

Project Data Summary Sheet¹

Project Number	LAND400 Phase 2
Project Name	MOUNTED COMBAT RECONNAISSANCE CAPABILITY
First Year Reported in the MPR	2019–20
Capability Type	Replacement
Capability Manager	Chief of Army
Government 1st Pass Approval	Dec 14
Government 2nd Pass Approval	Mar 18
Budget at 2nd Pass Approval	\$5,762.7m
Total Approved Budget (Current)	\$5,657.3m
2022–23 Budget	\$616.4m
Complexity	ACAT I



Section 1 – Project Summary

1.1 Project Description

LAND400 Phase 2 will acquire the Boxer 8x8 Combat Reconnaissance Vehicle (CRV) to meet Army's land combat reconnaissance requirements. The project is approved to acquire 211 vehicles, additional modules, training systems and support systems to replace the in-service capability provided by the Australian Light Armoured Vehicle.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2023, Financial Year (FY) 2022-23 expenditure was \$569.6m against a Year End (YE) budget of \$616.4m. The YE variance is primarily due to a delay to the procurement of sparring equipment, delay to delivery of radio equipment and slippage of contract milestones with Rheinmetall Defence Australia Pty Ltd and other contracted parties.

Project Financial Assurance Statement

As at 30 June 2023, LAND400 Phase 2 has reviewed the project's approved scope and budget for those elements required to be delivered by Defence. Having reviewed the current financial contractual obligations of Defence for this project, current known risks, and estimated future expenditure, Defence considers, as at the reporting date, there is sufficient budget remaining for the project to complete against the agreed scope.

Contingency Statement

The project has not applied contingency in FY 2022-23.

Schedule Performance

The project has successfully achieved both Initial Materiel Release (IMR) (with exceptions) and Initial Operational Capability (IOC). The project schedule was adjusted in 2023 (resulting in increased variance to some milestones) to incorporate a series of contractual changes, principally focused on incorporating capability improvements and addressing supply chain delays and workforce availability. The project experienced delays in the exit of some design reviews and is working intensively with Rheinmetall Defence Australia Pty Ltd to ensure the achievement of Final Operational Capability (FOC) remains on track for 2027.

Materiel Capability/Scope Delivery Performance

The project achieved IMR with exceptions, in June 2021 and achieved IOC in June 2022. Final Materiel Release (FMR) planned for January 2027 and FOC remains planned for June 2027.

Note

Forecast dates and capability assessments are excluded from the scope of the Auditor-General's Independent Assurance Report.

1.3 Project Context

Background

Government First Pass Approval occurred in December 2014 for a replacement CRV. An assessment prior to First Pass Approval identified that current Military-Off-The-Shelf solutions were unlikely to meet all of Army's capability requirements. Government Second Pass Approval occurred in March 2018 with Rheinmetall Defence Australia Pty Ltd as the preferred tenderer to deliver the Australianised Boxer 8x8 CRV. In August 2018, Defence signed the acquisition contract for 211 Boxer CRV, to be delivered in two blocks.

The Smart Buyer Process was introduced to Defence during 2016 and became a mandatory requirement for Defence projects during 2017. As the new process was introduced after LAND400 Phase 2 had approached the market, it was not feasible to

Notice to reader

1. Forecast dates and Sections: 1.2 (Materiel Capability/Scope Delivery Performance), 1.3 (Major Risks and Issues), 4.1 (Measures of Materiel Capability/Scope Delivery Performance), and 5 (Major Risks and Issues) are excluded from the scope of the ANAO's review of this Project Data Summary Sheet. Information on the scope of the review is provided in the *Independent Assurance Report* by the Auditor-General in **Part 3** of this report.

