a protected procurement concern.

For major procurements, Cabinet and ministers should see the strongest objections before approving billions of dollars in public commitments. A procurement system that cannot tolerate internal dissent before contract signature will discover its mistakes later, at greater cost, with fewer options and potentially with soldiers carrying the risk. A protected dissent register would help ensure that operational truth reaches the decision maker before institutional momentum becomes irreversible.

### **Questions the Committee should put to Defence**

The Committee should ask Defence whether the Redback remains fit for purpose in a drone saturated battlefield, and whether Defence has tested that claim against lessons from Ukraine.

The Committee should ask what counter drone, electronic warfare, active protection, passive protection, signature reduction, rapid repair and field recovery capabilities are

included in the contracted capability, and whether they are funded, scheduled, tested and enforceable.

The Committee should ask why the request for tender used the language of mature and proven technology without defining maturity, specifying minimum maturity thresholds, or including evaluation criteria addressing system readiness, integration risk and design maturity.

The Committee should ask whether government was told plainly that all tendered platforms involved development and integration risk.

The Committee should ask whether the value for money assessment remains defensible after consistent price and risk adjustments are applied.

The Committee should ask whether Defence has overstated schedule performance by waiving contract requirements and carrying unresolved action items forward.

The Committee should ask why independent review warnings were not implemented more forcefully.

The Committee should ask whether Defence conducted a specific corruption risk assessment and a specific revolving door risk assessment for Land 400 Phase 3.

The Committee should ask why senior annual conflict declaration compliance was so poor, and what consequences followed.

The Committee should ask whether any former ministers, ministerial advisers, senior Defence officials, consultants, lobbyists, advisory board members or industry personnel with prior government access were engaged by tenderers, subcontractors or advisers, and how those relationships were disclosed and managed.

The Committee should ask whether Defence conducted a specific foreign ownership, control and influence assessment of Hanwha Defence Australia, Hanwha Aerospace, relevant subcontractors, overseas supply chain dependencies, technical data dependencies, intellectual property dependencies, export approval dependencies and cyber security risks.

The Committee should ask what assurance Defence can give that Australia will retain sovereign operational control, wartime availability, technical data access, sustainment resilience, repair capacity and upgrade freedom over the Redback capability.

The Committee should ask what Defence has learned from MRH 90, Hunter class, Thales munitions, Canberra class sustainment, Super Seasprite and AUKUS governance risk, and why those lessons did not prevent the weaknesses identified in this audit.

## **Recommendations**

### Recommendation 1

The Committee should recommend that Defence provide government with explicit advice in all major capability proposals on whether mature and proven options exist, whether those options meet the operational requirement, and how they compare with developmental options in cost, schedule, integration risk and operational risk.

### Recommendation 2

The Committee should recommend that Defence be required to define maturity, system readiness and integration risk in tender documents where those matters are relevant to value for money.

### Recommendation 3

The Committee should recommend that Defence not be permitted to rely on the phrase value for money unless price, risk, maturity, schedule and capability have been assessed consistently across tenderers.

### Recommendation 4

The Committee should recommend that Land 400 Phase 3 be subject to an independent operational relevance review before any further major contractual milestone is accepted. That review should test the vehicle against drone warfare, electronic warfare, loitering munitions, top attack, persistent surveillance, field repair, recovery, sustainment and rapid adaptation requirements.

### Recommendation 5

The Committee should recommend that Defence disclose whether all counter drone, electronic warfare, active protection, passive protection and signature management measures for the Redback are funded, scheduled, tested and contractually owned.

### Recommendation 6

The Committee should recommend that Defence report to the Committee on all waived contractual requirements, all open remediation items, all delayed milestones and all technical debt being carried forward.

### Recommendation 7

The Committee should recommend that major Defence procurements include a formal protected dissent register. Dissent from operators, maintainers, independent reviewers, testers, engineers, contract specialists, probity advisers and other relevant personnel should be provided directly to decision makers before Second Pass approval and

contract execution. It should not be absorbed, softened, buried inside internal process or filtered through the same chain of command that is invested in project approval.

#### Recommendation 8

The Committee should recommend that the protected dissent register include a firewall against adverse career impact. Personnel who raise good faith concerns about capability, safety, maturity, survivability, schedule, value for money, probity or contract risk should not be disadvantaged in postings, promotion, performance assessment, security clearance processes, contract renewal, committee access or future project involvement. Defence should be required to certify that no adverse action has been taken against dissenting personnel because they raised a protected procurement concern.

#### Recommendation 9

The Committee should recommend stronger integrity controls for major procurements, including mandatory senior conflict declarations, consequences for non-compliance, independent review of high-risk declarations, and practical controls such as recusal, restricted access and enhanced oversight.

#### Recommendation 10

The Committee should recommend that Defence conduct specific revolving door risk assessments for major procurements, including former ministers, ministerial advisers, senior Defence personnel, consultants, lobbyists, advisory board members, secondees, tenderers and subcontractors.

#### Recommendation 11

The Committee should recommend that Defence conduct specific foreign ownership, control and influence assessments for major procurements involving foreign owned prime contractors, foreign parent companies, overseas subcontractors, overseas intellectual property, overseas technical data, export controls or critical foreign supply chains.

#### Recommendation 12

The Committee should recommend that Defence not proceed through major contract milestones unless it can demonstrate that Australia has sufficient operational control, technical data access, repair capacity, sustainment resilience and upgrade freedom to use the capability independently when required.

### Recommendation 13

The Committee should recommend the creation of an independent Operational Procurement and Test Authority to test major Defence acquisitions against real operational use before large scale commitment.

### Conclusion

The Committee should not let this inquiry become a narrow audit compliance exercise. The Auditor General has identified a deeper problem. Defence moved from a mature and proven acquisition concept into a developmental pathway, failed to communicate that shift clearly enough, applied price and risk adjustments inconsistently, carried unresolved technical risks to core vehicle functions, and managed progress through waivers and remediation.

That is not good enough.

The Commonwealth is not buying presentation slides. It is not buying process diagrams. It is not buying a procurement file. It is buying the equipment with which Australian soldiers may be expected to fight and survive.

The Committee should therefore apply the hardest test. Is the capability real? Is it mature? Is it survivable? Is it properly costed? Is it contractually controlled? Is it protected from undue influence? Is it protected from foreign ownership, control and influence risk? Has it been tested against the battlefield now visible in Ukraine? Has dissent been preserved, or buried? Has government been told the full truth, or only the administratively acceptable version of it?

In short, Defence should not be allowed to describe risk as capability, remediation as progress, foreign dependency as sovereignty, or process compliance as value for money.