Australian Government
Department of Defence

PROTECTED

Capability Acquisition and Sustainment

Quarterly Performance Report

June 2020

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Contents

Foreword

A.P. (Tony) Fraser

Deputy Secretary CASG

This is a critical period for Defence and Defence Industry within Australia and globally. The 2020 Defence Strategic Update and 2020 Force Structure Plan released by the Prime Minister on 1 July 2020 describes the complex and rapidly changing environment, and assigns Defence and Defence Industry with responsibility for $270bn in capital investment over the decade.

Indeed through the Force Structure plan the Government is increasing provision for Defence acquisition by 58% to $22.8bn over the next five years, and sustainment by 44% to $18.2bn.

Through the tragedy of the summer fires and COVID-19 pandemic the Defence and Industry partnership has strengthened with true respect in the shared critical task of safely sustaining the ADF and continuing Defence projects.

I am confident that this enhanced and transparent relationship will be enduring as envisaged under the First Principles Review. We will drive continuous improvement under a One Defence umbrella.

This Quarterly Performance Report presents a relatively consistent status with previous reports, despite the difficulties of operating in the COVID-19 environment.

I am proud of the positive achievements and committed to improving projects and sustainment not yet at the level required or expected.

Defence and Industry are best positioned to manage the increasing short to medium term risk to the supply chain from the impact of COVID-19 and delivering on the 2020 Force Structure Plan effectively and efficiently for our nation and our Defence Force.

I wish all good health and well being as we do so.

[redacted]

A.P. (Tony) Fraser
Deputy Secretary
Capability Acquisition and Sustainment Group
3 September 2020

Purpose and Scope

The purpose of the Capability Acquisition and Sustainment Quarterly Performance Report is to provide Government and Department of Defence stakeholders insight into the delivery of capability to the Australian Defence Force.

These are approved Integrated Investment Program activities and are managed under the Capability Life Cycle. The Quarterly Performance Report is the output of an assessment of the **192 major capital projects** with access to Integrated Investment Program funds and the **110 sustainment products** managed under the acquisition and sustainment agreements between Capability Acquisition and Sustainment Group (CASG) and the Capability Managers.

The projects and products that are considered for potential entry to the Projects/Products of Interest/ Concern lists are ones that have been identified as requiring more oversight and attention. Detailed reports on each of the listed projects or products are within the Quarterly Performance Report.

The governance and reporting framework that underpins the Quarterly Performance Report is core to the regular management of acquisition and sustainment activities. The early identification of risks and issues enables senior committee consideration and strategic management of the delivery of program outcomes. The quarterly output incentivises the monthly reporting processes that occur between the delivery group and end-user. It enables a high level of transparency across acquisition and sustainment activities shaped for a senior audience.

In 2019-20 Financial Year, there were 33 Key Acquisition Projects (a combination of Top 30 Projects as listed in the Portfolio Budget Statements and projects reported in the Major Projects Report), along with the Top 30 Sustainment Products. Traffic light ratings on scope schedule and cost, or availability and cost are shown in the project and product dashboards.

The 33 Key Acquisition Projects represent 72% of the total Major Capital Equipment acquisition program approved budget.

The Top 30 Sustainment Products represent 70.5% of the sustainment program budget.

In 2016, the First Principles Review Implementation Committee agreed that the focus on the Key Acquisition projects and the Top 30 Sustainment Products in the Quarterly Performance Report would cover off the reporting requirement for the Deputy Secretary CASG at Recommendation 2.12 of the First Principles Review.

Significant Events

Image: Growler fitted with NGJ-MB for testing in anechoic chamber, 19 March 2020 (supplied by US Navy).

Advanced Growler (AIR 5349 Phase 6)

Australia has expanded its partnership with the United States to develop the Next Generation Jammer system for the EA-18G Growler with the signing of two new agreements.

The Next Generation Jammer will incorporate leading edge technology and will augment, and ultimately replace the aging ALQ-99 Tactical Jamming System currently used on the EA-18G Growler aircraft for Airborne Electronic Attack.

In May 2020 Australia signed a Memorandum of Understanding with the US Navy for Production, Sustainment and Follow-on Development of the Next Generation Jammer weapon system. This built on an existing cooperative relationship with US Navy for development the Next Generation Jammer – Mid Band, which commenced in October 2017, and will be expanded further in July 2020 with signature of a Project Arrangement for development of the Next Generation Jammer – Low Band.

Investment in these cooperative arrangements enables Australia to be directly involved in the development of the capabilities and planning for their introduction to service. Opportunities are expected for Australian Industry to compete for work in several technology areas as the Mid Band variant of the jammer moves into the production phase in the next 2-3 years. The expansion to include the Low Band jammer further enables Australia to advocate for industry opportunities within this part of the program in the future.

Image: Satellite Ground Station – West at sunset.

ADF Satellite Communications Capability Enhancement (JP 2008 Phase 3F)

Final Operational Capability of the Satellite Ground Station – West (SGS-W) was achieved on 5 June 2020, six months ahead of the revised schedule. SGS-W is part of the Australian Defence Force Satellite Communications Capability in the West Coast of Australia, delivering satellite anchoring capability.

The overarching JP2008 Satellite Communications upgrade program aims to provide the Australian Defence Force with enhanced satellite communications capabilities. SGS-W is the first mature satellite anchoring capability supporting the need for increased satellite communications capacity.

Defence accepted the system from the prime contractor in November 2017 and declared Initial Materiel Release in April 2018. This marked a significant milestone in the remediation of the project, resulting in the system becoming operationally available and exiting from the Projects of Concern list in August 2018. Final Materiel Release was declared in November 2019, allowing the conduct of operational test and evaluation.

The project scope originally included delivery of the West Coast capability and upgrade of the legacy East Coast anchoring solution to an equivalent standard. Significant technical challenges and extended schedule delay resulted in the project being declared a Project of Concern in September 2014. The Project of Concern process enabled requirements rationalisation and reduced the focus on enhancement of the legacy system due to the system approaching its end of life and atrophied value.

Image: First Loyal Wingman aircraft roll out, 5 May 2020, Melbourne.

Loyal Wingman

Loyal Wingman rolls out first aircraft.

On 5 May 2020, Boeing Defence Australia rolled out the first Boeing Airpower Teaming System unmanned aircraft, also known as the Loyal Wingman. This is the first of three aircraft prototypes that Boeing will produce.

The Loyal Wingman is the first military aircraft designed and built within Australia in 50 years. This successful outcome is a direct result of the partnership and co-investment between the Royal Australian Air Force (RAAF) and Australian Industry. The joint approach between Australian Industry and Defence allows both parties to understand the viability of the design, manufacture and test of an unmanned combat aircraft in Australia. The partnership also allows Defence and defence industry to maximise opportunities for sovereign capability. The Loyal Wingman program comprises over 70 per cent of Australian content per platform and utilises over 35 suppliers across the country.

This program will inform the RAAF's understanding of operational implications and considerations for future manned-unmanned aircraft teaming concepts and integration across the Australian Defence Force. Defence is interested in examining the capabilities that the Loyal Wingman system offers and investigating how those capabilities would complement our current and planned force structure.

The Loyal Wingman prototype has completed factory acceptance testing and will now transition into ground testing at RAAF Amberley. First flight is planned to be conducted at Woomera test range in late 2020, with additional flight test phases continuing through 2021.

Image: A35-010 conducts manoeuvres at Avalon International Airshow 2019

F-35A Lightning II

Autonomic Logistics Information System upgrade conducted by local Australian industry

In June 2020, Lockheed Martin Australia conducted the first upgrade to the F-35 Autonomic Logistics Information System (ALIS) using only local resources instead of 'importing' a US-based team. The local ALIS administrators undertook the upgrade, completing it on-schedule without any disruption to Australian F-35A operations – a first for the Australian program and industry partners. This achievement has highlighted the depth of Defence and industry capability, paving the way for future ALIS support to be more self-reliant and cost-effective, and thereby improving overall F-35A availability across the life of the program.

F-35A Confined Space Entry kits

The Air Doctor, an Australian company in Roseville, NSW, was engaged to deliver maintainer air-breathing/ monitoring kits to enable critical F-35A aircraft maintenance where confined space entry is required. The short delivery timeframe was challenged by the COVID19-related supply chain delays due to state border closures, and Defence worked closely with The Air Doctor to ensure their workforce was able to be retained and work progressed. As a result, The Air Doctor delivered the confined space entry kits on time and within budget. The air-breathing/monitoring kits for confined space entry is a success story for the F-35A capability and resilience of local industry, and for strengthening relationships between Defence and our local industry partners.

F-35A ejection seat local maintenance

A local solution for F-35A ejection seat maintenance was proposed by Defence staff embedded in the F-35 Joint Program Office due to the impact of international travel restrictions on the extant overseas maintenance arrangements. Australian company Martin Baker Australia, operating out of Williamtown Aerospace Park, NSW was provided with the required support equipment and technical data to allow them to undertake the required ejection seat servicing domestically. This allowed Defence to avoid significant time and cost implications trying to send ejection seats back to the United States in the current COVID environment, whilst simultaneously allowing Australian Industry to gain a foothold in the sustainment of the F-35A platform. Defence will continue to promote Australian Industry in the sustainment of the F-35A aircraft, through their discussions with the United States Air Force.

F-35A simulator local upgrade

A domestic Australian solution was pursued for the upgrade of four F-35A Full Mission Simulators (FMSims) at RAAF Base Williamtown, to accommodate COVID border closures. This activity was previously undertaken by US-based experts within the United States, however Lockheed Martin Australia was granted permission to upgrade the software in the FMSims to align with the latest software data load installed in the Australian F-35A aircraft. All four FMSims have been successfully returned to operational service, and Australian Industry have proven that they are capable of undertaking software installations domestically, leading to the possibility of additional opportunities in the future.

Governance, Audit and Continuous Improvement

Governance

Major capability acquisition and sustainment activities and their performance metrics are agreed upon between Capability Managers and CASG, and are subsequently documented in Materiel Acquisition Agreements and Materiel Sustainment Agreement Product Schedules. The effectiveness of the reporting relies on timely execution of these agreements and an annual review to ensure key performance measures remain fit for purpose.

Two Key Acquisition Projects, in the early design stage in the Capability Life Cycle, are reporting project performance but are yet to report on operational capability milestones. These are the *Hunter* Class Frigates (SEA 5000 Phase 1) and *Attack* Class Submarines (SEA 1000 Phases 1 and 2).

During the 2019-20 Financial Year, eight major and minor acquisition projects closed. A further two projects transferred to Chief Information Officer Group for delivery. These projects had a final spend over their life of $5.6 billion against a budget of $5.7 billion. The $0.1 billion difference was spread across all eight closed projects. Five closed projects had variation to delivery; two of those to the approved scope, two to the approved scope and schedule and one project had an impact to schedule. Details are available in the Materiel Acquisition Agreement closure minutes on request.

The CASG Explosive Material Branch will transfer from Joint Systems Division to Land Systems Division, from August 2020. This transition will be reflected in the September 2020 Quarterly Performance Report and will affect the positioning of the following Key Acquisition projects and Top 30 products:

- Weapons for Joint Strike Fighter and Super Hornet under (AIR 6000 Phase 2A/B)
- Weapons Component – P-8A Poseidon under P-8A Maritime Patrol and Response Aircraft (MPRA) System (AIR 7000 Phase 2B)
- MH-60R Weapons under Future Naval Aviation Combat System (MH-60R) Seahawk Romeo (AIR 9000 Phase 8)
- Air Warfare Destroyer Weapons under Air Warfare Destroyer Program (SEA 4000 Phase 3)
- Explosive Ordnance Manufacturing Facilities (CJC01)
- Explosive Ordnance Air Force Munitions (CAF32)
- Explosive Ordnance Guided Weapons (CAF33)
- Navy Explosive Ordnance (CN54)
- Army Munitions & Guided Weapons (CA 59)

Key themes identified in internal and external audits

Audit and Fraud Control Division identified two themes from recent Australian National Audit Office performance audits relevant to CASG:

- The importance of having multiple bidders during the negotiation stage of an open tender process to encourage competition, which in turn promotes a value for money outcome.
- Best practice for design and policy implementation includes developing a framework that:
    - Outlines how the policy should be applied.
    - How the outcomes will be monitored and reported.
    - Sets expectations regarding compliance and assurance activities and when and how the policy's effectiveness will be reviewed.

The Defence Internal Audit Work Program for Financial Year 2020/21 was approved in May 2020. CASG will be covered by approximately 16 per cent of the program. Audit Branch will include COVID-19 impact assessments for all scheduled tasks.

2018-19 Australian National Audit Office Major Projects Report

The Australian National Audit Office (ANAO) tabled the 2018-19 Major Projects Report on 16 December 2019. The report attracted significant media attention due to the presentation of budget and schedule performance for the 26 projects covered by the report. The Joint Committee of Public Accounts and Audit hearing into the 2018-19 Major Projects Report was conducted on 27 May 2020 with a supplementary hearing held 3 July 2020.

A need for a strategic review of the Major Projects Report has been proposed to assess whether it remains fit-for-purpose, and supports the timely, efficient and accurate disclosure of information. Defence considers there is an opportunity to improve the report and align it to the First Principles Review reforms. The Joint Committee of Public Accounts and Audit has asked Defence and the ANAO to look at opportunities for improvements.

Preparations for the 2019-20 Major Projects Report have commenced with the post-30 June 2020 work being impacted by COVID-19 restrictions. The Guidelines and project selection process for 2020-21 Major Projects Report has also commenced with the Joint Committee of Public Accounts and Audit expected to endorse the approach late August.

Independent Assurance Reviews

Defence's Independent Assurance Reviews assess the ongoing viability of capability investment decisions, and the health and outlook of acquisition projects and sustainment products. This quarter there were six acquisition performance reviews, no sustainment performance reviews, and seven reviews related to capability investment decisions (with some combined into one review). A performance review was also conducted on one ICT project. During this quarter, some reviews were rescheduled to manage social distancing practicalities and temporarily reprioritise resources into the COVID-19 Industry Support Cell.

The following Key Acquisition Projects were reviewed this quarter (in order of review):

- Overlander – Protected Mobility Vehicle – Light (Hawkei) (LAND 121 Phase 4).
- ANZAC Air Search Radar Replacement (SEA 1448 Phase 4B).
- Submarine Escape Rescue and Abandonment System (SERAS) (SEA 1354 Phase 1).
- Deployable Defence Air Traffic Management & Control System (AIR 5431 Phase 1).
- Collins Communications and Electronic Warfare Improvement Program (SEA 1439 Phase 5B2).

Independent Assurance Reviews make recommendations for the consideration of senior managers. These recommendations may include whether a project or product should be considered as a Project/Product of Interest or Concern candidate, or for removal from either list.

The review of the **Overlander – Protected Mobility Vehicle – Light (Hawkei)** project, a Project of Interest, highlighted the integrated project teams significant and committed effort to progress to the current stage and the strong relationships between stakeholders and the contractor. The review noted that Thales Australia is currently exceeding its contracted requirements for Australian Industry Capability. There remains significant activities and negotiations over the next quarter with these outcomes determining the ability to enter Stage 3, the Full Rate of Production.

The **ANZAC Air Search Radar Replacement** review noted the continued schedule slip, primarily caused by the delay to the s33(a)(i) [redacted] nd continues to slip whilst COVID-19 travel restrictions are in place. The establishment of the Defence Steering Committee to manage and prioritise business with the contractor was commended as an excellent initiative.

A desktop review of the **Submarine Escape Rescue and Abandonment System** (SERAS) project highlighted the significant delay to the System Design Review s47G [redacted] Recommendations included consideration for listing as a Project of Interest. Further senior executive review is underway to determine a way forward for this project.

The review of the **Deployable Defence Air Traffic Management & Control System** project, a Project of Concern, noted the increased productivity as a result of the improved stakeholder relationships. The contractor has assigned key staff from Spain and provided more working capital in a hope to boost local performance. The review found there to be a significant increase in contractor performance since the establishment of the Deed of Settlement and Amendment in October 2019.

The review for the **Western Anchoring Upgrade** (Combined Communications Gateway Geraldton) highlighted the strong relationship between the project stakeholders and the actively engaged governance structure. Discussions have commenced on the sourcing of modems from US stock in a hope to reduce the delay to Initial Operational Capability. The US has agreed to install the Australian Multi Band Earth Terminals earlier than originally scheduled to reduce the impact to achieving Final Operational Capability.

At the time of review **Joint Strike Fighter** was found that the project is tracking well towards the upcoming Initial Operational Capability milestone with the project scope and requirements agreed and aligned. s33(a)(i) [redacted] The partnership under the US Department of Defense Joint Program Office remains positive with delivery schedules being maintained. Although Australia is wanting more emphasis on operations and logistic support, Air Force Headquarters are of the position that our priorities and configuration should remain in line with the US to alleviate the pressure on the partnership agreement. The Project Office recognises the importance of Australian industry involvement with more than 50 companies involved, most of which are Small to Medium Enterprises.

The full Independent Assurance Review outcomes are available upon request.

Continuous Improvement

All feedback is appreciated and where appropriate, is incorporated into the next report.

Transition to the Monthly Reporting Module

On 3 August 2020, the Monthly Reporting Module (MRM) replaced the aging Monthly Reporting System covering all CASG acquisition projects. MRM maintains the same reporting function as MRS, and will continue to facilitate the accurate, efficient and timely reporting of projects. All stakeholders are encouraged to request appropriate access to the system to review progress on their respective projects. Future releases of the software are intended to enable Capability Manager commentary in a similar approach to the functionality for the Sustainment Performance Management System application, as well as facilitate an early draft and consultation process for the Projects of Interest and Projects of Concern reports.

Section 1 – Performance Overview

HMAS *Adelaide* sits at anchor awaiting acceptance of HMAS *Canberra's* landing craft during Talisman Sabre 2019.

Overview

Australia is delivering a more capable Australian Defence Force supported by increased investment into Defence capability. The Capability Acquisition and Sustainment Quarterly Performance Report focuses on Projects of Concern, Projects and Products of Interest, and the Key Acquisition Projects and Top 30 Sustainment Products.

Projects of Concern Overview

The list of Projects of Concern has been steady at two projects of 129 post-second pass major capability projects.

Progress toward remediation

MRH Helicopters (AIR 9000 Phases 2, 4 and 6): s33(a)(i) [redacted] The Enhanced Cargo Hook System design approval and the Service Release of the fast roping and rappelling system has been achieved this quarter.

Deployable Defence Air Traffic Management and Control System (AIR 5431 Phase 1): The s47E(d) [redacted] and progressing well.

