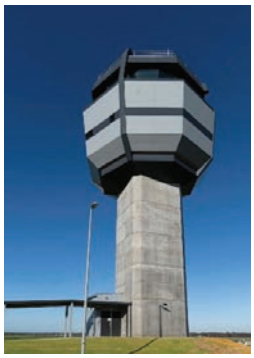
Project Data Summary Sheet

Project Number	**AIR5431 Phase 3**
Project Name	**CIVIL MILITARY AIR TRAFFIC MANAGEMENT SYSTEM (CMATS)**
First Year Reported	2016-17
Capability Type	Replacement
Capability Manager	Chief of Air Force
Government 1st Pass Approval	Nov 11
Government 2nd Pass Approval	Dec 14
Budget at 2nd Pass Approval	$731.4m
Total Approved Budget (Current)	$1,010.9m
2024–25 In-year Budget	$45.6m
Complexity	ACAT I



Section 1 – Project Summary

1.1 Project Description

AIR5431 Phase 3 will replace the current Australian Defence Air Traffic System (ADATS) at 12 fixed base Defence locations. The Defence component of the joint project includes; eight Civil Military Air Traffic Management System (CMATS) sites and four Airservices Defence OneSKY Tower (ADOT) sites, an ab-initio training simulator at the Royal Australian Air Force (RAAF) School of Air Traffic Control (SATC) and an Operational Maintenance Trainer at RAAF Base Amberley, delivered through an On Supply Agreement (OSA) contract between the Department of Defence and Airservices Australia Pty Ltd.

To meet the OSA obligation, and in addition to providing direct services using internal work packages, Airservices Australia Pty Ltd holds the contracts with Thales Australia Ltd as prime contractor for the CMATS deliveries, and with Saab Inc. and Frequentis Australasia Pty Ltd for the mission systems required for the ADOT solution.

In addition to the deliverables under the OSA with Airservices Australia Pty Ltd, AIR5431 Phase 3 will also deliver radio transition and business continuity projects, as well as the management of Defence site works and the provision of Customer Furnished Services.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $45.5m against the FY 2024-25 budget of $45.6m. The underspend is due to a Defence processing issue that resulted in a goods receipt reversal related to the Air Traffic Management Capability Assurance Program (ATM CAP).

Project Financial Assurance Statement

As at 30 June 2025, AIR5431 Phase 3 has reviewed the project's approved scope and budget for those elements required to be delivered by Defence. Having reviewed the current financial and contractual obligations of Defence for this project, current known risks and estimated future expenditure, Defence considers, as at the reporting date, there is insufficient budget remaining for the project to complete against the agreed scope.

Contingency Statement

The project has spent contingency in FY 2024-25 for the purpose of progressing the ATM CAP, being delivered by Surveillance and Control System Program Office (S&C SPO) under existing support arrangements with Raytheon Australia Pty Ltd for the ADATS; and a CMATS cable remediation activity at RAAF Base East Sale following water ingress to the Technical Equipment Room.

Schedule Performance

The revised CMATS deployment strategy, implemented as part of the Project of Concern (POC) remediation plan, simplified Thales Australia Ltd's approach to software development and test and deployment, focusing delivery on an integrated CMATS common product, verified against the Release One (R1) software baseline. This strategy mitigated some of the challenges encountered by Thales Australia Ltd's resourcing of concurrent development activities, and culminated in a nil-cost Contract Change Proposal (CCP) to the Contract (Acquisition) executed 20 December 2023.

The POC remediation plan included an action to develop an agreed and executable Integrated Master Schedule (IMS) to better facilitate program level management. The first cycle of IMS reporting occurred May 2024, with ongoing bi-monthly reports produced thereafter. Airservices Australia Pty Ltd, Thales Australia Ltd and Defence agreed in August 2024 that the IMS had matured sufficiently to support management oversight and planning.

Since implementation of the revised CMATS delivery strategy, Thales Australia Ltd have maintained schedule and completed preliminary verification activities required to achieve the R1 System Verification Milestone.

The ADOT Project is progressing, with System Acceptances for RAAF Base Edinburgh, Army Aviation Centre Oakey, RAAF Base Richmond and RAAF Base Gingin planned to occur from FY 2027-28.

The Air Ground Air Transition (AGAT) Solution delivered by BAE Systems Australia Pty Ltd progressed in accordance with the schedule with all 12 sites achieving Acceptance by the end of Quarter 4, 2024 and Final Acceptance achieved in Quarter 2, 2025,

ahead of the deployment of CMATS and ADOT to sites.

Implementation of the revised CMATS deployment strategy has impacted Government approved Initial Operational Capability (IOC) and Final Operational Capability (FOC) dates. The Project obtained Government endorsement for the revised forecast IOC and FOC dates in Quarter 1, 2025.

Materiel Capability/Scope Delivery Performance

The project has not delivered any materiel capability to date through the OSA. Related Materiel Capability being managed by the project and S&C SPO outside the OSA include:

- An AGAT solution delivered by BAE Systems Australia Pty Ltd. has been installed at all 12 Defence sites and will be commissioned and activated concurrent with the delivery of CMATS and ADOT, as required at each site.
- An ADATS Life-of-Type Extension (LOTE) delivered by S&C SPO under existing support arrangements with Raytheon Australia Pty Ltd to mitigate realised schedule delays with CMATS and ADOT. Additional project contingency funding was released in FY 2022-23 to establish a holistic ATM CAP managed by S&C SPO, to assure the entire ADATS processing and voice communications switch capability until CMATS and ADOT are accepted into operational service.
- Defence site preparation and support, to support the design requirements of the contractor.

