Australian Government
Department of Defence

Capability Acquisition and Sustainment
Quarterly Performance Report

DECEMBER 2018

Defending Australia and its National Interests
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Capability Acquisition and Sustainment
Quarterly Performance Report (QPR)

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Foreword

I am pleased to present the latest Quarterly Performance Report (QPR) covering the period to 31 December 2018. This report describes the performance of key major capability acquisition projects and the Top 30 capability sustainment products.

The report focuses on:

- the main risks facing key acquisition projects and their performance against cost, schedule and capability metrics as at 31 December 2018; and
- the main risks facing the Top 30 sustainment products and their progress against cost and availability metrics as at 31 December 2018.

Recent Achievements

CASG outputs remain largely on schedule and cost, both by individual project/product and in aggregate. Two major milestones reached during the period to 31 December 2018 are:

S22

[redacted]

Continuous Improvement

Minor systems enhancements continue to improve the quality of the input and efficiency of the process.

Capability Manager feedback will continue to inform narrative in future reports. Constant engagement between the Capability Manager and CASG representatives in the delivery teams is essential to the quality of this report.

ANAO Audit of Defence's Management of the Projects of Concern and the QPR

The ANAO is finalising an audit of 'Defence's Management of the Projects of Concern'. It is expected this audit will be tabled in Quarter 1, 2019.

ANAO has also initiated an audit of the Quarterly Performance Report. This audit will be addressed at the organisation level with a focus on the reporting systems, risk management and lessons learnt.

S22 [redacted]

Content Overview of this QPR

Based on an assessment of the 108 post-second pass (approved) major acquisition projects and 107 sustainment products managed by CASG, this report focuses on:

- Two Projects of Concern (Section 1).
- 14 acquisition Projects of Interest (Section 2b).
- Nine sustainment Products of Interest (Section 3b).
- The 41 'Key Acquisition' Projects which represent 71% of the Major Capital Equipment acquisition program budget (Section 2a and 2c).
- The 'Top 30' Sustainment Products which represent 71% of the sustainment program budget (Section 3a and 3c).

We welcome any feedback on the format and content of this report. The next QPR for the period ending 31 March 2019 will be provided in May 2019.

S22 [redacted]

Tony Fraser

Deputy Secretary Capability Acquisition and Sustainment Group

13th February 2019

Purpose of the Report

The Quarterly Performance Report (QPR) provides senior stakeholders within Government and the Department of Defence with a clear and timely understanding of emerging risks and issues in the delivery of capability to our Australian Defence Force end-users. These risks and issues are highlighted so that stakeholders can respond in a coordinated manner to guide the conduct of remediation actions.

In keeping with the primary goal of this report, the focus remains on exception reporting. Key aspects of the CAS QPR as at 31 December 2018 are as follows:

- Acquisition
  - The key performance metrics are capability, schedule and cost.
  - Of the 108 post-second pass (approved) CASG projects, two projects (or 1.9%) have issues with capability, schedule or cost significant enough to be included on the Projects of Concern report (Section 1).
  - A further 14 projects (or 13%) have been identified as Projects of Interest (Section 2b) that have risks associated with capability, schedule or cost and warrant heightened attention from senior executives.
  - Key risk identified is around schedule performance. However, schedule outcomes are largely driven by Defence's commitment to deliver on scope and not compromise on the quality of the capability outcome.
- Sustainment

S22 [redacted]

In identifying Projects and Products of Interest, CASG undertakes a qualitative assessment of the data to ensure significant issues which require higher levels of management consideration are highlighted. This assessment is also cross-referenced with Independent Assurance Review outcomes which are endorsed by the Division Heads and Capability Managers.

Projects of Concern (PoC)

December 2018

#	Project Name	Criteria for Removal	Forecast Removal Date	Progress towards remediation
1	**AIR09000PH2, 4 and 6 –** MRH90 Helicopters	Operational Capability Milestone 2 achievement is the criteria for PoC removal. This is contingent on the delivery and Service Release of the Enhanced Cargo Hook System. Army concur that achievement of Operational Capability Milestone 2 should be the criteria for removal as a PoC. Navy has acknowledged CASG's intent to use Operational Capability Milestone 2 achievement as the final criteria for recommendation of removal as a PoC.	By 2nd Quarter of 2019	S33(a)(i) [redacted]
2	**AIR05431PH1 –** Deployable Defence Air Traffic Management and Control System	Removal of the project from the PoC list would be at IOC (acceptance of first system into operational service).	By 4th Quarter of 2021	S33(a)(i), S47G [redacted]

1	PROJECT OF CONCERN (PoC) REPORT December 2018	Listed: November 2011

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

Project scope

The project will provide 47 new Multi-Role Helicopters (MRH90) for the Army and Navy to replace the existing Sea King and Black Hawk fleets.

What went wrong?

S33(a)(i) [redacted]

Key Risks / Emerging Issues	Mitigation Strategy	Risk Rating
S33(a)(i) [redacted]		
The achievement of FMR has slipped S33(a)(i) [redacted]	S33(a)(i) [redacted]	**Medium**
Achievement of the S33(a)(i) [redacted] **Capability** has been delayed beyond the 2019 Final Operational Capability milestone.	S33(a)(i) [redacted]	**Medium**
There is a chance that the MRH Program may not be able to retain sufficient levels of experienced and skilled workforce to achieve the required rate of acquisition deliverables leading to an impact on schedule and capability.	S33(a)(i) [redacted]	**Medium**

Implications of Project Failure

The MRH90 Helicopter is a multi-purpose military utility helicopter that will undertake battlefield lift operations, support domestic counter terrorism operations and facilitate the expansion of the ADF's amphibious deployment and sustainment capability. As the aircraft replace in-service Army and recently retired Navy helicopters, delays to this program will have an impact on the sustainment of the existing helicopter fleet.

Path to Remediation

Short Term (1-3 months): S33(a)(i) [redacted]

Medium Term (3-12 months): S33(a)(i) [redacted]

Long Term (12+ months): S3 [redacted]

Project Office Report

Removal from PoC: S33(a)(i) [redacted]

Schedule Data					Cost Data	
Milestone	IOC - Army	IOC - Navy	FMR	FOC	**Total Budget**	$3,764m
Approved	05 Dec 2014	27 Feb 2015	Dec 2017	Jul 2019	**Spend to Date**	$3,118m
Forecast	Achieved	Achieved	Jun 2020	Nov 2021	**RCI/RCD?**	No

2	PROJECT OF CONCERN (PoC) REPORT December 2018	Listed: August 2017

AIR05431PH1 – Deployable Defence Air Traffic Management and Control System (DDATMCS)

Project scope

To provide three deployable Defence Air Traffic Management and Control Systems.

What went wrong?

Initial Materiel Release will be over 3 years late against the approved Materiel Acquisition Agreement. S47G [redacted]

Key Risks / Emerging Issues	Mitigation Strategy	Risk Rating
Indra Australia is currently running over 3 years late to Initial Materiel Release. S47G [redacted]	S47G [redacted]	High

S33(a)(i), S47G [redacted]

S33(a)(i) [redacted]

Remediation

Short Term (1-3 months):

S47E, S47G [redacted]

Medium Term (3-12 months):

S47E [redacted]

Long Term (12+ months):

S47E [redacted]

Project Office Report

Removal from PoC:

S33(a)(i) [redacted]

Schedule Data					Cost Data	
Milestone	IMR	IOC	FMR	FOC	**Total Budget**	$95m
Approved	Dec 2017	Aug 2018	Jan 2019	Aug 2019	**Spend to Date**	$21m
Forecast	Mar 2021	Nov 2021	Jun 2021	Jan 2022	**RCI/RCD?**	No

Section 2 – Acquisition Projects

This section outlines the performance of *acquisition projects as at the end of December 2018. Data sources include standard internal reporting mechanisms, in addition to more targeted assessment tools, such as Independent Assurance Reviews.

Overall, project performance remains high; however, a number of Projects of Interest have been identified through this analysis. These projects are bolded in Section 2a, and in addition to, the CASG Projects of Concern addressed in Section 1, individual reports on each PoI are can be found at section 2b.

Section 2 comprises three parts:

- Section 2a – ***Key Acquisition Project Dashboard* provides a quick view of the performance of CASG Key acquisition projects.
- Section 2b – *Acquisition Projects of Interest* provides an overview of CASG acquisition projects that have variances significant enough in the areas of schedule, cost, and /or capability performance that warrant attention from senior management.
- Section 2c – *Performance Summaries for Key Acquisition Projects* provides supplementary detail on the capability, cost and schedule performance of each current key acquisition project based on Monthly Reporting System data.

*Acquisition projects are those that have achieved Second Pass project approval.

**Key acquisition projects are a compilation of those listed as the Top 30 projects in the Portfolio Budget Statements and those identified by Australian National Audit Office for inclusion in the Major Projects Report.

Please note: an explanation of the traffic lights used in Sections 2a, 2b and 2c is available at Annex A.

Section 2a: Traffic Light Dashboard for a Key Acquisition Projects

#	Project Number	Project Name	ACAT Value	Project Maturity Score	Materiel Capability / Scope	Materiel Schedule IOC	Materiel Schedule FOC	Cost
AIR CAPABILITIES								
Aerospace Systems								
1	AIR05077PH3	Airborne Early Warning and Control System	ACAT III	68	S33(a)(i) S22		Red	Green
2	**AIR05077PH5A**	**AEW&C Interoperability Compliance Upgrade**	ACAT II	46			Red	Green
S22								
Helicopter Systems								
8	**AIR09000PH2, 4 & 6**	**Multi-Role Helicopter (MRH) 90**	ACAT I	56			Red	Green
S22								
Joint Strike Fighter								
S22								

Projects that have Amber and/or Red traffic lights but are not 'of Interest' or 'of Concern', are monitored for signs of escalating or significant issues. Some of these traffic lights are simply a result of administrative process delays.

Notes:
-Blank cells indicate that MRS baseline doesn't contain relevant milestone data, due to early stage of the project.
-See Annex A for explanation of traffic lights and ACAT value.
-Max. Project Maturity Score is 70. Please See Annex B.

