

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL ESTIMATES 2015

Prime Minister and Cabinet Portfolio

Department/Agency: Australian National Audit Office

Outcome/Program:

Topic: C-27J acquisitions

Senator: Xenophon

Question reference number:104

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Question:

Senator XENOPHON: At paragraph 17 of the audit, it states, it:

... underlines the importance of ... fair and transparent dealings with potential suppliers by government agencies when undertaking procurements.

Could you on notice summarise what the ANAO's concerns were about the government with the C-27J acquisition in so far as that it is not contained in your report. If you say it is fully contained in your report, I do not want anything further, but if you can take that on notice.

Answer:

The matter is dealt with in paragraphs 9,10 and 13–17 of Audit Report No.3 2013–14, AIR 8000 Phase 2 — C-27J Spartan Battlefield Airlift Aircraft.

In summary, the Audit Report states (paragraph 9):

“Following a request for additional information by government on the aircraft options to further inform its decision making, in October 2011 Defence approached the commercial suppliers of the C-27J and the C-295 to obtain further price, availability and capability data to compare against information sought from the US Government on the US variant C-27J option. Defence’s approach to industry did not transparently communicate the status of the procurement process, and resulted in a misunderstanding by the commercial suppliers that Defence had initiated an open procurement process, rather than collecting additional information for government decision making in the pursuit of a direct source procurement. In that respect, Defence’s approach did not have sufficient regard to the expectation in government procurement that suppliers will be treated in a fair and transparent manner. Defence has acknowledged the lack of clarity attending its approach to industry and has amended its processes so as to improve communication with industry in the future.”