Recognising the lack of capability delivered to date against the original agreed OSA, and more broadly the CMATS Contract (Acquisition), Defence and Airservices Australia Pty Ltd agreed to revise the OSA payment schedule to more appropriately link payments under the OSA to delivery of capability to Defence, and furthermore align the OSA with the nil-cost changes to the Price and Payment schedule of the Contract (Acquisition) negotiated as part of the POC remediation plan.

1.3 Project Context

Background

Defence and Airservices Australia Pty Ltd sought, in 2011, to replace their legacy Air Traffic Control (ATC) systems through the acquisition of a harmonised Australian CMATS that will deliver improvements in safety, efficiency, flexibility, economy and business continuity. A joint solicitation was conducted in June 2013.

AIR5431 Phase 3 received Government Second Pass approval in December 2014 on the basis of tendered agnostic capability, schedule and cost data provisioned by Airservices Australia Pty Ltd in the form of a not-to-exceed price for the Defence contribution for the common and Defence unique elements delivered under the OSA.

On 18 August 2017, due to concerns over an inability to finalise negotiations within acceptable cost and schedule parameters, AIR5431 Phase 3 was listed as a POC.

In February 2018, AIR5431 Phase 3 was granted a Real Cost Increase (RCI) of $243.0m (including contingency) to cover Defence's contribution for the agreed collaboration options, a transition radio solution AGAT, and ADATS LOTE and facilities preparation costs related to CMATS installation. This RCI permitted Defence to agree to a fixed price contribution for the Defence deliveries under the OSA, which allowed Airservices Australia Pty Ltd to sign contracts with Thales Australia Ltd, and other contractors subsequently, for the joint supplies.

AIR5431 Phase 3 was removed from the POC list on 8 May 2018 as a result of the contract with Airservices Australia Pty Ltd being established, but remained as a Project of Interest with bi-annual updates to Government.

On 27 October 2022, the Minister for Defence Industry declared AIR5431 Phase 3 would be relisted as a POC due to ongoing cost, schedule and technical challenges with the CMATS aspects of the program.

The POC process has facilitated remediation of the project through stabilising project requirements, establishment of a credible and reliable schedule, an improved governance framework and a revised payment regime for delivery of the project.

Remediation resulted in an alternative CMATS deployment strategy, that introduced a single integrated CMATS product line (as opposed to two), verified against the R1 baseline for deployment. The plan recommended other program efficiencies such as deployment to Civil sites first followed by Defence sites, and early de-risking and demonstrations to be completed at RAAF Base East Sale.

The December 2023 POC summit agreed to the POC exit criteria, with the remediation plan updated in July 2024 to incorporate these exit criteria as actions within the plan.

There have been no stop payments or liquidated damages incurred during the reporting period.

Uniqueness

The December 2009 National Aviation White Paper identified the need to implement a national civil and military Air Traffic Management (ATM) system. The activities identified in the National Aviation White Paper for the implementation of a comprehensive, collaborative approach to nation-wide ATM included the procurement of a single solution ATM platform between Civil and Military agencies.

At the time of decision to enter into the joint project arrangement, there was no history of a similar governance structure in operation that aligned with the scope of this project. As a consequence, Airservices Australia Pty Ltd and Defence have established and continued to refine the joint delivery structure without the benefit of adapting from proven existing models.

Major Risks and Issues

Airservices Australia Pty Ltd and Defence manage risks separately in accordance with their respective risk management frameworks. The CMATS and ADOT joint program risk register is maintained by Airservices Australia Pty Ltd and considers risks that collectively impact Defence and Airservices Australia Pty Ltd. AIR5431 Phase 3 operates a risk register for Defence specific /unique risks and issues. All major risks that have an impact on AIR5431 Phase 3 delivery have been recorded, regardless of where they are managed.

During the reporting period, the risks identified for AIR5431 Phase 3, the CMATS joint program and ADOT continue to relate to the categories of contractor performance, schedule, workforce, customer furnished (materials, supplies, services, data), and program delivery, as follows:

- Contractor performance covering system design processes and engineering approaches, sufficiency of technical documentation and evidence to satisfy compliance, integration with customer interfaces and services, and resource capacity to deliver the capability.
- Resourcing/workforce sufficiency and suitability across the OneSKY program, including adequate support to key activities and milestones.
- Customer Furnished Materials, Supplies and Services including provision, delivery, non-compliance, delays to, deficiencies in, or unavailability of Defence third-party systems, infrastructure and networks.
- Program delivery risks associated with the fulfilment of obligations established under the OSA for the delivery of the CMATS and ADOT capabilities to Defence, management of project scope, program risks, integrated schedules and dependencies, governance, support system development and appropriate engagement and preparation of the workforce for transition.

Overall, the risk profile remains stable, with ongoing senior-level governance and POC oversight monitoring key performance indicators for areas of risk.