Section 2a: Traffic Light Dashboard for a Key Acquisition Projects

#	Project Number	Project Name	ACAT Value	Project Maturity Score	Materiel Capability / Scope	Materiel Schedule IOC	Materiel Schedule FOC	Cost
JOINT CAPABILITIES								
Joint Systems								
S22					S33(a)(i)	S22		
14	**AIR05431PH3**	**Civil Military Air Traffic Management System (CMATS)**	ACAT I	41			**Red**	**Green**
15	**JNT00090PH1**	**ADF Identification Friend or Foe and Automatic Dependant Surveillance - Broadcast**	ACAT II	50			**Red**	**Green**
16	**JNT02008PH5A**	**UHF SATCOM**	ACAT II	48			**Red**	**Green**
S22								
18	JNT02072PH2A	Battlespace Communications Systems (Land)	ACAT III	65			**Red**	**Green**
19	JNT02072PH2B	Battlespace Communications System (Land) [BCS(L)]	ACAT I	53			**Red**	**Green**
20	LND00075PH4	Battlefield Command Systems	ACAT II	68			**Green**	**Amber**
21	**LND0200PH2-A**	**Battle Command Systems (Tranche 2)**	ACAT I	44			**Red**	**Red**
22	SEA01442PH4	Maritime Communications Modernisation	ACAT II	50			**Red**	**Green**
LAND CAPABILITIES								
Land Systems								
S22								

Notes:
-Blank cells indicate that MRS baseline doesn't contain relevant milestone data, due to early stage of the project.
-See Annex A for explanation of traffic lights and ACAT value.
-Max. Project Maturity Score is 70. Please See Annex B.

Projects that have Amber and/or Red traffic lights but are not 'of Interest' or 'of Concern', are monitored for signs of escalating or significant issues. Some of these traffic lights are simply a result of administrative process delays.

Section 2a: Traffic Light Dashboard for a Key Acquisition Projects

#	Project Number	Project Name	ACAT Value	Project Maturity Score	Materiel Capability / Scope	Materiel Schedule IOC	Materiel Schedule FOC	Cost
MARITIME CAPABILITIES								
Maritime Systems								
28	SEA01448PH2A	Anzac Class Anti-Ship Missile Defence	ACAT II	66	S33(a)(i) S22		Red	Green
29	SEA01448PH2B	Anzac Class Anti-Ship Missile Defence Upgrade	ACAT I	66			Red	Green
30	JNT02048PH3	Amphibious Watercraft Replacement	ACAT III	67			Red	Green
31	**JNT02048PH4A**	**Amphibious Ships**	ACAT I	62			Red	Green
Ships								
S22								
Submarines								
S22								

Projects that have Amber and/or Red traffic lights but are not 'of Interest' or 'of Concern', are monitored for signs of escalating or significant issues. Some of these traffic lights are simply a result of administrative process delays.

Notes:
-Blank cells indicate that MRS baseline doesn't contain relevant milestone data, due to early stage of the project.
-See Annex A for explanation of traffic lights and ACAT value.
-Max. Project Maturity Score is 70. Please See Annex B.

Section 2b – Analysis of Acquisition Projects of Interest

Fourteen projects of interest were identified during this reporting period and are listed in order of ACAT Rating. A summary of the current status of each of these projects follows.

No.	Project Number	Project Name	ACAT Rating	First reported in QPR
1	JNT02048PH4A	Amphibious Ships	I	March 2017
2	AIR06000PH2AB	New Air Combat Capability	I	June 2017
3	AIR05431PH3	Civil Military Air Traffic Management System	I	June 2018
4	LND0200PH2	Battlefield Command System	I	September 2018
5	LND00121PH4	Protected Mobility Vehicle – Light	I	December 2018
6	AIR05428PH1	Pilot Training System	II	September 2017
7	JNT00090PH1	ADF Identification Friend or Foe and Automatic Dependant Surveillance - Broadcast	II	September 2016
8	JNT02008PH5A	UHF SATCOM	II	March 2017
9	AIR05077PH5A	Airborne Early Warning and Control Interoperability Compliance Upgrade	II	December 2018
S22 [redacted]				
11	JNT02097PH1B	Enhancements to Special Operations Capability	III	March 2017
12	JNT01770PH1	Rapid Environmental Assessment	III	March 2017
13	AIR05440PH1	C-130J Block Upgrade	III	September 2018
14	AIR05431PH2	Fixed Defence Air Traffic Control Surveillance Sensors	III	December2018

S22 [redacted]

Refer to Annex A for the explanation of traffic light reporting.

1	JNT02048PH4A Amphibious Ships

Project Description

JNT02048PH4A provides the Australian Defence Force with increased amphibious deployment and sustainment capability to support an enhanced deployed force.

Project Performance Overview

Slippage from original schedule: Currently 37 months delay to Final Operational Capability	Approved budget: $3,092m	Spend to date: $2,827m

HMAS *Canberra* was delivered approximately eight months later than contracted and was commissioned on 28 November 2014. HMAS *Adelaide* was delivered approximately two months later than contracted and was commissioned on 4 December 2015. HMAS *Canberra* and HMAS *Adelaide* are in service with the Royal Australian Navy and home ported at Fleet Base East. The In-Service Support Contract is transitioning from BAE Systems Australia to Naval Ship Management (a joint venture between Babcock and UGL Engineering) over the next six months.

The late delivery of the ships, a large number of outstanding requirements, defects & deficiencies, and an immature support system have impacted the overall program schedule. Significant propulsion & corrosion issues emerged in March 2017 and both ships were docked in June and October 2017 respectively to undertake urgent rectification work. S33(a)(i) [redacted] some underlying issues are inherent in the design and require redesign effort. In April 2017, a Transition and Remediation Program was established to address the immediate defects, develop a plan for closure of all acquisition issues and fully transition the project to the in-service phase. The Landing Helicopter Dock 3-Star Program Steering Group in October 2018 agreed a Roadmap to attaining Final Materiel Release, encompassing both the Materiel and Integrated Logistic Support Remediation and re-scheduled Final Materiel Release from December 2018 to October 2019.

Achievement of the operational milestones S33(a)(i) [redacted]

Risks

Capability: S33(a)(i) [redacted]	S33(a)(i) [redacted]
Schedule: Mission and Support System issues, including those of the propulsion system that occurred in 2017, have impacted upon materiel release, Navy's ability to complete operational testing and achievement of the Final Operational Capability acquisition milestone.	**Red**
Cost: The total spend to date is 91% of the project cost and the original allocated contingency remains intact. Contingency may be required where commercial outcomes and/or existing funding is not sufficient to complete approved remediation effort.	**Green**

Remediation Strategy

Short to Medium Term (1-3 months): S33(a)(i), S47E [redacted]

Medium Term (3-12 months): S33(a)(i), S47E [redacted]

Long Term (12+ months): S33(a)(i) [redacted]

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2	AIR06000PH2A/B New Air Combat Capability

Project Description

AIR06000PH2A/B is the second combined acquisition phase for the New Air Combat Capability within the Air Combat Program and includes three operational squadrons and a training squadron of 72 F-35A aircraft and associated support and enabling capabilities.

Project Performance Overview

Slippage from original schedule: Nil forecast for IOC and FOC	Approved budget: $16,586m	Spend to date: $3,246m

As at 30 November 2018, Australia has accepted a total of 10 F-35A aircraft in the United States and achieved three milestones, including:

1. The start of pilot training in the United States (April 2015)
2. The start of maintenance training in the United States (February 2017)
3. The start of Off-board Information Systems Centre operations in Australia (December 2017)

S22 [redacted]

Milestones to achieve Final Operational Capability by December 2023, include acceptance of a further 39 aircraft and support of transition to Operational Capability 2 (December 2021) and 3 (December 2022), prior to closure of the Materiel Acquisition Agreement (June 2030).

Risks

Capability: S33(a)(i) [redacted]	S33(a)(i) [redacted]
Schedule: S22 [redacted] S33(a)(i) [redacted]	**Amber**
Cost: S33(a)(i) [redacted]	**Amber**

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]
-

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3	AIR05431PH3 Civil Military Air Traffic Management System (CMATS)

Project Description

AIR05431PH3 will acquire a fixed Air Traffic Management system to replace the existing Australian Defence Air Traffic System capability (Tower and Approach Centres) at 12 ADF fixed base locations, and a simulator system for the School of Air Traffic Control.

Project Performance Overview

Slippage from original schedule: Final Operational Capability date not known until delivery of Contract Change Proposal 5	Approved budget: $977m	Spend to date: $209m

Defence is procuring a common Civil Military Air Traffic Management System through a joint acquisition and support program with Airservices, also referred to as OneSKY. System Definition Review was successfully completed on 30 November 2018, with a modified System Definition Review criteria and on a baseline that did not include some Defence scope, agreed to be delivered by Airservices themselves; resulting in a modest technical debt requiring resolution before Preliminary Design Review planned for October 2019. The Contract was amended in December 2018 to address some of the Defence scope changes, including removal of Civil Military Air Traffic Management System tower functionality at Gingin, Richmond, Edinburgh and Oakey and Civil Military Air Traffic Management System approach functionality at Darwin, Townsville and Oakey. A separate Airservices contract will deliver simpler regional towers at these sites, consistent with those used by Airservices. The projected Final Operational Capability has slipped four months to February 2026 as a result of some system redundancy requirements introduced by Airservices; however, there is potential to recover some of this and the Final Operational Capability date will be reviewed again as part of the next contract change in Quarter 3 2019.

Risks

Capability: S33(a)(i)	S33(a)(i)
Schedule: S33(a)(i) A failure of the Prime System Integrator to align parallel engineering activities may result in schedule inefficiency particularly in the lead up to major milestones such as Preliminary Design Review. S33(a)(i)	Amber
Cost: Defence has a fixed price contribution of $521m for the acquisition of the Civil Military Air Traffic Management System and Four Alternate Towers Solution. This has minimised Defence's exposure to the cost risk present in the Civil Military Air Traffic Management System Target Price Incentive acquisition contract.	Green

Remediation Strategy

Short to Medium Term (1-3 months):

- S33(a)(i)
-
-

Medium Term (3-12 months):

- S33(a)(i)
-
-

Long Term (12+ months):

- S33(a)(i)

4	LND0200PH2 Battlefield Command System

Project Description

LND0200PH2 will to expand and evolve the Battle Management System – Command and Control and supporting Tactical Communications Network from Battle Group to Brigade Headquarters. LND00200TR2 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.