implement it within the timeframe available.
In June 2022, Defence achieved through acceptance of the Block I Boxer CRV achieved Initial Operational Capability on schedule. The Block II Boxer CRVs will be substantially built and assembled in Australia consistent with the transition of technology, manufacturing techniques and assembly line production to Australia. There will remain some vehicle subsystems for which the transfer of manufacture or assembly from Europe to Australia is not be cost-effective and will continue to be sourced from Europe. Final assembly, integration, set to work, and testing of these elements will occur in Australia. Selected low-volume CRV variants will continue to be assembled in Germany.
On the 07 June 2023, Defence advised Rheinmetall Defence Australia Pty Ltd that it was enforcing the Stop Payment for Milestone 070 'Exit of the Recovery Detail Design Review (DDR)' due to the delay in milestone achievement and delay in the conducting the Integrated Baseline Review.
The Boxer CRV will form part of Army's modernised Armoured Fighting Vehicle capability, until its life-of-type (approximately 2055).
Uniqueness LAND400 Phase 2 is unique for two reasons. Firstly, Australia is the first nation acquiring a Boxer vehicle with a manned-turret, a variant that other countries have expressed an interest in buying. Secondly, the project is acquiring a uniquely designed Reconfigurable Driver Training Simulator – a system that was designed in Australia, won an Essington-Lewis Award for the best minor acquisition under \$50.0m million in 2020, and is attracting global interest for follow-on sales.
Major Risks and Issues The project is currently managing the following High risk: <ul style="list-style-type: none"> Failure to achieve FOC on schedule. The project is currently managing the following issues: <ul style="list-style-type: none"> Training equipment fails to enter DDR on schedule. The Recovery (RECOV) Variant fails to enter DDR on schedule. The project is managing a small quantity of residual issues associated with two milestones (IMR and IOC).
Other Current Related Projects/Phases LAND400 Phase 2 is reliant on the delivery of LAND200 Tranche 2 capabilities: <ul style="list-style-type: none"> Battlefield Management System (BMS). Enables vehicle commanders to monitor, direct and review operations with electronic displays of maps and combat data; and Tactical Communications Network (TCN). Provides secure, mobile communications infrastructure to support the distribution of the BMS and other combat systems used by Army. These subsystems are scoped to be delivered to Army by LAND200 Tranche 2. Army's BMS and TCN integration into the CRV platform were not scoped in LAND200 Tranche 2, as LAND200 Tranche 2 preceded LAND400 Phase 2 approval - hence there is no direct dependency. LAND400 Phase 2 will deliver an interim capability effect to fill the BMS and TCN requirements that will be further developed under future projects. The project is reliant on: <ul style="list-style-type: none"> LAND154 Phase 2 - Joint Counter Improvised Explosive Device Capability. Force Protection Electronic Counter Measures solution integrated into the CRV as Government Furnished Equipment.
Note Major risks and issues are excluded from the scope of the Auditor-General's Independent Assurance Report.

Section 2 – Financial Performance²

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
	Project Budget		
Dec 14	Original Approved (Government First Pass Approval)	116.7	
Mar 18	Government Second Pass Approval	5,646.0	
	Real Variation – Transfer		
	Total at Second Pass Approval	5,762.7	
Jun 23	Exchange Variation	(105.3)	
Jun 23	Total Budget	5,657.3	
	Project Expenditure		
Prior to Jul 22	Contract Expenditure – Rheinmetall Defence Australia Pty Ltd	(1,571.6)	
	Contract Expenditure – NIOA Pty Ltd	(78.2)	
	Contract Expenditure – Universal Motion Simulators Pty Ltd	(26.7)	
	Contract Expenditure – EOS Defence System Pty Ltd	(6.8)	

Notice to reader

2. As per the JCPAA 2022-23 MPR Guidelines, financial figures in the PDSS have been rounded to one decimal point. Section 2 financial tables may include totals and percentages that are impacted due to the rounding of the original financial data.

