

Project Data Summary Sheet¹

Project Number	AIR9000 Phase 2, 4 and 6
Project Name	MULTI-ROLE HELICOPTER
First Year Reported in the MPR	2008-09
Capability Type	Replacement
Capability Manager	Chief of Army
Government 1st Pass Approval	Apr 06
Government 2nd Pass Approval	Aug 04 (Phase 2) Apr 06 (Phases 4 and 6)
Budget at 2nd Pass Approval	\$3,522.8m
Total Approved Budget (Current)	\$3,654.5m
2022–23 Budget	\$91.6m
Complexity	ACAT I



Section 1 – Project Summary

1.1 Project Description

The Multi-Role Helicopter (MRH) Program was a key component of the Australian Defence Force (ADF) Helicopter Strategic Master Plan that sought to rationalise the number of helicopter types in ADF service. The MRH Program consisted of three phases of AIR9000 Phase 2, Phase 4 and Phase 6. Phase 2 (12 helicopters) was the acquisition of an additional Squadron of troop lift aircraft for the Australian Army, Phase 4 (28 helicopters) was to replace Army's S-70A-9 Black Hawk helicopters in the Air Mobile and Special Operations roles, and Phase 6 (six helicopters) replaced Royal Australian Navy (RAN) SK50 Sea King helicopters in the Maritime Support Helicopter role. All three phases were grouped under the AIR9000 MRH Program.

The delivery of a 47th MRH-90 Taipan was negotiated as part of Deed 2 to allow an aircraft to be used as a Ground Training Device.

Project SEA9100 Phase 1 – Improved Embarked Logistics Support Helicopter (SEA9100 Phase 1) will acquire 12 MH-60R Seahawk aircraft that will replace the Navy's MRH-90 Taipan fleet. Navy ceased MRH-90 Taipan operations in May 2022.

On 18 January 2023, following Government Combined Pass approval, Defence announced that the LAND4507 Phase 1 – MRH Rapid Replacement Project (LAND4507 Phase 1) would acquire 40 UH-60M Black Hawk to replace the Army's MRH-90 Taipan fleet from 2023.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2023, Financial Year (FY) 2022-23 expenditure was \$77.5m against FY 2022-23 budget of \$91.6m. The variance is due to delays to the Non-Prime Acquisition activities achievements and other capability deliverables, and reduction in contractor and project management office costs.

Project Financial Assurance Statement

As at 30 June 2023, project AIR9000 Phase 2, 4 and 6 has reviewed the approved scope and budget for those elements required to be delivered by Defence. Having reviewed the current financial and contractual obligations of Defence, current known risks and estimated future expenditure, Defence considers, as at the reporting date, there is sufficient budget, including contingency remaining for the project to complete against the agreed scope.

Contingency Statement

The project has committed contingency in previous Financial Years primarily for the treatment of various supportability and performance risks such as a replacement Mission Management System including Aviation Mission System (AMS) hardware procurement and Contractor Support Services, Common Mission Management System, System Service Order Agreement and Project management support services. The commitment of contingency is directly in support of the transition of the MRH-90 Taipan into the 6th Aviation Regiment. During FY 2022-23, the project has utilised contingency funding attributed to aforementioned activities, which were drawn from previously approved contingency commitments. No additional contingency funding was sought or approved in FY 2022-23.

Schedule Performance

As a result of the Deed 2 negotiations with Airbus Australia Pacific (The Contractor), the aircraft delivery was rescheduled resulting in the final aircraft being accepted in July 2017. The first 13 aircraft required an in-service retrofit to bring them to the contracted acquisition capability baseline; the final retrofit was completed in March 2016. Both Full Flight Mission Simulators have been accepted.

Remediation configuration management issues of production aircraft slowed the acceptance of production aircraft in 2015, this in

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.

turn slowed the rate of capability growth.

Due to reliability, sustainability and design shortfalls, the Chief of Army delayed the introduction of MRH-90 Taipan into 6th Aviation Regiment by three years and delayed the withdrawal of S-70A-9 Black Hawks to mitigate the risk to capability. In September 2017 the Chief of Army agreed to continue the transition of MRH-90 Taipan into 6th Aviation Regiment. The transition commenced in January 2019 and concluded with the cessation of S-70A-9 Black Hawk operations in December 2021.

The transition of MRH-90 Taipan into 6th Aviation Regiment has been supported by the project through the funding of facilities works, procurement of support and test equipment and additional spares.