Project Performance Overview

Slippage from original schedule: S22 FOC – 7 months	Approved budget: $960m	Spend to date: $243m

LND0200PH2 contract was signed on 28 Sep 2017 and is valued at approximately $743m. LND0200PH2 will:

- expand the roll-out of the Battlefield Command System across the Army by integrating the system into additional platforms including 59 x M1A1 Tanks, 7 x M88 Armoured Recovery Vehicles, 150 x Medium Heavy Cargo Trucks, 267 x Hawkei's and 57 x Bushmasters,
- evolve the Tranche 1 Battle Management System – Command and Control software to support the collaborative planning requirements of larger Brigade and Division-level headquarters and improve joint and coalition interoperability,
- deliver a new Tactical Communications Network based on a digital, multi-band, multi-channel radio system, including an Advanced Network Waveform for improved data distribution; a bespoke Network Interface System; and a Network Planning and Management System to support operators running the system,
- embed Battle Management System training into the Army's individual and collective training institutions,
- integrate the Battle Management System – Command and Control application with the fire control and sensor systems on the M1A1 Tank: this enhanced application is called the Weapon Integrated Battle Management System.

The Battle Management System – Command and Control capability is being delivered by Elbit Systems and the Tactical Communications Network by Harris Communications Australia.

Risks

Capability: S33(a)(i)	S33(a)(i)
Schedule: LND00200TR2 program office assess that Harris Communications Australia is at risk of exiting Detailed Design Review in Quarter 3 2019 up to four months late. S33(a)(i), S47E, S47F CASG is working closely with Army to identify pragmatic options to mitigate the delay.	**Amber**
Cost: The release of ~$51m from contingency has been approved to treat the vehicle integration issue. The program office assesses that remaining contingency is able to cover the treatment of the worst case capability performance and schedule risks associated with program scope.	**Amber**

Remediation Strategy

Short Term (1-3 months):

- S33(a)(i), S47E, S47F

Medium Term (3-12 months):

- S33(a)(i)

Long Term (12+ months):

- S33(a)(i)

5	LND00121PH4 Protected Mobility Vehicle – Light (PMV-L)

Project Description

LND00121PH4 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 and 1,058 companion trailers for command, liaison, utility and reconnaissance roles. Vehicles to provide an optimum balance of survivability, mobility, payload, communications, useability and sustainability.

It will deliver an entirely new capability for the Australian Army, providing a level of protection comparable to the Thales Bushmaster at around half the weight.

Project Performance Overview

Slippage from original schedule:	Approved budget: $1,979m	Spend to date: $467m
Nil Slippage for FOC		

Low Rate Initial Production of the first 100 Hawkei vehicles and trailers has commenced whilst concurrently undergoing reliability growth testing. S33(a)(i) issues have led to delays, however the Commonwealth has convened two Extraordinary Strategic Relationship Board meetings with Thales Australia on 13 November and 6 December 2018 to address these challenges. A third meeting is scheduled for mid-February 2019 to assess the vehicle's readiness to enter Production Reliability Acceptance Testing.

Risks

Capability: S33(a)(i) [redacted]	S33(a)(i) [redacted]
Schedule: S47F [redacted] Schedule impacts, if any, are yet to be confirmed.	**Amber**
Cost: The project continues to work within the approved budget.	**Green**

Remediation Strategy

Short to Medium Term (1-3 months): S33(a)(i), S47F [redacted]

Medium Term (3-12 months): S33(a)(i) [redacted]

Long Term (12+ months): S33(a)(i) [redacted]

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6	AIR05428PH1 Pilot Training System

Project Description

AIR05428PH1 will provide Air Force, Army and Navy with a new fixed wing Pilot Training System. The Pilot Training System will encompass all facets of ab initio Pilot and Qualified Flying Instructor training as well as providing for a new approach to the Flight Screening Program.

Project Performance Overview

Slippage from original schedule: Degraded IOC	Approved budget: $1,204m	Spend to date: $502m

S22 [redacted]

S22, S47F [redacted]

Defence and Lockheed Martin Australia have agreed (with effect 14 September 2018) a reprioritised delivery schedule and associated commercial terms to support the commencement of flying training in January 2019 and to provide a defined pathway to mature the Pilot Training System to the required standard.

The latest Defence/Lockheed Martin Australia program review on 4 December 2018 confirmed that while commencement of pilot training in January 2019 remained achievable, courseware and Flight Training Devices will not be fully matured to the requisite standard at that time requiring:

- implementation of an incremental delivery approach to courseware, and
- a revised Flight Training Device development and acceptance schedule.

Risks

Capability: S33(a)(i) [redacted] S33(a)(i) [redacted]	
Schedule: Courseware and Flight Training Device development and delivery remain behind original plan. The company is meeting the revised delivery plan to-date. S22 [redacted] Progressive verification and validation of courseware and Flight Training Devices, now underway, will continue to reduce schedule risk.	**Amber**
Cost: Despite present training system element delays, the project is expected to be delivered within the approved budget.	**Green**

Remediation Strategy

Short to Medium Term (1-12 months):

- S33(a)(i) [redacted]

Lon

- S33(a)(i) [redacted]

7	JNT00090PH1 ADF Identification Friend or Foe and Automatic Dependant Surveillance Broardcast

Project Description

JNT00090PH1 is upgrading legacy platforms that have military Mode 4 Identification Friend or Foe (IFF) and civilian Secondary Surveillance Radar systems to Mode 5 IFF and Mode Select respectively. The new complementary technology, Automatic Dependant Surveillance - Broadcast will also be implemented. JNT00090PH1's current scope includes eight platforms across the Air, Land and Maritime environments. S33(a)(iii) [redacted]

Project Performance Overview

Slippage from original schedule: 28 Months for FOC	Approved budget: $436m	Spend to date: $134m

During 2018/19, key activities for the JNT00090PH1 Project include: First of Type installation for the Multi Role Tanker Transport KC-30A, HMA Ships Sirius, Choules and the Huon Class Minehunters. The project is expecting to achieve of Initial Operational Capability for the in-scope maritime and RBS-70 platforms; and transition into service of the upgraded Tactical Air Defence Radar System.

Risks

Capability:
S33(a)(i) [redacted]

S33(a)(i) [redacted]

Schedule:
S33(a)(i) [redacted]

Red

The project Final Operational Capability remains tied to the achievement Final Operational Capability for all JNT00090PH1 platforms. The last platform scheduled to achieve Final Operational Capability is S33(a)(i) [redacted] and this is forecast to be achieved in June 2022; a 28 month delay against the approve AIR00090PH1 Material Acqusition Agreement V2.0 and is the contributing factor to this reported Red Traffic Light for schedule performance.

Cost:
The project budget was reviewed and re-phased during the recently completed budget estimates activity to accommodate platform slippages. Despite the re-phasing, the project is expected to deliver its scope within the total approved budget.

Green

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]

8	**JNT02008PH5A** **Ultra High Frequency Satellite Communications**

Project Description

JNT02008PH5A will provide 20 x 25kHz Ultra High Frequency Satellite Communications channels on a hosted payload on a commercial Intelsat Satellite to provide coverage of the Indian Ocean Region, and a Network Control Management System to provide network control upgrades and data channel increases to the existing Ultra High Frequency Satellite Communications ground infrastructure.

Project Performance Overview

Slippage from original schedule: 24 months for FOC	Approved budget: $422m	Spend to date: $364m

The procurement of the UHF SATCOM channels was completed in December 2012 and transitioned into operational service. Existing Ultra High Frequency Satellite Communications ground infrastructure has been upgraded with an interim capability for the network control management system currently in operation.
The Final Capability for the development of the network control management system is being delivered by ViaSat Inc.

Risks

Capability: S33(a)(i)	S33(a)(i)
Schedule: Resulting from the November 2018 contract amendment and settlement, the delivery schedule has been re-baselined with the forecast Final Operational Capability in Quarter 2 2020. The success of achieving the revised baseline schedule is dependent on ViaSat delivering acceptable artefacts required to commence the Final Capability site installation from early March 2019. Government is yet to be advised of the revised baseline schedule. The revised schedule will be included in the 2008 Sub-Program submission to Government; scheduled for mid-2019	**Amber**
Cost: Resulting from the recent contract change negotiations S47G the project has negotiated a commercial settlement package that will provide sufficient funds to complete the project with the re-baselined schedule and contract scope.	**Green**

Remediation Strategy

Short Term (1-3 months):

- S33(a)(i)
-

Medium Term (3-12 months):

- S33(a)(i)
-
-

Long Term (12+ months):

- S33(a)(i)

9	AIR05077PH5A Airborne Early Warning and Control Interoperability Compliance Upgrade

Project Description

AIR05077PH5A will deliver interoperability compliance upgrades in two Capability Releases for the E-7A Wedgetail. Release 1: Mode 5 Identification Friend or Foe interrogation capability on 2 aircraft. Release 2: fleet wide Mode 5 Identification Friend or Foe, Link 16, Cryptographic upgrade and other enablers including a Wideband Satellite Communication capability.

Project Performance Overview

Slippage from original schedule: 12 Months	Approved budget: $1,191m	Spend to date: $514m

Despite the significant schedule delay for Release 2, S33(a)(i) [redacted]

Risks

Capability: S33(a)(i) [redacted]	S33(a)(i) [redacted]
Schedule: S33(a)(i) [redacted] capability integration and supportability challenges, S33(a)(i) [redacted] and/or other S33(a)(iii) [redacted] Government Furnished Materiel delays may continue to impact the delivery schedule (beyond the current 12 month delay).	Red
Cost: Schedule delays have resulted in deferral of effort, material and associated costs to later years. Despite the significant Release 2 schedule delay and the residual risk within Release 2, the project is confident of achieving this revised budget and remains affordable within allocated budget including, however project may require access to contingency to fund S33(a)(i) [redacted] schedule risk mitigations.	Green

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]

S22

11	JNT02097PH1B Enhancements to Special Operations Capability

Project Description

JNT02097PH1B will enhance two high priority Special Operations Capabilities in Land Mobility and a Networked Special Operations Capability.

Land Mobility: Two Special Operations Vehicle fleets will be procured; 89 Special Operations Vehicles-Commando S33(a)(i) , and 22 Special Operations Vehicles-Support S33(a)(i) .

