

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

Prime Minister and Cabinet Portfolio

Department/Agency: Australian National Audit Office

Outcome/Program: Outcome 1, Program 1.2

Topic: CEP Audit

Senator: Senator Xenophon

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Question:

Has the ANAO audited a competitive evaluation process in Defence? If so, what was the project and what did the audit find?

Answer:

The ANAO's understanding of the Australian Government's competitive evaluation process in Defence is based on a statement released by the former Minister for Defence on 20 February 2015. The then Minister indicated that a competitive evaluation process involves Defence seeking proposals from selected potential partners for: pre-concept designs based on meeting key Australian capability criteria; options for design and building work in Australia and/or elsewhere; rough order of magnitude costs and schedule for proposed options; and positions on key commercial issues such as intellectual property rights and the disclosure of technical data.

In recent times, the Defence procurement examined as part of an ANAO performance audit that came closest to the process described above was the acquisition of the C-27J Battlefield Airlift Aircraft. This procurement was undertaken as a direct source procurement through a Foreign Military Sales agreement with the United States, but towards the end of the process in 2011, the Australian Government requested additional information from Defence on available aircraft options to further inform its decision-making. This request prompted Defence to seek additional information from a number of commercial aircraft suppliers. This aspect of the procurement process was described in paragraphs 3.30—3.31 and 3.35—3.50 of *ANAO Performance Audit Report No.3 2013–14, AIR 8000 Phase 2—C-27J Spartan Battlefield Airlift Aircraft*.