Project SEA9100 Phase 1 – Improved Embarked Logistics Support Helicopter has been granted Second Pass Approval by Government. The project will acquire 12 MH-60R Seahawk aircraft that will replace the Navy's existing MRH-90 Taipan fleet. Navy ceased MRH-90 Taipan operations in May 2022.

On 18 January 2023, following Government Combined Pass Approval, Defence announced that LAND4507 Phase 1 - MRH Rapid Replacement within the Battlefield Aviation Program would acquire 40 UH-60M Black Hawks to replace Army's MRH-90 Taipan from 2023.

Following the approval of LAND4507 Phase 1, the MRH Program Management Steering Group (PMSG) confirmed that Final Operational Capability (FOC) will not be declared for MRH-90 Taipan.

Due to ongoing capability delays and technical deficiencies, the Final Materiel Release (FMR) milestone has been delayed. FMR forecast dates have been updated to September 2023.

The following capability milestones have been declared:

- Initial Operational Capability (IOC); Army (Operational Capability Amphibious (OCA) first (OCA1)) – December 2014; Navy (Operational Capability Maritime (OCM) first (OCM1)) – February 2015.
- Operational Capability Land (OCL) first (OCL1) September 2015; second (OCL2) – March 2016; and, third (OCL3) – February 2018.
- OCA; second and third (OCA2/3) – December 2015.

Declared capability milestones have regressed due to MRH-90 Taipan system underperformance.

The following capability milestones have not been declared:

- OCM second and third (OCM2/3).
- OCA four (OCA4).
- Operational Capability Special (OCS) one and two (OCS1/2).

As previously reported, the Taipan Gun Mount (TGM) was granted incorporation approval and production batches were delivered to and accepted by the project. However, TGM will not be granted service release as it does not meet the capability requirement due to unacceptable operational and airworthiness implications for crew and passenger seating, egress and aircraft self-protection.

Project closure activities have commenced and the project will be closed as soon as possible after FMR is declared.

Materiel Capability/Scope Delivery Performance

Following the approval of LAND4507 Phase 1, the project is focused on minimising expenditure and achieving Project Closure as soon as practicable. The following outstanding capabilities will be cancelled or deliveries reduced prior to the declaration of FMR:

- TGM.
- Mission Troop Seat.
- Enhanced Cargo Hook.
- Aeromedical Evacuation – Mature and,
- C17 Tactical Loading.

All capabilities listed are subject to ongoing contractual negotiations for their cancellation or reduction in scope to support FMR and Project Closure. Materiel delivery as required under the Materiel Acquisition Agreement (MAA) will be not be fully met, as directed by the PMSG. The reduced materiel delivery is expected to be achieved by FMR.

FMR has been reviewed and is now forecast to be achieved in September 2023 as the technical and supportability issues around the outstanding reduced materiel deliveries are resolved and contracted.

The MRH-90 Taipan has not been able to meet the ADFs capability requirements and will be replaced by MH-60R Seahawk through Project SEA9100 Phase 1 Improved Embarked Logistics Support Helicopter, and UH-60M Black Hawk by LAND 4507 Phase 1 MRH Rapid Replacement Project.

Note

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

1.3 Project Context

Background

The Additional Troop Lift project was first foreshadowed in the Defence White Paper 2000. In total, the AIR9000 MRH Program under all phases has acquired 47 MRH-90 aircraft and support systems. Support capabilities include Electronic Warfare Self Protection Support System, MRH Software Support Centre, MRH Instrumentation System and a Ground Mission Management System, training systems and in-service support.

The AIR9000 Phase 2 Acquisition Contract was signed for 12 additional Troop Lift Helicopters for Army with Airbus Australia Pacific in June 2005 with the subsequent Sustainment and Program Agreement contracts signed in July 2005. First and Second Pass approval for AIR 9000 Phases 4 and 6 were granted in April 2006; AIR9000 Phase 4 provided 28 helicopters for the replacement of the Australian Army's fleet of 34 S-70A-9 Black Hawk helicopters and AIR900 Phase 6 provided six helicopters as the replacement of the RAN's fleet of SK50 Sea King helicopters, providing maritime support capability for Navy.