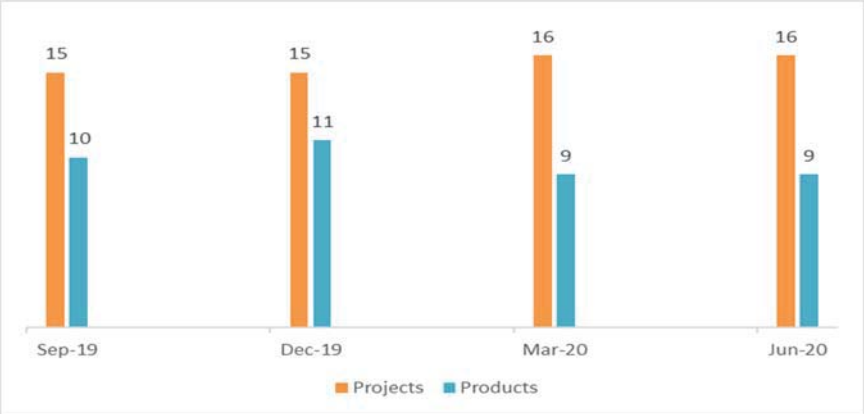
s47E(d) [redacted]

Projects and Products of Interest Overview

After the exit of the ADF Identification Friend or Foe and Automatic Dependent Surveillance (AIR 90- Phase 1), there are 16 Projects of Interest. One new Project of Interest, Submarine Escape Rescue and Abandonment System (SEA 1354 Phase 1) entered the list in June 2020.

The **Submarine Escape Rescue and Abandonment System** was listed as a Project of Interest due to s33(a)(i), s47E, s47G [redacted] Further senior review is underway to consider a way forward for the project.

Figure 1. Number of Projects and Products of Interest over the last 12 months



CASG Domain Overview

The following overviews are from each of the four capability domains and the business management domain for the quarter.

Air

This quarter, the fast pace of the key acquisition and sustainment initiatives have continued despite the ongoing impacts of the COVID-19 pandemic. Air Domain is focussed on supporting capability, whilst also monitoring risks in the global supply chain and ensuring the safety of Air Domain personnel. The global aerospace industry, particularly in Europe and the United States, has been affected by COVID-19 and minor delays were experienced in some areas, however, these have remained manageable and have not directly influenced Air Domain's ability to provide capability to Navy, Army and Air Force. Where possible, consideration has been given to repurposing workforce in the Australian aerospace industry who have been impacted by COVID-19. A great achievement for 37 former Qantas and Virgin Australia staff who are now employed by Northrop Grumman Australia in support of the **C-27J Spartan** capability.

Improving the robustness and responsiveness of engineering support, spares and repair supply chains is a key focus area. Defence remains closely engaged with Lockheed Martin over **F-35A Lightning II** deliveries and two more aircraft were accepted over the quarter, bringing Australia's global fleet to 26. Defence has also been closely engaged with Airbus Defense & Space and Leonardo in Europe over support to the **KC-30A Multi Role Tanker Transport**, **MRH 90 Multi-Role Helicopter** and **C-27J Spartan fleets**.

Achievements include the announcement to commit to acquiring a third **MQ-4C Triton** and the rollout of the first **Loyal Wingman Air Teaming System** jointly developed with Boeing Defence Australia. Importantly, the military type certificate for the C**-27J Spartan** has been issued. A result of an estimated 150,000 hours of effort over 8 years to assemble and interpret evidence to assure the conformance of the C-27J to relevant standards.

The **Pilot Training School** located at East Sale commenced flying in January this year with all **PC-21** aircraft, simulators and training systems delivered and qualified. The first pilot's course was due to be completed in July 2020, however this has been impacted by COVID-19 restrictions including an operational pause in flight training. In collaboration with industry partners, Defence is producing quality graduates and has implemented systems to identify improvements to ensure training is contemporary and industry best practice.

Internationally, the **Next Generation Jammer** cooperative program progressed with the United States Navy, in signing the Memorandum of Understanding for the next phase of the program. A **C-17A Globemaster III** and **C-130J Hercules** aircraft were flown to the United States for scheduled upgrades and deeper maintenance. These activities were carefully planned to ensure appropriate aircrew quarantine measures and safety.

Australian Industry, despite the challenging environment, remains competitive and continues to secure contracts in support of Air Domain projects and products. The **Classic Hornet** aircraft completed its final deeper maintenance servicing. This was the 163rd deeper maintenance servicing conducted by Boeing Defence Australia since 2013, which generated an additional 140,000 flying hours for the capability and contributed $200 million to the Australian economy.

Across the Air Domain, industry resourcing, particularly in some key engineering categories, is constrained due to concurrent demand across the approved and unapproved programs. Air Domain Divisions are continuing to work closely with their Capability Managers and industry partners to manage these resource constraints, and the constraints due COVID-19, to achieve the optimal capability, cost and schedule trade-offs at an acceptable level of risk.

Joint

A growing number of industries continue to manage the impact of COVID-19 on supply chains necessitating greater intervention to minimise disruptions. Across the Joint domain there are increasing delivery timeframes, greater disruption to systems installations, suspension of some services and slowdown in freight movements, particularly from the United States. As suppliers shift from air freight to sea freight there is added pressure to industry's capacity and capability to deliver services.

Measures have been implemented to ensure the resilience and capacity of industry to deliver outcomes. This includes engagement with our industry partners to conduct long-term contingency planning, close monitoring of critical supplies to minimise the impact to Australian Defence Force capability, and by developing Australian industry capability. Relief strategies on suppliers involve Prime Contractors actively working to determine assistance opportunities for Australian suppliers, opportunities to shorten shipping, receipt and inspection timeframes, and greater knowledge sharing on emergent risks associated with supply.

There is close management of critical Explosive Ordnance supply chains to ensure ADF capabilities are not adversely affected. Long lead times for some natures and the relatively long shelf life for most products, combined with the COVID-19 global supply chain issues, is constraining the flexibility to balance inventory against dynamic preparedness and training requirements for the Services. In the short to medium term, the disruption to supply chains is manageable. Further COVID-19 impacts are likely to manifest within the next nine to 12 months due in part to production ceasing during the recent lockdowns across specific manufacturing industries worldwide s33(a)(i) [redacted]

Notwithstanding delays to some components, the **Satellite Communications Program** (JP 2008) has progressively introduced significant SATCOM capabilities. The Program is largely progressing to revised schedule in accordance with the programmatic plan agreed with the Capability Manager. However, the impacts of COVID-19 continue to be felt across a number of phases as cross-border and international travel restrictions impact systems testing, acceptance activities and equipment installations. The full impact of COVID-19 disruptions on the program is still to be determined.

The **Integrated Battlefield Telecommunications Network** (Land 2072 Phase 2B) continues to deliver leading-edge communications capability to Army and Air Force. Close collaboration between all parties has ensured that system build, test, rollout and introduction into service activities are occurring ahead of the re-baselined schedule. s33(a)(i) [redacted] Defence is working with the prime contractor to mitigate workforce inefficiencies introduced by COVID-19. The full impact of COVID-19 is still being defined.

Land

This quarter has severely tested the resilience of Land Domain and our industry partners as well as that of the general population. The dedication that has been shown by all parties to stay positive, and focus on how we can best work together to support our people and their families under a remote workforce model, has been impressive. As Stage 4 restrictions have commenced in Melbourne, I remain incredibly proud of the team and the manner in which they are looking after themselves and their colleagues and am grateful for the support we continue to receive. I need to recognise those in leadership positions and our small Headquarters team who have worked extremely hard to establish a positive environment across a distributed workforce.

There has been a great deal of progressive thinking to leverage technology whilst maintaining critical work schedules to deliver against acquisition and sustainment activities. There are several notable achievements since the March. The Production Reliability Acceptance Testing for the **Hawkei Protected Mobility Vehicles (Light)** has been successfully completed and we are now working with Thales to finalise arrangements prior to entering full rate production. The **Lethality Systems** (Land 159) team finalised contract negotiations with NIOA for Stage 1, of Tranche 1 of that project, to conduct market solicitation and provide high confidence cost data to support Government consideration.

Many other projects and sustainment activities have spent long hours using GovTeams and other virtual means to continue to communicate with industry and internal Defence stakeholders. A virtual industry briefing conducted for **Integrated Soldier Systems** (Land 125 Phase 4) proved to be cost effective means of participation for businesses across Australia to then later engage businesses within their supply chains. Based its success, it is an approach likely to be incorporated into normal business with small to medium enterprises to boost access and opportunities.

In some cases, the delays are simply unable to be mitigated due to a range of factors involving global supply chains, travel restrictions and border controls. These delays have been managed in a transparent manner with a high degree of tolerance and empathy shown by all stakeholders. I have been genuinely appreciative of the early and honest advice provided by industry in these cases, which in most cases has enabled us to develop workable compromises.

Within **Mounted Combat Reconnaissance Capability** (Land 400 Phase 2), Rheinmetall Defence Australia has advised Defence of slight delays in the delivery of Block I vehicles driven by issues in the global Boxer program as well as the impact of COVID-19. Defence continues to work closely with this Industry partner to manage the delivery of the Boxer vehicles and reduce the impact of delays on Army's test and evaluation program. Three vehicles have now been delivered and are currently undergoing test and evaluation activities.

Within **Land Combat Vehicle System** (LAND 400 Phase 3), the Stage 2 Risk Mitigation Activity is in progress with shortlisted tenderers Hanwha Defense Australia and Rheinmetall Defence Australia. The Risk Mitigation Activity is being conducted over a two year period until Quarter 4 2021. Defence has extensively engaged with the shortlisted tenderers to clarify and refine their offers through workshops. This includes the review and development of a range of contract deliverables and plans for this stage. Defence and the two shortlisted tenderers conducted an Australian Industry Capability Roadshow at various locations around Australia in March – May 2020. Initially face-to-face, these meetings enabled companies across Australia to showcase their capabilities. It provided an opportunity for both shortlisted tenderers to identify local businesses able to contribute to their supply chains. Following the introduction of COVID-19 restrictions in March, the Roadshow was successfully transitioned to virtual meetings with a total of 400 Australian businesses participating in the Roadshow. Defence is actively working with the shortlisted tenderers to minimise the impact of COVID-19 on the Risk Mitigation Activity. Some schedule relief has been provided with resequencing of test and evaluation activities.

Maritime

Defence continues to make significant progress against the Government's 2017 Naval Shipbuilding Plan to deliver and sustain world-class naval capabilities and achieve the Government's ambitious agenda to transform our naval shipbuilding and sustainment industry. The 2020 Force Structure Plan, released on 1 July 2020, further expands the Naval Shipbuilding Enterprise. Notable achievements over this quarter include:

- Operational availability of the ***Collins* Class** submarines has been sustained at levels exceeding international benchmarks.

- Development of the **Submarine Construction Yard** at Osborne North has continued following the completion of piling for the Platform Land Based Test Facility and commencement of steel frame erection of the Combat System Physical Integration Facility.

- The plan to recover the 5-week delay in the design schedule for the ***Attack* Class** submarine by January 2021 has been implemented and is holding, although impacts generated by the COVID-19 restrictions in France have consumed all float in that plan.

- The third and final *Hobart* Class destroyer, **HMAS *Sydney***, was commissioned at sea on 18 April 2020. All three *Hobart* Class destroyers have now been delivered to Navy. The Chief of Navy declared Final Materiel Release on 29 June 20.

- **HMAS *Brisbane*** completed the upgrade to the aviation facilities required to fully integrate the MH-60R Seahawk Romeo helicopter in June 2020. All three *Hobart* class destroyers have now had this modification completed.

- **ASC Shipbuilding** signed a contract with Australian company Bluescope Steel AIS for the prototyping phase of the *Hunter* program on 3 June 2020. The contract is worth $2.6 million and is for steel plate that will be used to construct five ship blocks to build experience in the workforce and test processes, systems and tools in the new Osborne South shipyard.

- The first six ***Guardian* Class** boats have been handed over to the Pacific Island Countries. Boat seven is waiting handover to Palau and boats eight to twelve are currently in production. Palau's vessel has transited to Darwin and arrangements are being made to transit it to Port Macquarie. Boat eight (Kiribati) has been delayed until further notice due to COVID-19 restrictions. Seven Pacific Patrol Boats from the current fleet have arrived for disposal at Port Macquarie.

- The consolidation weld joining the two halves of the first *Arafura* class offshore patrol vessel hull is complete and the superstructure is being put in place. Block consolidation work continues on the second ***Arafura* Class** at Osborne.

- The build of the first **Offshore Patrol Vessel** at Henderson is progressing well with eight blocks currently under construction. The keel for this ship was laid in June 2020.

- Production of the first two of six new evolved ***Cape* Class** patrol boats by Austal has commenced. The keel for the first boat was laid on 11 June 2020.

- The **Warship Asset Management Agreement Alliance** (comprised of BAE Systems, Naval Ship Management, Saab Systems and the Commonwealth) successfully completed the *Anzac* Class Mid-life Capability Assurance Program on HMA Ships *Arunta and ANZAC*, (further developmental testing remains ongoing). This has included the fielding of the Australian designed and manufactured long range active phased array radar.

Completion of **Greenfield facilities** at Osborne South has occurred. Handover of the remaining aspects of the site from the Managing Contractor, Lendlease, to Australian Naval Infrastructure has been

achieved. Australian Naval Infrastructure are now in the process of handing the yard over to ASC Shipbuilding.

The development of a **class agnostic regional maintenance centre** concept through Plan Galileo is progressing with continued engagement with industry in Western Australia, the Northern Territory and Queensland. This will enable maritime sustainment both within Defence and industry to better support the outputs of the continuous shipbuilding program. The development of Regional Maintenance Centres in strategic locations around the country will support long term capability outcomes.

Defence and the Western Australian Government began cooperation on a range of studies that will build upon the strategic planning of the **Henderson Strategic Infrastructure and Land Use Plan,** and any future related naval shipbuilding infrastructure investment. Funded by Defence as part of the COVID-19 economic stimulus initiatives, it addresses Henderson infrastructure concerns such as wharf design, ship lift and docking options, vessel transfer paths, security, utilities, facilities and amenities, integrated transport solutions, large vessel dry berth arrangements, and large vessel shipbuilding options.

Matching the supply of **experienced workers** to shipbuilding production schedules presents an ongoing risk for the naval shipbuilding enterprise. While the shipbuilding prime contractors retain responsibility for the commercial recruitment and retention decisions that they are best placed to make, Defence, assisted by the **Naval Shipbuilding College** and relevant State and Federal Government departments, is playing an active role in facilitating the development of a coordinated and collaborative approach to workforce development and skilling.

Defence is conscious of the **competition for skilled workers** within the broader labour market in Australia, including competition from other large defence programs, national and state civil infrastructure projects, the mining and resources sector and advanced manufacturing industries. As such, considerable effort has been given to the retention of shipbuilding skills and experience within the sector – not just in terms of total workforce numbers but in preserving proficient and experienced teams.

The **first 18 shipbuilding apprentices** to join the ***Hunter* Class frigate program** have been welcomed to South Australia's Osborne Naval Shipyard in mid July 2020. These apprentices are the first of the estimated 1000 apprentices and graduates to be employed by ASC Shipbuilding over the life of the program.

Efforts continue to be made to manage capability delivery while **observing protocols for the management of COVID-19**. Defence and industry have worked closely to support one another and mitigate potential impacts. There have been no material disruptions to planned maintenance activities for the Collins fleet. Using existing IT networks, it has also been possible to progress design work on the *Attack* class submarine. It remains too early to assess all of the longer-term impacts generated by COVID-19.

Business

The full COVID-19 impacts on Defence's contracts are still being assessed, but are likely to be more clear to Defence in late 2020-early 2021. In the meantime, Defence has continued to respond to COVID-19 impacts on industry through its implementation of the **Recovery Deeds**. Industry has been broadly supportive of the Recovery Deed and Defence expects to execute Recovery Deeds with 22 of its key Contractors, covering 144 individual contracts. For each contract, the Contractor will generate a Recovery Plan which will set out how they propose to address the COVID-19 impacts on the contract. These Recovery Plans will, in conjunction with any necessary evidence, be used to inform Defence about any contract changes that will need to be effected.

Overview of the Key Acquisition Projects

The key performance metrics in acquisition are capability, schedule and cost. Detailed project performance summaries are usually available in the supplementary reference to the Quarterly Performance Report. Detailed project performance information is available in the Monthly Reporting Module. Access for those with a need to know can be arranged on request.

Capability

s33(a)(i)

Figure 2. Project Capability performance changes

s33(a)(i)

Submarine Escape and Rescue System was declared a Project of Interest in June 2020. Refer to Projects and Products of Interest Overview for explanation.

All 35 of the required **Protected Mobility Vehicle - Light (Hawkei)** missions systems have been delivered to the 3rd Brigade in Townsville. Detailed planning with Army continues for the conduct of Operational Test and Evaluation in August 2020 and the Hawkei roll-out to the 7th Brigade in Brisbane.

Schedule

Performance against schedule is the main area of concern across the acquisition program. Schedule outcomes are largely driven by Defence's commitment to deliver on the full scope, often with ambitious schedules, not compromise on the quality of the capability outcome and adhere to budget.

Of the 30[1] Key Acquisition Projects, 14 have achieved Initial Operational Capability. Nine of these were achieved either on time or early and five achieved late. Those projects are now working towards achieving Final Operational Capability, some with forecast delays. Most of the 19 projects working towards Initial Operational Capability are on time. Seven projects forecast delays and five of those are being managed as Projects of Interest, with some plans impacted by platform availability.

The Quarterly Performance Report is a snapshot in time. Quarter-to-quarter forecasts and variations within approved plans are expected when managing complex projects over a long delivery period.

Cost

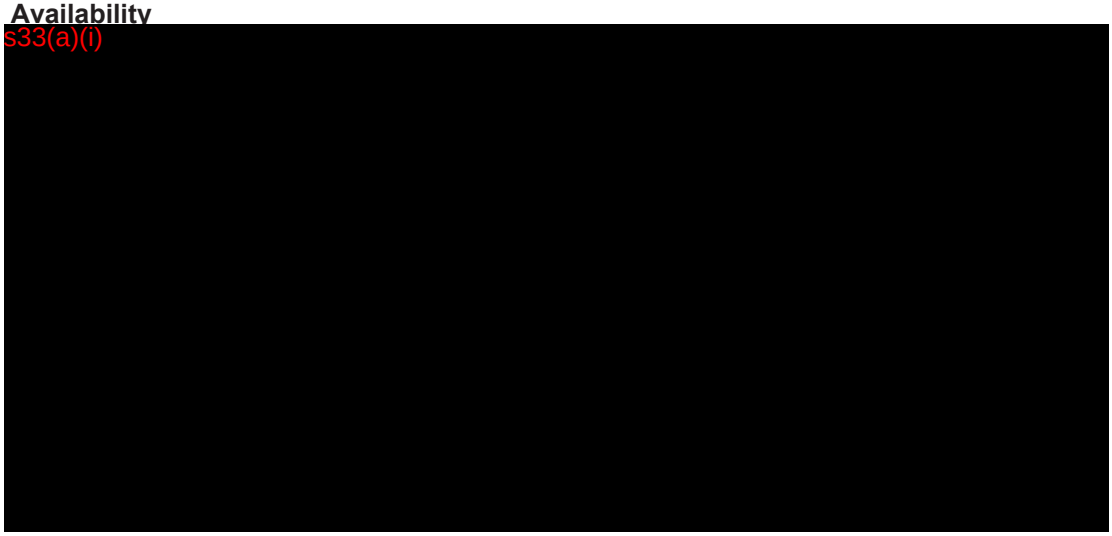
The Projects cost performance is on target for all Key Acquisition Projects for end of financial year. Projects overall within the program have achieved full spend against the available Acquisition budget for this financial year. There has been an increase in expenditure this quarter due to Defence accelerating payments to suppliers by making immediate payment as invoices are approved irrespective of the contracted payment terms.

