



JONNO DUNIAM

LIBERAL SENATOR FOR **TASMANIA**

SHADOW MINISTER FOR **HOME AFFAIRS AND IMMIGRATION**



Dr Caralee McLiesh PSM
Auditor-General
Australian National Audit Office
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CANBERRA ACT 2601

Via email: ag1@anao.gov.au

Request for performance audit – procurement and transition arrangements for the Department of Home Affairs’ aerial surveillance services

Dear Dr McLiesh

I am writing to request that the Australian National Audit Office undertake a performance audit of the Department of Home Affairs’ procurement of new aerial surveillance services and its management of the transition to the new arrangements.

As you will know, maritime surveillance is a critical component of Australia’s border protection architecture. It supports the detection and interception of illegal maritime arrivals, illegal foreign fishing boats, drug trafficking and other threats across Australia’s vast maritime area.

Accordingly, the scale, duration and national security significance of the new arrangements demand the highest standards of procurement integrity, due diligence, contract management and operational preparedness.

On 1 May 2026, the Department entered into a contract with Metrea Australia Pty Ltd for the provision of aerial surveillance services. The contract, which has an AusTender reference number of CN4239669, has a value of approximately \$4.32 billion and apparently could remain in place until as long into the future as 2042 if all extension options are exercised.

This followed the Department’s October 2025 award of a separate fixed-wing surveillance services contract to Skytraders Pty Ltd. That contract, CN4201661, has a reported value of approximately \$190.8 million and extends to 31 December 2027.



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Evidence given during recent Senate Estimates hearings, together with information subsequently placed on the public record, has raised numerous concerns for the Federal Coalition about:

- the relationship and interaction between the two procurement processes;
- the management of probity, conflicts of interest and tender-sensitive information;
- the Department's assessments of the capability and readiness of the successful suppliers;
- the levels of due diligence undertaken in relation to proposed corporate, ownership and subcontracting arrangements;
- the Department's management of transition and capability-continuity risks; and
- whether there was adequate conformance with the principles of value for money and the Commonwealth's operational requirements.

I therefore ask that the ANAO consider urgently examining any, or ideally all, of the seven matters below.

1. **Procurement planning and governance**

Whether the Department appropriately planned and governed the procurement of its short term and long term aerial surveillance requirements, including the extent to which responsibilities, approval arrangements and probity controls were clearly established and consistently applied.

2. **Interaction between the procurements**

The circumstances in which the Department commenced and awarded the fixed-wing surveillance services contract, CN4201661, while the larger aerial surveillance services procurement was underway, including:

- (a) the identified need for the interim contract;
- (b) the consideration of alternative means of maintaining capability;



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(c) whether the procurements involved overlapping or substantially similar capability requirements;

(d) whether the interim procurement affected, or had the potential to affect, competition and/or the evaluation of tenders in the larger procurement; and

(e) whether any actual, potential or perceived conflicts were identified and appropriately managed.

3. **Assessment of supplier capability**

Whether the Department adequately assessed the capacity of Skytraders and any other entity to deliver the capability required under CN4201661 within the specified timeframe, including the comparative availability, acquisition, certification and operational readiness of suitable aircraft, systems, personnel and regulatory approvals.

4. **Evaluation of the Metrea proposal**

Whether the evaluation of Metrea's proposal was conducted in full accordance with the Commonwealth Procurement Rules, the published tender requirements and the Department's evaluation plan, including:

(a) the treatment of subcontracting and teaming arrangements;

(b) the extent to which experience or capability developed through CN4201661 was taken into account;

(c) the consistency and evidentiary basis of risk assessments applied during the evaluation;

(d) the assessment of deliverability, sovereign capability and Australian industry participation; and

(e) whether the procurement achieved value for money, not least in a comparative sense against each of the other companies that submitted bids.



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5. Corporate and ownership due diligence

Whether the Department undertook appropriate financial, corporate, security and operational due diligence in relation to Metrea, its related entities, proposed subcontractors and ultimate ownership and control arrangements.

6. Transition and operational continuity

Whether the Department and the Australian Border Force devised and implemented an appropriate transition plan, including:

- (a) clear milestones and acceptance criteria;
- (b) contingency arrangements for delays or capability shortfalls;
- (c) arrangements to maintain uninterrupted and extensive surveillance coverage;
- (d) the readiness of aircraft, technology, aircrew, maintenance, bases and supporting infrastructure;
- (e) the allocation and management of transition risks between the Commonwealth, the incumbent provider and the incoming provider; and
- (f) the financial and other consequences for the Commonwealth if contracted capability is not delivered on schedule.

7. Implementation of previous ANAO recommendations

Whether the Department has effectively implemented the recommendations of Auditor-General Report No. 6 of 2021-22, *Management of the Civil Maritime Surveillance Services Contract*, particularly those relating to:

- (a) the acceptance of aircraft and bases before payment;
- (b) reduced payments where deficiencies remain;
- (c) linking aircrew requirements to performance measurement;



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- (d) connecting operational data with contractual performance requirements; and
- (e) stronger assurance over mission performance.

The ANAO's earlier audit concluded that the Department's management of the existing civil maritime surveillance contract had not been effective. It found that the Commonwealth had not received the full quantum and range of services for which it had contracted, and identified deficiencies in contract administration, performance management and departmental record keeping. Those findings make independent scrutiny of the new procurement and transition arrangements even more important.

I acknowledge that the ANAO's 2026-27 Annual Audit Work Program identifies the transition to a new surveillance services contract as a potential audit topic for the 2027-29 period. However, given the sheer value of the contracts, the significance of the capability to Australia's border security and the many questions now arising from parliamentary and media scrutiny, I ask that the ANAO consider bringing this work forward and broadening its scope to encompass the procurement, evaluation, due diligence and interim contract issues outlined above.

I would also be pleased to provide relevant Estimates transcripts, answers to Questions on Notice and any other material that may assist the ANAO in considering this request.

Thank you for your consideration, and I look forward to your response.

Yours sincerely

Senator the Hon Jonno Duniam

Shadow Minister for Home Affairs and Immigration

Manager of Opposition Business in the Senate

Liberal Senator for Tasmania

31 August 2026