The key issues impacting Defence and requiring active management include:

- Fitness for purpose of the OSA to manage the on supply of sustainment services from Airservices Australia Pty Ltd. The current approved AIR5431 Phase 3 acquisition project budget and remaining contingency provision, is insufficient to complete the Project, accounting for the extended project delivery duration, potential regulatory or compliance contract changes, rework of customer furnished services and ongoing external workforce requirements.

Other Current Related Projects/Phases

AIR5431 Phase 1 – Deployable Defence Air Traffic Management and Control System. Deployable Defence ATM Capability will introduce Deployable ATM command and control systems into the Australian Defence Force inventory. This phase has no impact on the ability of AIR5431 Phase 3 to deliver its outcomes.

AIR5431 Phase 2 – Fixed Defence Air Traffic Control Surveillance Sensors. Fixed Defence ATC Surveillance System will replace the existing fixed base Defence ATC surveillance radars. AIR5431 Phase 3 is highly reliant on AIR5431 Phase 2 to deliver ATC surveillance data at some sites, prior to the commissioning of those sites.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Dec 14	Original Approved (Government Second Pass Approval)	731.4		1
	Total at Second Pass Approval		**731.4**	
Dec 17	Real Variation – Budgetary Adjustment	(6.8)		2
Feb 18	Real Variation – Real Cost Increase	247.5		3
Nov 21	Real Variation – Transfer	1.7		4
Dec 21	Real Variation – Transfer	15.7		4, 7
Feb 22	Real Variation – Transfer	17.6		4
Mar 23	Real Variation – Transfer	(0.6)		5
Sep 23	Real Variation – Transfer	(0.5)		6
Jun 25	Exchange Variation		5.0	
Jun 25	**Total Budget**		**1,010.9**	8
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Airservices Australia Pty Ltd	(418.1)		
	Contract Expenditure – Amentum Australia Pty Ltd – Integrated Work Package (IWP)	(98.5)		
	Contract Expenditure – BAE Systems Australia Pty Ltd	(63.4)		
	Other Contract Payments/Internal Expenses	(62.2)		9
			(642.2)	
FY to Jun 25	Contract Expenditure – Amentum Australia Pty Ltd – IWP	(14.6)		
	Contract Expenditure – BAE Systems Australia Pty Ltd	(6.9)		
	Contract Expenditure – Airservices Australia Pty Ltd	(-)		10
	Other Contract Payments/Internal Expenses	(24.1)		11
			(45.5)	
Jun 25	**Total Expenditure**		**(687.7)**	
Jun 25	**Remaining Budget**		**(323.2)**	

[1]Notice to reader

As per the JCPAA 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.

Notes	
1	In addition to direct project costs, Defence received approximately $175.0m for Major Capital Facility costs and enabling Information and Communications Technology (ICT) costs.
2	This variation is due to administrative decisions to temporarily harvest funds from the project. These funds were returned to the project as part of the RCI approved in February 2018. These funds were part of the original Second Pass approval budget.
3	An RCI of $249.7m was approved by Government in February 2018 to cover additional costs related to the acquisition. This includes $2.2m for Air Force to relocate the current Tindal Australian Military Airspace Control Communications System (AMACCS) ATC radio equipment site, leaving $247.5m for Capability Acquisition and Sustainment Group (CASG) related costs (additional CMATS costs, AGAT radio solution, ADATS LOTE and facilities preparation costs related to CMATS installation). This figure includes the $6.8m returned to the project to correct the budgetary adjustment that occurred in December 2017. Given this, the total approved RCI above Second Pass approval is $242.9m including the $2.2m for Air Force.
4	Air Force Group Project Budget transferred to CASG as part of FY 2021-22 Additional Estimates for financial management purposes. Subsequent transfers include an adjustment for FY 2020-21 underspend and a transfer from Security and Estate Group (SEG) to Air Force Group for funding related to existing tower demolition.
5	Air Force Group Project Budget (part of CASG budget) transferred to SEG for funding related to ATC Communications Facilities Study.
6	Variation relates to a transfer of funding from AIR5431 Phase 3 to Defence Digital Group to fund resources to develop a CMATS interface solution and clearing of a negative balance in unallocated budget. This disclosure corrects the variation omission from last year's report.
7	Update to this variation amount corrects a rounding error from previous year's disclosures of $0.2m.
8	The total budget includes planned expenditure for the AGAT solution, ADATS LOTE, Defence site preparation and support, and ATM CAP. ATM CAP is being managed by S&C SPO, under existing support arrangements with Raytheon Australia Pty Ltd.
9	Other Contract Payments Prior to July 2024 include expenditure on site preparation, ADATS LOTE, ATM CAP and project management costs such as travel, training, project specific ICT expenses, and external legal services.
10	The Project changed its accounting treatment of OSA payments to more realistically reflect the accrual of Defence capability. The approach treats OSA payments that contribute to the payment of Thales Australia Ltd's actual costs, as pre-payments until a milestone is achieved in later financial years at which point, expenditure is realised. Defence made its final quarterly OSA contribution towards Thales Australia Ltd's actual costs in December 2024, with remaining payments linked to milestones.
11	Other Contract Payments in FY to June 2025 include expenditure on the ATM CAP ($17.2m), site preparation ($4.2m), project management costs such as travel, external legal services, RCI proposal development ($2.1m) and remediation of flood damage at RAAF Base East Sale ($0.7m).