Overview of the Top 30 Sustainment Products

The key performance metrics are availability and cost. Detailed product performance summaries are usually available in the supplementary reference to the Quarterly Performance Report. Detailed product performance information is available in the Sustainment Performance Management System. Access for those with a need to know can be arranged on request.

Availability

s33(a)(i)



Traffic light changes since the last quarter are shown in the figure below.

[1] Three of the 33 Key Acquisition Projects do not yet report on Operational Capability milestones.

Figure 3. Product Availability performance changes

The Rate of Effort for the **C130J-30 Weapon System** was reduced this quarter due to COVID-19 restrictions. The reduced operational demand offset the increased Rate of Effort experienced due to Operation Bushfire Assist.

Change in traffic light for the s33(a)(i)

The overall **Explosive Ordnance Air Force Munitions** inventory is in good health with minor exceptions due to production delays because of COVID-19. Defence works closely with the United States Navy and other United States and United Kingdom agencies to ensure continued supply of Non-Guided Explosive Ordnance stores remain sustainable for the Australian Defence Force.

The Capability, Acquisition and Sustainment Group are working together with s33(a)(i)

s33(a)(i)

Cost

The Top 30 sustainment products underspent their overall final budget by $29m, or around 0.6%. The end of financial year sustainment results indicates that Capability Managers have been able to prioritise and manage sustainment risk throughout 2019-20, and will assist in managing sustainment budget pressure in 2020-21. There has been an increase in Sustainment expenditure as well due to Defence accelerating payments to suppliers by making immediate payment as invoices are approved irrespective of the contracted payment terms.

Key Acquisition Project Dashboard

#	Project Number	Project Name	Year of Decision	ACAT Value	Materiel Capability / Scope	Materiel Schedule IOC	Materiel Schedule FOC	Cost
AIR CAPABILITIES								
Aerospace Systems					s33(a)(i)			
1	**AIR05077PH5A**	**AEW&C Interoperability Compliance Upgrade (Project of Interest)**	2013	ACAT II		Red	Red	Green
2	AIR05349PH3	Growler Airborne Electronic Attack Capability	2013	ACAT II		Red	Green	Green
3	**AIR06000PH2AB**	**New Air Combat Capability (Project of Interest)**	2009	ACAT I		Green	Green	Green
4	**AIR07000PH1B**	**MQ-4C Triton Remotely Piloted Aircraft System (Project of Interest)**	2014	ACAT II		Green	Green	Green
5	AIR07000PH2	P-8A Maritime Patrol and Response Aircraft (MPRA) System	2014	ACAT II		Green	Green	Green
6	**AIR08000PH2**	**Battlefield Airlift - Caribou Replacement (Project of Interest)**	2012	ACAT II		Green	Red	Green
Helicopter Systems								
7	**AIR02025PH6**	**Jindalee Operational Radar Network (JORN) (Project of Interest)**	2017	ACAT II		Red	Red	Green
8	**AIR05428PH1**	**Pilot Training System (Project of Interest)**	2015	ACAT II		Green	Green	Green
9	**AIR05431PH3**	**Civil Military Air Traffic Management System (CMATS) (Project of Interest)**	2014	ACAT I		Green	Green	Green
10	**AIR09000PH2, 4 & 6**	**Multi-Role Helicopter (MRH) 90 (Project of Concern)**	2004	ACAT I		Red	Red	Green
11	AIR09000PH8	Future Naval Aviation Combat System (MH-60R) Seahawk Romeo	2011	ACAT II		Green	Green	Green
12	JNT00090PH1	ADF Identification Friend or Foe and Automatic Dependant Surveillance - Broadcast	2016	ACAT II		Green	Green	Green
JOINT CAPABILITIES								
Joint Systems								
13	**JNT02008PH5A**	**UHF SATCOM (Program of Interest)**	2009	ACAT II		Green	Red	Green
14	**JNT02008PH5B2**	**Satellite Ground Station - East and Wideband SATCOM Network Management (Program of Interest)**	2017	ACAT III		Green	Green	Green
15	JNT02072PH2B	Battlespace Communications System (Land) [BCS(L)]	2015	ACAT I		Red	Red	Green
16	**LND0200PH2A**	**Battle Command Systems (Tranche 2) (Project of Interest)**	2017	ACAT I		Red	Red	Green
17	SEA01442PH4	Maritime Communications Modernisation	2013	ACAT II		Green	Red	Green
LAND CAPABILITIES								
Land Systems								
18	LND00053PH1BR	Night Fighting Equipment Replacement	2016	ACAT III		Green	Green	Green
19	LND00121PH3B	Medium and Heavy Capability	2007	ACAT I		Green	Green	Green
20	**LND00121PH4**	**Protected Mobility Vehicle - Light (PMV-L) (Project of Interest)**	2015	ACAT I		Green	Green	Green
21	LND00121PH5	Tactical Training Vehicles	2018	ACAT I		Green	Green	Green
Armoured Vehicles								
22	LND00400PH2	Mounted Combat Reconnaissance Capability (MCRC)	2018	ACAT I		Green	Green	Green
MARITIME CAPABILITIES								
Maritime Systems								
No Top 30 or MPR Projects								
Ships								
23	SEA01180PH1	Offshore Patrol Vessel	2017	ACAT II		Green	Green	Green
24	SEA01448PH4B	ANZAC Air Search Radar Replacement	2017	ACAT II		Red	Green	Green
25	**SEA01654PH3**	**Maritime Operational Support Capability (Project of Interest)**	2016	ACAT II		Red	Green	Green
26	SEA03036PH1	Pacific Patrol Boat Replacement	2016	ACAT II		Red	Green	Green
27	SEA04000PH3	Air Warfare Destroyer Program	2007	ACAT I		Green	Green	Green
28	**SEA05000PH1**	**Future Frigate - Design and Construction (Project of Interest)**	2018	ACAT I		Not Rated	Not Rated	Green
Submarines								
29	SEA01000PH1B	Future Submarine Design and Construction - Program Design and Mobilisation stage	2019	ACAT I		Not Rated	Not Rated	Green
30	**SEA01354PH1**	**Submarine Escape Rescue and Abandonment System (SERAS) (Project of Interest)**	2018	ACAT III		Red	Red	Amber
31	SEA01439PH3	Collins Submarine Platform Systems Improvements (Collins Reliability and Sustainability)	2000	ACAT III		Green	Green	Green
32	SEA01439PH5B2	Collins Class Communications and Electronic Warfare Improvement Program	2015	ACAT II		Red	Green	Green
33	SEA01439PH6	Collins Sonar Capability Assurance Program	2018	ACAT II		Green	Green	Green

Top 30 Sustainment Product Dashboard

#	Product No	Product Name	MS-CAT Value	Introduction Into Service	Planned Withdrawal Date	Availability	Cost Year End
		AIR CAPABILITIES				s33(a)(i)	
		Aerospace Systems					
1	CAF02	F/A-18A/B Classic Hornet	MSCAT II	1985	2022		Green
2	CAF03	Lead-In Fighter Hawk Weapon System	MSCAT III	2000	2025		Red+
3	CAF06	C130J-30 Weapon System	MSCAT III	1999	2030		Green
4	CAF19	C-17 Heavy Air Lift Weapons System	MSCAT III	2006	2036		Red-
5	CAF20	E-7A Wedgetail Airborne Early Warning and Control system	MSCAT II	2009	2039		Amber-
6	CAF21	F/A18F Super Hornet Weapon System	MSCAT II	2010	2030		Green
7	CAF22	KC-30A Weapon System	MSCAT II	2011	2031		Red-
8	CAF30	Joint Strike Fighter (JSF)	MSCAT I	2014	2052		Red+
9	**CAF34**	**C-27J Battlefield Airlifter Sustainment (Product of Interest)**	MSCAT III	-	2037		Red+
10	CAF35	P8 Poseidon	MSCAT II	2016	2051		Red+
		Helicopter Systems					
11	**CA12**	**Armed Reconnaissance Helicopter Weapon System (Product of Interest)**	MSCAT II	2004	2028		Red-
12	**CA48**	**Multi Role Helicopter (MRH90) (Product of Interest)**	MSCAT II	2007	2040		Red-
13	CN35	MH-60R Seahawk Romeo Weapon System	MSCAT II	2014	2048		Green
14	CAF37	Pilot Training System	MSCAT II		2042		Red-
15	**CAF12**	**Air Traffic Management (Product of Interest)**	MSCAT II	1982	2023		Red-
16	CAF13	Wide Area Surveillance (WAS)	MSCAT II	2003	2025		Green
		JOINT CAPABILITIES					
		Joint Systems					
17	**CA59**	**Army Munitions & Guided Weapons (Product of Interest)**	MSCAT III	Multiple	Multiple		Green
18a	CAF32	Explosive Ordnance Air Force Munitions	MSCAT III	Multiple	Multiple		Green
18b	CAF33	Explosive Ordnance Guided Weapons	MSCAT III	Multiple	Multiple		Green
19	**CN54**	**Navy Explosive Ordnance (Product of Interest)**	MSCAT II	Multiple	Multiple		Green
20	CJC01	Explosive Ordnance Manufacturing Facilities	MSCAT II				Red+
21	CA31	Battlespace Communication Systems	MSCAT III	1989	2020		Green
22	**CA40**	**Command and Intelligence Systems**	MSCAT II	2000	2021		Red+
		LAND CAPABILITIES					
		Land Systems					
23	CA19	Commercial Vehicles Fleet	MSCAT III	Multiple	2021		Green
24	CA39	ADF Clothing	MSCAT II	Multiple	2099		Green
		MARITIME CAPABILITIES					
		Maritime Systems					
25	CN02	Anzac-Class Frigate (FFH)	MSCAT II	1996	2032		Green
26	**CN34**	**Canberra Class Landing Helicopter Dock (Product of Interest)**	MSCAT I	2014	2054		Green
27	**CN40**	**Hobart Class Destroyer (DDG) (Product of Interest)**	MSCAT I				Green
28	CN46	Sustainment of Hydrographic Capability	MSCAT III	Multiple	Multiple		Green
29	CN49	Maritime Cross Platform		Multiple	Multiple		Amber+
		Submarines					
30	CN10	Collins Class Submarine	MSCAT I	1996	2030		Green

Section 2 – Projects of Concern

Project of Concern Reports

The Projects of Concern regime was established in 2008 and continues to be a successful management tool for remediating problem projects. This process allows the Ministers, the Department and Defence Industry to positively work together to establish a pragmatic remediation path, with the objective of returning the project to the usual management framework.

Under the reporting framework, determining whether a project or product should be added as a Project/Product of Concern generally begins when the Quarterly Performance Report highlights a Project or Product of Interest, in combination with Independent Assurance Review recommendations.

Entry to and exit from the Projects/Products of Concern list is decided by the Minister for Defence and the Minister for Defence Industry, either at the recommendation of the Deputy Secretary CASG and the relevant Capability Manager, or at the Ministers' own instigation. The removal of projects and products are recommended based on either project remediation or project/contract cancellation.

There are two Projects of Concern:

1. MRH90 Helicopters (AIR09000PH2, 4 and 6), and
2. Deployable Defence Air Traffic Management and Control System (AIR05431PH1).

Image: A MRH-90 Taipan being refuelled while supporting Operation Bushfire Assist in January 2020

1. Multi-Role Helicopter (MRH-90) (AIR09000PH2, 4 and 6)

The project has provided 47 new Multi-Role Helicopters (MRH-90) and support systems to undertake battlefield lift operations, support Special Operations and domestic counter terrorism operations and facilitate the expansion of the Australian Defence Force's amphibious deployment and sustainment capability.

The project was declared a Project of Concern in November 2011 due to poor engine reliability and technical issues, and low availability rates impacting operational capability. There is an ongoing inability to meet capability delivery milestones and performance criteria.

Initial issues integrating the Electronic Warfare Self Protection system are resolved and the aircraft is available for operations with an appropriate risk assessment. The sustainment system, under the corresponding product (CA48) is not yet achieving the approved level of capability and is being managed as a Product of Interest. The aircraft replace Army Blackhawk and Navy Sea King helicopters and delays to the MRH-90 program impact the sustainment of the existing helicopter fleet. The Black Hawk fleet has been extended to 2022.

Benefits Realisation

s33(a)(i), s47E(d), s47G [redacted]

Multi-Role Helicopter (MRH) 90 (AIR09000PH2, 4 and 6)

Progress and emerging issues in summary	s33(a)(i) [redacted] Enhanced Cargo Hook System design approval by the Defence Aviation Safety Authority was achieved in May 2020. Other role equipment to support s33(a)(i) [redacted] and achievement of Final Materiel Release continues to progress. Service Release of the fast roping and rappelling system was achieved in June 2020.
Key issue	Enhanced Cargo Hook System service release.
Remediation	Complete engineering investigation to allow resolution of the Enhanced Cargo Hook System design issue, closure of the Initial Qualification Review, gain approval by the German National Qualification Organisation and retrofit of the manufactured systems.
Forecast achievement	Service release of the Enhanced Cargo Hook System is expected in Quarter 3 2020.
Risks and impacts to Capability, Schedule and Cost	Schedule risk remains high and is being actively managed. There are limited opportunities to recover schedule. Delays are not impacting direct costs to the Commonwealth.
Constraints	
Key issue	Delivery of key operational capabilities with specific role equipment such as the enhanced mission troop seats, redesigned solutions for fast roping and rappelling, improved gun mount, aero-medical evacuation equipment and the Common Mission Management System.
Remediation	Mitigation involves identifying and tracking critical path activities. s33(a)(i) [redacted] here is high-level engagement with European and local Industry. Contract provisions to incentivise timely delivery, s33(a)(i) [redacted]
Forecast achievement	Final Materiel Release is forecast for Quarter 3 2021.
Risks and impacts to Capability, Schedule and Cost	The schedule to achieve Final Materiel Release is under pressure due to the number and complexity of the supplies to be delivered. The impact s33(a)(i) [redacted] is being managed in consultation with the Capability Manager. The remaining requirements to meet Final Materiel Release will be funded within the project budget.
Constraints	Multi-Role Helicopter Program Workforce, retaining the right people to achieve the required rate of acquisition deliverables. Detailed workforce planning is ongoing to ensure that remaining activities can be resourced through the Australian Defence Force, Australian Public Service or contracted means.
Removal criteria	When the Project was originally made a Project of Concern in 2011, poor level of supportability was cited as a key concern. From 2016-2018, the support and performance of the platform was sufficiently acceptable to not be flagged as an outstanding closure criteria. The platform's supportability is also being managed as a Product of Interest through the Multi-Role Helicopter Weapon System. s33(a)(i) [redacted] he remaining items required for Special Operations Capability are being closely managed outside the Project of Concern remediation.

s33(a)(i) [redacted]	Schedule						Cost
	Milestone	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$3,773.9m
	Approved	05 Dec 2014	27 Feb 2015	Aug 2021	Jul 2019	**Spend to Date**	$3,322.1m
	Forecast	Achieved	Achieved	Jun 2021	Dec 2021	**RCI/RCD?**	No

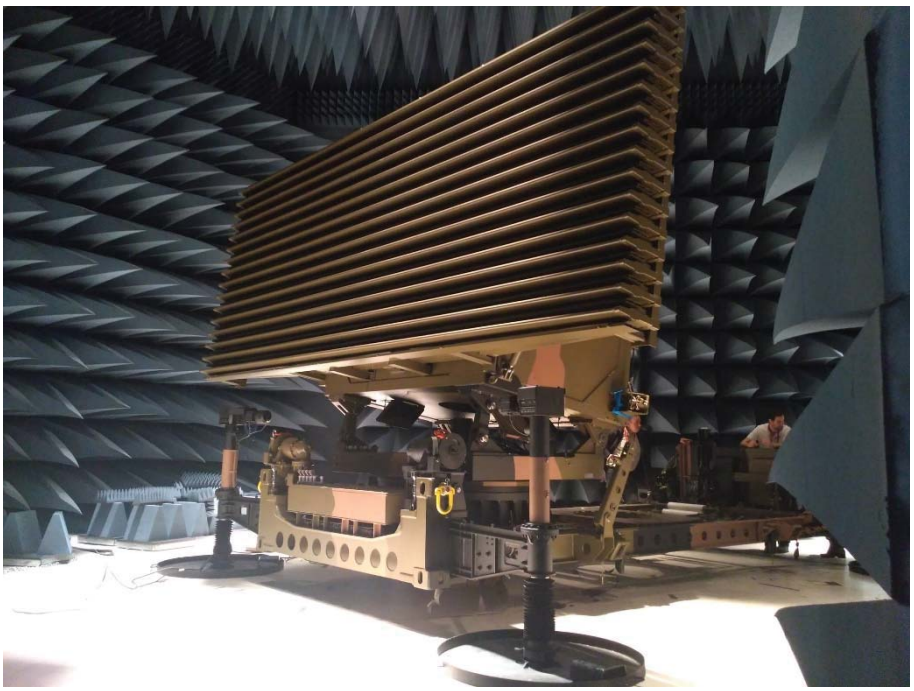


Image: Engineers conducting a test on the AIR05431PH1 radar system in a specialised chamber. The radar forms part of the Deployable Defence Air Traffic Management and Control System.

2. Deployable Defence Air Traffic Management and Control System (AIR05431PH1)

The project will provide three deployable Defence Air Traffic Management and Control Systems through the prime contractor Indra Australia, with the majority of the mission system provided by parent company Indra Sistemas.