Project Data Summary Sheets

Auditor-General Report No.14 2023–24
2022–23 Major Projects Report

FY to Jun 23	Other Contract Payments / Internal Expenses	(167.7)	1
		(1,851.0)	
	Contract Expenditure – Rheinmetall Defence Australia Pty Ltd	(466.0)	2
	Contract Expenditure – NIOA Pty Ltd	(12.1)	
	Contract Expenditure – EOS Defence System Pty Ltd	(5.9)	
	Contract Expenditure – Varley Rafael Australia Pty Ltd	(0.7)	
Jun 23	Contract Expenditure – Universal Motion Simulators Pty	(0.5)	
	Other Contract Payments / Internal Expenses	(84.4)	3
	Total Expenditure	(2,420.6)	
Jun 23	Remaining Budget	3,236.8	
Notes			
1	Other Expenses (\$167.7m) are for Risk Mitigation Activity Contracts with Rheinmetall Landsysteme GmbH and BAE Systems Australia Pty Ltd (\$50.0m), Project Office Administration (\$62.3m), Command, Control, Communications, Computers and Intelligence (C4I) (\$23.8m), Extended Payment Terms Finance Charge (\$17.4m), Support Contract (\$3.4m), German Quality Assurance (\$3.2m), Test and Evaluation (\$3.4m), Risk Mitigation Activity – Other (\$0.9m), Remote Weapon Station – Block I (\$0.6m), Support (\$1.4m), Customs Duty (\$0.8m) and other (\$0.5m).		
2	Stop Payment Milestone 070 has been executed effected as at 14 May 2023, which affects payments to only Rheinmetall Defence Australia Pty Ltd contract, with no impact to accruals for 30 June 2023.		
3	Other Expenses (\$84.4m) are for C4I (\$54.5m), Project Office Administration (\$18.3m), Extended Payment Terms Arrangement (\$6.6m), Support (\$1.9m), Anti-Tank Guided Missile (\$1.5m) German Quality Assurance (\$0.7m), Test and Evaluation (\$0.4m), other (\$0.3m) and Customs Duty (\$0.2m).		

2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
508.8	685.7	616.4	<u>Portfolio Budget Statement (PBS) to Portfolio Additional Estimates Statement (PAES)</u> : The variation from PBS to PAES is primarily due to a milestone schedule and commercial reset of the Rheinmetall Defence Australia Pty Ltd acquisition contract. <u>PAES to Final Plan</u> : The variation from PAES to Final Plan is primarily due to later than expected achievement of a milestone in the Rheinmetall Defence Australia Pty Ltd acquisition contract. The delay is caused by a combination of technical and labour shortage issues.
Variance \$m	176.9	(69.3)	Total Variance (\$m): 107.7
Variance %	34.8	(10.1)	Total Variance (%): 21.2

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
616.4	569.6	(32.8)	Australian Industry	The YE variance is primarily due to the delay to the procurement of sparing equipment, delay to delivery of radio equipment and slippage of contract milestones with Rheinmetall Defence Australia Pty Ltd and other contracted parties.
		(12.8)	Foreign Industry	
		-	Early Processes	
		(1.2)	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
		(46.8)	Total Variance	
(7.6)	% Variance			

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature \$m	30 Jun 23 \$m			
NIOA Pty Ltd	Jul 18	47.3	99.2	Firm or Fixed	Standard Defence Contract	4
Rheinmetall Defence Australia Pty Ltd	Aug 18	3,890.2	3,849.9	Firm or Fixed	Standard Defence Contract	1, 3
Universal Motion Simulators Pty Ltd	Dec 18	29.1	31.4	Firm or Fixed	Standard Defence Contract	-

EOS Defence System Pty Ltd	Dec 19	50.2	59.9	Firm or Fixed	Standard Defence Contract	2, 3
Varley Rafael Australia Pty Ltd	May 23	45.7	46.0	Firm or Fixed	Standard Defence Contract	5
Notes						
1	Contract value as at signature is based on PBS 2018-19 budgeted exchange rates. The commitment value included price escalation estimates.					
2	Contract value as at signature is based on Mid-Year Economic and Fiscal Outlook 2019-20 budgeted exchange rates. The commitment value included price escalation estimates.					
3	The price at 30 June 2023 is \$40.3m lower than the price at Rheinmetall Defence Australia Pty Ltd contract signature due to contract changes, exchange rate variation and price escalation. The price at 30 June 2023 is \$9.7m higher than the price at EOS Defence System Pty Ltd contract signature due to contract changes, exchange rate variation and price escalation.					
4	Contract value as at signature reflects initial order quantity only not current value including additional purchase orders.					
5	Contract value as at signature is based on PBS 2023-24 budgeted exchange rates.					

