



Auditor-General for Australia



22 August 2016

Senator Nick Xenophon  
By email: [senator.xenophon@aph.gov.au]

Dear Senator Xenophon

### **SEA 1000 Future Submarine Project**

I refer to your letter of 20 May 2016, requesting that I conduct a performance audit of the Command and Control System selection for the SEA 1000 Future Submarine Project.

The Department of Defence (Defence) has advised the ANAO that on 17 November 2015, the Minister for Defence stated that:

- the Government had decided to endorse the combat system and heavyweight torpedo jointly developed by the United States and Australia as the combat system and main armament for the Future Submarines;
- the Government's selection was intended to balance key considerations including high levels of interoperability with the United States, opportunities to de-risk the combat system for the Future Submarine, and synergies arising from commonality between Collins and the Future Submarine; and
- on 12 November 2015, Defence commenced a limited tender process with Lockheed Martin Australia and Raytheon Australia to choose a combat system integrator with the experience and ability to integrate the AN/BYG-1 combat system and the Mark 48 Mod 7 torpedo into the future submarine in Australia. The Minister added that the Government wishes to have a combat system integrator in place to work with the international partner selected to work with Australia on the Future Submarine.

Defence also advised the ANAO that the limited tender process for the combat system integrator is ongoing.

In May 2016, the Joint Committee of Public Accounts and Audit wrote to me to convey the audit priorities of 44<sup>th</sup> Parliament, which included the Future Submarines Competitive Evaluation Process. I recently decided to commence a performance audit focusing on the effectiveness of Defence's design and implementation of arrangements to select a preferred Strategic Partner for the Future Submarine Program (information about the audit is available at: [www.anao.gov.au](http://www.anao.gov.au)). In that context, the ANAO will consider, among a range of issues, Defence's engagement with potential Strategic Partners regarding its requirements for integration of the combat system.

In light of the Australian Government's policy decisions regarding the selection of a Command and Control System for the Future Submarines, and the scope of the ANAO performance audit currently underway, I do not plan to undertake a separate audit on the selection process.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G Hehir', with a long horizontal flourish extending to the right.

Grant Hehir  
Auditor-General