The project was declared a Project of Concern in August 2017 due to significant schedule delays. The delays are due s47G [redacted]

s33(a)(i), s47E(d) [redacted]

s33(a)(i), s47G [redacted]

Benefits Realisation

s47G [redacted]

Deployable Defence Air Traffic Management and Control System (AIR05431PH1)

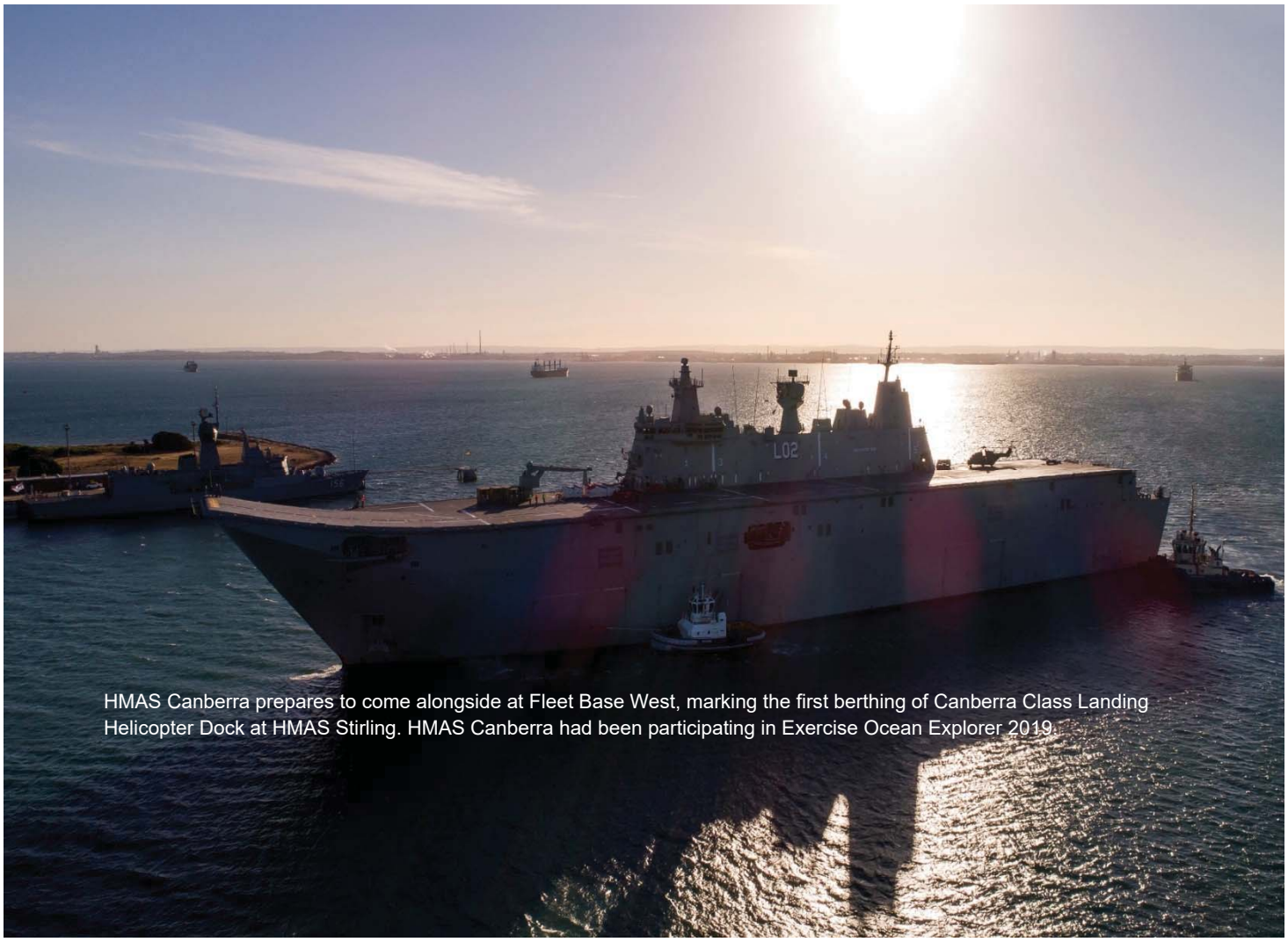
Progress and emerging issues in summary	Radar construction and software development have been completed. Local subcontractor Daronmont has commenced installation into the deployable cabins and integration of the first full system is scheduled to commence in Quarter 4 2020. Testing of the first radar sensor has commenced and is scheduled for completion in Quarter 3 2020. The relationship between the Commonwealth and Indra has been steadily improving and the productivity on the project has increased significantly since the December 2019 Projects of Concern Summit. COVID-19 has impacted both the Australian and Spanish based project activities. This impact has not yet affected achievement of milestone dates as Indra had been working to a more aggressive internal schedule. Further impacts are possible, as Defence work through travel and other restrictions, especially if more outbreaks of COVID-19 occur in Australia or Spain. Detailed Design Review was achieved in February 2020, which was 5 months earlier than the amended contract milestone date.
Key issue Remediation *Forecast achievement* *Risks and impacts to Capability, Schedule and Cost* *Constraints*	s33(a)(i), s47E(d), s47G [redacted]
Removal criteria	s33(a)(i) [redacted]

Capability	Schedule						Cost
s33(a)(i) [redacted]	Milestone	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$95.5m
	Approved	Dec 2017	Aug 2018	Jan 2019	Aug 2019	**Spend to Date**	$41.3m
	Forecast	Mar 2022	Jun 2022	Sep 2022	Apr 2023	**RCI/RCD?**	No

Section 3 – Projects and Products of Interest

No 3 Squadron has conducted the first RAAF F-35A Joint Strike Fighter transition course in Australia at the Integrated Training Centre, RAAF Base Williamtown.

Two pilots completed their first transition training flight in the F-35A on 15 July 2019 after undertaking an intensive two month academic and simulator training program. They will be posted to No 3 Squadron on completion of their training.



HMAS Canberra prepares to come alongside at Fleet Base West, marking the first berthing of Canberra Class Landing Helicopter Dock at HMAS Stirling. HMAS Canberra had been participating in Exercise Ocean Explorer 2019.

Project of Interest Reports

Acquisition projects with issues and risks raised against schedule, cost, and/or capability performance that warrant heightened internal senior management attention become Projects of Interest. Each Project of Interest reports on performance, risks and the pathway to remediation highlighting Industry and Defence management actions undertaken. There are 16 Projects of Interest, listed in order of ACAT rating.

No.	Project Name (Number)	ACAT Rating	First reported as a Project of Interest
1	Future Frigate – Design and Construction (SEA05000PH1)	I	March 2020
2	New Air Combat Capability (AIR06000PH2AB)	I	June 2017
3	Civil-Military Air Traffic Management System (AIR05431PH3)	I	June 2018
4	Battlefield Command System (LND0200PH2)	I	September 2018
5	Protected Mobility Vehicle – Light (LND00121PH4)	I	December 2018
6	Pilot Training System (AIR05428PH1)	II	September 2017
7	Defence Satellite Communications Capability (JP2008)	II	March 2019[1]
8	Airborne Early Warning and Control Interoperability Compliance Upgrade (AIR05077PH5A)	II	December 2018
9	Maritime Operational Support Capability (SEA01654PH3)	II	December 2018
10	Jindalee Operational Radar Network (AIR02025PH6)	II	September 2019
11	MQ-4C Triton Remotely Piloted Aircraft System (AIR07000PH1B)	II	March 2020
12	Battlefield Airlifter – Caribou Replacement (AIR08000PH2)	II	March 2020
13	Rapid Environmental Assessment (JNT01770PH1)	III	March 2017
14	C-130J Block Upgrade (AIR05440PH1)	III	September 2018
15	Fixed Defence Air Traffic Control Surveillance Sensors (AIR05431PH2)	III	December 2018
16	Submarine Escape and Rescue System (SEA01354PH1)	III	June 2020

[1] Note the Defence Satellite Communications Capability program replaces UHF SATCOM (JNT02008PH5A) that first reported as Project of Interest in March 2017.

Image: An artist's impression of the BAE Systems SEA 5000 Future Frigate, Global Combat Ship.

1. Hunter Class Frigate- Design and Construction (SEA05000PH1)

The project will deliver nine new Anti-Submarine Warfare (ASW) Frigates to the Royal Australian Navy to replace the Anzac Frigates. The Hunter Class Frigates will provide the Navy with the critical capability to defend Australia into the future. The ships' primary mission will be to detect, track, and if required, destroy enemy submarines. When operating as part of a Navy task group, the Hunter Class Frigate will contribute to air and surface warfare defence, as well as its primary mission of anti-submarine warfare.

The project was listed as a Project of Interest in March 2020 due to size, complexity, risk-profile and media interest. There are no current key issues without remediation plans and the project continues in line with Gate 2 approvals. All scheduled activities have been progressing as planned, although some will need to be reassessed in light of COVID-19 restrictions. Nevertheless, senior management oversight will be continuously warranted.

Despite the realisation of these risks, the delay of programmatic milestones and slippage in design milestones, the commencement of Hunter Class prototyping in December 2020 remains achievable and is considered low risk. Commencement of Ship 1 construction in Quarter 4 2022 also remains on track, however s33(a)(i) [redacted]

Defence continues to work with ASC Shipbuilding on managing risks and associated impacts to the project. However, some of the impacts associated with the issues identified above may yet be further exacerbated by the effects of the COVID-19 pandemic. As such, senior management oversight will continue to be required as the project progresses.

Future Frigate - Design and Construction (SEA05000PH1)

Progress and emerging issues in summary	The project is currently in the Design and Production phase, moving to the contracting phase for the first of three batches. A recent milestone was achieved with the execution of the Agreement for Licence between ASC Shipbuilding and Australian Naval Infrastructure, which will enable ASC Shipbuilding access to the yard and progressive use of the infrastructure at Osborne South leading to cut steel for prototyping in December 2020. COVID-19 travel restrictions had previously impacted completion of several elements of work across the Greenfield site. However, construction of Greenfield facilities is now substantially complete, with a staged handover to ASC Shipbuilding having commenced in July 2020. The completion of the handover is dependent on approval for European Original Equipment Manufacturers travelling to Australia to complete Site Acceptance Testing and training. As expected in a large complex program, there are a number of issues that are currently being managed in addition to COVID-19 disruptions. s47G [redacted] weight increases, Type 26 design backlog and information exchange issues.
Key issue *Remediation* *Forecast achievement* *Risks and impacts to Capability, Schedule and Cost Constraints*	s33(a)(i), s47G [redacted] s47G [redacted] s47G [redacted] It may not be possible to completely ameliorate the impacts from COVID-19 restrictions. The plan to date will need constant review and updating as impacts due to COVID-19 restrictions are better understood.
Key issue *Remediation* *Forecast achievement* *Risks and impacts to Capability, Schedule and Cost Constraints*	s33(a)(i) [redacted] Numerous options of varying complexity and benefit were developed and presented to Defence, with direction provided on which to actively pursue. These range from local design changes to more global design changes. s33(a)(i) [redacted]

Key issue	s33(a)(i) [redacted]
Remediation	
Forecast achievement	
Risks and impacts to Capability, Schedule and Cost Constraints	

Key issue	s33(a)(i), s47G [redacted]
Remediation	
Forecast achievement	
Risks and impacts to Capability, Schedule and Cost Constraints	

Removal criteria	Due to the financial scale of the project and the complexity of the major supporting elements, it is a Project of Interest. The classification will likely remain until the vast majority of the acquisition has been completed.

s33(a)(i) [redacted]

	Schedule			Cost
Milestone	**Prototyping**	**Cut Steel**	**Total Budget**	$6,291.9m
Approved	Dec 2020	Dec 2022	**Spend to Date**	$680.6m
Forecast	Dec 2020	Dec 2022	**RCI/RCD?**	No

Image: Squadron Leader William Grady climbs into an F-35A Joint Strike Fighter for his first flight following transition training at RAAF Base Williamtown.

2. New Air Combat Capability (AIR06000PH2A/B)

The New Air Combat Capability project introduces the F-35A Joint Strike Fighter capability that will meet Australia's air combat needs out to 2030 and beyond. Phase 2A/2B of the project is approved to acquire seventy-two Conventional Take Off and Landing F-35A Joint Strike Fighter aircraft to establish three operational squadrons, a training squadron, and necessary supporting/enabling elements to replace the F/A-18A/B Hornet capability.

The project was listed as a Project of Interest in June 2018 due to the importance of the project and issues identified that could delay Initial Operational Capability. s33(a)(i) [redacted] Senior management oversight will be continuously warranted.

The key issue facing the project this quarter is the impact of the COVID 19 pandemic. As the JSF Program is a truly global enterprise, the restrictions on travel and isolation of personnel has impacted activities across the board. The stoppage of international travel and postponement of some air exercises has forced alternative options to be investigated. s33(a)(i) [redacted] and the unknown future impact of the pandemic means schedule is uncertain in the near term.

New Air Combat Capability (AIR06000PH2A/B)

Progress and emerging issues in summary	The first F-35A aircraft commenced service in Australia in December 2018. This quarter AIR6000Ph2A/B has taken delivery of two aircraft, which are awaiting ferry to RAAF Williamtown. Australia now has 17 aircraft based at RAAF Williamtown and 9 in the USA for a total of 26 aircraft. Four of the USA based aircraft, including the 2 received this quarter, are awaiting ferry to RAAF Williamtown, which is planned for mid-July 2020. s33(a)(i) [redacted] For a Final Operational Capability, Australia expects to establish three operational squadrons and one training squadron, and deliver associated materiel and supporting services.

COVID-19 Impacts to the F-35 Program

Key issue	s33(a)(i) [redacted]
Remediation	s33(a)(i) [redacted] As a key impact is to travel of critical staff, the project has been working with the US and Australian Border Force to seek travel dispensations where possible. Some work has been completed using domestic staff and reach back to parent companies in the US with great success While impacts are already being felt, the bulk of impacts are expected to occur post Initial Operational Capability and are being managed to ensure impact to future capability is kept to a minimum
Forecast achievement	The project is working closely with the F-35 Joint Program Office and Lockheed Martin to reduce the impact of COVID-19 where possible and implement contingency plans where needed. s33(a)(i) [redacted]
Risks and impacts to Capability, Schedule and Cost	s33(a)(i) [redacted] and due to the restrictions governments have imposed in response to COVID-19, several verification and validation exercises have been cancelled, and installation, accreditation, and testing of capabilities is likely to slip due to international travel restrictions. s33(a)(i) [redacted]
Constraints	As many of the restrictions have been enforced by National governments, response options to this issue are accordingly limited.
Removal criteria	Due to the financial scale of AIR6000 Ph2A/B and the complexity of the major supporting elements, it has been labelled a Project of Interest. This classification will likely remain until the vast majority of the acquisition is on contract.

Capability	Schedule					Cost	
s33(a)(i) [redacted]	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$16,631.3m
	Approved	Dec 20	Dec 20	Dec 23	Dec 23	**Spend to Date**	$6,550.1m
	Forecast	Dec 20	Dec 20	Dec 23	Dec 23	**RCI/RCD ?**	No

Image: The new Air Traffic Control facility at RAAF Amberley, April 2018.

3. Civil-Military Air Traffic Management System (AIR05431PH3)

A fixed Air Traffic Management system will replace the existing Australian Defence Air Traffic System capability (Tower and Approach Centres) at 12 Australian Defence Force fixed base locations, and a simulator system for the School of Air Traffic Control. Defence is procuring a common Civil-Military Air Traffic Management System (CMATS), within the ONESKY program, a joint acquisition and support program with Airservices.

CMATS was a Project of Concern during contract formation activities on the basis of schedule delays and cost risks, and was reverted to Project of Interest after contract signature in February 2018. In part, the decision to remain a Project of Interest was influenced by the need for Airservices to negotiate with Thales after contract signature to implement cost saving changes agreed with Defence.

In December 2018, Airservices and Defence had agreed some last minute changes to how Defence functionality would be delivered to reduce cost on the program: removal of CMATS tower functionality at Gin Gin, Richmond, Edinburgh and Oakey; relocation of the Approach functionality at Darwin and Townsville to Brisbane; and relocation of Oakey Approach functionality to Amberley. A separate Airservices contract would deliver a derivative of their low cost regional towers solution to Defence sites at Gin Gin, Richmond, Edinburgh and Oakey (the four alternative towers).

Civil-Military Air Traffic Management System (AIR05431PH3)

Progress and emerging issues in summary	Defence continues to work closely with Airservices to update agreements on non-CMATS scope changes, such as the delivery of the Four Alternate Tower Systems and remote communications for Townsville and Darwin approach consolidation to Brisbane Centre. The next mandated system review, Critical Design Review is under some pressure due to the high volume of technical work requiring completion. The contractor has separately forecasted some COVID-19 impacts but has not yet completed the determination of whether these delays affect critical path.
Key issue Remediation	Schedule performance to meet program milestones. Thales is undertaking activities to remediate issues raised in the Integrated Baseline Review (IBR). This includes optimising critical path activities and a better understanding of the schedule implications of technical debt arising from the Preliminary Design Review. The review will provide Defence with a better estimation of site rollout windows, which will allow better planning of exercises and segregation between the project's activities and other project impacts.
Forecast achievement	Activity is expected to yield a higher confidence schedule with a better ability to identify and control change. IBR actions to be completed by late Quarter 4 2020.
Risks and impacts to Capability, Schedule and Cost	Defence assesses low risk in delivery of the required capability. Although cost risk is largely mitigated by the fixed price agreement between Defence and Airservices, there are other cost risks under management which will determine any requirement for contingency funds. Schedule performance and credibility is crucial on this program due to the large number of interrelated activities requiring integration. Accordingly, Defence is working closely with Airservices and Thales to mitigate schedule risks.
Constraints	In order to meet milestone timelines, some technical debt will be held until Critical Design Review milestone, forecast for October 2020.

Key issue Remediation	s33(a)(i) [redacted]
Forecast achievement	
Risks and impacts to Capability, Schedule and Cost	
Constraints	Nil

Removal criteria	A positive recommendation by an Independent Assurance Review board based around s33(a)(i) [redacted] is likely to be a pre-requisite for removal as a Project of Interest.

Capability	Schedule					Cost	
s33(a)(i) [redacted]	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$975.6m
	Approved	23 Mar 2023	30 Jun 2023	20 Feb 2026	21 Apr 2026	**Spend to Date**	$351.9m
	Forecast	23 Mar 2023	4 Jul 2023	20 Feb 2026	21 Apr 2026	**RCI/RCD?**	Yes, increase of $243m approved in February 2018[2]

[2] The Real Cost Increase of $243m consists of $241m for Capability Acquisition and Sustainment Group and $2m for Air Force.