Networked Special Operations Capability: Will form an integrated information environment and comprise a range of tactical electronic communications systems to support Special Operations across the whole of Special Operations Command.

Project Performance Overview

Slippage from original schedule: S22	Approved budget: $332m	Spend to date: $276m

A revised Materiel Acquisition Agreement was approved 28 October 2018 to formally delay S22 and Final Operational Capability to December 2020. The slippage from the original schedule has been caused by subcontractor insolvency and delays to improve the reliability of the Special Operations Vehicles-Commando. The issues are being closely managed in consultation with the contractor and the capability manager.

The Special Operations Vehicles-Commando fleet commenced remediation in November 2018 and is progressing well S33(a . All 89 Special Operations Vehicles-Commando vehicles are scheduled to complete remediation by December 2019.

Supacat is meeting the revised delivery dates that were agreed in the remediation plan. Networked Special Operations Capability elements not linked to the Special Operations Vehicles-Commando are being delivered in accordance with the agreed schedule. The Special Operations Vehicles-Support vehicles have been delivered and transferred to sustainment.

Risks

Capability: S33(a)(i), S47E(a)	S33(a)(i)
Schedule: The schedule has been reviewed and changed from Red to Amber this reporting period. The change is based on the revised Materiel Acquisition Agreement milestone dates and Supacat's successful delivery of vehicles to the revised remediation plan. S22, S33(a)(i)	**Amber**
Cost: Project budget (including Contingency) is assessed as adequate to complete the project.	**Green**

Remediation Strategy

Short to Medium Term (1-3 months): S33(a)(i)

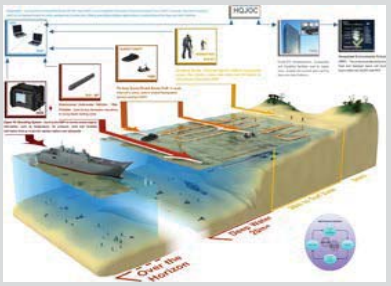
Medium Term (3-12 months): S22, S33(a)(i)

Long Term (12+ months): S33(a)(i)

12	**JNT01770PH1**[i] **Rapid Environmental Assessment**

Project Description

JNT01770PH1 will deliver the deployable materiel elements of the Rapid Environmental Assessment capability in order to enhance the direction, collection, processing and dissemination of tactical maritime environmental information. The project will deliver four discrete sub-systems: Fly-Away Survey Kit System, Mobile Meteorological and Oceanographic Team (MMT), Survey Craft System (SCS) and Autonomous Underwater Vehicle – Man Portable System (AUV-MP).



Project Performance Overview

Slippage from original schedule: 15 months for FOC	Approved budget:$45m	Spend to date: $19m

A Contract valued at $32m was signed with Lockheed Martin Australia on 30 November 2015. Responsibility for project delivery was transferred to Leidos Australia on 15 August 2016 as a consequence of Lockheed Martin divesting its worldwide Information Systems and Global Solutions business interests to Leidos Holdings. Leidos is both the Rapid Environmental Assessment systems Design Authority and Systems Integrator.

Risks

Capability: S33(a)(i) [redacted]	S33(a)(i) [redacted]
Schedule: S47G [redacted] There is a risk that Final Materiel Release and Final Operational Capability may be delayed. An Integrated Master Schedule, covering all stakeholder contributions, is being utilized to manage all interfaces and interdependencies out to Final Operational Capability.	**Amber**
Cost: Despite a number of delays and challenges, the project remains on track to deliver the Rapid Environmental Assessment capability within the approved budget. Notwithstanding, the project is seeking to access contingency of $1m for contractor personnel filling key project positions commensurate with the forecast project delay.	**Amber**

Remediation Strategy

Short 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]

This document contains commercially sensitive information. The disclosure and use of this information is restricted to Commonwealth personnel and persons providing services on behalf of the Commonwealth.

[i] The environmental designation of this project was changed from SEA to JNT in accordance with DEFGRAM 639/2013 – Joint Capability Authority Framework. JNT is the CASG naming convention which will continue to be used to ensure retention of historical data within the finance and reporting systems.

13	AIR05440 Phase1 C-130J Block Upgrade

Project Description

AIR05440PH1 integrates and installs C-130J Block Upgrades 7.0 and 8.1 to the Royal Australian Air Force fleet. The upgrade includes the introduction of Identification Friend or Foe Mode 5 and Automatic Dependent Surveillance – Broadcast capabilities. The upgrade also replaces a number of systems that are becoming increasingly difficult to support, and delivers improved flight planning efficiency and enhanced tactical functionality.

Project Performance Overview

Slippage from original schedule:	Approved budget: $228m (including $18m contingency)	Spend to date: $54m

AIR05440PH1 procurement is primarily via a United States Government-led Foreign Military Sales contract with Lockheed Martin.
S33(a)(i), S33(a)(iii) [redacted]

The project is tracking to the revised milestones.
An Independent Assurance Review held in May 2018 noted that the current schedule was credible, well understood, and agreed as executable by the key Defence, United States Government, and Lockheed Martin participants. Notwithstanding this, the Independent Assurance Review agreed that classifying the project as a Project of Interest would provide further impetus and focus across the participants to contain any further schedule slippage.

Risks

Capability: S33(a)(i) [redacted]	S33(a)(i) [redacted]
Schedule: The United States Government is establishing a contract for the delivery of modification kits; this contract, with Lockheed Martin, is due to take effect in March 2019. The delivery of the embodiment kits is on the critical path to achievement of project milestones. S47E [redacted] Overall schedule risk remains assessed as MEDIUM until the contract for modification kits takes effect, and the subsequent S47E contract for fleet installation is formalised.	**Amber**
Cost: AIR05440PH1 remains within budget estimates. There may be a requirement for contingency as the final estimates for the embodiment program, and simulator and training system updates, are confirmed in 2019.	**Green**

Remediation Strategy

S33(a)(i) [redacted]

14	AIR05431PH2 Fixed Defence Air Traffic Control Surveillance Sensors

Project Description

AIR05431PH2 will to replace the existing Air Traffic Control radars at RAAF Bases Darwin, Townsville, Amberley, Williamtown, Pearce, East Sale, Tindal, Naval air station Nowra, and Army Aviation Centre Oakey.

Project Performance Overview

Slippage from original schedule: Estimated slippage of 22 Months to Final Material Release (from October 2021).	Approved budget: $200m	Spend to date: $77m

Project is in delivery and testing stage. S33(a)(i) [redacted]

Risks

Capability: S33(a)(i) [redacted]	S33(a)(i) [redacted]
Schedule: There is medium risk of further slippage beyond 22 Months to Final Material Release once a detailed recovery plan is received from the Contractor, Hensoldt, at the end of March 2019.	**Amber**
Cost: The project is fixed, firm price, so the Contractor Hensoldt assumes the cost impacts of delay S33(a)(i) [redacted]	**Amber**

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]
-

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Section 2c: Performance Summaries for Key Acquisition Projects

AIR CAPABILITIES

Aerospace Systems

AIR05077PH3	Airborne Early Warning and Control System	Project Maturity Score: 68	ACAT III

1

Capability, Schedule & Cost Comment:	Capability: Final Operational Capability was declared on 26 May 2015. Schedule: The project will remain open until end Financial Year 2019/20 to deliver agreed post-Final Operational Capability improvements and remediation including radar, communications and aircraft fire detection system. Cost: Remaining project budget and contingency is adequate to cover remaining deliverables.
Capability Performance:	S33(a)(i) [redacted]
Schedule Performance:	S33(a)(i) [redacted]
Cost Performance:	There is a slight variance predominantly due to slippage to the S33(a)(i) [redacted] This is recoverable and within the bounds of what is acceptable per the last budget estimates.
Australian Industry Capability (AIC):	Acquisition contract was closed in 2016. All Australian Industry Capability requirements were met. Project has commenced project closure. The value of the Wedgetail Systems Acquisition contract with The Boeing Company was $3.4b of which $468m was contracted to Australian industries. In addition, the acquisition contract included $994m of funding for Strategic Industry Development Activities, being largely equivalent to the current Sovereign Industry Capability policy.
Div Head Comments:	AIR05077PH3 has achieved Final Operational Capability and is in the process of project closure. Closure is expected by 2021.

Current Project Approval ($m):	3,890	Expenditure to Date ($m):	3,637	CAPABILITY	IOC	FOC	COST
Original MAA Date:	01/06/2005	Latest MAA Amendment:	11/10/2017	S33(a)(i)	S33(a)(i)	Red	Green
AIC Distribution (%): Aus %:	43%	Overseas (%):	57%			May-15	
Division Head Name:	AVM Catherine Roberts	Division Head Mobile Number:	S22				

AIR05077PH5A	AEW&C Interoperability Compliance Upgrade	Project Maturity Score: 46	ACAT II

PROJECT OF INTEREST - see Section 2b for more detailed analysis
First included in QPR: December 2018
Schedule: 12 month delay for Final Operational Capability.

2

Capability, Schedule & Cost Comment:	Capability: S22, S33(a)(i) [redacted] Schedule: S33(a)(i) [redacted] /Final Operational Capability dates are significantly impacted within the Final Operational Capability (Release 2) baseline schedule, with opportunities being worked to mitigate S33(a)(i) [redacted] risks. Cost: The project has confirmed Release 2 affordability S33(a)(i) [redacted], however cost risk has increased as a result.
Capability Performance:	S33(a)(i) [redacted]
Schedule Performance:	No further improvement was achieved this period. S22 [redacted] . S33(a)(i) [redacted] /Final Operational Capability dates are delayed by 12 months. The project continues to work schedule mitigation opportunities through the modification and test phases.
Cost Performance:	The revised financial year 2018/19 budget of $158m is due to the S33(a)(i) [redacted] and the resultant deferral of effort, material and associated costs to later years. Despite the significant Release 2 schedule delay S33(a)(i) [redacted] the project is confident of achieving this revised budget and remains affordable with contingency.
Australian Industry Capability (AIC):	Boeing Defence Australia is achieving consistent with the profile approved in the Australian Industry Capability Plan. In Quarter 4 2018, the Contract Status Review cumulative spend to date is S33(a)(i) [redacted] .
Div Head Comments:	AIR05077PH5A continues to be a Medium/High Risk developmental program delivered against a challenging schedule. Key Risks and Issues are being actively managed and reported up through the executive forums, most recently the Acquisition Performance Review and Independent Assurance Review. The project will continue to be monitored closely given its importance to the achievement of Air Force capability.