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
49.9	45.3	45.6	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): Variation is primarily due to movement of ATM CAP Milestones. PAES to In-year Budget: Variation is due to the rollout of the PBS FY 2025/26 foreign exchange rate.
Variance $m	(4.6)	0.3	Total Variance ($m): (4.3)
Variance %	(9.3)	0.7	Total Variance (%): (8.7)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m:	Actual $m	Variance $m	Variance Factor	Explanation
		-	Australian Industry	The variation is due to: • A Defence Processing issue that resulted in a goods receipt reversal related to the ATM CAP.
		-	Foreign Industry	
		-	Early Processes	
		(0.0)	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
45.6	45.5	**(0.0)**	**Total Variance**	
		(0.1)	**% Variance**	

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 June 25 $m			
Jacobs Australia Pty Ltd – Integrated Support Contract (ISC)	Dec 14	107.7	27.0	Variable	Modified Standard Defence Contract	1, 2

Airservices Australia Pty Ltd	Feb 18	521.0	564.6	Firm or Fixed	On Supply Agreement	1, 3, 5
Amentum Australia Pty Ltd – IWP	Dec 18	47.0	88.0	Variable	Integrated Work Package	1, 4, 6
BAE Systems Australia Pty Ltd – AGAT System	Nov 19	67.4	70.5	Firm or Fixed	Support Contract Survey & Quote	1

Notes	
1	Contract value as at 30 June 2025 is based on actual expenditure to 30 June 2025 and remaining commitment at current budgeted exchange rates, and includes adjustments for indexation (where applicable).
2	The Jacobs Australia Pty Ltd - the ISC contract was closed following transition to a Branch wide Jacobs Australia Pty Ltd - IWP contract.
3	CMATS will be procured via the contracts (Acquisition) and (Support) between Airservices Australia Pty Ltd and Thales Australia Ltd. Airservices Australia Pty Ltd manages both contracts with Thales Australia Ltd on behalf of Defence through the OSA. Due to exchange rate variance, the addition of Defence approved scope and the inclusion of contract (Support), the price of the OSA will increase over time.
4	The project workforce structure is based on the CASG First Principles Review with 80% of project staff delivered under the IWP contract. Contract value is the estimated project share of the Branch IWP contract and is based on the current Purchase Order commitment and an estimate of project expenditure for work packages to the end of June 2025. The project obtained approved contingency to extend the Major Service Provider (MSP) workforce, however this provision has not yet been applied.
5	Prior years' disclosure that the Price at 30 June 2024 was $560.8m included Euro source currency in the calculation. This has been corrected for this year's disclosure and the conversion resulted in a contract price increase at 30 June 2025.
6	Jacobs Australia Pty Ltd has changed its company name to Amentum Australia Pty Ltd.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Jacobs Australia Pty Ltd – ISC	N/A	N/A	Service based integrated support.	1
Airservices Australia Pty Ltd	N/A	N/A	Through the OSA Airservices Australia Pty Ltd will deliver: CMATS combined control tower and approach centres at Amberley (including Oakey approach), East Sale, Williamtown, Tindal and Nowra; consolidated Darwin and Townsville approach services at Airservices Australia Pty Ltd Brisbane approach centre; CMATS control tower systems at Darwin, Townsville and Pearce; ADOT systems at Richmond, Oakey, Edinburgh and Gingin; a simulator system at SATC: and an Operational Maintenance Trainer at Amberley.	2
Amentum Australia Pty Ltd – IWP	N/A	N/A	Service based integrated support.	-
BAE Systems Australia Pty Ltd	N/A	N/A	Procurement, design, integration and installation of an AGAT system across the 12 Defence sites. This includes the procurement and integration of radio communications equipment that will supplement the existing AMACCS (currently sustained by BAE Systems Australia Pty Ltd) to enable transition of CMATS.	-

Major equipment accepted and quantities to 30 Jun 25
The project has accepted AGAT Mission Systems for Darwin, Oakey, Pearce, Gingin, East Sale, Edinburgh, Amberley, Richmond, Tindal, Townsville, Nowra and Williamtown, and achieved Final Acceptance in Quarter 2, 2025.

Notes	
1	This Jacobs Australia Pty Ltd - ISC contract was closed following the transition to a Branch wide Jacobs Australia Pty Ltd - IWP contract.
2	This was a result of agreeing to an alternative control tower system for Oakey, Gingin, Richmond and Edinburgh (previously referred to as the Four Alternate Tower Solution and now referred to as the ADOT system), to be delivered within the agreed fixed-price cap of $521.0m. The obligation for Airservices Australia Pty Ltd to provide ADOT was established through the OSA signed 22 February 2018. The ADOT Functional Performance and Requirements Specification was endorsed between Defence and Airservices Australia Pty Ltd at the OneSKY Configuration Control Board held on June 2022.