2.3B Details of Project Major Contracts – Contracted Quantities and Scope

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 23		
NIOA Pty Ltd	Classified	Classified	Explosive Ordnance.	-
Rheinmetall Defence Australia Pty Ltd	211	211	CRV, 12 Mission Modules, Support and Test Equipment and Training Equipment.	1
Universal Motion Simulators Pty Ltd	6 1	6 1	Reconfigurable Driver Simulator – Fixed Part Task Trainer – Reconfigurable Driver Simulator.	-
EOS Defence System Pty Ltd	82	82	Remote Weapon Station.	-
Varley Rafael Australia Pty Ltd	Classified	Classified	Explosive Ordnance.	-
Major equipment accepted and quantities to 30 Jun 23				
As at 30 June 2023:				
<ul style="list-style-type: none"> 25 CRV have been accepted. A classified quantity and variety of explosive ordnance has been accepted. 				
Notes				
1	In FY 2019-20, the quantity reported at contract signature was 223 – this figure included 211 CRV and the 12 additional Mission Modules. This figure has been updated to 211 to more correctly define the number of complete CRV.			

2.4 Australian Industry Capability

Summary
The project has no contracted Australian Industry Capability (AIC) targets with NIOA Pty Ltd as the contract is managed by Land Explosive Ordnance. NIOA Pty Ltd has an AIC plan that maximises Australian Industry involvement across Design Development, Production Activities, Integrated Logistics Support (ILS) and Contractor Data Requirement Lists.
The project has contracted AIC targets based on opportunities to maximise internationally competitive Australian industry involvement which is captured in Rheinmetall Defence Australia Pty Ltd's AIC Plans in the support of their design, manufacturing, integration, ILS and Project Management activities.
The project has contracted AIC targets with Universal Motion Simulators Pty Ltd. Universal Motion Simulators Pty Ltd has an AIC plan that maximise Australian Industry involvement across Design Development, Production Activities, ILS, Contractor Data Requirement Lists and Project Management Office activities.
The project has contracted AIC targets with EOS Defence System Pty Ltd. EOS Defence System Pty Ltd has an AIC plan that maximise Australian Industry involvement across the Design Development, Production, Contractor Data Requirement Lists and Project Management Office activities.
The project has identified AIC targets based on those opportunities that maximise internationally competitive Australian industry involvement which will be captured in Varley Rafael Australia Pty Ltd Domestic Manufacture Business Case to be delivered in November 2023 in the support of their design, manufacturing, integration, ILS and project management activities.
Note
AIC Plans for contracts worth more than \$20 million are published on Defence's website. Australian Industry Capability is excluded from the scope of the Auditor-General's Independent Assurance Report.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/Forecast	Variance (Months)	Notes
System Requirements	Block I – Multi Purpose Vehicle	N/A	N/A	Nov 18	N/A	1, 2
	Block I – Reconnaissance	Nov 18	N/A	Nov 18	0	1