Current Project Approval ($m):	1,191	Expenditure to Date ($m):	514	CAPABILITY	IOC	FOC	COST
Original MAA Date:	02/10/2013	Latest MAA Amendment:	06/07/2017	S33(a)(i)	S33(a)(i)	Red	Green
AIC Distribution (%): Aus %:	36%	Overseas (%):	64%				
Division Head Name:	AVM Catherine Roberts	Division Head Mobile Number:	S22				

Notes:

- Blank cells indicate that the MRS baseline does not contain relevant milestone data, due to early stage of project.
- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

AIR05349PH3	Growler Airborne Electronic Attack Capability	Project Maturity Score: 58	ACAT II

Capability, Schedule & Cost Comment:	AIR05349PH3 is on track to deliver a S33(a)(i) Airborne Electronic Attack Capability. All aircraft have been delivered to Air Force. There are some delays S33(a)(i) S33(a)(i) Cost is within approved budget. S22
Capability Performance:	S33(a)(i)
Schedule Performance:	During this reporting period integration and testing of the initial Mobile Training Threat Emitter System hardware has progressed. S22 Schedule pressures for emerging requirements under consideration have the potential to require Final Materiel Release/Final Operational Capability to be delayed.
Cost Performance:	Cost is within the Government approved budget. A large proportion of the planned project expenditure has been achieved with the completion of aircraft acceptance activities. The Foreign Military Sales support case activities remaining include the Mobile Training Threat Emitter System, aircrew training, and weapons acquisition. An addition is the recently approved commercial procurement of the Advanced Mobile Training Threat Emitter System.
Australian Industry Capability (AIC):	The Advanced Mobile Threat Training Emitter System (AIR05349PH3 Stage 3) materiel is provided by CEA Technologies, Fyshwick. Product acquisition support and operation and maintenance (platform steward) of the Mobile Threat Training Emitter System (part of AIR05349PH3 Stage 2 Enabling Capabilities) is provided by Raytheon Australia.
Div Head Comments:	S22, S33(a)(i) Cost performance remains within the approved budget.

3

Current Project Approval ($m):	3,500	Expenditure to Date ($m):	2,323	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:	20/11/2012	Latest MAA Amendment:	31/07/2018	S33(a)(i)	S33(a)(i)	Green	Green
AIC Distribution (%): Aus %:	4%	Overseas (%):	96%				
Division Head Name:	AVM Catherine Roberts	Division Head Mobile Number:	S22				

AIR05428PH1	Pilot Training System	Project Maturity Score: 52	ACAT II

PROJECT OF INTEREST - see Section 2b for more detailed analysis
First included in QPR: September 2017
Capability: Potentially degraded Initial Operational Capability product quality.

Capability, Schedule & Cost Comment:	The overarching capability requirements are expected to be met, however delays in Flight Training Devices and Courseware development will impact Pilot Training System maturity at commencement of training in January 2019. S22, S33(a)(i) Project is expected to be met within funding forecast; with access to contingency unlikely.
Capability Performance:	S33(a)(i)
Schedule Performance:	Preparations for the commencement of training for 1 Flight Training Schedule on 14 January 2019, and preparations for the initial Fundamental Input to Capability to commence on 4 February 2019. Aircraft and facility deliveries continue to plan and Training Services elements are maturing in readiness for training delivery. Courseware development and verification has seen visible progress, however schedule remains compressed with incremental delivery of Courseware packages now progressing.
Cost Performance:	As at 31 December 2018 the variance (an overspend) between phasings and actuals was $9m. This is largely due to execution of a Contract Change Proposal which brought forward milestone payment from June 2019 to December 2018 valued at $5m (Flight Training Device #6). Also a milestone originally phased for payment in January 2019 valued at $7m, but achieved ahead of payment plan in December 2018, there is also a Foreign Exchange gain to the value of -$2m and a slippage of -$1m for Ground Support Equipment now expected in January 2019.
Australian Industry Capability (AIC):	Lockheed Martin Australia (as the prime), Pilatus Aircraft Ltd and Hawker Pacific Pty Ltd have been selected to provide the Pilot Training System to the Commonwealth. The relatively low Australian Industry Capability content for the acquisition program is reflective of the fact that aircraft and support equipment will be manufactured in Switzerland, with flight simulators and training materiel being procured from the US. The Australian Industry Capability content under the acquisition contract focuses on aircraft certification and courseware development work. Australian Industry Capability has been increased through the Independant Verification & Validation process.
Div Head Comments:	The capability requirement for commencement of training is expected to be met on schedule and budget.S33(a)(i), S47E

4

Current Project Approval ($m):	1,244	Expenditure to Date ($m):	465	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:	09/11/2009	Latest MAA Amendment:	14/07/2015	S33(a)(i)	S33(a)(i)	Green	Green
AIC Distribution (%): Aus %:	4%	Overseas (%):	96%				
Division Head Name:	AVM Catherine Roberts	Division Head Mobile Number:	S22				

Notes:
- Blank cells indicate that the MRS baseline does not contain relevant milestone data, due to early stage of project.
- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

S22

S22

Notes:
- Blank cells indicate that the MRS baseline does not contain relevant milestone data, due to early stage of project.
- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

S22

Notes:
- Blank cells indicate that the MRS baseline does not contain relevant milestone data, due to early stage of project.
- See Annex A for explanation of traffic lights and ACAT value.

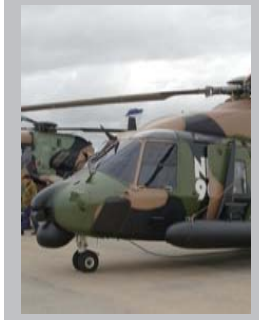
Section 2c: Performance Summaries for Key Acquisition Projects

Helicopter Systems

AIR09000PH2, 4 & 6	Multi-Role Helicopter (MRH) 90	Project Maturity Score: 56	ACAT I

PROJECT OF CONCERN - see Section 1 for detailed Project of Concern report
First included on PoC list: November 2011
Schedule: Six year delay for Final Operational Capability

8



Capability, Schedule & Cost Comment:	Schedule remains at some risk due to the relative number and complexity of the supplies required for Final Materiel Release. Final Materiel Release is being rebaselined with a forecast achievement date of 2021 based on delivery dates for remaining supplies and a revised definition for Final Materiel Release, to achieve Final Operational Capability. Remaining Contract Changes are being progressed to deliver Materiel Acquisition Agreement supplies with attention to Final Operational Capability, the Common Mission Management System and progression of the critical capabilities for successful transition of Multi-Role Helicopter into 6 Aviation Regiment in 2019.
Capability Performance:	S33(a)(i) [redacted]
Schedule Performance:	Schedule remains at risk due to the number and complexity of the supplies to be delivered to achieve Final Material Release. Contracts for the remaining Material Acquisition Agreement supplies are being progressed. Cargo Hook continued to receive close monitoring to reduce schedule risk. The supplies required for Plan Palisade and Operational Capability Milestone 2 have progressed on schedule and are receiving close attention by the Commonwealth.
Cost Performance:	The December actual cash spend was $9m with a total spend to date for the financial year of $37m. The year to date variance is primarily in relation to delays in achieving prime contract milestones in relation to S33(a)(i) [redacted]. Delays in signing Contract Change Proposals has also impacted on spend to date. The project is confident of achieving the revised end of year forecast of $144m with risk elements reviewed as part of the estimates process and revisions incorporated within the latest forecast.
Australian Industry Capability (AIC):	Established Australian Industry Capability (Local Industry Participation): Airbus Australia Pacific is the prime contractor for the MRH90 Taipan Helicopters. Airbus Australia Pacific and the following in-country subcontractors are the prime local industry participants: Thales Australia, Sagem Australia and MTR (MTU Turbomeca Rolls-Royce), and TAA (Turbomeca Australasia). Airbus Australia Pacific are continually negotiating further improvement in this area, in accordance with the Multi-Role Helicopter 90 Sustainment Contract Local Industry Plan.
Div Head Comments:	Industry's forecast delivery of S33(a)(i) [redacted] in June 2019 S33(a)(i) [redacted] The critical capabilities for Multi-Role Helicopter introduction into 6 Aviation Regiment and Operational Capability Milestone 2 S33(a)(i) [redacted] are being closely monitored. The project team is confident of achieving the revised end of year budget forecast.

Current Project Approval ($m):		3,776	Expenditure to Date ($m):	3,140	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:		01/06/2005	Latest MAA Amendment:	04/08/2014	S33(a)(i) [redacted]	S33(a)(i) [redacted]	**Red**	**Green**
AIC Distribution (%):	Aus %:	15%	Overseas (%):	85%				
Division Head Name:	Mr Shane Fairweather		Division Head Mobile Number:	S22 [redacted]				

S22 [redacted]

Notes:
- Blank cells indicate that the MRS baseline does not contain relevant milestone data, due to early stage of project.
- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

S22

Joint Strike Fighter

S22

Notes:
- Blank cells indicate that the MRS baseline does not contain relevant milestone data, due to early stage of project.
- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

JOINT CAPABILITIES

Joint Systems

S22

AIR05431PH2	Fixed Defence Air Traffic Control Surveillance Sensors	Project Maturity Score: 54	ACAT III

PROJECT OF INTEREST - see Section 2b for more detailed analysis
First included in QPR: December 2018
Schedule: S22

13

Capability, Schedule & Cost Comment:	S33(a)(i) this will result in a delivery delay of between 18 and 24 months. S33(a)(i)
Capability Performance:	S33(a)(i)
Schedule Performance:	Initial advice from the Contractor S33(a)(i), S22 Final Material Release will slip at least 22 Months from October 2021 to August 2023. These estimates are indicative based on Hensoldts intitial advice pre-delivery of a scoped plan and schedule, incorporating timings for each site as estimated in the Version 4 Draft Schedule delivered by Hensoldt in November-December 2018.
Cost Performance:	S47E, S47F S33(a)(i)
Australian Industry Capability (AIC):	The Prime Contractor is Hensoldt , a German Company, which is conducting the majority of the work scope under this contract. There are a number of Australian-based subcontractors: Nova Defence Pty Ltd, IE-Asia Pacific Pty Ltd, IDEC Solutions Pty Ltd and Logistics Engineering Services Pty Ltd. The value of the Australian Industry content is approximately $33m, which represents approximately 24% of the acquisition contract value.
Div Head Comments:	The project warrants more significant senior management attention and has now been classified as a Project of Interest.

