



Australian Government

Defence

**Joint Committee of Public Accounts and Audit
Defence's Procurement of Infantry Fighting Vehicles
(LAND 400 Phase 3)**

**Department of Defence
Submission**

May 2026

Defence Response to ANAO report findings

1. Defence is grateful for the opportunity to provide this submission to the Joint Committee of Public Accounts and Audit (JCPAA) in support of its Inquiry into Defence's Procurement of Infantry Fighting Vehicles (LAND 400 Phase 3).
2. Defence acknowledges the findings contained in the Auditor-General's report and has agreed to the two recommendations. These recommendations focussed on Defence providing the Government with greater clarity about procurement options, and improving the timeliness of payment of supplier invoices.
3. The One Defence Capability System policy sets out the key principles defining Defence's approach to supporting capability investment decisions by Government. Capability Principle Four outlines the importance of ensuring well-defined and contested options are presented to Government. Under the One Defence Capability System, submissions presented to Government are required to articulate a range of matters including;
 - a. justification for the proposed acquisition
 - b. all capability options considered as part of developing the proposal
 - c. advice on relevant commercial and implementation arrangements and
 - d. analysis and value for money considerations.
4. Defence agrees that payments should be made in accordance with Australian Government policy and contractual requirements. While current procurement policies and contract templates support this approach, Defence will continue to strengthen processes and guidance to improve overall compliance with Australian Government policy.
5. As noted in the ANAO report, two very high risks relate to mobility and lethality. These risks remain under intensive management. One risk, lethality, has recently been downgraded as the risk profile has reduced, while the other is being actively managed through a clear and credible action plan.
6. As with the delivery of any complex capability, a number of technical matters are being actively managed, utilising extensive subject matter expertise across Defence, Hanwha globally, and its industry partners, to resolve.

Tender Process

7. Defence conducted a competitive tender process from 2018 to 2021, including extensive test and evaluation in Australia of tendered vehicles. The process was designed to be fair, transparent and contestable, and included multiple stages of evaluation supported by independent probity oversight.
8. A key feature of the tender process was the comprehensive test and evaluation program conducted in Australia. Tendered vehicles were subjected to extensive trials against Defence's capability requirements, enabling Defence to assess performance, risk, maturity and integration considerations under realistic operating conditions.

9. The evaluation of tenders was informed by clearly defined criteria that balanced capability performance, cost, schedule, technical risk and through-life considerations. Price normalisation and comparative assessments were undertaken to support a like-for-like evaluation and to inform value for money judgements.
10. Through the agreed acquisition strategy, Defence assessed that the HDA Redback Infantry Fighting Vehicle best met Defence's requirements and represented the best value for money outcome when considering capability performance, program risk and long-term sustainment considerations.

Contracting arrangements to support the achievement for value for money outcomes

11. Defence established contracting arrangements to support the achievement of value for money outcomes across acquisition, verification and early sustainment activities, consistent with the Commonwealth Procurement Rules and applicable Government policy.
12. Value for money remains the cornerstone consideration in Defence procurements, as required by the Commonwealth Procurement Rules.
13. The contract includes defined performance requirements supported by a comprehensive test, evaluation and verification program. This framework provides assurance that vehicles delivered meet Defence's capability requirements and enables Defence to manage technical risk prior to acceptance.
14. In certain instances, Defence has waived entry criteria for mandated systems reviews where it represents a risk-based approach, to support the timely delivery of critical capabilities. Defence has not waived any exit criteria, all of which must be satisfied before Defence makes payments under the contract.

Conclusion

15. Defence welcomes the Committee's consideration of this submission and remains committed to ongoing transparency, accountability and continuous improvement in the delivery of complex defence capability.