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<p>Defence's acceptance of two MRH-90 that included appropriate training, maintenance and supply support resulted in achievement of In Service Date of December 2007. The aircraft operated under a Special Flight Permit (SFP) granted by the Chief of Air Force with the Sustainment Contract coming into effect and all three contracts are now currently active.</p> <p>The Commonwealth suspended acceptance of aircraft from Airbus Australia Pacific in November 2010 due to a number of engineering and reliability issues. Deliveries recommenced in November 2011 after a remediation plan by Airbus Australia Pacific addressed these issues. The Minister for Defence announced on 28 November 2011 that the project would be listed as a Project of Concern (POC) citing schedule, aircraft technical deficiencies and Airbus Australia Pacific's performance. The project will remain a POC until Project Closure.</p> <p>The Commonwealth has conducted subsequent negotiations with The Contractor to review and settle commercial, technical and schedule issues with the Deed 2 contract signed on 9 May 2013. The Deed 2 came into effect on 1 July 2013.</p> <p>The project has received goods and services under the Liquidated Damages provisions of the contract.</p>
<p>Uniqueness</p> <p>The MRH-90 Taipan aircraft is based upon the German Army variant of the NH90 Troop Transport Helicopter. The MRH-90 Taipan design uses well established aerospace technologies, but has introduced new technologies into Army and Navy, primarily in the areas of composite structure, helmet mounted sight and display, and fly-by-wire flight control systems.</p> <p>The MRH Program provided a MRH-90 Taipan capability to two main users - Army and Navy. The capability delivery complexity was mitigated through an agreement between Chief of Army and Chief of Navy. This provided the project with a single interface for introduction into service issues. Navy ceased MRH-90 Taipan operations in May 2022.</p> <p>The MRH Program Office Design Acceptance Strategy is dependent upon the French Military Airworthiness Authority's (Direction Générale de l'Armement (DGA)) prior acceptance of the NH90 variants and certification recommendation for the MRH-90. The DGA and other National Qualification Organisations prior acceptance of European NH90s provide confidence for the ADF to leverage off common certification evidence for the MRH-90.</p>
<p>Major Risks and Issues</p> <p>All risks have been closed and the project is currently managing the following Issues:</p> <p>Capability related:</p> <ul style="list-style-type: none"> The current design of the protection system is not meeting capability requirements. Spares will need to be procured to support the new role equipment and capabilities being developed. <p>Schedule related:</p> <ul style="list-style-type: none"> A delay to FMR due to delivery of supplies not adhering to the contracted schedule. A delay to the final solution delivery schedule due to initial solution not being suitable for high care or multiple extractions.
<p>Other Current Related Projects/Phases</p> <p>AIR9000 Phase 7 – Helicopter Aircrew Training System (HATS). HATS will be an important link in the training continuum for inductees to the MRH-90 training system.</p> <p>AIR9000 Phase 8 – Future Naval Aviation Combat System. The acquisition of 24 helicopters to enable the Navy to deploy at least eight MH-60R Seahawks embarked at sea across the Anzac Class Frigates and the new Hobart Class Air Warfare Destroyers.</p> <p>AIR90 – Identification Friend or Foe (IFF). AIR90 has upgraded all MRH-90 Taipan to the Mode 5 IFF waveform to maintain interoperability with United States and North Atlantic Treaty Organisation (NATO) secure combat identification systems. The MRH related scope of AIR90 is in the project closure phase.</p> <p>SEA9100 Phase 1 – Improved Embarked Logistics Support Helicopter. This project expands and rationalises the support and logistics helicopter fleet consistent with the expectations for larger naval operations. The project will acquire 12 MH-60R Seahawk aircraft to replace the Navy's existing MRH-90 Taipan fleet.</p> <p>LAND4507 Phase 1 – MRH Rapid Replacement within the Battlefield Aviation Program. This project will acquire 40 UH-60M Black Hawk to replace Army's MRH-90 Taipan fleet from 2023.</p>
<p>Note</p> <p>Major risks and issues are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>

Section 2 – Financial Performance²

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
	Project Budget		
Apr 04	Original Approval	3.3	1
Aug 04	Government Second Pass Approval (Phase 2)	953.9	
Jun 06	Real Variation – Scope (Second Pass Phase 4 and 6)	2,565.6	2
	Total at Second Pass Approval	3,522.8	
Oct 06	Real Variation – Transfer	(219.0)	3

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.