Image: Major elements of the Battlefield Command System

4. Battlefield Command System (LND0200PH2)

The project will expand and evolve the Army's Battle Management System – Command and Control and supporting Tactical Communications Network from Battle Group to Brigade and above deployable headquarters. The project will also enhance data interoperability and information exchange with other government agencies and Coalition partners by integrating the Battle Management System – Command and Control onto deployable operational level networks.

The project was listed as a Project of Interest in September 2018 due s47E(d), s33(a)(i) [redacted]

Program recovery measures include increased governance through the establishment of a Program Management Office, significant restructuring of the project's s33(a)(i) [redacted], and the establishment of a Commonwealth prime systems integration team to manage the integration scope across the multiple contracts, including in other CASG Divisions.

Battlefield Command System (LND0200PH2)

Progress and emerging issues in summary	s33(a)(i), s47E(d) [redacted]
Key issue	The project is addressing the governance, network architecture and systems integration issues identified by the Independent Assurance Review to keep the delay to around 12 months.
Remediation	s33(a)(i) [redacted]
Forecast achievement	s33(a)(i), s47E(d) [redacted]
Risks and impacts to Capability, Schedule and Cost	s33(a)(i) [redacted]
Constraints	s33(a)(i), s47E(d) [redacted]
Removal criteria	A positive recommendation from the Independent Assurance Review Board that the project's quality, cost and schedule are under control and within directed tolerances.

Capability	Schedule					Cost
s33(a)(i) [redacted]	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$969.7m
	Approved	s33(a)(i) [redacted]	30 Sep 2021	s33(a)(i) [redacted]	30 Jun 2022	**Spend to Date**	$572.5m
	Forecast		s33(a)(i) [redacted]		s33(a)(i) [redacted]	**RCI/RCD?**	No

Image: Hawkei undergoing water fording testing.

5. Protected Mobility Vehicle – Light (LND00121PH4)

The project will provide the Australian Defence Force with highly mobile field vehicles that are protected from ballistic and blast threats. Acquisition from Thales of 1,100 Protected Mobility Vehicles – Light (Hawkei) and 1,058 companion trailers for command, liaison, utility and reconnaissance roles. These vehicles will provide an optimum balance of survivability, mobility, payload, communications, usability and sustainability. The project will deliver a new capability for the Australian Defence Force, providing a level of protection comparable to the Thales Bushmaster at around half the weight.

The project was listed as a Project of Interest in December 2018 due to vehicle reliability issues, and the engine manufacturer entering into voluntary administration. Government was informed of these issues in March 2019 and noted that Initial Operational Capability would be rescheduled by 12 months to December 2020.

The project declared Initial Materiel Release on 26 May 2020 following completion of the Full Rate Production Readiness Review and Support System Detailed Design Review. Army, as the Capability Manager, has endorsed the Initial Materiel Release declaration s33(a)(i) [redacted]

Progression to Full-Rate Production has been delayed pending resolution of the residual vehicle reliability issues. The final component of the reliability program, the Production Reliability Acceptance Test, was formally completed on 29 May 2020; with the Hawkei exceeding the contracted level of reliability.

Protected Mobility Vehicle – Light (LND00121PH4)

Progress and emerging issues in summary	The rollout of 35 Hawkei mission systems to 3 Brigade in Townsville for Operational Test and Evaluation has been completed. The project is working with Thales to finalise the design baseline including residual reliability issues to enable the transition to Full-Rate Production in Quarter 3 2020.

Key issue	Hawkei vehicle reliability.
Remediation	The successful completion of the Production Reliability Acceptance Test to enable the delivery of the Hawkei capability to Defence.
Forecast achievement	The Production Reliability Acceptance Test was successfully completed on 29 May 2020; with the Hawkei exceeding the contracted level of reliability.
Risks and impacts to Capability, Schedule and Cost	Capability and Schedule risk is medium against the revised Initial Operational Capability date. There is a potential that COVID-19 social distancing restrictions may impact s33(a)(i) [redacted] isk mitigations are currently being worked through with Army.
Constraints	Following the successful completion of the Production Reliability Acceptance Test, the Project is now working with Thales to finalise the design baseline including residual reliability issues to enable the transition to Full-Rate Production in Quarter 3 2020.

Key issue	Delivery of the Hawkei Support System.
Remediation	Thales successfully completed Support System Detailed Design Review on 19 June 2020. This is the primary contract milestone to ensure the Hawkei fleet can be supported when rolled out to Defence. The Project Office continues to work with Thales to deliver the support system to inform Initial Operational Capability.
Forecast achievement	Forecast to be completed by Quarter 4 2020; however, there may be COVID-19 related delays s33(a)(i) [redacted]
Risks and impacts to Capability, Schedule and Cost	Capability and Schedule risk remain medium against the revised Initial Operational Capability date and is being intensively managed.
Constraints	The Hawkei Support System cannot be finalised until the vehicle baseline is finalised.

Removal criteria	The most recent Independent Assurance Review board held on 12 May 2020 recommended the Project of Interest status remain at least until there has been a successful transition to Full-Rate Production.

Capability	Schedule					Cost
s33(a)(i) [redacted]	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$1,987.5m
	Approved	31 May 2020	31 Dec 2020	31 Dec 2021	30 Jun 2023	**Spend to Date**	$772.7m
	Forecast	26 May 2020	15 Dec 2020	07 Dec 2021	16 Jun 2023	**RCI/RCD?**	No

Image: One of the Air Warfare Centre PC-21s March 2020

6. Pilot Training System (AIR05428PH1)

The Pilot Training System will provide Air Force, Army and Navy with a new fixed wing Pilot Training System. The Pilot Training System will encompass all aspects of initial Pilot and Qualified Flying Instructor training as well as providing for a new approach to the Flight Screening Program.

The project was listed as a Project of Interest in September 2017 due to delays in Courseware development and Flight Training Device verification. s33(a)(i) [redacted]

Defence worked closely with Lockheed Martin Australia to achieve the commencement of flying training in January 2019. s47E(d), s33(a)(i) [redacted]. The contractor has delivered courseware to support ab-initio pilot and Qualified Flying Instructor training. This courseware has been verified, and a planned remediation cycle to address identified shortfalls is underway. This remediation of deficiencies found with the initial courseware delivery is expected to continue throughout 2020. An Independent Assurance Review of the project occurred in November 2019, recommending that the project remain a Project of Interest until Initial Operational Capability is declared forecast for July 2020.

The component parts of the Pilot Training Systems have been delivered and Flight Training Devices now qualified. All PC-21 aircraft and associated capability have been delivered to 4 Squadron and the Air Warfare Centre with both units operational.

Pilot Training System (AIR05428PH1)

Progress and emerging issues in summary	The first course of the Pilot Training System is due to complete training in July 2020 having been impacted by COVID-19 restrictions including an operational pause in flight training. s33(a)(i), s47E(d) [redacted] The qualified Flight Training Devices (simulators) overall standard is now very close to the contracted standard and further improvement is expected to result from additional development throughout 2020. There is a remaining s47G [redacted] On schedule course delivery remains a challenge with an increased Air Force Qualified Flight Instructors workload due to the Pilot Training System maturity. However remediation by Lockheed Martin Australia is reducing the additional workload. The Project Office has also engaged an external Flight Training Device instructor to further reduce the Qualified Flight Instructor's workload. Pilot Training System validation is being undertaken by Nova Systems with results from the validation activity expected to be incrementally delivered in the second half of 2020. The Air Force pilot graduation standard has been further refined since approval of the project's original Functional Performance Specification. The Project Office is working with Lockheed Martin Australia and other third party providers to ensure contemporary standards are met and there is a system of continual improvement that will generate courseware that remains consistent with temporal best practice.
Key issue	The Capability Manager is expected to declare Initial Operational Capability of the Pilot Training System in July 2020.
Remediation	Remediation of courseware and simulators is continuing, with delivery of courseware and all simulators completed. Remediation activities are expected to continue throughout 2020 with an improvement of the overall quality and quantity performance of the Pilot Training System and reducing Qualified Flying Instructor workload to occur in that timeframe.
Forecast achievement	Initial Operational Capability is expected to be achieved in July 2020 following the completion of the initial Pilot Training System course.
Risks and impacts to Capability, Schedule and Cost	Despite present training system element delays, the project is expected to be delivered within the approved budget.
Constraints	Nil
Removal criteria	Achievement of Initial Operational Capability now expected to be achieved in July 2020 and may be considered for removal as a Project of Interest.

s33(a)(i) [redacted]

	Schedule					Cost
Milestone	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$1,260.8m
Approved	30 Jun 2017	31 Mar 2019	30 Nov 2021	31 Dec 2021	**Spend to Date**	$974.5m
Forecast	Achieved	11 Jul 2020	10 Nov 2021	20 Dec 2021	**RCI/RCD?**	No

Image: Satellite Communications Capability Ground Station near Geraldton Western Australia.

7. Defence Satellite Communications Capability Program (JP2008)

Defence Satellite Communications (SATCOM) Program (JP 2008) will provide the Australian Defence Force with a suite of strategic and tactical satellite communication capabilities, and comprises multiple phases. The program is technically complex. The seven remaining phases in acquisition are:

Satellite Ground Station – West (SGS-W) (JP 2008 Phase 3F); Wideband Global SATCOM (JP 2008 Phase 4); Ultra High Frequency SATCOM (JP 2008 Phase 5A); Wideband Transportable Land Terminals (JP 2008 Phase 5B1.1); Anchoring at Combined Communications Gateway Geraldton (JP 2008 Phase 5B1.2A); Navy SATCOM Terminal Upgrade (JP 2008 Phase 5B1.2B); and Satellite Ground Station – East and Network Management System (JP 2008 Phase 5B2).

Wideband Global SATCOM (JP 2008 Phase 4) completed the remaining minor non-core capability activities, involving the Defence Science and Technology Group, in June 2020 as planned.
Satellite Ground Station – West (SGS-W) (JP 2008 Phase 3F) achieved Final Materiel Release in November 2019 and the system is fully operational. Final Operational Capability was achieved in June 2020 and the project is in closure stage. Given JP 2008 Phases 3F and 4 acquisition activities are complete, both project phases will be removed from reporting in the future.

s33(a)(i) [redacted]

The Defence Satellite Communications Capability Program was listed as a Program of Interest in March 2019 following a recommendation of an Independent Assurance Review Board, and subsequent agreement by the Investment Committee, due to significant delays in a number of the listed phases of the Program. The program has had varying delays to achieving original approved Final Operational Capability. A revised schedule for the delayed projects was advised to Government in late 2019.

Defence Satellite Communications Capability Program (JP 2008)

Progress and emerging issues in summary	The various phases of the Program have progressively introduced significant SATCOM capabilities including two military hosted payloads on commercial satellites, a military satellite as part of the United States (US) Wideband Global SATCOM system, SATCOM ground infrastructure at various locations, SATCOM deployed terminals for the Services, and SATCOM network management capabilities. Of the remaining phases, despite significant progress, five phases have suffered delays. Revised schedules were advised to Government in 2019. While all projects are now progressing towards completion, COVID-19 issues are impacting all projects. The full impact of COVID-19 disruptions cannot be determined this stage.
Key issue	**Ultra High Frequency SATCOM (Phase 5A)** The majority of the capability has been delivered and is operational. s33(a)(i) [redacted]
Remediation	s33(a)(i), s47E(d), s47G [redacted]
Forecast achievement	s33(a)(i), s47E(d), s47G [redacted]
Risks and impacts to Capability, Schedule and Cost	s33(a)(i) [redacted]
Constraints	s33(a)(i), s47E(d) [redacted]

Key issue	**Wideband Transportable Land Terminals (Phase 5B1.1)** The majority of the capability, including all the terminals, has been delivered and is operational. s33(a)(i) [redacted]
Remediation	s33(a)(i), s47E(d), s47G [redacted] he project is working with both Army and Defence Estate and Infrastructure to implement the Base infrastructure as quickly as possible.
Forecast achievement	s33(a)(i) [redacted] and the final elements are progressing. s33(a)(i)
Risks and impacts to Capability, Schedule and Cost	The revised Final Materiel Release forecast is achievable. s33(a)(i) [redacted]
Constraints	s33(a)(i) [redacted]

Key issue	**Anchoring at Combined Communications Gateway Geraldton (Phase 5B1.2A)** s33(a)(i) [redacted] Although the facility construction matter has been resolved and the facility is now ready for equipment installation, teams (the US Government and their contractors) from the US will not be able to arrive and commence installation due COVID-19 restrictions. The length of potential delay remains subject to international travel regulations and is under investigation.
Remediation	Equipment will be progressively shipped from the US over the coming months and installation will commence once teams from the US are able to travel to Geraldton.
Forecast achievement	As a result of COVID-19 travel restrictions, s33(a)(i) [redacted]
Risks and impacts to Capability, Schedule and Cost	s33(a)(i) [redacted] The project is expected to be complete within approved budget including contingency.
Constraints	s33(a)(i) [redacted]

Key issue	**MASTIS SATCOM Terminal Upgrade (Phase 5B1.2B)** Previously reported issue regarding commencement of s33(a)(i) has abated. No significant issues to report.
Remediation	The project has successfully worked with the platform Program Offices to prioritise and undertake works necessary to commence targeted installations from July 2020.
Forecast achievement	s33(a)(i)
Risks and impacts to Capability, Schedule and Cost	Subject to no major issues during installation and acceptance testing, the project remains on track.
Constraints	s33(a)(i)

Key issue	**Satellite Ground Station East and Network Management System (Phase 5B2)** s33(a)(i) have been advised, the full impact to materiel release milestones are still under review and yet to be advised.
Remediation	Efforts are being made to minimise the impact s33(a)(i)
Forecast achievement	s33(a)(i)
Risks and impacts to Capability, Schedule and Cost	s33(a)(i) The project is expected to be completed within approved budget including contingency.
Constraints	s33(a)(iii)

ADF SATCOM Terrestrial Enhancements (JNT02008PH3F)

Capability		Schedule					Cost
s33(a)(i)	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$101.4m
	Approved	Apr 2018	N/A	Nov 2019	Dec 2020	**Spend to Date**	$87.3m
	Forecast	Achieved	N/A	Achieved	Achieved	**RCI/RCD?**	No

UHF SATCOM (JNT02008PH5A)

Capability		Schedule					Cost
s33(a)(i)	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$422.2m
	Approved	Jul 2012	Jul 2012	Dec 2020	Dec 2021	**Spend to Date**	$376.3m
	Forecast	Achieved	Achieved	Jul 2021	Dec 2021	**RCI/RCD?**	No

Wideband Transportable Land Terminals (JNT02008PH5B1)

Capability		Schedule					Cost
s33(a)(i)	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$206.9m
	Approved	Apr 2016	Jul 2016	Dec 2020	Dec 2021	**Spend to Date**	$187.1m
	Forecast	Achieved	Achieved	s33(a)(i)		**RCI/RCD?**	No

Combined Communications Gateway Geraldton (JNT02008PH5B1.2A)

Capability		Schedule					Cost
s33(a)(i)	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$42.0m
	Approved	Mar 2021	Jun 2021	Jun 2022	Dec 2022	**Spend to Date**	$16.4m
	Forecast	Oct 2021	Dec 2021	Dec 2022	s33(a)(i)	**RCI/RCD?**	No

MASTIS Terminal Upgrade (JNT02008PH5B1.2B)

Capability		Schedule					Cost
s33(a)(i)	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$58.7m
	Approved	s33(a)(i)				**Spend to Date**	$12.3m
	Forecast (reduced scope)	s33(a)(i)				**RCI/RCD?**	No

Satellite Ground Station - East and Wideband SATCOM Network Management (JNT02008PH5B2)

Capability		Schedule					Cost
s33(a)(i)	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$235.4m
	Approved	Jan 2021	Jun 2021	Aug 2021	Jun 2022	**Spend to Date**	$172.2m
	Forecast	Jun 2021	Dec 2021	Jun 2022	s33(a)(i)	**RCI/RCD?**	No

Image: A Royal Australian Air Force E-7A Wedgetail arrives at the Australian Defence Force's main operating base in the Middle East region.

8. Airborne Early Warning and Control Interoperability Compliance Upgrade (AIR05077PH5A)

The project will deliver interoperability compliance upgrades for the E-7A Wedgetail. This is now planned to be delivered in three Capability Releases. Release 1: Mode 5 Identification Friend or Foe (IFF) interrogation capability on two aircraft and associated support systems. Release 1.7: Mode 5 IFF, Link 16 and Radio Cryptographic upgrades on two aircraft and associated support systems. Release 2: fleet wide Mode 5 IFF, Link 16 and Radio Cryptographic upgrades, and other enablers including a Wideband Satellite Communication capability.

The project was listed as a Project of Interest in December 2018 s33(a)(i) [redacted]

Airborne Early Warning and Control Interoperability Compliance Upgrade (AIR05077PH5A)

Progress and emerging issues in summary	s33(a)(i) [redacted]
Key issue Remediation	s33(a)(i) [redacted]
Forecast achievement	
Risks and impacts to Capability, Schedule and Cost	s33(a)(i) [redacted]
Constraints	s33(a)(i) [redacted]
Key issue	s33(a)(i) [redacted]
Remediation	Mitigation plan actioned to s33(a)(i) [redacted]
Forecast achievement	s33(a)(i) [redacted]
Risks and impacts to Capability, Schedule and Cost	
Constraints	
Removal criteria	Successful delivery of s33(a)(i) [redacted] and a positive recommendation by an Independent Assurance Review board to lift the Project of Interest status.

s33(a)(i) [redacted]	Schedule					Cost
	Milestone	IMR	IOC	FMR	FOC	**Total Budget**	$1,196.5m
	Approved	31 Jul 2019	31 Jul 2019	s33(a)(i) [redacted]	30 Jun 2022	**Spend to Date**	$767.6m
	Forecast	Achieved	s33(a)(i) [redacted]		s33(a)(i) [redacted]	**RCI/RCD?**	No

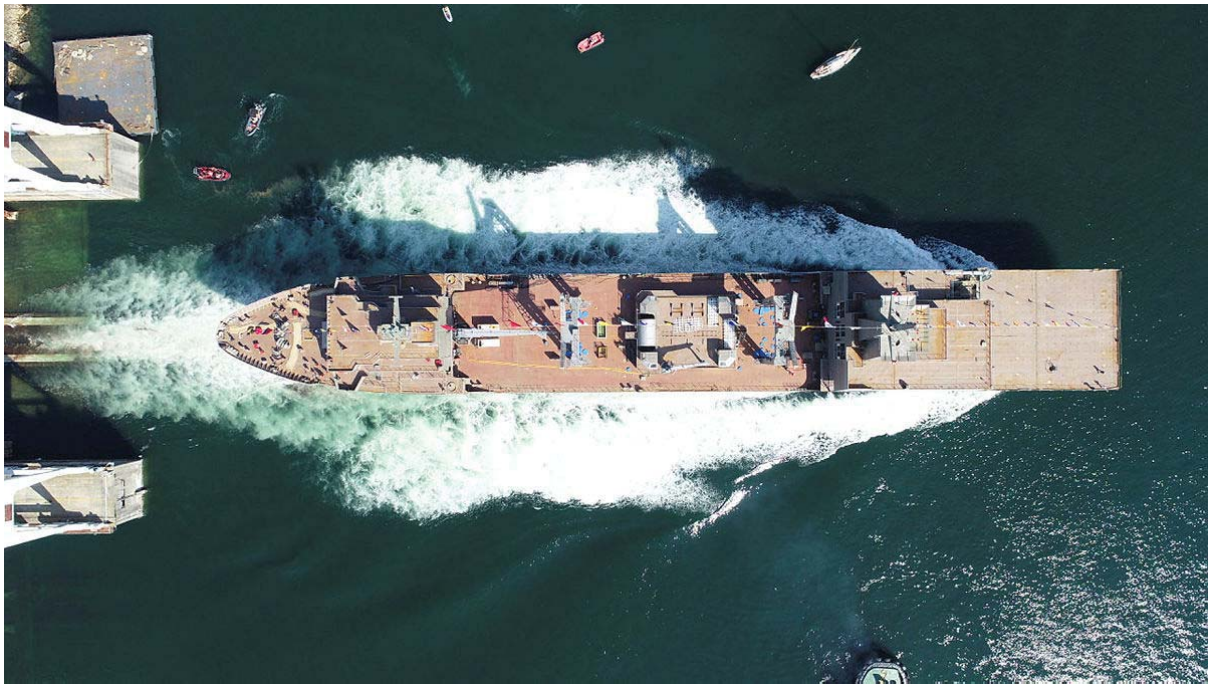


Image: Royal Australian Navy Auxiliary ship, NUSHIP Stalwart launches in Ferrol, Spain on 31 August 2019.