Current Project Approval ($m):		200	Expenditure to Date ($m):	77	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:		16/12/2014	Latest MAA Amendment:	08/02/2016	S33(a)(i)	S33(a)(i)	Green	Green
AIC Distribution (%):	Aus %:	24%	Overseas (%):	76%				
Division Head Name:	Mr Ivan Zlabur		Division Head Mobile Number:	S22				

Notes:
- Blank cells indicate that the MRS baseline does not contain relevant milestone data, due to early stage of project.
- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

AIR05431PH3	Civil Military Air Traffic Management System (CMATS)	Project Maturity Score: 41	ACAT I

PROJECT OF INTEREST - see Section 2b for more detailed analysis
First included in QPR: June 2018
Schedule: 28 months slippage for Final Operational Capability

14

Capability, Schedule & Cost Comment:	In order to obtain a fixed price contribution to the joint OneSKY program, Defence agreed to a number of scope changes to be incorporated post-contract signature. These included: relocation of Darwin and Townsville approach to Brisbane Centre; Alternate (non-CMATS) tower solutions at Richmond, Edinburgh, Oakey and Gingin; and relocation of Oakey approach to Amberley. These changes are being progressed through Contract Change Proposals to the original contract but, until fully incorporated, the impact to the schedule for Initial and Final Operational Capabilities will not be known. AIR05431PH3 is working closely with Air Force to assess any schedule impacts and the Materiel Acquisition Agreement will be revised once the new dates are known.
Capability Performance:	S33(a)(i) [redacted]
Schedule Performance:	The S22 [redacted] /Final Materiel Release dates, as advised to Government at Gate 2 approval, will not be met. The Materiel Acquisition Agreement was revised 14 January 2019 to reflect the currently incorporated contracted changes. However, there is still a number of contract change proposals yet to be incorporated that could have an impact on the schedule for Final Operational Capability. Thales is continuing to develop the schedule to address outcomes of Integrated Baseline Review and Defence scope changes.
Cost Performance:	November achievement is consistent with the payment profile agreed with Airservices in the On-Supply Agreement signed 22 February 2018. The year end forecast includes Australian Defence Air Traffic System obsolescence treatment and the year end forecast relies on achievement against the spend profile advised by the Australian Defence Air Traffic System contractor.
Australian Industry Capability (AIC):	Because of the procurement strategy (Airservices is contracted to Thales and Defence receives supplies through an On-Supply Agreement), an Australian Industry Capability was not enforced. Instead, Airservices agreed to require Thales to address the Australian Industry Participation requirements; however, these have yet to be provided.
Div Head Comments:	Concur with the above comments

Current Project Approval ($m):		977	Expenditure to Date ($m):	209	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:		16/12/2014	Latest MAA Amendment:	16/12/2014	S33(a)(i) [redacted]	S33(a)(i) [redacted]	Red	Green
AIC Distribution (%):	Aus %:	71%	Overseas (%):	29%				
Division Head Name:	Mr Ivan Zlabur		Division Head Mobile Number:	S22 [redacted]				

Notes:
- Blank cells indicate that the MRS baseline does not contain relevant milestone data, due to early stage of project.
- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

JNT00090PH1	ADF Identification Friend or Foe and Automatic Dependant Surveillance - Broadcast	Project Maturity Score: 50	ACAT II

PROJECT OF INTEREST - see Section 2b for more detailed analysis
First included in QPR: September 2016
Schedule: 31 months slippage for Final Operational Capability

15

Capability, Schedule & Cost Comment:	S22, S33(a)(i) were met in November 2018 from Stakeholder (Army's Combat Support SPO) perspective. Formal Minutes from JNT00090PH1 project office to Capability Manager, Air Force Headquarters and Director Modification - Army have been drafted. The Minutes will be dispatched in early-February 2019. KC-30A aircraft qualification testing is expected late-February 2019. S22, S33(a)(i) The project expects to achieve Final Operational Capability S33(a)(i) in June 2022.
Capability Performance:	S33(a)(i)
Schedule Performance:	The KC-30A Identification Friend or Foe upgrade has realised an eight month schedule delay due to S33(a)(i) and the first-of-type aircraft was delivered to Airbus Defence & Space in Madrid, Spain on 12 July 2018. Hardware modification embodiment completed November 2018. Multi Role Helicopter Test Readiness Review completed December 2018 and is holding to its Contract Master Schedule. The last platform scheduled to achieve Final Operational Capability is S33(a)(i) that is forecast to be achieved in June 2022; a 31 month delay. S33(a)(i) Detailed Design Review was completed December 2018.
Cost Performance:	S22, S33(a)(i) The project costs remain within budget for project completion.
Australian Industry Capability (AIC):	JNT00090PH1 has sought to maximise Australian Industry involvement in the Identification Friend or Foe upgrades to its platforms through the establishment of contracts with Australian primes. Those companies have sub-contracted to overeas entities as most of the JNT00090PH1 platform Original Equipment Manufacturers are foreign companies.
Div Head Comments:	No additional comments to add.

Current Project Approval ($m):	436	Expenditure to Date ($m):	134	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:	24/04/2012	Latest MAA Amendment:	28/06/2016	S33(a)(i)	S33(a)(i)	Red	Green
AIC Distribution (%): Aus %:	49%	Overseas (%):	51%				
Division Head Name:	Mr Ivan Zlabur	Division Head Mobile Number:	S22				

Notes:
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- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

JNT02008PH5A	UHF SATCOM	Project Maturity Score: 48	ACAT II

PROJECT OF INTEREST - see Section 2b for more detailed analysis
First included in QPR: March 2017
Schedule: 46 months slippage for Final Materiel Release

16

Capability, Schedule & Cost Comment:	Capability: S33(a)(i) Final Operational Capability is expected to be delayed to Quarter 2 2020 from the approved Quarter 2 2018 due to further software delays, the need to meet revised security requirements, and system certification requirements S33(a)(iii) . Cost: The project is expected to be delivered within budget (including contingency).
Capability Performance:	S33(a)(i)
Schedule Performance:	The prime contractor progressed their document deliveries supporting a mandated systems review (planned in January 2019) and an engineering change proposal required to commence final upgrades of the Mission System, schedule to start in February 2019. This also included installation of system's images for the final capability state on the Test and Training System. The project office completed successful review of the prime contractor's developed VISION software product.
Cost Performance:	Settlement has been achieved under the prime contract with the outcomes being incorporated into budget estimates. It is forecast that the project can be delivered within budget if there are no further delays.
Australian Industry Capability (AIC):	The majority of the project cost is overseas content, this being the satellite payload on IS-22 Satellite from IntelSat United States and Viasat United States for the design and development of the Network Control and Management System and upgrade of the three ground station sites. The Australian Industry Capability component is mainly for: Viasat's initial Australian Subcontractors (SpiritRiver and Clearbox); Nova System for the design and development of some elements of the system and ongoing contracted engineering and Integrated Logitics Services; and equipment purchases from other Australian suppliers.
Div Head Comments:	Concur with comments

Current Project Approval ($m):	422	Expenditure to Date ($m):	364	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:	08/04/2009	Latest MAA Amendment:	02/07/2014	S33(a)(i)	S33(a)(i)	**Red**	**Green**
AIC Distribution (%): Aus %:	16%	Overseas (%):	84%				
Division Head Name:	Mr Ivan Zlabur	Division Head Mobile Number:	S22				

Notes:
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Section 2c: Performance Summaries for Key Acquisition Projects

S22

Notes:
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Section 2c: Performance Summaries for Key Acquisition Projects

JNT02072PH2A	Battlespace Communications Systems (Land)	Project Maturity Score: 65	ACAT III

18

Capability, Schedule & Cost Comment:	S33(a)(i) All equipment has been issued. Final Materiel Release is reporting as red due to various delays; S33(a)(i) . The Capability Manager declared Final Materiel Release achievement on 17 January 2019. There are no major cost drivers at this point in time. The project is seeking to close in Quarter 1 2019
Capability Performance:	S33(a)(i)
Schedule Performance:	Final Materiel Release achieved 17 January 2019. Capability Manager has prepared a Final Operational Capability Declaration for sign-off. Prime System Integrator activities have ceased at Capability Managers request. The project is preparing to hand over Prime System Integrator artefacts to Army in Quarter 1 2019.
Cost Performance:	There are no major cost drivers at this point in time. Deliveries of spares and support test equipment are being finalised. Procurement of support equipment was delayed due to alignment of the commissioning of the new facility in Watsonia and delays to the delivery of selected ancillary equipment buys.
Australian Industry Capability (AIC):	The original equipment was via Direct Commercial Sales through Harris and Raytheon. Australian Industry Capability has been limited to local suppliers for ancillary equipment. Identification of local suppliers is ongoing as part of routine business.
Div Head Comments:	Comments noted; project is finalising closure.

Current Project Approval ($m):		438	Expenditure to Date ($m):	374	CAPABILITY	IOC	FOC	COST
Original MAA Date:		08/12/2011	Latest MAA Amendment:	08/12/2011	S33(a)(i)	S33(a)(i)	Red	Green
AIC Distribution (%):	Aus %:	29%	Overseas (%):	71%				
Division Head Name:	Mr Ivan Zlabur		Division Head Mobile Number:	S22				

JNT02072PH2B	Battlespace Communications System (Land) [BCS(L)]	Project Maturity Score: 53	ACAT I

19

Capability, Schedule & Cost Comment:	S33(a)(i) Final Materiel Release will likely slip 15 months due to non-delivery of S33(a)(i) S47E(a)
Capability Performance:	S33(a)(i), S47F
Schedule Performance:	S47E a 15 month slip to Final Materiel Release S33(a)(i) Otherwise, schedule performance by Boeing Defence Australia has been good. S22
Cost Performance:	S47E Otherwise, cost performance by Boeing Defence Australia has been good.
Australian Industry Capability (AIC):	The majority of design, development, systems integration and testing of the Integrated-Battlespace Telecommunications Network is performed in Australia by Boeing Defence Australia. A small amount of manufacturing is performed by GH Varley (~$30m). A large proportion of the Integrated-Battlespace Telecommunications Network hardware is procured from overseas suppliers; however, some component level assembly and testing is performed in Australia (by Boeing Defence Australia). The contract with Boeing Defence Australia also supports three Australian Industry Requirements: High-end system and Systems-of-Systems integration (a Priority Industry Capability) and Protection of Networks, Computers and Communications and also System Assurance (two Strategic Industry Capabilities). The Enhanced Deployable Local Area Network hardware and software design and development is performed by an Australian contractor (Thales Australia).
Div Head Comments:	Project performance is entirely impacted by S33(a)(i) delays beyond the project's direct control. Strategies are being implemented to prevent further adverse impacts.