Oct 08, Nov 18, Jun 20	Real Variation – Transfer	(20.3)	4
Oct 08	Real Variation – Scope	31.5	5
Sep 17	Real Variation – Budgetary Adjustment	(87.4)	6
Mar 23	Real Variation – Transfer	(117.0)	7
		(412.2)	
Jul 10	Price Indexation	679.8	8
Nov 22	Exchange Variation	(135.9)	
Jun 23	Total Budget	3,654.5	
	Project Expenditure		
Prior to Jul 22	Contract Expenditure – Airbus Australia Pacific	(2895.7)	
	Contract Expenditure – CAE Australia Pty Ltd	(193.0)	
	Contract Expenditure – NATO Helicopter Management Agency	(23.5)	
	Contract Expenditure – Leonardo Australia Pty Ltd	(16.8)	
	Other Contract Payments / Internal Expenses	(368.2)	9
		(3,497.2)	
FY to Jun 23	Contract Expenditure – Airbus Australia Pacific	(62.6)	
	Contract Expenditure – NATO Helicopter Management Agency	(0.6)	
	Other Contract Payments / Internal Expenses	(14.3)	10
		(77.5)	
Jun 23	Total Expenditure	(3,574.7)	
Jun 23	Remaining Budget	(79.8)	
Notes			
1	This project's original budget amount is that prior to achieving Government Second Pass Approval.		
2	Incorporation of AIR9000 Phase 4 (Black Hawk Upgrade/Replacement) and AIR9000 Phase 6 (Maritime Support Helicopter).		
3	The funding related to facilities elements of the project was managed by Defence Estate and Infrastructure Group (DE&IG), now known as Security and Estate Group (SEG).		
4	Transfer to DE&IG (now known as SEG) for Facilities Infrastructure (\$20.0m), temporary amenities at 6 th Aviation Regiment (\$0.2m) and for facility remediation at 5 th Aviation Regiment (\$0.05m).		
5	Real Cost Increase funding for Full Flight Mission Simulator.		
6	Real Variation for Budget Adjustment (\$87.4m). This was offset and corrected by Defence Finance Group by a subsequent Exchange Adjustment in the Finance Management Information Group Bi-Annual update.		
7	Related to the contribution of AIR9000 Phase 2 to LAND4507 Phase 1 as per the approved cost model. LAND4507 Phase 1 received Government Combined Pass Approval in late 2022. The budget journal to transfer \$117.0m from AIR9000 Phase 2 was processed in March 2023.		
8	Up until July 2010, indexation was applied to project budgets on a periodic basis. The cumulative impact of this approach was \$556.1m. In addition to this amount, the impact on the project budget as a result of out-turning was a further \$123.7m having been applied to the remaining life of the project.		
9	Other Contract Payment/Internal Expenses comprise of: Capital expenses related to purchase of Specialist Military Equipment (\$209.8m), Contractors and Consultants (\$97.5m), Operating expenditure (\$45.1m), and Other capital expenses (\$15.8m) not attributable to the aforementioned major contracts.		
10	Other Contract Payment/Internal Expenses comprise of: (\$5.9m) for Non-Prime Acquisition expenditure, (\$3.9m) for Liquidated Damages, (\$3.7m) for Contractors and Consultants and (\$0.8m) for Operating expenditure related to Resident Project Team.		

2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Materiel Movements
116.0	106.3	91.6	Portfolio Budget Statement (PBS) to Portfolio Additional Estimate Statement (PAES): The variance is primarily due to rescheduled activities as a result of delays in prime contract milestone achievement and other capability deliverables. PAES to Final Plan: The variance is primarily due supply chain issues delaying planned equipment procurements for the AMS.
Variance \$m	(9.8)	(14.7)	Total Variance (\$m): (24.4)
Variance %	(8.4)	(13.8)	Total Variance (%): (21.0)