Project Data Summary Sheets

Auditor-General Report No.14 2023–24
2022–23 Major Projects Report

	Block II – Joint Fires and Surveillance	Jul 19	N/A	Jul 19	0	1
	Block II – Command and Control	Jun 19	N/A	Jul 19	1	1
	Block II – Reconnaissance	Jan 19	N/A	Feb 19	1	1
	Block II – Repair	Aug 19	Oct 19	Sep 19	1	1
	Block II – Recovery	Feb 19	N/A	Feb 19	0	1
Preliminary Design	Block I – Multi Purpose Vehicle	N/A	N/A	Jan 19	N/A	1, 2
	Block I – Reconnaissance	May 19	N/A	May 19	0	1
	Block II – Joint Fires and Surveillance	Dec 20	Jan 23	May 23	30	1, 3, 9, 10
	Block II – Command and Control	Jul 20	Jan 23	May 23	35	1, 4, 9, 10
	Block II – Reconnaissance	Jul 19	N/A	Sep 19	2	1, 3, 5
	Block II – Repair	Dec 21	May 23	Mar 24	27	1, 9, 10
	Block II – Recovery	Feb 20	Sep 22	Aug 22	30	1, 6, 9
Critical Design	Block I – Multi Purpose Vehicle	Jan 19	N/A	Aug 19	7	1, 2, 7
	Block I – Reconnaissance	Oct 19	N/A	Nov 19	1	1
	Block II – Joint Fires and Surveillance	Nov 21	Oct 23	Jun 24	31	1, 3, 9, 10
	Block II – Command and Control	Apr 21	Oct 23	Jun 24	38	1, 4, 9, 10
	Block II – Reconnaissance	May 20	May 22	Aug 22	27	1, 8, 9
	Block II – Repair	Sep 22	Feb 24	Feb 25	29	1, 9, 10
	Block II – Recovery	Mar 21	May 23	Dec 23	33	1, 9, 10
Notes						
1	The date represents the exit of the Design Review.					
2	The Multi-Purpose Vehicle was only required to conduct a DDR.					
3	Delay was due to the introduction of the Electronic Architecture and COVID-19 Contract Change Proposals (CCP), uncertainty with the load list, and delays associated with the Command and Control variant.					
4	Delay was due to a combination of the introduction of the Electronic Architecture and COVID-19 CCPs, and uncertainty with the load list.					
5	Delay was due to a failure to satisfy all Preliminary Design Review (PDR) requirements which resulted in Defence invoking a Stop Payment in July 2019 – this has now been lifted.					
6	Delay was due to a Commonwealth request for a risk reduction activity (in the form of a capability demonstration) to be incorporated into the review.					
7	Delay was due to the late achievement of PDR and an underestimation of the time required to implement the design changes following the fitment exercise.					
8	Delay was due to a combination of the Stop Payment (in July 2019) – Note 5 refers; the introduction of the Electronic Architecture and COVID-19 CCPs; the entry criteria for this activity not being met; and failure to exit the design review on schedule.					
9	The additional variance is due to the execution of CCP026 which incorporated a series of capability improvements and addressed further COVID-19 delays.					
10	The variance for FY 2022-23 was due to supply chain issues and also the ability of the main contractor to adequately resource the program with appropriately skilled resources.					

3.2 Contractor Test and Evaluation Progress

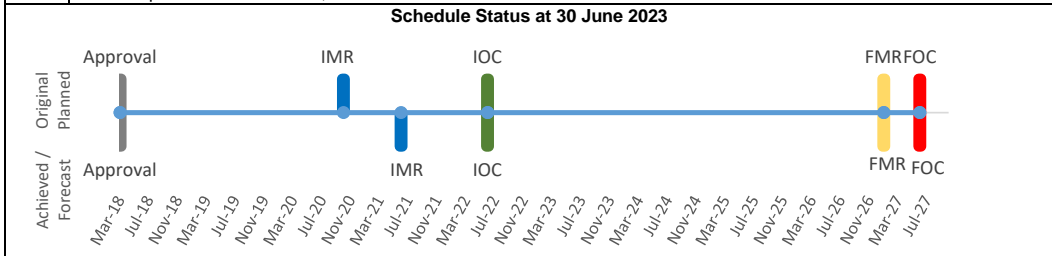
Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Integration and Acceptance	Block I – Multi Purpose Vehicle	Oct 20	N/A	Dec 20	2	1, 2
	Block I – Reconnaissance	Oct 20	N/A	Jun 21	8	1, 2
	Block II – Joint Fires and Surveillance	Oct 26	Apr 27	Jun 27	8	1, 3, 4, 5
	Block II – Command and Control	Jun 26	Apr 27	Jun 27	12	1, 3, 5
	Block II – Reconnaissance	Oct 26	May 27	Jul 27	9	1, 3, 4, 5
	Block II – Repair	Jun 26	May 27	Jul 27	13	1, 3, 5
	Block II – Recovery	Mar 26	Oct 26	Feb 27	11	1, 3, 4, 5
Notes						
1	Dates specified are based on acceptance of the final delivery for each variant.					
2	Delivery was delayed due to a combination of production and manufacturing delays in Europe and the impact of COVID-19 in both Europe and Australia.					
3	The variance is due to a combination of technical changes made to all variants and the impact of COVID-19 in both Europe and Australia.					

