# Project Data Summary Sheet

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|---|---|
| Project Number | **AIR6000 Phase 2A/2B** |
| Project Name | **NEW AIR COMBAT CAPABILITY** |
| First Year Reported in the MPR | 2010-11 |
| Capability Type | Replacement |
| Capability Manager | Chief of Air Force |
| Government 1st Pass Approval | Nov 06 |
| Government 2nd Pass Approval | Nov 09 – Stage 1<br>Apr 14 – Stage 2 |
| Budget at 2nd Pass Approval | $13,264.1m |
| Total Approved Budget (Current) | $16,708.1m |
| 2024–25 In-year Budget | $319.6m |
| Complexity | ACAT I |

## Section 1 – Project Summary

1.1 Project Description

The AIR6000 Phase 2A/2B project is introducing the F-35A (Lightning II) Joint Strike Fighter (JSF) capability to meet Australia's air combat needs out to 2054. The project is approved to acquire 72 Conventional Take Off and Landing (CTOL) F-35A JSF aircraft to establish three operational squadrons, a training squadron and the necessary support elements. The JSF aircraft replaces the F/A-18A/B Hornet capability.

Lockheed Martin Corporation is contracted to the United States (US) Government for the development and production of the F-35A JSF. The aircraft and logistics systems are being procured through a government to government co-operative agreement with the US and JSF partner nations, which includes the United Kingdom, Canada, Italy, Denmark, Norway and the Netherlands. Additional nations are procuring the F-35 JSF via US Foreign Military Sales (FMS).

Note

In July 2019 the US Government made a unilateral decision to suspend Turkey from the F-35 Program. Turkey is no longer a member of the F-35 partnership.

1.2 Current Status

**Cost Performance**

In-year

As at 30 June 2025 Financial Year (FY) 2024-25 expenditure was $239.7m against the FY 2024-25 budget of $319.6m. The Year-End underspend is primarily due to delay of a component of the Production, Sustainment and Follow-on Development (PSFD) Memorandum of Understanding (MOU) payment. The changed phasing does not impact total project cost, schedule or capability.

The project remains affordable without the need for contingency funding; the sum of the actual spend to date and forecast spend remains within the Government Approved Major Capital Investment Project provision.

Project Financial Assurance Statement

As at 30 June 2025, AIR6000 Phase 2A/2B 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 sufficient budget remaining for the project to complete against the agreed scope.

Contingency Statement

The project has not spent contingency in FY 2024-25.

**Schedule Performance**

The final nine Australian Lot 15 air vehicles have completed post-production test flight, have been accepted and arrived in Australia in December 2024. Final Materiel Release (FMR) was achieved in May 2025.

As a result of Canada joining the F-35 program, Canada has also rejoined the Australia Canada United Kingdom Reprogramming Laboratory (ACURL) enterprise as an equal partner. The ACURL Phase 2 facility acceptance has been delayed by six months to complete US security system installation and accreditation. The delay will not impact reprogramming capability, as the current ACURL infrastructure is sufficient to support F-35 reprogramming requirements in the medium term.

Work has commenced on the Materiel Release 11 (MR11) with nine out of 14 capabilities scheduled to be completed by December 2025.

Expansion of Australian-based maintenance capacity is progressing with the Asia-Pacific F135 Propulsion Full Depot Capability planned and approval provided for repair of Mini-Modules outside of the US. Completion of the first six Depot Maintenance bays is delayed to Quarter 2, 2026; notwithstanding, work by BAE Systems Australia Limited continues and the Application for Stage Two expansion from six to 12 maintenance bays (plus one overflow bay) was approved in September 2024. US certification was provided to conduct maintenance within authorised facilities at Royal Australian Air Force (RAAF) Base Williamtown and RAAF Base Tindal.

**Materiel Capability/Scope Delivery Performance**

The pre-requisite requirements to achieve the Final Operational Capability (FOC) have been delivered. Work has commenced on the final project deliverable, the 14 elements are captured within MR11.

1.3 Project Context

**Background**

AIR6000 was established in 1999 to replace the air combat capabilities provided by the F/A-18A/B and F-111 fleets. In 2002, Government identified the Lockheed Martin Corporation F-35A JSF as the preferred option and joined the System Development and Demonstration (SDD) phase of the JSF Program as one of nine partner nations. The decision by Government to acquire the F-35A JSF has been taken progressively:

- In November 2006, First Pass Approval was achieved, that included agreement to join the next phase of the JSF Program and funded project AIR6000 Phase 1B to conduct detailed definition and analysis activities to support Government Second Pass Approval for AIR6000 Phase 2A/2B.
- In December 2006, the Multilateral PSFD MOU was signed, this facilitated entry into the next stage of the JSF Program.
- In November 2009, AIR6000 Phase 2A/2B Stage 1 was approved to acquire 14 CTOL F-35A JSF aircraft, including support and enabling elements, commencing in 2014, and allowed commencement of Operational Test in the US and Australia.
- In April 2014, AIR6000 Phase 2A/2B Stage 2 was approved by Government to acquire an additional 58 CTOL F-35A JSF aircraft and enabling elements. The combined acquisition of 72 aircraft supports three operational squadrons of fifth generation F-35A JSF to replace the F/A-18A/B Hornet capability.
- In 2017, Defence advised Government of emerging issues associated with AIR6000 Phase 2A/2B affordability. In 2018 and 2019, Government agreed to Defence proposals to defer elements of project scope to later unapproved AIR6000 program phases. The majority of these scope items were no longer needed, as FOC requirements will be met without major upgrades.

The project was listed as a Project of Interest (POI) in the June 2017 Quarterly Performance Report due to the inability to deliver one element of capability required for FOC. Despite achieving Initial Operational Capability (IOC) on schedule in December 2020, the project remains a POI due to its size and complexity.