Current Project Approval ($m):		945	Expenditure to Date ($m):	408	CAPABILITY	IOC	FOC	COST
Original MAA Date:		22/08/2011	Latest MAA Amendment:	13/07/2018	S33(a)(i)	S33(a)(i)	Red	Green
AIC Distribution (%):	Aus %:	60%	Overseas (%):	40%				
Division Head Name:	Mr Ivan Zlabur		Division Head Mobile Number:	S22				

Notes:
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Section 2c: Performance Summaries for Key Acquisition Projects

LND00075PH4	Battlefield Command Systems	Project Maturity Score: 68	ACAT II

20

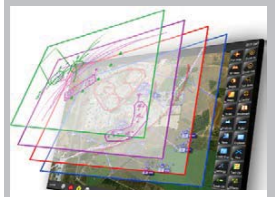
Capability, Schedule & Cost Comment:	S33(a)(i) Cost - contract final acceptance achieved on 21 August 2017.
Capability Performance:	S33(a)(i) Contract final acceptance achieved on 21 August 2017.
Schedule Performance:	All vehicle installation completed. Contract final acceptance achieved on 21 August 2017.
Cost Performance:	Contract final acceptance achieved on 21 August 2017. Minor purchase orders remain open.
Australian Industry Capability (AIC):	Australian Production Capacity: This contract is a limited tender to Elbit Systems Limited; however, an Australian subsidiary company, Elbit Systems Australia, has been established for contract execution and support to the Battle Management System. Key Australian industry skills to be transferred or developed during the program include: Program Management, Design and Engineering work, Software Engineering and Programming, Integrated Logistic Support Services, Mechanical Engineering Parts and Repair provision, Training Support and Testing and Disposal work.
Div Head Comments:	Nothing further to add.

Current Project Approval ($m):	366	Expenditure to Date ($m):	355	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:	13/11/2013	Latest MAA Amendment:	12/06/2015	S33(a)(i)	S33(a)(i)	Green	Amber
AIC Distribution (%): Aus %:	33%	Overseas (%):	67%			Dec-17	
Division Head Name:	Mr Ivan Zlabur	Division Head Mobile Number:	S22				

LND0200PH2-A	Battle Command Systems (Tranche 2)	Project Maturity Score: 44	ACAT I

PROJECT OF INTEREST - see Section 2b for more detailed analysis
First included in QPR: September 2018
Schedule: S22

21



Capability, Schedule & Cost Comment:	S22 The project is working closely with Army and Land Systems Division vehicle programs to mitigate the risks. Final materiel and operational capability are not impacted. The project has sought ~$51m from contingency to treat vehicle integration issues. This equates to a 30% draw-down from contingency; however, the remaining can cover the treatment of the worst case risks.
Capability Performance:	S33(a)(i)
Schedule Performance:	The LND0200PH2-A Tactical Communications Network project office assesses that Harris is at risk of exiting Detailed Design Review up to four months late. This assessment is based on Harris Earned Value Management data and previous entry and exit performance at Integrated Baseline Review and System Readiness Review which where delayed due to lack of content and quality in their documentation. The Tactical Communications Network project office continues to work closely with Harris to reduce the likelihood of further delays.
Cost Performance:	The LND0200PH2-A project office has sought and received approval for ~$51m from contingency to treat the vehicle integration issue. This equates to a 30% draw-down from the allocated contingency fund. The remaining contingency is still able to cover the treatment of the worse case capability performance and schedule risks associated with the Tactical Communications Network scope.
Australian Industry Capability (AIC):	Australian Industry Capability across both contracts for acquisition totals approximately $329m. These costs relate to Engineering, Project Management and Training costs associated with the program in acquisition. Inclusive of escalation this brings the totals to $347m for programmed Australian Industry Capability commitment. Using the escalation figure this represents a current Australian Industry Capability value of 46% for the program.
Div Head Comments:	I met with Harris management on 16 January 2019 to discuss progress to date. A course of action has been agreed to deal with the reported issues including adjusting the project schedule, subject to Capability Manager agreement.

Current Project Approval ($m):	960	Expenditure to Date ($m):	243	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:	07/05/2018	Latest MAA Amendment:	07/05/2018	S33(a)(i)	S33(a)(i)	Red	Red
AIC Distribution (%): Aus %:	46%	Overseas (%):	54%				
Division Head Name:	Mr Ivan Zlabur	Division Head Mobile Number:	S22				

Notes:
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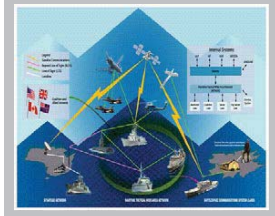
Section 2c: Performance Summaries for Key Acquisition Projects

SEA01442PH4	Maritime Communications Modernisation	Project Maturity Score: 50	ACAT II

22



Capability, Schedule & Cost Comment:	S22, S33(a)(i) and potentially impacting on Final Operational Capability. The available funding is sufficient to achieve the required capability. The project processed a Materiel Acquisition Agreement change in 2018 to align it with the ANZAC Midlife Capability Assurance Plan schedule.
Capability Performance:	S33(a)(i)
Schedule Performance:	The S22 and Final Operational Capability milestones are showing Red due to the old Materiel Acquisition Agreement being used. The Materiel Acquisition Agrrement was recently amended; this should be reflected in the next report. The ANZAC Midlife Capability Assurance Plan Schedule and the associated Materiel Acquisition Agreement was revised in June 2018. The installation activities are experiencing some delays and this is being monitored closely.
Cost Performance:	The scope of the project is expected to be delivered within budget.
Australian Industry Capability (AIC):	During the acquisition phase Leonardo MW (previously known as Selex) has established a range of sub-contract and supplier arrangements with Australian materiel and services providers, including through extant Defence contractor arrangements, and continues to mature these in order to support the sustainment phase supply chain. The company is also looking to further develop aspects of the delivered system for export opportunities.
Div Head Comments:	Nothing further to add.

Current Project Approval ($m):		441	Expenditure to Date ($m):	170	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:		24/01/2011	Latest MAA Amendment:	18/09/2018	S33(a)(i)	S33(a)(i)	Red	Green
AIC Distribution (%):	Aus %:	32%	Overseas (%):	68%				
Division Head Name:	Mr Ivan Zlabur		Division Head Mobile Number:	S22				

Notes:
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- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

LAND CAPABILITIES

Land Systems

S22

S22

Notes:
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- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

S22 [redacted]

LND00121PH4	Protected Mobility Vehicle - Light (PMV-L)	Project Maturity Score: 47	ACAT I

PROJECT OF INTEREST - see Section 2b for more detailed analysis
First included in QPR: December 2018
Schedule:

26

Capability, Schedule & Cost Comment:	The achievement of key project milestones is reliant on the resolution of the S22, S33(a)(i) [redacted]
Capability Performance:	S33(a)(i) [redacted]
Schedule Performance:	Low-rate vehicle production continues with 50 vehicles delivered to the Commonwealth. The Reliability Demonstration Test was completed, with additional design issues identified for rectification. An Extraordinary Strategic Relationship Board was conducted with Thales Australia on 13 November 2018 to formally address the ongoing Hawkei S33(a)(i) [redacted], and the resultant schedule delays.
Cost Performance:	The year to date variance is due to minor delays in the payment for vehicles and support deliverables which have been made in December 2018. Year end variation is primarily driven by a revised delivery schedule against the Prime Contract. Key variations are due to movement of vehicle and Integral Computing System deliverables to financial year 2019/20 ($173m); C4I hardware procurement forecast to slip into financial year 2019/20 ($18m); and Integrated Logistic Support and project office costs ($13m).
Australian Industry Capability (AIC):	The Hawkei is manufactured by Thales at their Bendigo plant, which will see around 210 jobs sustained as part of this contract, around 35 additional jobs as part of the support contract and around an additional 180 jobs created across Thales' supply chain. The acquisition contract will achieve over 50% of the acquisition value of $1.3b. This value includes the Integral Computing System scope of work.
Div Head Comments:	LND00121PH4 continues to work closely with Thales to improve reliability of the vehicle. Land Systems Division and Thales senior leadership meet regularly to assess the vehicle's readiness to enter Production Reliability Acceptance Testing. Successful completion of this testing is a key enabler for entering into Full-Rate Production in 2019.

Current Project Approval ($m):		1,979	Expenditure to Date ($m):	467	**CAPABILITY**	**IOC**	**FOC**	**COST**
Original MAA Date:		01/05/2008	Latest MAA Amendment:	24/05/2018	S33(a)(i) [redacted]	S33(a)(i) [redacted]	**Green**	**Green**
AIC Distribution (%):	Aus %:	55%	Overseas (%):	45%				
Division Head Name:	MAJGEN Andrew Bottrell		Division Head Mobile Number:	S22 [redacted]				

Notes:
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- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

S22

Notes:
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- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

MARITIME CAPABILITIES

Maritime Systems

SEA01448PH2A	Anzac Class Anti-Ship Missile Defence	Project Maturity Score: 66	ACAT II

28

Capability, Schedule & Cost Comment:	Project actions S33(a)(i) are progressing with support test bed equipment anticipated December 2018. Final Materiel Release has been achieved and Final Operational Capability is expected in Quarter 1 2019. Cost remains within budget as previously forecast.
Capability Performance:	S33(a)(i)
Schedule Performance:	Final Materiel Release has been achieved, Foreign Military Sales Case closure has commenced and next steps are Final Operational Capability and Materiel Acquisition Agreement closure. Final Operational Capability declaration by Navy is expected in Quarter 1 2019.
Cost Performance:	Year to date phasing is ahead of plan due to Warship Asset Management Agreement invoices being presented earlier than anticipated.
Australian Industry Capability (AIC):	The final ship has been completed using equipment sourced by BAE and Saab from local and overseas suppliers. The target remains valid and the project is in the closure stage and so no further change is expected to that already achieved.
Div Head Comments:	The final ship, HMAS Stuart, completed Materiel Release in October 2017. Final Material Release was achieved on 15 November 2018. S33(a)(i) . Once Final Operational Capability has been achieved, the streamlined Materiel Acquisition Agreement closure process will commence.