4	While the forecasts are earlier than currently contracted, the milestones have still slipped overall compared to the previously reported forecasts.
5	The variance for FY 2022-23 have been related to supply chain issues and also the ability of Rheinmetall Defence Australia Pty Ltd to adequately resource the program with appropriately skilled resources.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Oct 20	Jun 21	8	1, 2, 3
Initial Operational Capability (IOC)	Jun 22	Jun 22	0	1, 4
Final Materiel Release (FMR)	Jan 27	Jan 27	0	1, 6
Final Operational Capability (FOC)	Jun 27	Jun 27	0	1, 5, 6

Notes	
1	Refer to Section 4.2 for definitions of these milestones.
2	The variance is due to a combination of production and manufacturing delays in Europe and the impact of COVID-19 in both Europe and Australia.
3	IMR was met with the delivery of 21 vehicles to the 7 th Brigade in June 2021. IMR was declared with three exceptions which are further explained in Section 5.2.
4	IOC was declared on 29 June 2022, when the first operationally-deployable CRV element (the first Mounted Combat Squadron) including mission, support and training systems, and facilities, if required, was delivered to the first Combat Brigade and support organisations, and accepted into service. The Block I vehicles experienced some technical issues during Operational Test and Evaluation activities, however these were not impediments to a IOC declaration – these are explained further in Section 5.2.
5	The project is working intensively with Rheinmetall Defence Australia Pty Ltd to ensure FOC is achieved on schedule.
6	The outcomes of the update to the Materiel Acquisition Agreement (MAA) and the conduct of the Integrated Baseline Review may have an impact on the Forecasted dates for FMR and FOC. The revision and approved Version 2 of the MAA is not expected until Quarter 4, 2023.



Note
Forecast dates in Section 3 are excluded from the scope of the Auditor-General's Independent Assurance Report.

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project expects to meet the Materiel Capability Requirements as expressed in the MAA.
	Amber: N/A
	Red: N/A

Note
This Traffic Light Diagram represents Defence's expected capability delivery. Capability assessments and forecast dates are excluded from the scope of the Auditor-General's Independent Assurance Report.

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	IMR occurred in June 2021 when 21 CRV mission systems were delivered to 7 th Brigade, Brisbane; and the initial contractor-provided logistics support arrangements were established. These included: user documentation, technical data, maintenance support, logistics instructions, engineering support, spares, and training systems.	Achieved with Exceptions
Initial Operational Capability (IOC)	IOC occurred on schedule in June 2022 when the first operationally deployable CRV element, including mission support, training systems and facilities, if required, were delivered to one Combat Brigade and support organisations, and accepted into operational service.	Achieved
Final Materiel Release (FMR)	FMR will occur with final delivery of the CRV capability. It includes: <ul style="list-style-type: none"> Delivery of all vehicles, spares and attrition, and simulation training enablers for the CRV capability to all gaining units; and, Logistics support arrangements, including: user documentation; technical data; maintenance support, logistics instruction, engineering support; spares; training systems; and facilities. Forecast: January 2027.	Not yet Achieved
Final Operational Capability (FOC)	FOC will occur when: <ul style="list-style-type: none"> The full scope of LAND400 Phase 2, including mission, support and training systems, and facilities (if required), has been delivered to the three Combat Brigades and support organisations, and accepted into operational service. Support arrangements are finalised in accordance with the ILS Plan. The three Armoured Cavalry Regiments are declared operationally ready by the Capability Manager (including training fleets, and spares and attrition stock vehicles). Forecast: June 2027.	Not yet Achieved

Section 5 – Major Risks and Issues

5.1 Major Project Risks

Identified Risks (risk identified by standard project risk management processes)		
Ref#	Description	Remedial Action
1	<u>Failure to achieve FOC on schedule</u> There is a risk that FOC will not be achieved on schedule due to the combined impacts of COVID-19, technical difficulties, global supply chain disruption, and problems faced by Rheinmetall Defence Australia Pty Ltd.	The Commonwealth has worked intensively with Rheinmetall Defence Australia Pty Ltd to reduce delays. Despite this, the project assesses that achievement of FOC is currently a High risk and is being actively managed by Commonwealth and Industry senior leadership.
Emergent Risks (risk not previously identified but has emerged during 2022–23)		
Ref#	Description	Remedial Action
	N/A	