9. Maritime Operational Support Capability (SEA01654PH3)

The project will replace the Royal Australian Navy's existing afloat support capability, HMA Ships *Success* and *Sirius*, delivering a single class of Auxiliary Oiler Replenishment (AOR) ships to sustain deployed maritime forces. On 5 May 2016, the Commonwealth entered into a Contract with Navantia S.A. to acquire two AOR Ships. The AOR Ships *Supply* and *Stalwart* are being built in Spain with delivery scheduled to occur in 2020-21.

The project was listed as a Project of Interest in December 2018 due to delays and deficiencies with a range of Integrated Logistics Support supplies, including deficiencies with the completeness and accuracy of Technical Data which increased risks to the delivery of the acquisition support systems and possibly the Operative Date of the Support Contract.

There is now a forecast delay of four months to Initial Operational Capability of AOR1 *Supply* and six months to AOR2 *Stalwart*, due to construction delays in Spain as a result of the COVID-19 pandemic. However, there is no forecast delay to Final Operational Capability.

Maritime Operational Support Capability (SEA01654PH3)

Progress and emerging issues in summary	Navantia has forecast an increased delay, now 24 weeks, to construction progress following the return to work of their shipyard, which was shut down in response to the COVID-19 pandemic in Spain. Ship construction and testing is a critical path activity to delivery of both AOR1 *Supply* and AOR2 *Stalwart*. Contractor performance has improved in delivery of the Integrated Logistic Support deliverables, however the significant ship construction delays are unrecoverable.
Key issue	Ship construction progress delays and the declared State of Emergency in Spain has delayed delivery of both AOR1 *Supply* and AOR2 *Stalwart*. Post-COVID-19 work procedures have slowed construction progress, and international travel restrictions have prevented Australian based contractors from travelling to Spain to complete their activities.
Remediation	Navantia developed novel post-COVID-19 work procedures and negotiated with Government and Unions for an early return to work in the shipyard. The Project has transferred some extra work to Australia, to be performed at Fleet Base West during the planned Fit-out Period. Combined, these two actions have served to limit the project delays resulting from the shipyard shutdown. Works associated with delivery of Integrated Logistic Support products continued during the shutdown, and are now considered unlikely to delay Ship Acceptance.
Forecast achievement	Ship 1 Acceptance in December 2020, and Ship 2 in Quarter 2 2021, based on current post-COVID-19 productivity.
Risks and impacts to Capability, Schedule and Cost	Completion of ship construction and testing is delayed by six months, which will delay Initial Operational Capability for AOR1 by four months and AOR2 by six months. No delay is forecast to Final Operational Capability. Any change to project cost will be determined in accordance with the contract and application of a consistent approach across the Capability, Acquisition and Sustainment Group with respect to COVID-19.
Constraints	The Navy crew for AOR1 *Supply* has been stood up and has been undergoing training in Australia. The training program was paused, to ensure alignment between completion of training and the forecast ship acceptance date. In the interim, members of the ship's crew were involved supporting separate Government initiatives for the national pandemic response. The Systems Program Office has been established. Processes and procedures are in development in readiness for Ship Acceptance and Initial Materiel Release. The timing between availability of the support team and Ship Acceptance is manageable.
Removal criteria	Acceptance of Ship 1 in Quarter 4, 2020 and Ship 2 in Quarter 2, 2021.

Capability	Schedule					Cost
s33(a)(i)	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$1,084.7m
	Approved	30 Jun 2020	30 Mar 2021	30 Mar 2021	31 Dec 2022	**Spend to Date**	$657.3m
	Forecast	18 Dec 2020	05 Jul 2021	25 Jun 2021	23 Dec 2022	**RCI/RCD?**	No

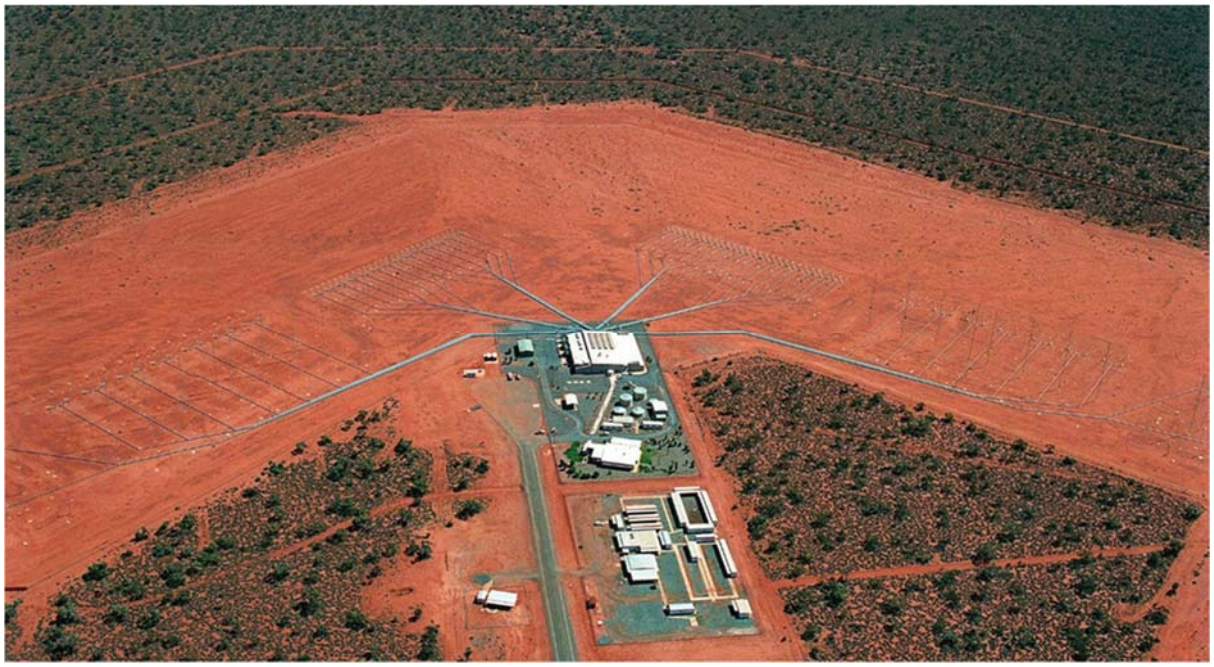


Image: An aerial view of a Jindalee Operational Radar Network (JORN) transmitter site at Laverton, Western Australia.

10. Jindalee Operational Radar Network (AIR02025PH6)

The Jindalee Operational Radar Network (JORN) will receive a major mid-life upgrade and redesign under this project. The redesign of the JORN system will address obsolescence, improve system performance, provide a more contemporary system architecture and reduce the Total Cost of Ownership. The four tranches of execution are systems engineering and design (Tranche 1); upgrade of the first radar and delivery of a new command and control system (Tranche 2); and serial upgrade of the remaining two radars (Tranches 3 and 4).

The project was declared a Project of Interest in September 2019 due to critical delays to engineering design milestones to the upgrade. These delays are considered unrecoverable and will impact the schedule to Initial and Final Operational Capability. s47G [redacted] Despite delays in the systems engineering program, initial hardware and software development has made promising progress. System Definition Review has been completed under the revised interim schedule, and system development continues. The JORN capability remains fully operational while the project is progressing.

The contractor initiated a re-baselining of its contract master schedule in July 2019. This involved estimation of the remaining activities. s47G, s33(a)(i) [redacted] Workshops have commenced on establishing a detailed contract schedule baseline and early work on commercial negotiations is also underway. The full upgrade scope approved by Government will still be delivered within the approved budget provisions.

Jindalee Operational Radar Network (AIR02025PH6)

Progress and emerging issues in summary	Ongoing collaborative workshops involving JORN subject matter experts from the contractor's organisation, Defence Science and Technology Group (DSTG), Capability, Acquisition and Sustainment Group (CASG), and Air Force evaluated two viable alternative delivery strategies to optimise delivery and recover schedule. Agreement has been reached on a new strategy to incrementally deliver the project, where elements of the upgrade are introduced as soon as they are ready, which provides for improved management of technical risk. The strategy capitalises on the good progress in software development and receiver hardware.
Key issue	Imperative to re-establish an accurate and achievable schedule.
Remediation	Defence is currently supporting workshops to implement the strategy in new project cost and schedule baselines, which involves a detailed bottom-up estimate process and significant detailed planning between CASG, Air Force, DSTG and the contractor to develop the execution plans. Defence expects to negotiate key commercial changes with the contractor in parallel to the planning activities.
Forecast achievement	Defence will support further workshops on detailed contract schedule baseline and negotiate a suitable commercial adjustment with the contractor, expecting to complete both by the end of 2020.
Risks and impacts to Capability, Schedule and Cost	There is a risk that it will take longer for both organisations to finalise the commercial negotiations due to the project scale and complexity. While currently considered manageable, there is a risk that COVID-19 will impact the productivity of the collaborating teams supporting and undertaking the extensive planning and activities.
Constraints	Time and resources available to complete delivery strategy and schedule reprogramming in parallel to project execution.
Key issue	Assessing ongoing contractor performance against an interim schedule (for the period January 2020 to December 2020) whilst a new delivery baseline is developed.
Remediation	s47E(d) [redacted]
Forecast achievement	Successful completion of Systems Definition Review was achieved two weeks ahead of the revised interim schedule in June 2020. Detailed schedule impacts are projected to be available around September to October 2020.
Risks and impacts to Capability, Schedule and Cost	It is anticipated that it will be necessary to incorporate some early changes to the interim baseline (January 2020 – December 2020) to ensure alignment with the new incremental delivery strategy.
Constraints	The ability to secure and retain suitably experienced systems engineering and technical leadership resources is largely being managed in the short-term by the prime contractor reaching back to the corporate functions and specialist suppliers for experienced resources.
Removal criteria	Exit criteria will be focussed on the contractor's ability to deliver to the approved new delivery strategy and schedule.

Capability	Schedule						Cost
s33(a)(i) [redacted]	Milestone	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$1,128.5m
	Approved	Jan 2024	Apr 2024	Jun 2028	Jan 2029	**Spend to Date**	$131.9m
	Forecast	Jul 2025	Oct 2025	Dec 2029	Jul 2030	**RCI/RCD?**	No

Image: The full-scale mockup of the MQ-4C Triton Unmanned Aerial Vehicle, at Field Marshal Sir Thomas Blamey Square, Russell Offices Canberra on the 2 April 2014.

11. MQ-4C Triton Remotely Piloted Aircraft System (AIR07000PH1B)

The project will deliver six Triton MQ-4C Remotely Piloted Aircraft System (RPAS) to complement the P-8A Poseidon (AIR 7000 Phase 2B) and deliver the Maritime Intelligence, Surveillance, Reconnaissance and Response capability. The current approved scope includes three Air Vehicles (AV), all ground systems, facilities, network integration and support.

The project was declared a Project of Interest in March 2020 due to the United States Navy announcing a production funding suspension for their Triton program until 2023. s33(a)(i) [redacted]

Triton has dependencies s33(a)(i) [redacted] common facilities and network requirements. Facilities have been formally delinked however the common networks remain.

MQ-4C Triton Remotely Piloted Aircraft System (AIR07000PH1B)

Progress and emerging issues in summary	Government considered the impacts from the United States Navy production funding pause through the Maritime Patrol and Response Program update in May 2020. On 18 June 2020, Government announced the acquisition of a third Triton aircraft. Subsequently, contracts for Australia's three aircraft and ground systems were awarded 27 June 2020. The May 2020 Government approval provides s33(a)(i) [redacted]
Key issue Remediation	United States Navy MQ-4C Triton two year production funding suspension. s33(a)(i) [redacted]
Forecast achievement	Initial Operational Capability is now forecast for Financial Year 2025/26 and Final Operational Capability for Financial Year 2028/29. s47E(d), s33(a)(i) [redacted]
Risks and impacts to Capability, Schedule and Cost Constraints	Impacts of the production funding pause suspension are being managed within the overall Maritime Patrol and Response Program. The project continues to engage closely with the United States Navy and Northrop Grumman Corporation through the Cooperative Program.
Removal criteria	s33(a)(i) [redacted]

Capability	Schedule						Cost
s33(a)(i) [redacted]	Milestone	IMR	IOC	FMR	FOC	**Total Budget**	$1,311.4m
	Approved	s33(a)(i) [redacted]	30 Jul 2024	s33(a)(i) [redacted]	30 Dec 2026	**Spend to Date**	$338.0m
	Forecast		12 Jul 2024		8 Dec 2026	**RCI/RCD?**	No

Image: A Royal Australian Air Force C-27J Spartan transporting Country Fire Service members to Kangaroo Island; delivering the required Air Mobility effects in support of Operation Bush Fire Assist in January 2020.

12. Battlefield Airlifter – Caribou Replacement (AIR08000PH2)

The Battlefield Airlifter replaces the retired Caribou capability. The Australian Defence Force will be provided with an enhanced intra-theatre and regional airlift capability through acquisition of a fleet of ten new Light Tactical Fixed Wing aircraft. The Government approved an acquisition through United States Air Force Foreign Military Sales of the Leonardo built C-27J aircraft. That aircraft was modified by L-3 Product Integration Division to the United States Department of Defense Joint Cargo Aircraft C-27J configuration, known as Spartan. The aircraft is operated by 35 Squadron at its Main Operating Base at RAAF Base Amberley.

The United States Air Force divested the C-27J aircraft in 2012. This required Defence to establish more detailed support arrangements than originally envisioned. Due to impacts on the Australian program from United States Air Force divestiture, Government agreed in May 2016 to delay Final Operational Capability until December 2019. Project acquisition includes ten aircraft, a training system, support system materiel elements, and three years of initial Foreign Military Sales training and support services from the aircraft In-Service Date, through Initial Operational Capability to Final Operational Capability. To date the project has delivered ten aircraft, the initial training and support services, an interim training system, and the support system materiel elements. There are residual project deliverables beyond Final Operational Capability including the mature training system, avionics upgrade, s33(a)(i) and a structural substantiation program.

The project was listed as a Project of Interest in March 2020 due to residual activities remaining outstanding in order to declare Final Operational Capability, including the issue of a military type certificate, s33(a)(i) Air Force advised Government in February 2020 that the Final Operational Capability milestone was not met in December 2019.

Battlefield Airlift – Caribou Replacement (AIR08000PH2)

Progress and emerging issues in summary	A military type certificate was issued in June 2020. Work continues on remediating the outstanding activities to achieve Final Operational Capability. Certification and sufficient fleet incorporation o s33(a)(i) [redacted]
Key issue	Delay to Final Operational Capability milestone.
Remediation	The business case and execution strategy for the residual acquisition activity is being progressed for consideration and approval, cognisant of contemporary circumstances. Air Force to review the capability requirement and advise Government of a revised capability definition and Final Operational Capability date, s33(a)(i) [redacted]
Forecast achievement	s33(a)(i) [redacted] is forecast for achievement in s33(a)(i) [redacted] with incorporation across the fleet by s33(a)(i) [redacted].
Risks and impacts to Capability, Schedule and Cost	The operational impact of the delay to Final Operational Capability declaration is low. The aircraft continues to operate in high profile s33(a)(i) [redacted]
Constraints	Pending Government approval of revised capability definition, all project milestone definitions and the project schedule will be re-baselined through a Materiel Acquisition Agreement update.
Removal criteria	Advice from Government on revised C-27J capability definition.

s33(a)(i) [redacted]	Schedule					Cost	
	Milestone	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$1,439.3m
	Approved	Jun 16	Dec 16	Oct 19	Dec 19	**Spend to Date**	$906.1m
	Forecast	Achieved	Achieved	s33(a)(i) [redacted]		**RCI/RCD?**	No

Image: Royal Australian Navy Officer conducts a Rapid Environmental Assessment at Koro Island, Fiji.

13. Rapid Environmental Assessment (JNT01770PH1)

The project will deliver an enhanced deployable Rapid Environmental Assessment capability in support of Royal Australian Navy littoral operations. This capability will enhance the direction, collection, processing and dissemination of tactical maritime environmental information. The project will deliver four discrete sub-systems: Mobile Meteorological and Oceanographic Team, Fly-Away Survey Kit System, Survey Craft System and Autonomous Underwater Vehicle – Man Portable.