Current Project Approval ($m):	387	Expenditure to Date ($m):	378	CAPABILITY	IOC	FOC	COST
Original MAA Date:	30/06/2005	Latest MAA Amendment:	27/01/2012	S33(a)(i)	S33(a)(i)	Red	Green
AIC Distribution (%): Aus %:	60%	Overseas (%):	40%				
Division Head Name:	RADM Wendy Malcolm	Division Head Mobile Number:	S22				

SEA01448PH2B	Anzac Class Anti-Ship Missile Defence Upgrade	Project Maturity Score: 66	ACAT I

29

Capability, Schedule & Cost Comment:	Project capacity to S33(a)(i) is severely limited by external budget constraints. Final Materiel Release has been agreed by Navy and Final Operational Capability is expected in Quarter 1 2019.
Capability Performance:	S33(a)(i)
Schedule Performance:	S33(a)(i) The remaining two signatures are expected to be complete by the end of January 2019.
Cost Performance:	The Foreign Military Sales case cannot commence closure at this time as there remains an outstanding liability S33(a)(iii) due for delivery in February 2019. Once this has been confirmed, case closure will commence. Funds previously reserved for settlement of the case are being moved out to financial year 2020/21.
Australian Industry Capability (AIC):	The equipment for this phase of the project was a sovereign capability and hence the high Australian Industry Capability content. The target remains valid and the project is in the closure stage and so no further change is expected to that already achieved.
Div Head Comments:	The final ship, HMAS Stuart, completed Materiel Release in October 2017. Final Material Release was achieved on 15 November 2018. S33(a)(i) Once Final Operating Capability has been achieved, the streamlined Materiel Acquisition Agreement closure process will commence.

Current Project Approval ($m):	679	Expenditure to Date ($m):	645	CAPABILITY	IOC	FOC	COST
Original MAA Date:	08/12/2005	Latest MAA Amendment:	27/01/2012	S33(a)(i)	S33(a)(i)	Red	Green
AIC Distribution (%): Aus %:	95%	Overseas (%):	5%				
Division Head Name:	RADM Wendy Malcolm	Division Head Mobile Number:	S22				

Notes:
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Section 2c: Performance Summaries for Key Acquisition Projects

JNT02048PH3	Amphibious Watercraft Replacement	Project Maturity Score: 67	ACAT III

30

Capability, Schedule & Cost Comment:	All 12 craft have been delivered to Navy as scheduled. Final Materiel Release was achieved on 12 December 2016. S33(a)(i) the completion of which is a pre-requisite to the Capability Manager declaring Final Operational Capability. The project has sufficient funds within the budget approved at Second Pass.
Capability Performance:	S33(a)(i)
Schedule Performance:	As discussed at the Three Star Amphibious Program Steering Group in October 2018, the Capability Manager representative is planning the S33(a)(i) . Once complete, a declaration of Final Operational Capability will be possible and this has been communicated to Government via a Ministerial Submission to Minister for Defence and Minister for Defence Industry.
Cost Performance:	The project has expended $176m (75%) of the total budget and all contingency remains intact.
Australian Industry Capability (AIC):	12 Landing Helicopter Dock Landing Craft were constructed in Spain. Design integration and installation of existing ADF Battle Group Command, Control & Communications/Secondary Voice Communications System into the Landing Helicopter Dock Landing Craft capability is predominantly contracted with Australian Industry.
Div Head Comments:	All capability delivered with Final Materiel Release achieved. Final Operational Capability testing complete except for S33(a)(i) . Final Operational Capability declaration is expected following successful completion of S33(a)(i) , aligned with Final Operational Capability for Landing Helicopter Dock Landing Crafts under JNT02048PH4A.

Current Project Approval ($m):		237	Expenditure to Date ($m):	176	CAPABILITY	IOC	FOC	COST
Original MAA Date:		09/04/2009	Latest MAA Amendment:	13/08/2013	S33(a)(i)	S33(a)(i)	Red	Green
AIC Distribution (%):	Aus %:	7%	Overseas (%):	93%				
Division Head Name:	RADM Wendy Malcolm		Division Head Mobile Number:	S22				

JNT02048PH4A	Amphibious Ships	Project Maturity Score: 62	ACAT I

PROJECT OF INTEREST - see Section 2b for more detailed analysis
First included in QPR: March 2017
Schedule: 37 months delay for Final Operational Capability

31

Capability, Schedule & Cost Comment:	S33(a)(i) The project is currently on budget but risks S33(a)(i) and cost attribution with industry could affect final budget requirements.
Capability Performance:	S33(a)(i)
Schedule Performance:	Work has continued with respect to S33(a)(i) as well as further detailed planning on S33(a)(i) Implementation Plan and Roadmap to Final Materiel Release has been finalised. S33(a)(i) with Final Operational Capability scheduled for late Quarter 4 2019.
Cost Performance:	The total project expenditure to date is $2,827m. Remaining budget has been allocated for S33(a)(i)
Australian Industry Capability (AIC):	Two Landing Helicopter Docking Ships (Hull and Machinery) constructed in Spain. Superstructure constructed in Australia. Ship fit-out was undertaken in Australia including design and integration of Communications Sub-system, Combat System, and Surveillance Sub-systems.
Div Head Comments:	S33(a)(i)

Current Project Approval ($m):		3,092	Expenditure to Date ($m):	2,827	CAPABILITY	IOC	FOC	COST
Original MAA Date:		01/06/2005	Latest MAA Amendment:	25/03/2013	S33(a)(i)	S33(a)(i)	Red	Green
AIC Distribution (%):	Aus %:	29%	Overseas (%):	71%				
Division Head Name:	RADM Wendy Malcolm		Division Head Mobile Number:	S22				

Notes:
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- See Annex A for explanation of traffic lights and ACAT value.

Section 2c: Performance Summaries for Key Acquisition Projects

Ships Acquisition

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Notes:
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Section 2c: Performance Summaries for Key Acquisition Projects

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Section 2c: Performance Summaries for Key Acquisition Projects

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Section 2c: Performance Summaries for Key Acquisition Projects

Submarines

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Notes:
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Section 2c: Performance Summaries for Key Acquisition Projects

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Description of major milestones for projects

This report refers to key project milestones against which performance is measured. The main milestones are described in more detail, as follows:

1. **Initial Operational Capability (IOC)** is the capability state relating to the in-service realisation of the first subset of a capability system that can be employed operationally. IOC is defined and endorsed at Second Pass project approval, and its achievement is reported by the Capability Manager.

2. **Final Operational Capability (FOC)** is the capability state relating to the in-service realisation of the final subset of a capability system that can be employed operationally. FOC is defined and endorsed at Second Pass project approval and its achievement is reported by the Capability Manager after the relevant Fundamental Inputs to Capability (FIC) have been delivered.

The system data for the projects and products in the QPR are reporting against milestones in the Materiel Acquisition Agreements (MAA) and Key Performance Indicators in the Materiel Sustainment Agreements (MSA).

Description of ACAT and MSCAT Values

The ACAT (Acquisition Category) and MSCAT (Materiel Sustainment Category) level process is not an exact science and requires the application of sound judgement to six standardised criteria for projects and six attributes for sustainment. Acquisition projects and sustainment products operate in a dynamic environment where complexity changes over time. Each ACAT and MSCAT level needs regular review to ensure that it reflects the risk and complexity levels consistent with the assigned support, governance and resources.

Annex B – Project Maturity Scores

Project Maturity Scores are used as a means of measuring, benchmarking and communicating the relative maturity of an acquisition project. It is a subjective assessment used for quantifying, in a practical and communicable manner, the maturity of the projects as they progress through the acquisition life cycle. This methodology is represented with a matrix of seven common project attributes that together identify the progress of the project against the identified benchmark maturity score that aligns with project schedule milestones. The maximum score is 70, ie: 10 points for each of the seven attributes.

		PROJECT MATURITY SCORE ATTRIBUTE DESCRIPTORS					
		ATTRIBUTES					
	Schedule	Cost	Requirement	Technical Understanding	Technical Difficulty	Commercial	Operations and Support
Delivering the Capability (Delivery Performance)							
Maturity Score	*How are IMR & FMR milestones tracking?*	*How well are the costs tracking against project approval?*	*How well are the requirement defined in the MAA being realised?*	*Defence's understanding of the technical solution and arrangements to operate and support the capability?*	*How well is the design and its validation coming along?*	*How well is industry performing?*	*How prepared is the project to transition from Acquisition to Sustainment?*
10	Achieved	Proven	Demonstrated	Fully Understood	Proven	All Delivered	Operational
9	Confident	Contingency Remains	Tested	Transferred	Tested	Delivered	Transitioning
8	Acceptable	Confident	Designed	Arranged	Integrated	Delivering	Integrated
7	In Tolerance	Within Contingency	Acceptable	Needs Understood	Designed	Manages Risk	Being Procured
6	Manageable	Negotiated	Contracted	Provided For	Planned	As Contracted	Defined
Defining the Capability (Process Maturity)							
Maturity Score	*How realistic is the schedule?*	*What is the quality of the project estimate?*	*How well are the requirement defined and understood?*	*How well do we understand the solutions?*	*How difficult is it to put together?*	*Can industry deliver the solution?*	*Impact on the existing operating and support environment?*
5	Confirmed	Per Endorsed capability	Endorsed	Understood	Manageable	Offered	Planned
4	Understood	Industry Tested	Documented	Feasible	Feasible	Industry Proposals	Known
3	Feasible	Reasonable	Solution Classes	Coalescing	Building Blocks	Strategy Developed	Issues Understood
2	Drivers Known	Plausible	Scenarios Identified	Minimal	Conceptual	Possible	Conceivable
1	Speculative	Speculative	Deficiency	Not at all	Not Defined	Not yet	Not Identified