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2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		(14.0)	Australian Industry	As at 30 June 2023, FY 2022-23 expenditure was \$77.5m against a budget of \$91.6m. The variance is due to delays to the Non-Prime Acquisition activities achievements and other capability deliverables, and reduction in contractor and project management office costs.
		-	Foreign Industry	
		-	Early Processes	
		(0.2)	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
91.6	77.5	(14.2)	Total Variance	
		(15.5)	% 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			
Airbus Australia Pacific	Jun 05	846.3	2,959.3	Variable	Standard Defence Contract	1, 2, 3, 4
CAE Australia Pty Ltd	Dec 07	180.5	193.1	Variable	Standard Defence Contract	4, 5
NATO Helicopter Management Agency	Oct 19	20.5	25.7	Variable	Non Standard Defence Contract (Multi Nation)	4, 6
Leonardo Australia Pty Ltd	Apr 18	16.3	16.8	Variable	Deed	4, 7
Notes						
1	This contract also included an Electronic Warfare Self Protection Support System, MRH Software Support System, MRH Instrumented System and 23 Ground Mission Management System (GMMS) (four Fixed GMMS, seven Deployable GMMS, one Reduced, nine Light and two interim GMMS). Contract Base date is January 2004.					
2	The MRH Instrumented System includes an airborne instrumentation pallet, some ground based instrumentation and three aircraft (from the total fleet of 47) that have provisions to have the instrumentation pallet installed.					
3	The increase from the original contract value is predominantly due to the increase in aircraft ordered and associated systems following government approved scope changes as described in Section 1.3. Since 1 July 2018, there have been key Contract Change Proposals processed for an Aeromedical Evacuation Mature System (Phase 1), replacement Cargo Hooks, Heavy Stores Carriers, TGM, Fast Roping, Rappelling and Extracting System and External Auxiliary Fuel Tanks Packaging.					
4	Contract value as at 30 June 2023 is based on actual expenditure to 30 June 2023 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).					
5	The Commonwealth conducted negotiations with The Contractor, to review and settle commercial and technical issues in December 2015.					
6	The Commonwealth entered into contract with the NATO Helicopter Management Agency for the NH90 Design and Development, Production and Logistics Management Organization as a Contributing Participant in this multi-nation contract for an Aircraft Maintenance Trainer (AMT).					
7	The Commonwealth entered into contract with Leonardo Australia Pty Ltd for the establishment of a helicopter transmission repair and overhaul facility.					

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 23		
Airbus Australia Pacific	12	47	MRH-90 Taipan aircraft.	1
CAE Australia Pty Ltd	2	2	Full Flight and Mission Simulator.	-
NATO Helicopter Management Agency	1	1	Aircraft Maintenance Trainer.	-
Leonardo Australia Pty Ltd	N/A	N/A	Repair and overhaul capability for helicopter transmission, including a repair facility, initial spares, personnel costs, and transmission pallets.	-
Major equipment accepted and quantities to 30 Jun 23				
<ul style="list-style-type: none"> 47 MRH-90 Taipan aircraft have been accepted to date. Both Full Flight Mission Simulators have been accepted by the Commonwealth. AMT has been accepted. 				
Notes				
1	The delivery of a 47 th MRH-90 Taipan was negotiated as part of Deed 2. This enables the use of one aircraft as a Ground Training Device without impacting the operational fleet.			

2.4 Australian Industry Capability

Summary
The project has contracted Australian Industry Capability (AIC) targets, where appropriate, to identify Local Industry Capability which is captured in CAE Australia Pty Ltd's AIC Plan in support of development of skills and techniques to provide ongoing support and adaptation of the Full Flight and Mission Simulators during the design, development, manufacturing and delivery stage activities; and, in Leonardo Australia Pty Ltd's AIC Plan supporting the establishment of the Helicopter Transmission Repair and Overhaul capability including all necessary transfer of technology, skills and intellectual property required in performing MRH-90 Main Gear Box Repair and Overhaul activities, including upgrade requirements.
The project has no contracted AIC targets for Airbus Australia Pacific as AIC obligations that were removed from the MRH Acquisition Contract and have no contracted AIC targets for NATO Helicopter Management Agency as the project was a contributing participant in a multi nation collective contract.
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	MRH aircraft - Phase 2	Aug 05	Oct 05	Sep 05	1	1
	MRH aircraft - Phase 4/6	Apr 07	Apr 07	May 07	1	1
	MRH Software Support Centre	N/A	Mar 07	Apr 07	1	-
	Electronic Warfare Self Protection Support System	N/A	N/A	Nov 05	N/A	-
	Ground based Mission Planning and Management System	Oct 05	Oct 05	Feb 07	16	2
	MRH Instrumented System	N/A	Jun 07	Jul 07	1	-
System Design	Full Flight and Mission Simulators	Oct 08	Mar 09	Jun 09	8	3
	Full Flight and Mission Simulators	Oct 08	Mar 09	Jun 09	8	3
Preliminary Design	MRH aircraft - Phase 2	Jan 06	Jan 06	Apr 06	3	-
	MRH aircraft - Phase 4/6	N/A	N/A	Jun 08	N/A	-
	MRH Software Support Centre	N/A	Jun 07	Jun 07	0	-
	Electronic Warfare Self Protection Support System	Mar 06	Mar 06	May 06	2	-
	Ground based Mission Planning and Management System	Jul 06	Apr 07	Jun 07	11	2
	MRH Instrumented System	N/A	Jun 07	Jul 07	1	-
Critical Design	Full Flight and Mission Simulators	Feb 09	Sep 09	Oct 09	8	3
	MRH aircraft - Phase 2	May 06	May 06	Jun 06	1	-
	MRH aircraft - Phase 4/6	Aug 08	N/A	Oct 08	2	-
	MRH Software Support Centre	N/A	Oct 07	Sep 07	(1)	-
	Electronic Warfare Self Protection Support System	Sep 06	Sep 06	Oct 06	1	-
	Ground based Mission Planning and Management System	Nov 06	Nov 07	Jul 08	20	2
Notes	MRH Instrumented System	N/A	Jun 08	Jun 08	0	-
	Full Flight and Mission Simulators	Aug 09	Feb 10	Apr 10	6	3
1	Delays in the Systems Engineering process have resulted from the developmental nature of the aircraft system, with the MRH-90 variant being unique.					
2	GMMS software delays are directly attributable to aircraft schedule delivery slip.					
3	Full Flight Mission Simulators design review delays stem primarily from slow contractor derivation of requirements into a suitable System and Subsystem Specification. This was compounded by delays in The Contractor establishing a vital subcontract with the aircraft manufacturer.					