The project was listed as a Project of Interest in March 2017 s33(a)(i) [redacted]

s33(a)(i), s47G [redacted]

Rapid Environmental Assessment (JNT01770PH1)

Progress and emerging issues in summary	Final Material Release (FMR) was granted on 13 Dec 19 after the acceptance of all supplies, s33(a)(i) via a Supplies Acceptance Certificates (SG1). s33(a)(i), s47E(d) [redacted] A Navy Capability Manager's Review Board (CMRB) assessed the suitability of the delivered systems for a Final Operational Capability declaration on 26 June 2020. s33(a)(i) [redacted]
Key issue	The Commonwealth is now focused on the s33(a)(i) [redacted] and transition to sustainment.
Remediation	The Commonwealth will manage the s33(a)(i) [redacted]
Forecast achievement Risks and impacts to Capability, Schedule and Cost	s33(a)(i) [redacted]
Constraints	The project schedule is being actively managed as there are a number of concurrent activities that are due for completion within a compressed timeline; this includes a number of key dependencies on equipment and operator availability. The Project Team is working with Navy to enable delivery of capability and declaration of Final Operational Capability. Delay in Final Operational Capability will not impact Navy's ability to meet preparedness requirements through in service capability. However, the delay will slow down introduction int s33(a)(i) [redacted]
Removal criteria	CASG Acceptance and Navy declaration of Final Operational Capability of the Rapid Environmental Assessment capability s33(a)(i) [redacted]

	Schedule					Cost
s33(a)(i) [redacted]	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$45.6m
	Approved	30 Jun 2018	30 Sept 2018	31 Mar 2019	30 Sept 2019	**Spend to Date**	$37.8m
	Forecast	Achieved	Achieved	Achieved	s33(a)(i) [redacted]	**RCI/RCD?**	No

Image: Royal Australian Air Force (RAAF) C-130J A97-464 Block Upgrade Program Trial Kit Installation aircraft taking off from RAAF Base Richmond on 16 Jun 20 for delivery to South Carolina (USA).

14. C-130J Block Upgrade (AIR05440PH1)

The project will integrate and install Block 7.0 and 8.1 upgrades for the Royal Australian Air Force C-130J Hercules fleet. The upgrade includes the introduction of Mode 5 Identification Friend or Foe (IFF) and Automatic Dependent Surveillance – Broadcast (ADS-B) capabilities, critical for on-going compatibility with evolving national and global civilian air traffic management, and interoperability within the future theatres of operational airspace. The upgrade also updates the simulator and training system to Block 7.0/8.1 configuration.

The project was listed as a Project of Interest in September 2018 due to s33(a)(i) [redacted]

Travel restrictions due to the COVID-19 pandemic delayed the commencement of the Trial Kit Installation from 28 April 2020 to 18 June 2020, which has consumed much of the available schedule float for this stage of the project.

C-130J Block Upgrade (AIR05440PH1)

Progress and emerging issues in summary	The United States Government and Lockheed Martin remain committed to meet the revised milestone dates to integrate Block 7.0/8.1 into the C-130J Trial Kit Installation and for the delivery of the modification kits for updating the rest of the RAAF C-130J fleet. s33(a)(i) [redacted] With the global pandemic and associated travel restrictions, the ferry of a RAAF C-130J aircraft from Australia to the United States for the Trial Kit Installation activity was delayed until 18 June 2020.
Key issue	s33(a)(i), s33(a)(ii) [redacted]
Remediation	Strengthen and maintain a focus across Capability Acquisition and Sustainment Group, US Government, US Air Force, Lockheed Martin, Airbus and CAE on schedule performance and early identification and resolution of potential delays, including the establishment of a six monthly 1 Star/Band 1 (equivalent) executive steering group. Notwithstanding current COVID-19 associated risks, the project has been substantially remediated.
Forecast achievement	With the Trial Kit Installation delay until s33(a)(i) [redacted]
Risks and impacts to Capability, Schedule and Cost	The full scope of the project will be delivered. s33(a)(i) [redacted] . Notwithstanding COVID-19 emergent risks to schedule and delivery costs, the project risks continue to be adequately mitigated and managed.
Constraints	s33(a)(i) [redacted]
Key issue	s33(a)(i) [redacted]
Remediation	s33(a)(i), s33(a)(ii) [redacted]
Forecast achievement	s33(a)(i) [redacted]
Risks and impacts to Capability, Schedule and Cost	Schedule risk remains at medium s33(a)(i) [redacted]
Constraints	Nil.

Capability	Schedule					Cost
s33(a)(i) [redacted]	**Milestone**	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$240.1m
	Approved	s33(a)(i) [redacted]	31 Mar 2021	s33(a)(i) [redacted]	30 Jun 2022	**Spend to Date**	$91.8m
	Forecast		s33(a)(i) [redacted]		s33(a)(i) [redacted]	**RCI/RCD?**	No

Image: Fixed Defence Air Traffic Control Surveillance Sensor Tindal June 2018

15. Fixed Defence Air Traffic Control Surveillance Sensors (AIR05431PH2)

The project replaces existing Air Traffic Control radars at RAAF Bases Darwin, Townsville, Amberley, Williamtown, Pearce, East Sale, Tindal, Naval Air Station Nowra[redacted]

s33(a)(i), s47G

[redacted]

s33(a)(i), s47E(d)

[redacted]

s33(a)(i), s47E(d)

[redacted]

s33(a)(i), s47E(d)

[redacted]

s33(a)(i)

[redacted]

Fixed Defence Air Traffic Control Surveillance Sensors (AIR05431PH2)

Progress and emerging issues in summary	s33(a)(i), s47E(d) [redacted] Software testing at Williamtown is complete but had slowed due to COVID-19 travel restrictions and social distancing requirements. Hensoldt is now accessing cross border travel via the approved process enabling program s33(a)(i) [redacted]
Key issue Remediation	s33(a)(i), s47G [redacted]
Forecast achievement	s33(a)(i), s47E(d), s47G [redacted]
Risks and impacts to Capability, Schedule and Cost	Schedule risk remains elevated due to COVID-19. s33(a)(i), s47E(d), s47G [redacted]
Constraints	s33(a)(i), s47E(d) [redacted]
Key issue Remediation	s33(a)(i) [redacted]
Forecast achievement	
Risks and impacts to Capability, Schedule and Cost	
Constraints	
Removal criteria	A positive recommendation by a future Independent Assurance Review based upon achieving s33(a)(i) [redacted]

s33(a)(i) [redacted]	Schedule					Cost	
	Milestone	**IMR**	**IOC**	**FMR**	**FOC**	**Total Budget**	$200.4m
	Approved	s33(a)(i) [redacted]	28 Feb 2019	s33(a)(i) [redacted]	30 Nov 2021	**Spend to Date**	$100.6m
	Forecast		s33(a)(i) [redacted]		s33(a)(i) [redacted]	**RCI/RCD?**	No

Image: An image of the Remotely Operated Rescue Vehicle and Shallow Water Rescue – Diving Bell that forms part of the Submarine Escape Rescue and Abandonment System.

16. Submarine Escape and Rescue System (SEA01354PH1)

Submarine Escape Rescue and Abandonment System (SEA01354PH1) is intended to provide the Royal Australian Navy with a sovereign Submarine Escape and Rescue capability with a 25-year life of type, and capable of supporting both the Collins and Attack class submarines. The Submarine Rescue System will represent an improvement over the existing system it will replace.

The project was declared a Project of Interest in June 2020 due s33(a)(i), s47G, s47E(d) [redacted]

The current Submarine Rescue System (SRS) capability is a Contractor Owned/Contractor Operated (COCO) service provided by James Fisher Defence. s47G, s33(a)(i), s47E(d) [redacted]

Submarine Escape and Rescue System (SEA01354PH1)

Progress and emerging issues in summary	s33(a)(i), s47G, s47E(d) [redacted]
Key issue	s47G, s47E(d), s33(a)(i) [redacted]
Remediation	
Forecast achievement	
Risks and impacts to Capability, Schedule and Cost	
Constraints	
Removal criteria	s47C [redacted]

s33(a)(i) [redacted]	Schedule				Cost	
	Milestone	**IOC**	**FOC1**	**FOC2**	**Total Budget**	$381.0m
	Approved	2020-21	s33(a)(i) [redacted]		**Spend to Date**	$67.6m
	Forecast	s33(a)(i) [redacted]			**RCI/RCD?**	No

N-R = Not Rated

Products of Interest

A pair of Armed Reconnaissance Helicopters for Australian Army 1 Aviation Regiment come into land at RAAF Base Darwin during Exercise Diamond Storm 2017.

Product of Interest Reports

Sustainment products with issues and risks raised against availability and cost performance that warrant heightened senior management attention become Products of Interest.

Each Product of Interest reports on performance, risks and a remediation strategy highlighting actions undertaken by Industry and Defence management. There are nine Products of Interest, listed in order of MSCAT rating.

No.	Product Name (Number)	MS-CAT Rating	First reported as a Product of Interest
1	Canberra Class Landing Helicopter Dock (CN34)	I	March 2017
2	Hobart Class Destroyer (CN40)	I	December 2019
3	Armed Reconnaissance Helicopter Weapon System (CA12)	II	March 2017
4	Multi Role Helicopter (MRH90) (CA48)	II	March 2017
5	Air Traffic Management (CAF12)	II	June 2017
6	Armidale Class Patrol Boat (CN09)	II	March 2016
7	Navy Explosive Ordnance (CN54)	II	March 2016
8	Army Munitions & Guided Weapons (CA59)	III	December 2017
9	C-27J Battlefield Airlifter Weapon System (CAF34)	III	June 2019

Image: HMAS Adelaide conducting Operation Bushfire Assist duties in February 2020.

1. Canberra Class Landing Helicopter Dock (CN34)

The Landing Helicopter Dock capability comprises two Landing Helicopter Dock vessels, 12 Landing Helicopter Dock Landing Craft and support systems delivered under projects Amphibious Watercraft Replacement (JP2048 Phase 3) and Amphibious Ships (JP2048 Phase 4A/B) in 2014/15, and have provided a significant increase in amphibious capability to the Australian Defence Force. s33(a)(i), s47G [redacted]

Following successful completion of Operational Test and Evaluation activities during SEA SERIES exercises and delivery of significant improvements to the support arrangements and Integrated Logistic Support elements, the Landing Helicopter Dock capability was awarded Final Materiel Release on 18 October 2019 and Final Operational Capability on 4 November 2019. The combination of these Milestones is the realisation of the full capability that the assets provide; delivering the largest organic Royal Australian Navy amphibious capability to the Australian Defence Force and Australia.

An Independent Assurance Review was held on 3 October 2019. Recommendations from the review include s33(a)(i), s47G [redacted] further recommended that the Product remain a Product of Interest whilst the new contract arrangements transition over the first 12 months. The contract commenced on 1 July 2019. Progress is acceptable at this time.

Canberra Class Landing Helicopter Dock (CN34)

	Risks
Availability	Availability performance remains high under the new sustainment contract. Mitigations for a number of systems s33(a)(i), s47E(d), s47G [redacted] COVID-19 related risk areas such as s33(a)(i), s47E(d) [redacted]
Cost	The budget has been achieved for the Financial Year 2019/20. s33(a)(i), s47G [redacted]

	Remediation Strategy
Short to medium term (1 -3 months)	Adopt lessons learnt from first twelve months of the new contract and implement further improvements in the Landing Helicopter Dock processes into Quality Management System by August 2020.
Medium term (3 – 12 months)	s33(a)(i) [redacted] s33(a)(i), s47G [redacted]
Long term (12+ months)	s33(a)(i), s47E, s47G [redacted] s33(a)(i) [redacted]

Removal criteria	Final Materiel Release and Final Operational Capability are complete. s33(a)(i) [redacted]

Availability	Key Performance Indicators (KPI)			Cost
s33(a)(i) [redacted]	**KPI**	**Materiel Ready Days**	**2019-20 Budget**	$130.6m
	Target	s33(a)(i) [redacted]	**Year to Date**	$127.2m
	June Achievement		**Year End forecast**	$127.2m

Image: HMAS Sydney in Jervis Bay, NSW during its at sea commissioning into the Royal Australian Navy on 18 May 2020.

2. Hobart Class Destroyer (CN40)

The Hobart Class Guided Missile Destroyer capability is based on the Navantia designed F104 frigate and is coupled with the Aegis Combat System. The Hobart Class provides air defence for accompanying ships in addition to land forces and infrastructure in coastal areas, and for self-protection against missiles and aircraft. The Aegis Combat System incorporating the phased array radar, AN/SPY-1D(V), in combination with the SM-2 missile, provides an advanced air defence system capable of engaging enemy aircraft and missiles at ranges in excess of 150 miles. These capabilities ensure that the Hobart Class DDGs have the layered defensive and offensive capability required to counter conventional and asymmetric threats.

The *Hobart* Class Guided Missile Destroyer capability comprises three ships and support systems delivered under the Air Warfare Destroyer Program (SEA 4000 Phase 3). The highly capable Guided Missile Destroyers will provide continuous, effective area air defence of a maritime force or land force operating in our maritime approaches or deployed away from Australia, in both open ocean and littoral environments. With the declaration of Initial Operational Capability by the Chief of Navy in December 2018 (HMAS *Hobart*), an assurance strategy (referred to as Plan “DIS”) was established to achieve the desired end state that by June 2022, the Navy is capable of Force Generating a Guided Missile Destroyer to contemporary agreed, funded and approved capability requirements, and sustaining the ship at this state throughout its operating cycle.

Following the successful completion of Combat System Qualification Trials in the United States of America for HMA Ships *Hobart* and *Brisbane* in 2018 and 2019, Chief of Navy declared Operational Capability Release milestone 2 (two Destroyers operationally deployable) on 6 December 2019. Final Operational Capability is scheduled for Quarter 2 2021. HMAS *Sydney* was Provisionally Accepted by the Commonwealth on 14 February 2020 and was commissioned into the Royal Australian Navy on 18 May 2020.
Based on an Independent Assurance Review held on 30 October 2019, Defence has made the product a Product of Interest. Government was advised of this in December 2019. This decision was based on the following key findings:

s33(a)(i), s47E, s47G

[redacted]

Hobart Class Destroyer (CN40)

	Risks
Availability	Availability performance remains high and continues to perform within acceptable tolerances as programmed. HMAS *Brisbane completed a Post Delivery Upgrade from February to June 2020.* s33(a)(i) [redacted] These changes were conducted in s33(a)(i) [redacted] ll taskings during the period have been met despite the COVID-19 restrictions.
Cost	The product anticipated to overspend against allocation ($207.4m) by approximately $1.6m. s33(a)(i), s47G [redacted]

	Remediation Strategy
Short to medium term (1 -3 months)	The Authorised Engineering Organisation certification was achieved on schedule in May 2020 with focus now on the maturation of the Asset Management System, including conduct of an Asset Management maturity audit in July/August 2020. Establishment of above the line roles via the Major Service Provider Program for improving risk management and export controls compliance management for the Destroyer System Program Office to be completed. Continuation of the long-term In-Service Support strategy development.
Medium term (3 – 12 months)	Continue work on the Destroyer Assurance (Plan DIS) strategy work streams. Conduct of the next Independent Assurance Review. s33(a)(i), s47E, s47G [redacted]
Long term (12+ months)	Achievement of Final Materiel Release and Final Operational Capability for SEA 4000 Phase 3. s33(a)(i), s47G [redacted]
Removal criteria	s33(a)(i), s47E, s47G [redacted] ositive recommendation by a future Independent Assurance Review board for lifting the Product of Interest status.

Availability	Key Performance Indicators (KPI)				Cost	
s33(a)(i) [redacted]	**KPI**	**Materiel Ready Days**	**Asset Management System Plans**	**AEO Transition**	**2019-20 Budget**	$207.4
	Target	s33(a)(i) [redacted]			**Year to Date**	$209.0m
	Achievement				**Year End Forecast**	$209.0m

Image: An Aircraft Director assists an ARH Tiger depart the flight deck of HMAS Canberra during the Joint Warfighter Series 2019.

3. Armed Reconnaissance Helicopter Weapon System (CA12)

The 22 Tiger Armed Reconnaissance Helicopters are capable of performing advanced reconnaissance and provide precision firepower in support of both ground and airborne assets in a range of adverse weather conditions.

The product was listed as a Product of Interest in March 2017 due to supply chain, facilities and maintenance issues.

s33(a)(i) aircraft availability levels and fleet repairable item availability s33(a)(i) [redacted] The 1st Aviation Regiment successfully embarked a troop size ARH element late in the quarter.

The Army Aviation Training Centre continues to provide critical support to the Australian Defence Force in the form of initial type training for ARH aircrew.

Armed Reconnaissance Helicopter Weapon System (CA12)

	Risks
Availability	s33(a)(i) [redacted] Supply chain performance whilst improving, s33(a)(i) [redacted]
Cost	s33(a)(i), s47G [redacted]. The Army Aviation Systems Program Office worked closely with Army to optimise year-end spend.

	Remediation Strategy
Short to medium term (1 -3 months)	Supply chain performance continues to be addressed jointly by Airbus and the Army Aviation Systems Program Office. Root causes have been identified, s47G [redacted] e the subject of ongoing monitoring to confirm their sustainability as s33(a)(i) [redacted]
Medium term (3 – 12 months)	On-time delivery of engineering outputs continues to be addressed through select remediation plans, opportunities to reduce engineering backlog s47G [redacted], and updated task prioritisation involving Army, Airbus and the Army Aviation Systems Program Office.
Long term (12+ months)	The Tiger Capability Assurance Program is executing the final stages of the first tranche of essential obsolescence treatments. The business case for the second tranche will be considered by the Investment Committee in July 2020.

Removal criteria	s47E [redacted]

Availability	Key Performance Indicators (KPI)					Cost
s33(a)(i) [redacted]	**KPI**	**Rate of Effort**	**Provided Aircraft**	**Mission Capable Aircraft**	**2019-20 Budget**	$148.3m
	Target	s33(a)(i) [redacted]			**Spend to Date**	$137.3m
	June Achievement				**Year End Forecast**	$137.3m

Image: MRH-90 Multi-Role Helicopter operations on-board HMAS Choules during a deployment to the South West Pacific region.

4. Multi-Role Helicopter (MRH) Weapon System (CA48)

Defence acquired 47 aircraft under Project AIR 9000 Phases 2, 4 and 6, with the final aircraft accepted on 18 July 2017. The Multi-Role Helicopter commenced operations in the Special Operations support role at the 6th Aviation Regiment in February 2019, with Final Operating Capability scheduled for 2021 following achievement of the remaining Special Operations milestones. The current Planned Withdrawal Date is 2037.