2.4 Australian Industry Capability

Summary
The project has no contracted Australian Industry Capability (AIC) Plan in place for Airservices Australia Pty Ltd. Thales Australia Ltd, as the prime systems integrator for the CMATS system, was required to establish an Australian Industry Participation Plan using the model developed by Department of Industry, Science and Resources. The project has an AIC Plan in place for BAE Systems Australia Pty Ltd with contracted AIC commitments. BAE Systems Australia Pty Ltd are required to identify Local Industry Capability in the support of their procurement, design, integration and installation activities. The project has no contracted AIC Plan in place for Amentum Australia Pty Ltd. The project sources Amentum Australia Pty Ltd -

IWP services via the Air and Surface Surveillance and Control Branch MSP contract through 12-monthly work packages funded by AIR5431 Phase 3 for relevant scope of work.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

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	CMATS System Requirements Analysis	Aug 17	N/A	Jan 18	5	1
Preliminary Design Release Zero (RZ)	CMATS	Oct 19	N/A	Dec 19	2	2, 4
Critical Design RZ	CMATS	Apr 20	Sep 20	Dec 20	8	2, 5
Design Release Baseline Review (DRBR) RZ (Block 1)	CMATS	Apr 21	Jun 21	Jun 21	2	7, 5
Support System Critical Design Review (CDR) RZ	CMATS	Apr 20	Jun 21	Nov 21	19	8
Preliminary Design Review R1 Final	CMATS	Jan 22	Jul 22	Oct 22	9	3
Critical Design Review R1	CMATS	Sep 22	Jun 26	Dec 25	39	9,11
Preliminary Design Review R2	CMATS	Jun 23	N/A	N/A	N/A	9
Critical Design Review R2	CMATS	Feb 24	Apr 27	Apr 27	38	9
System Requirements	ADOT	Apr 21	Apr 21	Oct 21	6	6,10

Notes	
1	Airservices Australia Pty Ltd entered into contacts with Thales Australia Ltd for the acquisition of CMATS in February 2018. System Requirements Analysis was achieved later than expected due to an underestimation of the effort required to develop the Functional Baseline.
2	RZ was the initial Defence system build for the first five Defence sites and represented the minimum software functionality for safe air traffic services at Defence sites. R1 is a software release that represents the minimum functionality required for Airservices Australia Pty Ltd and now Defence, following implementation of the CMATS alternative delivery strategy. Release 2 (R2) is a software release that represents the full contract scope of CMATS.
3	The CMATS alternative delivery strategy required Thales Australia Ltd to conduct a schedule re-plan of the CMATS contract and an update to the contracted Attachment C Delivery Schedule via CCP041. As a result, the Current Contracted date for Preliminary Design Review R1 Final was updated to July 2022, with the Milestone Acceptance Certificate reflecting Customer Acceptance in October 2022. Consequently the dates have been corrected in the Project Data Summary Sheet, with the prior year's disclosure considered an oversight.
4	Although the design review was exited in December 2019, a number of technical issues were not resolved but were planned for completion by August 2020. This was not achieved and the issues rolled into CDR activities.
5	CMATS CDR was exited with a number of significant deficiencies, however these were managed through a process called a DRBR. DRBR was completed in June 2021 but the specifications at DRBR required updating to meet the entry criteria for the formal RZ system verification activity. CDR RZ was formally completed at execution of the Deed of Settlement in December 2023.
6	Airservices Australia Pty Ltd signed contracts with SAAB Inc. and Frequentis Australasia Pty Ltd in December 2020. Airservices Australia Pty Ltd have received baselined schedules from both contractors and are integrating these schedules into the IMS to align the design, integration and site rollout activities across ADOT and CMATS. The milestone for ADOT System Requirements was contract execution date plus 3 months and relied on completion of the System Requirements Milestone for a dependent Airservices Australia Pty Ltd Regional Tower Solution (RTS) project. The variance is due to RTS System Requirements achievement impacting ADOT System Requirements achievement.
7	This milestone is not part of the original contract milestones and is specific to the Deed negotiated with Thales Australia Ltd to complete the significant number of outstanding actions arising from CDR RZ. However, the DRBR in June 2021 was for an interim specification and did not meet the entry criteria for entry into Test Readiness Review RZ.

8	The variance is due to a combination of impacts of schedule delay to previous design milestones, and for the period June 2021 to November 2021, due to late delivery of the Contractor Data Requirements List artefacts to the customer prior to entering the review.
9	The CMATS alternative delivery strategy introduced a single integrated CMATS common baseline (incorporating RZ into R1), verified against the R1 baseline for deployment. Updated Current Contracted dates are based on the new Attachment C Delivery Schedule dates, executed via a CCP041. The updated Forecast dates are based on the Contractor's Master Schedule. The PDR R2 Milestone was removed from the contracted Delivery Schedule via CCP041.
10	Prior years' disclosures that System Requirements for ADOT in the categories of Original Planned, Current Contracted and Achieved/Forecast were 'Not Yet Agreed' and 'Not Applicable' have been corrected. The issue is related to the conduct of System Requirements against an earlier version of the ADOT functional performance and requirements specification.
11	A change in forecast for the CMATS Critical Design Review R1 milestone is due to a merge of previously separate Civil and Defence software verification events into a single event.