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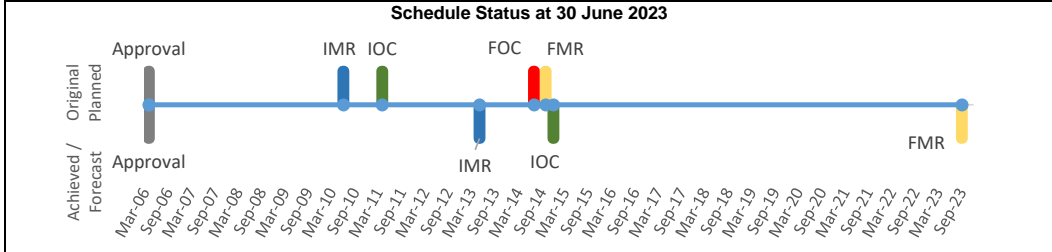
3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Integration	MRH aircraft - Phase 2	Jul 06	Nov 06	Dec 06	5	-
	MRH aircraft - Phase 4/6	N/A	N/A	N/A	N/A	1
	MRH Software Support Centre	N/A	Oct 08	Nov 08	1	-
	Electronic Warfare Self Protection Support System	N/A	N/A	Nov 07	N/A	-
	Ground based Mission Planning and Management System	N/A	N/A	N/A	N/A	2
	MRH Instrumented System	Nov 08	May 09	Dec 09	13	3
	Full Flight and Mission Simulators	Jun 11	Sept 11	Sep 11	4	4
Acceptance	Type Acceptance Review SFP 1	Oct 07	N/A	Dec 07	2	5
	Australian Military Type Certificate	Dec 08	Dec 10	Apr 13	52	6
	Full Flight and Mission Simulator #1	Jul 12	Aug 13	Aug 13	13	7
	Full Flight and Mission Simulator #2	Jan 13	Oct 14	Oct 14	21	7
	Ground based Mission Planning and Management System Lot 1	Feb 09	Sep 09	Dec 09	10	8
	Ground Mission Planning and Management System Lot 2	Feb 09	Dec 09	Apr 10	14	8
	Ground Mission Planning and Management System Lot 3	Sep 10	Sep 10	Mar 13	30	8
	MRH Software Support Centre	Feb 09	Feb 09	Dec 08	(2)	-
	Electronic Warfare Self Protection Support System	Dec 07	Dec 07	Dec 07	0	-
	MRH Instrumented System	Mar 10	Jun 10	Sep 11	18	9
Aircraft Acceptance	MRH aircraft #01 (First aircraft)	Dec 07	N/A	Dec 07	0	-
	MRH aircraft #05 (First Australian built aircraft)	Dec 08	N/A	Dec 08	0	-
	MRH aircraft #46	Jul 14	Jun 17	Jun 17	35	10
	MRH aircraft #47 (Final aircraft)	Jul 17	Jul 17	Jul 17	0	-
Notes						
1	AIR9000 Phases 4/6 were rolled into the MRH Program from aircraft 13 onwards, which increased the number of aircraft from 12 to 46.					
2	The acceptance and test-readiness of the GMMS was broken into six lots post contract signature. The lots comprise of GMMS deliverables that have been aligned to aircraft delivery – location and baseline. The acceptance of GMMS lots are listed in the acceptance area of this table.					
3	The 13-month delay to closure of Test Readiness Review was due to electronic compatibility test design issues not resolved until November 2009. This delay was mitigated by the development of an interim MRH Instrumentation System capability used for a test activity in October 2009.					
4	Achieved through completion of Test Readiness Review for Contractor In-Plant Test and Evaluation in September 2011.					
5	The first Airworthiness Board (for a SFP was conducted in November 2007 and a SFP was granted in December 2007. There have been a number of SFP extensions to allow flight trials of the aircraft as it further develops. The most recent SFP was granted in December 2012 and expired in April 2013.					
6	Achievement of the Australian Military Type Certificate proved problematic due to technical and reliability issues, leading to insufficient levels of the Rate of Effort. Rate of Effort was required to validate that in-service support arrangements for the fleet are sufficient to cope with current numbers of aircraft and are growing in maturity to meet fleet requirements. Australian Military Type Certificate and Service Release was achieved 17 April 2013.					
7	Refers to acceptance of Full Flight Mission Simulators in Oakey and Townsville. Delays have been incurred due to the late delivery of facilities and an underestimation of the time required to implement the design.					
8	Ground based Mission planning and Management System Lot 1, 2 and 3 have been altered to accommodate the variation in aircraft delivery date and configuration.					
9	The MRH instrumented system incurred delays due to technical and supportability issues that resulted in contractual non-conformances. These non-conformances were rectified by September 2011.					
10	The MRH-90 program stopped accepting aircraft in November 2010 due to a number of technical and reliability issues. The Commonwealth recommenced accepting aircraft in November 2011 after negotiating a remediation plan to address a number of engineering and contractual issues; however, acceptance of aircraft was again suspended in February 2012 pending resolution of another technical concern related to the aircraft's cargo hook. In May 2012 the Commonwealth agreed to accept a further four aircraft based on Airbus Australia Pacific's agreement to the commercial terms associated with the rectification of the cargo hook issue. Scheduled aircraft acceptance recommenced in June 2012 with aircraft #46 accepted in June 2017 and the final aircraft (#47) accepted in July 2017.					