The product was listed as a Product of Interest in March 2017 due to ongoing aircraft availability and supportability issues, which are being managed by Defence and its prime contractor, Airbus Australia Pacific.

s33(a)(i) [redacted] Supply chain performance was an issue prior to the implementation of COVID-19 preventative measures in Australia and Europe.

s47G [redacted]

Multi-Role Helicopter Weapon System (CA48)

	Risks
Availability	s33(a)(i), s47G [redacted]
Cost	s33(a)(i), s47G [redacted]

	Remediation Strategy
Short to medium term (1 -3 months)	Airbus and Defence continue to monitor critical repairable items on a weekly basis, and engage European vendors to expedite repair and overhaul activities. s33(a)(i), s47G [redacted]
Medium term (3 – 12 months)	s33(a)(i), s47G, s33(a)(iii) [redacted] The establishment of a Main Gear Box repair and overhaul facility in Australia for the Multi-Role Helicopter continues, but is experiencing delays due to COVID-19 travel restrictions. The facility is expected to be operational by Quarter 4 2020.
Long term (12+ months)	s33(a)(i), s33(a)(iii), s47G [redacted]

Removal criteria	The Multi-Role Helicopter Taipan capability will remain a Product of Interest until the s33(a)(i), s33(a)(iii), s47G [redacted]

Availability	Key Performance Indicators (KPI)					Cost
s33(a)(i) [redacted]	**KPI**	**Year to Date Rate of Effort**	**Mission Capable Aircraft**	**Repairable Item Demand Satisfaction Rate**	**2019-20 Budget**	$233.9m
	Target	s33(a)(i) [redacted]			**Year to Date**	$207.8m
	June Achievement				**Year End**	$207.8m

Image: Transportable Air Operations Tower (TAOT). The TAOT is a deployable system operated by 44WG Deployable Air Traffic Control Flight (DATF) that can provide Ground-Ground, Air-Ground-Air voice communications and data exchanges using landlines and radios. The TAOT is able to provide air traffic services. The TAOT provides localised airspace information to airspace users and other agencies when deployed to Bairnsdale, Victoria in support of Operation 'Bushfire Assist' in Jan 2020

5. Air Traffic Management (CAF12)

The Air Traffic Management product is a highly integrated system-of-systems. The existing systems will be replaced under a series of projects: Deployable Defence Air Traffic Management and Control System (AIR 5431 Phase 1); Fixed Defence Air Traffic Control Surveillance Sensors (AIR 5431 Phase 2); Civil-Military Air Traffic Management System (AIR 5431 Phase 3); and Air Force Minor Projects to replace Navigation Aids at ADF Airfields.

CAF12 was listed as a Product of Interest in June 2017 s33(a)(i) [redacted]

Air Traffic Management (CAF12)

	Risks
Availability	s33(a)(i) [redacted]
Cost	s33(a)(i), s47G [redacted] Financial Year 2020/21 budget commitment is currently at approximately 86 per cent (excluding planned tasks).

	Remediation Strategy
Short to medium term (1 -3 months)	COVID-19 travel exemptions are being arranged in support of critical maintenance tasks and other enabling activities. Industry has been very pro-active in rescheduling tasks state by state to maximise outcomes whilst minimising risk.
Medium term (3 – 12 months)	s33(a)(i) [redacted]
Long term (12+ months)	COVID-19 is almost certain to delay delivery and installation of new systems. s33(a)(i) [redacted]

Removal criteria	A positive recommendation by a future Independent Assurance Review Board for lifting the Product of Interest status.

Availability	Key Performance Indicators (KPI)				Cost	
s33(a)(i) [redacted]	**KPI**	**Alenia**	**ADATS Radar**	**ADATS Automation**	**2019-20 Budget**	$60.2m
	Target	s33(a)(i) [redacted]			**Year to Date**	$51.5m
	Achievement				**Year End**	$51.5m

Image: Royal Australian Navy Armidale class patrol boats HMA Ships Glenelg (foreground) and Larrakia (rear) in Port Moresby as part of international support to APEC 2018.

6. Armidale Class Patrol Boats (CN09)

Thales Australia assumed support activities as the In-Service Support contractor for the 13 Navy owned Armidale Class Patrol Boats from May 2017 in Darwin and Cairns. Since September 2017, Austal has provided in-service support requirements for two leased Cape Class Patrol Boats under a separate contract, with most maintenance support being conducted from Cairns.

The product was listed as a Product of Interest in March 2016 d s33(a)(i) [redacted]

In February 2020, the Chief of Navy at the Navy Senior Advisory s33(a)(i) [redacted]

Armidale Class Patrol Boats (CN09)

	Risks
Availability	s33(a)(i), s47E(d), s47G [redacted]
Cost	The Navy Sustainment Review Board revised the Budget Guidance for 2019/20 to s47G, s33(a)(i) [redacted] s47G Subsequently end of year accruals accounted for this in 19/20 FY year end.

	Remediation Strategy
Short to medium term (1 -3 months)	Patrol Boat Systems Program Office and its Enterprise partners have worked to ensure that COVID-19 travel restrictions have had a limited impact to the Patrol Boat s33(a)(i) [redacted]
Medium term (3 – 12 months)	The forecast maintenance periods for 2020/21 are now endorsed projecting vessel availability and materiel ready days. s33(a)(i) [redacted] he Systems Program Office continues to improve both business and enterprise processes.
Long term (12+ months)	Patrol Boat Systems Program Office has commenced early disposal planning awaiting confirmation of revised Planned Withdrawal Dates for the Armidale Class. Defence continues to work with the In-Service Support Contractors, Northern Territory Government and Australian Industry Defence Network in the development of a skilled regional workforce in both Darwin and Cairns to meet current and future demand. The SPO and the Enterprise are currently conducting analysis of changes required to align and incorporate the s47E(d) [redacted]

Removal criteria	Improvement of Materiel Ready Days availability to align with requirements as specified within the In Service Support contract. Recommendation from future Independent Assurance Review Board to lift Product of Interest Status. Introduction of the Arafura Class Offshore Patrol Vessel capability.

Availability	Key Performance Indicators			Cost	
s33(a)(i) [redacted]	**KPI**	**Materiel Ready Days Armidale Class**	**Materiel Ready Days Cape Class**	**2019-20 Budget**	$103.8m
	Target	s33(a)(i) [redacted]		**Year to Date**	$97.4m
	Achievement			**Year End**	$97.4m

Image: Two Evolved Sea Sparrow Missiles (ESSM) are fired from HMAS Hobart during test firings off the United States West coast, on 20 December 2018.

7. Navy Explosive Ordnance (CN54)

The CN54 product schedule is for the Sustainment of Navy lead guided weapons and explosive ordnance. The product schedule includes: Guided Weapons, Navigational Outfits, Medium and Large Calibre Gunnery, Pyrotechnics and Cartridge Actuated Devices, Countermeasures, Force Protection and demolition stores. Navy's Guided Weapons are categorised into four main areas: Missiles, Mine-warfare, Heavy Weight Torpedoes (including Encapsulated Harpoon Certification Training Vehicle (EHCTV)) and Lightweight Torpedoes. CN54 includes sustainment of inventory used by Army and Air Force where Navy is the lead service. The CN 54 product schedule amalgamates CN38 (product of Interest) and CN37 product schedules.

The CN38 product was listed as a Product of Interest in March 2016 due to s33(a)(i) [redacted]

As at June 2020 the Chief of Defence Force's CPD requirements s33(a)(i) [redacted]

Navy Explosive Ordnance (CN54)

	Risks
Availability	s33(a)(i) [redacted]
Cost	The increase in the Financial Year 2019/20 budget from the last report is due to $63m being transferred to the Product for weapons sold to a third party nation. In March 2020, the Navy Sustainment Review Board s47E(d) [redacted] The budget allocation for Financial Year 2020/21 is under pressure to meet all Navy's forecast requirements. The shortfall is being managed by Navy at a portfolio level. s33(a)(i) [redacted]

	Remediation Strategy
Short to medium term (1 -3 months)	s33(a)(i) [redacted] A new Harpoon Missile Test Set has been installed and commissioned at the Intermediate Level Maintenance Facility located in Western Sydney to increase capacity and address obsolescence with the previous equipment.
Medium term (3 – 12 months)	Continued collaboration with the Navy Capability Manager to s33(a)(i) [redacted]
Long term (12+ months)	s33(a)(i) [redacted]

Removal criteria	A positive recommendation by a future Independent Assurance Review Board for lifting the Product of Interest status.

Availability	Key Performance Indicators (KPI)		Cost
s33(a)(i) [redacted]	s33(a)(i) [redacted]	**2019-20 Budget**	$131.7m
		Year to Date	$133.6m
		Year End	$133.6m

Image: Personnel of 1st Battalion Royal Australian Regiment, operating the 50 Calibre Heavy Machine Gun during weapon trials with Direct Fire Support Weapons platoon, at High Range Training Area, Queensland.

8. Army Munitions & Guided Weapons (CA59)

The Australian Defence Force's Land inventory of explosive ordnance consists of small arms ammunition, pyrotechnics, mortar & artillery ammunition, special purpose ammunition, demolitions stores and Army guided weapons. Guided weapons are the Javelin anti-tank missile, RBS 70 Bolide Missile anti-aircraft missile and the AGM114 Air to Ground missile. Air Force and Navy also use some of these items, such as small arms ammunition and demolition stores.

The product was listed as a Product of Interest in December 2017 due to s33(a)(i), s47E(d) [redacted]

s33(a)(i) [redacted]

Army Munitions & Guided Weapons (CA59)

	Risks
Availability	s33(a)(i) [redacted]
Cost	CA59 met full achievement with an overspend of s47E(d), s33(a)(i) [redacted] largely due to foreign exchange impacts.

	Remediation Strategy
Short to medium term (1 -3 months)	s33(a)(i) [redacted]
Medium term (3 – 12 months)	s33(a)(i) [redacted]
Long term (12+ months)	s33(a)(i) [redacted]

Removal criteria	A positive recommendation by a future Independent Assurance Review Board planned for March 2021, in addition to improvements to the supply chain so that munitions availability reaches an average of 96 per cent consistently for six months.

	Key Performance Indicators (KPI)			Cost	
s33(a)(i) [redacted]	**KPI**	s33(a)(i) [redacted]		**2019-20 Budget**	$183.0m
	Target			**Year to Date**	$186.7m
	March Achievement			**Year End**	$186.7m

Image: Economic stimulus initiative which injected Qantas engineers and technical officers who were impacted by COVID-19, into the C-27J engineering program in May 2020.

9. C-27J Battlefield Airlifter Sustainment (CAF34)

The C-27J Spartan provides Defence with key air mobility capability by performing multiple roles, including air logistics support, airborne operations, aero-medical evacuation and search and rescue. The C-27J Spartan fills the capability gap between medium, inter-theatre combat air mobility and rotary wing intra-theatre air mobility. The Spartan provides Defence with the ability to operate fixed wing air mobility from austere airstrips.

The product was listed as a Product of Interest in June 2019 due to s33(a)(i), s47G [redacted]

C-27J Battlefield Airlifter Sustainment (CAF34)

	Risks
Availability	s33(a)(i), s47G [redacted]
Cost	The product remains in a cost exploration phase. As support arrangements mature and evolve over the coming months, the intent is to s33(a)(i), s47E(d) [redacted] ubsequently, in the April 2020 Mid-Year Review, the 2019/20 budget was increased to s47E(d) [redacted]

	Remediation Strategy
Short to medium term (1 -3 months)	Defence and Industry are focusing on the progression of planned improvements to the s33(a)(i) [redacted] increased maintenance capacity through the combination of Northrop Grumman Australia and Virgin Australia maintainers. Northrop Grumman Australia is also harnessing the short-term increased capacity provided by the Qantas engineers and technical officers.
Medium term (3 – 12 months)	Medium term initiatives are focused on refining the joint management framework to ensure prioritised efforts and resources are aligned across the enterprise. This is in conjunction with the continuation of improvement initiatives in the engineering and logistics domains to align to the availability objectives in the fleet plan.
Long term (12+ months)	The consolidation of the joint management framework, established in May 2020, will provide platform performance oversight at all levels facilitating decision making and accountability. The establishment of additional in-country spares providers and repair venues, which is part of the long term strategy, will reduce the turnaround time for repairable items and improve supply chain performance. An effective blended technical maintenance workforce will be able to meet maintenance demand through an optimised aircraft maintenance program. s33(a)(i) [redacted]

Availability	Key Performance Indicators (KPI)			Cost
s33(a)(i) [redacted]	**KPI**	**Mission Capable Aircraft**	**Rate of Effort**	**2019-20 Budget**	$88.3m
	Target	s33(a)(i) [redacted]		**Year to Date**	$82.0m
	YTD Achievement			**Year End**	$82.0m

Annex A - Explanation of Performance Measures

Major capability acquisitions and sustainment activities and their performance metrics are defined in the Materiel Acquisition Agreements and Materiel Sustainment Agreements, agreed between the CAS Group Division Heads and Capability Manager Representatives. Performance against these measures is reported monthly in the respective systems for acquisition (Monthly Reporting System) and sustainment (Sustainment Performance Management System).

Measuring the Performance of Acquisition Projects
Project performance is assessed against a number of quantitative and qualitative measures.

The Key Acquisition Project Dashboard and Performance Summaries for Key Acquisition Projects use a traffic light system to rate performance. The Capability traffic light rating is a qualitative assessment. Schedule and Cost performance are data driven against specific parameters as below.

	Green = Acceptable performance 	**Amber =** Emerging risks and issues 	**Red =** Risks and issues realised 
Capability	On track to deliver approved scope.	Major elements of scope are about to fail against the baseline.	Major elements of scope have not been achieved as baselined.
Cost	On track to deliver within approved budget.	Latest Cost Estimate exceeds budget by up to 5%.	Latest Cost Estimate exceeds budget by more than 5%.
Schedule	Delivery before, on, or up to no more than 14 days after the Baseline Date.	Delivery more than 14 days after the Baseline Date, but less than 5% slippage.	Delivery on or later than 5% slippage.

Measuring the Performance of Sustainment Products

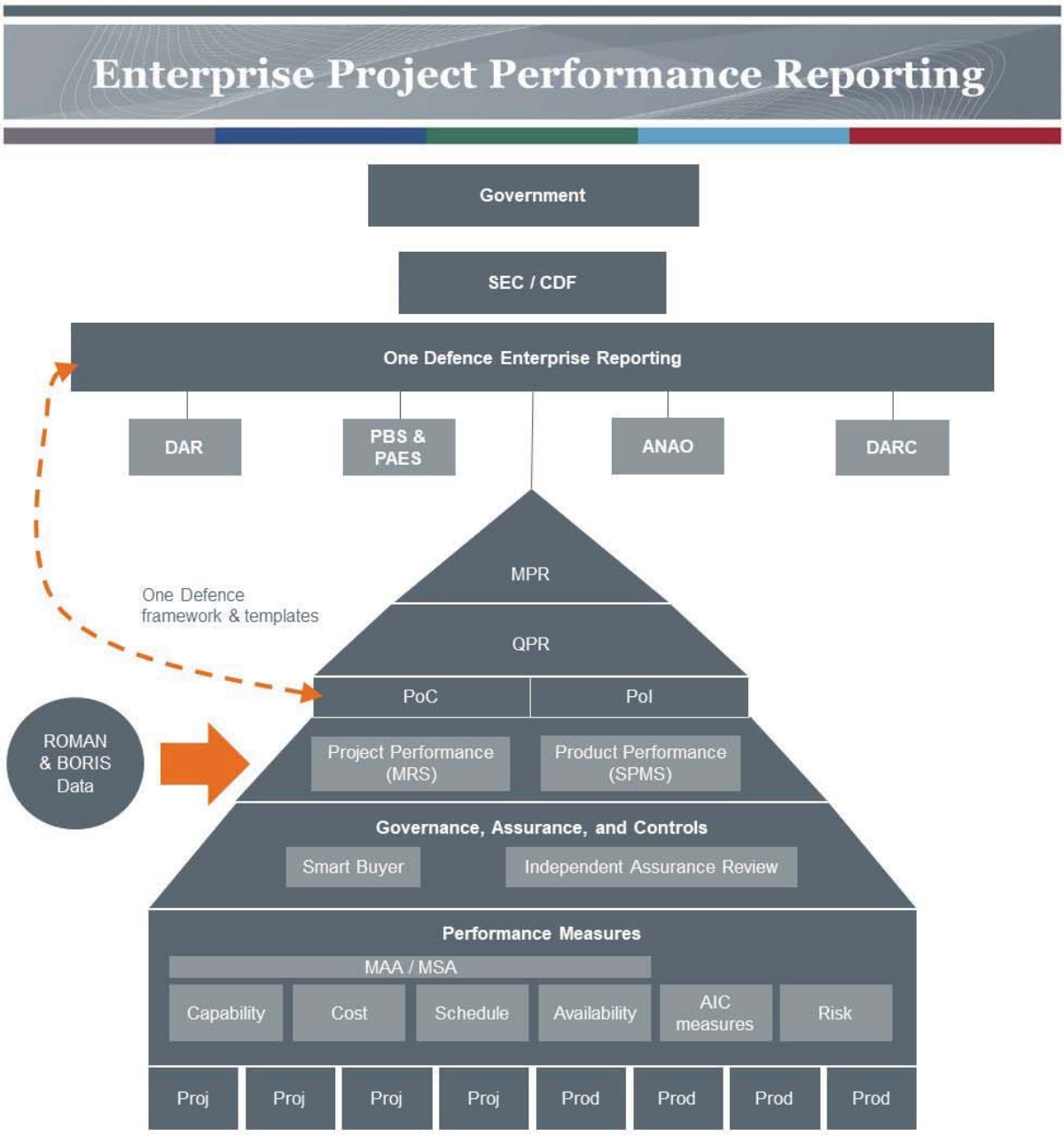
Sustainment performance is assessed against a number of quantitative and qualitative measures. The Top 30 Sustainment Product Dashboard and Performance Summaries for Top 30 Sustainment Products use a traffic light system to rate performance.

The Availability traffic light rating is a qualitative assessment endorsed by the CAS Group Division Head. Cost performance are data driven against specific parameters as below. The Quarterly Performance Report cost traffic lights report performance against the baseline funding. This is because Defence operations funding is managed on a 'no win–no loss' basis as agreed by government.

SPMS Traffic Lights

	Green = Acceptable performance 	**Amber =** Emerging risks and issues 	**Red =** Risks and issues realised 
Availability	The product's KPIs are within the agreed green threshold.	The product's KPIs are within the agreed amber threshold.	The product's KPIs are within the agreed red threshold.
Year End Cost	This indicator measures the year end product price baseline forecast against the Year End budget. Data reported is the year end actual (forecast). Achievement of +/- 3% tolerance.	Achievement of > 3% and <5% against Year End Budget.	Achievement of >5% against Year End Budget.
Year to Date Cost	This indicator measures the year to date achievement against product price baseline funding. Data reported is the year to date actual up to the current reporting period measured against the year to date phasings for the financial year. Achievement of +/- 3% tolerance.	Achievement of >3% and <5% against Year to Date Budget.	Achievement of >5% against Year to Date Budget.

Annex B – Enterprise Project Performance Reporting



The Milky Way shines above a M113AS4 Armoured Personnel Carrier on the last night of Exercise Talisman Sabre 2019, at Raspberry Creek, Shoalwater Bay Training Area.