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
Release Zero System Verification RZ	CMATS	Jun 21	N/A	N/A	N/A	2, 5
Release One System Verification R1	CMATS	Mar 23	Feb 27	Oct 26	43	2, 4, 6
System Acceptance	SATC – CMATS	Jan 22	Jun 28	Feb 28	73	2, 3, 4
	RAAF Base East Sale - CMATS	May 22	Jun 28	Mar 28	70	2, 3, 4
	RAAF Base Amberley - CMATS	Jun 22	Jun 28	Mar 28	69	2, 3, 4
	RAAF Base Edinburgh - ADOT	Jun 22	Sep 26	Aug 27	62	1,7
	RAAF Base Pearce - CMATS	Oct 22	Feb 29	Oct 28	72	2, 3, 4
	RAAF Base Gingin - ADOT	Oct 22	Nov 26	Jan 28	63	1,7
	RAAF Base Tindal - CMATS	Nov 22	Jan 29	Oct 28	71	2, 3, 4
	Army Aviation Centre Oakey - ADOT	Nov 22	Jun 27	Feb 28	63	1,7
	RAAF Base Townsville - CMATS	Nov 23	Oct 28	May 28	54	2, 3, 4
	Naval Air Station Nowra - CMATS	Mar 24	Mar 29	Dec 28	57	2, 3, 4
	RAAF Base Williamtown - CMATS	Apr 24	Jan 29	Sep 28	53	2, 3, 4
	RAAF Base Darwin - CMATS	Apr 24	Oct 28	May 28	49	2, 3, 4
	RAAF Base Richmond - ADOT	May 24	Oct 26	Mar 28	46	1,7
Release Zero System Acceptance RZ	CMATS	Aug 22	N/A	N/A	N/A	2
Release One System Acceptance R1	CMATS	Jul 24	Apr 29	Dec 28	53	2, 3, 4
Release Two System Acceptance R2	CMATS	Feb 25	Aug 29	Apr 29	50	2, 3, 4
Final Acceptance	CMATS	Aug 25	Feb 30	Nov 29	51	2, 3, 4

Notes	
1	The Original Planned date was based on the original contract before these sites were de-scoped from the Thales Australia Ltd contract. Current Contracted dates are in accordance with the Saab Inc. Contract Master Schedule. The Achieved/Forecast dates include a risk duration due to known gaps in the contractor schedules. The variance is predominately due to a schedule re-baseline following execution of Contract Variation Proposal 2 that incorporated the Defence-specific requirements for ADOT.
2	Original Planned dates are based on the original contract Delivery Schedule for RZ and R1 System Verification, System Acceptances at Defence sites, and software R1 and R2 Acceptance, as that would have represented the original delivery of CMATS to Defence.
3	Current Contracted dates are based on the current contract Delivery Schedule for R1 System Acceptances at Defence sites, as this will now be the initial delivery of CMATS to Defence. The Achieved/Forecast dates are representative of the Contractor's Master Schedule.

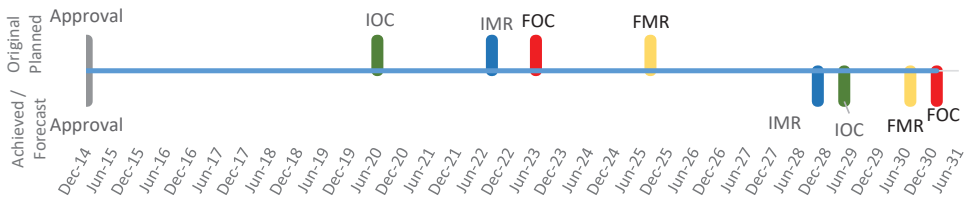
4	The variance to the Achieved/Forecast dates are as a result of the revised CMATS deployment strategy, that sought to address ongoing cost, schedule and technical challenges through a simplified software development and delivery approach of an integrated CMATS common product, verified against the R1 software baseline, deployed to Civil sites first, followed by Defence sites.
5	RZ System Verification has been combined with R1.8 System Verification Military in accordance with the revised CMATS deployment strategy. The Original Planned date has been corrected to June 2021, with prior N/A disclosures since FY 2017-18 identified as an oversight as the Original Planned date for RZ System Verification was agreed in February 2018 upon execution of the CMATS Acquisition Contract.
6	R1.8 System Verification has been merged into a combined civil and military "R1 system verification" activity. This change was formally agreed in May 2025. The timing of the event and the maturity of the system under test are equivalent from a Defence perspective.
7	Forecast ADOT System Acceptance milestones have been delayed due to network design issues and an increase to schedule duration to incorporate security compliance requirements validated through an update to the Joint Security Classification and Categorisation Guide.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Aug 22	Quarter 4, 2028	76	1, 2
Initial Operational Capability (IOC)	Jun 20	Quarter 2, 2029	108	2, 3, 4
Final Materiel Release (FMR)	Aug 25	Quarter 3, 2030	61	1, 2
Final Operational Capability (FOC)	Jun 23	Quarter 1, 2031	93	2, 4