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item		Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release 1 (IMR1)	Army/ Navy	Jun 10	May 13	35	1
Initial Operational Capability (IOC)	Navy	Jul 10	Feb 15	55	2
	Army	Apr 11	Dec 14	44	3
Final Materiel Release (FMR)	Army/ Navy	Oct 14	Sep 23	107	4
Final Operational Capability (FOC)	Navy	Dec 12	-	-	5
	Army	Jul 14	-	-	4, 5

Notes	
1	The MRH program stopped accepting aircraft in November 2010 due to a number of technical and reliability issues. This impacted the achievement of capability milestones. The Commonwealth recommenced accepting aircraft in November 2011 after negotiating a remediation plan to address a number of engineering and reliability issues; however, acceptance of aircraft was again suspended in February 2012 pending resolution of another technical concern related to the aircraft's cargo hook. In May 2012 the Commonwealth agreed to accept a further four aircraft based on Airbus Australia Pacific's agreement to the commercial terms associated with the rectification of the cargo hook issue. Scheduled aircraft acceptance recommenced in June 2012 with the final aircraft (#47) accepted in July 2017. IMR was declared on 13 May 2013, based on six Product Baseline 003 aircraft.
2	Affected by delays to IMR (refer to Note 1 above).
3	Affected by delays to IMR (refer to Note 1 above).
4	Dates directly impacted by delay to IMR (refer to Note 1 above). The remediation of technical deficiencies and issues through replacement or re-design will draw upon significant engineering, logistic and commercial resources and will therefore form the critical path toward achieving FMR. The FMR dates have been reviewed to reflect this. Ongoing delays to deliver capabilities has resulted in FMR being rescheduled to September 2023. FOC will not be declared.
5	FOC will not be declared. The MRH-90 Taipan has not been able to meet the ADF's capability requirements and will be replaced by MH-60R Seahawk through Project SEA9100 Phase 1 Improved Embarked Logistics Support Helicopter, and UH-60M Black Hawk by LAND4507 Phase 1 MRH Rapid Replacement Project.