5.2 Major Project Issues

Ref#	Description	Remedial Action
1	<u>Training equipment fails to enter DDR on Schedule</u> There is a risk that delays in training equipment delivered by Rheinmetall Defence Australia Pty Ltd will impact project schedule and capability.	The Commonwealth is working closely with Rheinmetall Defence Australia Pty Ltd to seek assurance of the training equipment design maturity to enter into a DDR and also support a Training Readiness Review to meet the requirements of schedule and capability.
2	<u>The RECOV Variant fails to enter DDR on Schedule</u> There is a risk that RECOV Variant design maturity level will impact DDR entry milestone dates.	The Commonwealth is working closely with Rheinmetall Defence Australia Pty Ltd to actively manage any delays to DDR during fortnightly Program Management Review meetings. The Commonwealth is supporting Rheinmetall Defence Australia Pty Ltd to provide review and acceptance of DDR activities.
3	<u>IMR Exceptions</u> IMR was declared with three exceptions relating to: <ul style="list-style-type: none"> the completion of Functional Configuration Audit and Physical Configuration Audit, the integration of electronic counter measures, and transportability studies including air transportability and integration with other Army vehicles. 	The project has completed remediation work to address the integration of electronic counter measures. The project expects to complete the remaining two exceptions in October 2023.

4	<p><u>Block I Technical Issues</u></p> <p>There is an issue that the Block I vehicles experienced some minor technical issues during introduction into use – issues like these are to be expected in a project of this size and complexity. Whilst the issues did result in increased risk being accepted by the Capability Manager, none were impediments to the declaration of IOC. The issues were associated with human factors, towing, and air transportability.</p>	<p>The project is working intensively with Rheinmetall Defence Australia Pty Ltd to address these and is expected to be resolved in 2023 within the timeframes required by Army. The issue for the Block I towing has been resolved with the approval of the acceptance test report and approval of the Engineering Change Proposal. The human factors issues have been addressed with the approval of the Engineering Change for the Turret Software Upgrade. For the air transportability issue there is agreed way forward to resolve the issue.</p>
---	--	---

Note
Major risks and issues in Section 5 are excluded from the scope of the Auditor-General's Independent Assurance Report.

Section 6 – Lessons Learned

6.1 Key Lessons Learned

Description	Categories of Systemic Lessons
In line with Defence instruction and Capability Acquisition and Sustainment Group (CASG) Lessons policy, the project conducts scheduled reviews of its captured lessons information (including any observations, insights and/or lessons identified) as well as lessons information contained within the Defence Lessons Repository. The project has captured eight lessons related to Requirements Management, Resourcing and Governance and Governance. Three project lessons are provided below (note this does not include all project lessons):	The project has not categorised any of its lessons information as a whole-of-Defence Lesson Learned.
Lesson Type – Observation. Whole of capability focus – The project should establish and maintain a 'whole of capability' focus in delivering the Boxer CRV, including management of all fundamental inputs to capability and commonality and alignment across the support and training systems to retain its effectiveness in rapidly changing threat and technology environments.	Requirements Management
Lesson Type – Observation. Capability Manager and stakeholder engagement are an essential part of the tender governance – arrangements should be established for regular participation of the 3-star Capability Manager and Deputy Secretary CASG in senior governance arrangements. It is recommended that each major acquisition program invite participation from Contestability Division, Joint Force Design, Industry Division and Defence Science and Technology at all levels of the Tender Evaluation Organisation.	Governance
Lesson Type – Observation. Industry engagement – Early engagement of 'Industry' (as one of the fundamental inputs to capability) is required to maximise Australian industry participation in delivering the capability. The requirements, guidance and parameters for industry involvement should be included in the tender documentation and facilitated industry engagement should be a standard part of any major acquisition project.	Requirements Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2023

Unit	Name
Division	Armoured Vehicle Division
Branch	Armoured Fighting Vehicles Branch

Project Data Summary Sheets

Auditor-General Report No.14 2023–24
2022–23 Major Projects Report