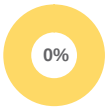
Notes	
1	The IMR and FMR milestones reflect the advice provided to Government in December 2019 and are included in Materiel Acquisition Agreement (MAA) Version 3. The timing between IMR to IOC and FMR to FOC are constant. The apparent differences in variance between IMR/IOC and FMR/FOC is the result of using a different basis for the original date. The original date for IOC/FOC is the tender documentation whereas the original date used for IMR/FMR is the February 2018 Thales Australia Ltd contract date for those milestones. The IMR/FMR dates are only for the Thales Australia Ltd contract.
2	The variances in the identified milestones are the result of a number of cumulative factors including: a protracted negotiation period, schedule delays resulting from the inclusion of scope post contract, incorporated through CCPs, ongoing cost, schedule and technical challenges, and a change to the CMATS delivery strategy that now shifts delivery to Civil sites followed by Defence sites. The new forecast dates for IOC and FOC are linked to the achievement of Site Acceptances in CMATS Milestone Delivery Schedule. They have been updated to include an additional 6-month duration to ensure adequate time is allowed for Thales Australia Ltd to address security compliance requirements validated through an update to the Joint Security Classification and Categorisation Guide. The Project obtained Government endorsement for the revised forecast IOC and FOC dates in Quarter 1, 2025.
3	IOC also includes the first ADOT site.
4	Achieved / Forecast Capability Milestone dates reported against Quarters are conveyed in Calendar Year.

Schedule Status at 30 June 2025



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 capability requirements as expressed in the Joint Project Directive, MAA and relevant Technical Regulatory Authority. While there have been a number of changes in the way Defence scope is to be delivered through the collaboration options initiated by Airservices Australia Pty Ltd, these will not impact on the safe delivery of Defence air traffic services.
	**Amber:** N/A
	**Red:** N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	The first Defence CMATS site and the first ADOT site transitioned from ADATS. Expected Achievement Quarter 4, 2028.	Not yet Achieved
Initial Operational Capability (IOC)	The first Defence CMATS site, the first ADOT site, the Defence Ab-Initio Simulation and Training System and Operational-level Maintenance Trainer and the Joint Software Support Facility have been accepted into operational service. Expected Achievement Quarter 2, 2029.	Not yet Achieved
Final Materiel Release (FMR)	Delivery of all materiel system elements configured to the final system build for both ADOT and CMATS mission systems. Expected Achievement Quarter 3, 2030.	Not yet Achieved
Final Operational Capability (FOC)	All Defence sites have been accepted into operational service. Expected Achievement Quarter 1, 2031.	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	Poor provision of, or delays to Customer Furnished Materials, Supplies and Services including non-compliance of, deficiencies in, or functional availability third-party systems and infrastructure, or a misalignment of network availability targets, may impact achievement of certification, and result in the customer impacting the schedule and require remediation.	Treatment involves close coordination with the Sponsor, S&C SPO, Airservices Australia Pty Ltd Integration team and the contractor to manage timely provision of fit for purpose Customer Furnished Material.
2	Divergent organisational goals, misalignment of governance structures and conflicting objectives and priorities, may impact delivery and result in a failure to satisfy customer capability expectations.	This risk is being addressed through the update of joint strategic plans, ongoing enhancements to the joint governance arrangements and alignment on stakeholder communications and engagement.
3	Delivery of ADOT may be affected by a lack of documented scope, disconnects in the allocation of scope between contractors, and poor integration, governance and resourcing, leading to a delayed ADOT that is not fit for purpose.	Defence staff embedded in the Joint Project Team ensure Defence requirements for ADOT are achieved in accordance with the ADOT Functional Performance Requirements Specification and OSA.

4	Insufficient Defence and Airservices Australia Pty Ltd Joint Project Team resources, with adequate skills/experience prioritised across functional streams, may result in quality and schedule impacts to key activities and milestones, and wellbeing impacts to individuals.	Resource requirements are being assigned in the project schedules and IMS to inform current and future resource requirements, and support planning and resource strategies.
5	CMATS system and software verification may be impacted by a failure of Thales Australia Ltd to produce suitable documented evidence to support verification and validation of regulatory software assurance levels.	Resolution of a number of outstanding technical issues was achieved through POC remediation. The Customer and Thales Australia Ltd are progressing through verification and validation of the software through a process that tests the software release in blocks.
6	Thales Australia Ltd's resource profile, including sub-contractors, may not support the resource demand associated with parallel design, development and software verification activities across multiple release blocks, leading to schedule delay and cost pressures.	Thales Australia Ltd are managing to a resource management plan and resource resiliency is being monitored via the program performance framework and reported through the Program Review Board and governance groups and forums established through the OSA.
7	Lack of a mature IMS for CMATS and ADOT, may affect timely and accurate provision of Customer Furnished Material, the effectiveness of Defence resources and result in limitations on the management of cross-program dependencies, constraints and delivery risks, leading to an impact on the continuity of existing ATC services.	Risk has been reduced to medium on the basis that the CMATS and ADOT IMS has been sufficiently matured to close the related POC remediation action and a contract for the delivery of the first tranche of an ATM CAP has been executed using project contingency funds.
8	Support system readiness for ADOT commissioning may be impacted by delays to progressing the development of the support system.	Defence is working with Airservices Australia Pty Ltd to define the support system for ADOT through development of a support concept and inclusion of requirements into the specification.
9	Delivery of CMATS and ADOT may be impacted by the effectiveness of the Joint Program management of program risks, contractor performance, and integrated schedules and dependencies, leading to an impact on cost, schedule and scope thresholds.	POC established clear Joint Project Team roles and responsibilities, a robust governance structure and performance framework to enhance project delivery effectiveness, oversight and management.
10	There is a chance that CMATS may not achieve the required security accreditation (for Physical and Information Security) from the relevant accreditation authority to support the CMATS streamline delivery strategy.	Maintain ongoing alignment of the CMATS/ADOT Joint Security Classification and Categorisation Grading Document with the current Information Security Manual and Protective Security Policy Framework, to ensure the security scope of the supplier contracts remain current.