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: N/A
	Amber: N/A
	Red: FOC will not be declared. The MRH-90 Taipan has not been able to meet the ADF's capability requirements and will be replaced by MH-60R Seahawk through Project SEA9100 Phase 1 Improved Embarked Logistics Support Helicopter, and UH-60M Black Hawk by LAND4507 Phase 1 MRH Rapid Replacement Project.

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)	<ul style="list-style-type: none"> Six Product Baseline 003 aircraft with associated role equipment to support IOC milestones; Issue of Australian Military Type Certificate and Service Release; Completion of all MRH-90 facilities at Townsville, Oakey and Nowra; Establishment of mature planned contractor support to maintenance and logistics; and Provision and certification of Mission Management systems necessary for IOC milestones. IMR was achieved in May 2013.	Achieved
Initial Operational Capability (IOC)	<ul style="list-style-type: none"> Achievement of OCM Support 1 (OCM1) – a single flight embarked for limited daytime operations. Achievement of OCA1 Milestones – deployment of a single troop (consists of three aircraft) in a permissive environment. IOC was achieved by Army – December 2014 and Navy – February 2015. 	Achieved
Final Materiel Release (FMR)	<ul style="list-style-type: none"> 47 aircraft configured to the contractual baseline including configuration amendments specified in Deeds 1 and 2 (one aircraft to be used as a Maintenance Training Device); Role equipment delivered to support aircraft. Role equipment completion criteria is to include the transfer of Project funding and contract management responsibilities concerning the completion of the remaining long lead time acquisition activities for Aeromedical Evacuation Equipment to the Army Aviation System Program Office (AASPO); A mature sustainment organisation capable of discharging all in-service responsibilities; including logistic and training requirements; Mature training system with all training devices accepted, supported by an effective, functioning training organisation. Training completion criteria to include the transfer of project funding and contract management responsibilities concerning the completion of the remaining long lead time acquisition activities for an additional AMT to AASPO; and All facilities and support equipment, required to support the capabilities accepted. FMR is forecast to be achieved in September 2023.	Not yet Achieved
Final Operational Capability (FOC)	FOC is defined as the achievement of all Operational Capability Milestones providing the following capabilities: <ul style="list-style-type: none"> OCM3 – Three embarked flights (Note: OCM3 will not be declared as a result of Navy ceasing MRH Operations). OCL3 – Two Airmobile Squadrons. OCA4 – One Squadron capable of supporting amphibious operations. OCS Operations Support (OCS2) – One Special Operations Aviation Task Unit. FOC will not be declared refer Section 1.2.	Will not be Declared

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
N/A	All major project risks are closed or are being managed as issues.	N/A
Emergent Risks (risk not previously identified but has emerged during 2022–23)		
Ref#	Description	Remedial Action
N/A	N/A	N/A

5.2 Major Project Issues

Ref#	Description	Remedial Action
1	Two issues have been identified that are attributed to Schedule: <ul style="list-style-type: none"> Delayed FMR due to delivery of supplies not adhering to the contracted schedule. Delay to the final solution delivery schedule due to initial solution not being suitable for high care or multiple extractions. 	The project FOC will not be declared due to the delay in the delivery of FMR supplies. Defence has approved the cancellation of these outstanding supplies with a corresponding scope reduction to reflect the capability identified in the MAA.
2	Two capability issues have been identified: <ul style="list-style-type: none"> The current design of the protection system is not meeting capability requirements. Spares will need to be procured to support the new role equipment and capabilities being developed. 	The PMSG held in April 2023 endorsed that the sub-system will not be granted technical release and that production systems and spares are not to be procured. The current in service system integrated onto the platform will remain in service.

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 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 four lessons related to Contract Management, First of Type Equipment, Schedule Management, Governance, and Requirements Management. 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. The impact of attaining limited Intellectual Property rights has been critical to the ongoing development of the capability and achievement of value for money in further contract negotiations. It has also limited the provision of data for integration with other platforms (such as the Landing Helicopter Dock ships).	Contract Management
Lesson Type – Observation. The MRH Program was incorrectly viewed as a Military off-the-Shelf (MOTS) acquisition. Lessons associated with intended MOTS procurements include: that it is essential that the maturity of any offered product be clearly assessed and understood; and that elements of a chosen off-the-shelf solution may not meet the user requirement.	Off-The-Shelf Equipment
Lesson Type – Observation. Better arrangements should be put in place to ensure appropriate considerations of contractor performance occur before the Commonwealth enters into similar contracts.	Contract Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2023

Unit	Name
Division	Joint Aviation Systems Division
Branch	Army Aviation Systems Branch