5.2 Emergent Risks

Emergent Risks (risk not previously identified, or has increased in rating, which have emerged during 2024–25)		
Ref#	Description	Remedial Action
1	Factory Acceptance Testing of ADOT may be impacted by facilities availability in compliance with classification requirements established under the Joint Security Classification and Grading Guide.	Airservices Australia Pty Ltd is working with Saab Inc. and Frequentis Australasia Pty Ltd on a number of strategies to meet ADOT testing requirements, including through preliminary installation at RAAF Base Edinburgh for testing purposes.
2	Updates to the CMATS Contract (Support), including a change to proposed support model for the core CMATS software product, may impact cost and result in scope changes to the CMATS acquisition and support contracts, and potentially lead to delivery schedule pressures.	Updates to the CMATS Contract (Support) was a closely monitored POC remediation action, with high levels of senior governance oversight by Defence and Airservices Australia Pty Ltd. A CCP for the CMATS Contract (Support) was executed in Quarter 2, 2025, resulting an overall risk reduction to medium and will be removed from next year's Major Projects Report (MPR).

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	The OSA is not fit for purpose to manage the on supply of sustainment supplies and services from Airservices Australia Pty Ltd.	Airservices Australia Pty Ltd and Defence have agreed to a cost-sharing regime for the sustainment of CMATS and ADOT, and via the Australian Civil-Military Air Traffic Management Committee forum, will maintain ongoing oversight of the development of a new CMATS in-service arrangement to manage the capability and cooperation initiatives. This progress has reduced this issue to medium. This issue will be removed from next year's MPR.

2	The current approved AIR5431 Phase 3 acquisition project budget and remaining contingency provision, is insufficient to complete the Project, accounting for the extended project delivery duration, potential regulatory or compliance contract changes, rework of customer furnished services and ongoing external workforce requirement.	Prepare a RCI proposal for Government consideration and implement strategies to reduce project cost exposure.
3	Water ingress at the technical equipment room at RAAF Base East Sale has resulted in remediation work to ensure safety, operational compliance and warranty of the installed system.	This issue was retired following completion of remediation works at RAAF Base East Sale. This issue will be removed from next year's MPR.
4	AIR5431 Phase 3 unable to deliver a communication element within current approved scope, due to limitations outside the control of the Project.	The impact of this issue has reduced to medium as the Project obtained Sponsor agreement to acknowledge that AIR5431 Phase 3 will deliver CMATS 'fit for but not with' a communication element, noting that this does not change CMATS scope. This issue will be removed from next year's MPR.

Section 6 – Lessons

6.1 Key Lessons

In line with Defence Instructions 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 17 lessons. The three project strategic lessons and the two project level lessons (non-strategic) are listed below.

Strategic Lessons Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. A lack of resources at the initiation stage of the project and during request for tender preparation can create technical gaps and stakeholder misalignment that may impact baselining requirements, forecasting a realistic schedule, determining future workforce requirements and establishing governance structures that support effective joint decision-making.	Program, Project & Product Management /Commercial Management
Strategic Lesson Type – Observation. Long-running untreated schedule maturity issues increases program risk, results in sub-optimal short-term and long-term planning beyond the nearest major milestone and has a direct impact on the management and timely delivery of dependent projects and customer furnished material. CMS logic must reflect the logic agreed to in the contract, to ensure activities are sequenced according to precedence and priority.	Program, Project & Product Management
Strategic Lesson Type – Observation. Aggressive timeframes to meet schedule milestones leads to compressed timeframes to effectively engage stakeholders (operational, engineering/technical and strategic), which can result in substandard requirements management. As such, schedules should include defined activities related to stakeholder consultation and alignment throughout the capability delivery life-cycle.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	**Categories of Systemic Lessons**
Project Level Lesson. Joint partnering arrangements established between a Government entity and corporate Commonwealth entity should establish, in addition to terms of reference for formal governance arrangements, defined functional roles and delegations at the working level, to ensure there is clarity of decision-making principles, delegated authorities in compliance with agreed policy, alignment of communication and information, and management of conflicts of interest to ensure delivery decisions are made best for the program.	Program, Project & Product Management
Project Level Lesson. A joint partnering arrangement between a Government entity and a corporate Commonwealth entity to procure, manage and deliver a major capital infrastructure project requires an agreed and defined policy and legislative compliance framework applicable to the activity being undertaken. Failure to agree compliance and non-compliance to respective policy and legislation, results in misunderstandings, reduced trust and collaboration, poor planning outcomes, and compliance and reporting issues.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Air Defence and Space Systems Division
Branch	Air and Surface Surveillance and Control Branch