**Uniqueness**

The JSF Program was established by the US Government as the first international collaborative development program for a US military aircraft. The program includes initial design, production, follow-on development and through life support of the JSF global fleet. The JSF Program is expected to deliver over 3,000 aircraft to the MOU Partners (with the US to acquire approximately 75 per cent of the total) with the potential for significant additional aircraft procurements by FMS customers. Due to strict US export restrictions imposed on the JSF Air System, direct commercial sale is not permitted. JSF aircraft and associated supporting systems will be acquired by Australia under the PSFD MOU arrangements. Key factors are:

- The US Government has contracted with Lockheed Martin Corporation and Pratt & Whitney on Australia's behalf in accordance with US contracting laws, regulations and procedures.
- The F-35 JSF Joint Program Office (JPO) acquisition strategy commenced with 11 annual Low Rate Initial Production (LRIP) contracts transitioning from a Fixed Price Incentive Fee to a Firm-Fixed Price at the appropriate time.

The Australian F-35A JSF capability will be supported via a F-35 Global Support Solution that is progressively being implemented and a range of Australian sovereign sustainment contracts, with all arrangements planned to be performance-based.

**Major Risks, Emergent Risks and Issues**

Project is not managing any high or very high major risks, emergent risks or issues.

**Other Current Related Projects/Phases**

**AIR JSF – System Development and Demonstration (SDD).** Participation in the JSF SDD Program. In November 2018, Australia closed the Materiel Acquisition Agreement (MAA) for AIR JSF SDD – Participation in the JSF SDD Program, as all AIR JSF SDD financial milestones were completed. The US expects to formally complete the F-35 program SDD phase, following Operational Test and Evaluation (OT&E) and a US Department of Defense decision to go into full-rate aircraft production.

**AIR6000 Phase 2C – New Air Combat Capability (NACC) Enablers.** This project is subject to Government consideration and seeks to provide support elements to ensure the air combat capability remains lethal, survivable, deployable and available throughout its Life of Type.

**AIR6000 Phase 3 – Weapons and Countermeasures for Air Combat Capability.** This project was approved by Government in May 2018 and will acquire the reserve stocks of air to ground weapons, new countermeasures and ammunition for the F-35A JSF.

**AIR6000 Phase 5 – Future Air-to-Air Missiles for New Air Combat Capability and Super Hornet.** This project was approved by Government in March 2016 and will acquire reserve stocks of air-to-air Within-Visual-Range and Beyond-Visual-Range missiles for the air combat capability including the F-35A JSF.

**AIR6000 Phase 6 – F-35A Through-Life Capability Upgrades within the Air Combat Program.** This project was approved by Government in December 2021. This project will ensure that the Australian F-35A fleet will continue to be modernised and upgraded through to its life of type.

## Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

| Date | Description | $m | | Notes |
|---|---|---|---|---|
| | **Project Budget** | | | |
| Nov 09 | Original Approval (Government Second Pass Approval – Stage 1) | 2,751.6 | | |
| May 12 | Real Cost Decrease | (204.4) | | 1 |
| Sep 12 | Real Cost Increase | 201.5 | | 1 |
| Jun 14 | Government Second Pass Approval | 10,515.4 | | 2 |
| | **Total at Second Pass Approval** | | **13,264.1** | |
| Jun 18 | Real Variation – Transfer | (8.4) | | 3 |
| Jun 23 | Real Variation – Transfer | (31.0) | | 3 |
| Jul 10 | Price Indexation | | 351.0 | 4 |
| Jun 25 | Exchange Variation | | 3,132.4 | |
| Jun 25 | **Total Budget** | | **16,708.1** | |
| | **Project Expenditure** | | | |
| Prior to Jul 24 | Contract Expenditure – US Government (Block Buy Contract Production) | (4,221.8) | | 5, 6 |
| | Contract Expenditure – US Government (PSFD MOU (FY 2014-15 – 2022-23)) | (916.6) | | 5 |
| | Contract Expenditure – US Government (Lot 15 Production) | (899.7) | | 5 |
| | Contract Expenditure – US Government (LRIP10 Production) | (892.7) | | 5 |
| | Contract Expenditure – US Government (LRIP11 Production) | (884.9) | | 5 |
| | Contract Expenditure – US Government (Block Buy Contract Propulsion) | (837.1) | | 5, 6 |
| | Contract Expenditure – US Government (LRIP10 Non-Annualised (NA) Sustainment) | (220.7) | | 5 |
| | Contract Expenditure – US Government (LRIP11 NA Sustainment) | (180.0) | | 5 |
| | Contract Expenditure – US Government (Lot 15 Propulsion) | (170.9) | | 5 |
| | Contract Expenditure – US Government (LRIP11 Propulsion) | (165.6) | | 5 |
| | Contract Expenditure – US Government (Lot 12-14 Indefinite Delivery Indefinite Quality (IDIQ)) | (153.8) | | 5 |
| | Contract Expenditure – US Government (FMS Cases AT-D-YAF, AT-P-AMN (Weapons)) | (153.7) | | 5 |
| | Contract Expenditure – US Government(LRIP10 Propulsion) | (144.2) | | 5 |
| | Contract Expenditure – US Government (LRIP8 Production and NA Sustainment) | (132.1) | | 5 |
| | Contract Expenditure – US Government (Reprogramming Laboratory) | (121.1) | | 5 |
| | Contract Expenditure – BAE Systems Australia Limited (F-35 Aviation Maintenance, Repair, and Overhaul and Upgrades (AV MRO&U) Services) | (61.8) | | 5 |
| | (FY 2020-22 Indefinite Delivery Indefinite Quality (IDIQ)) | (37.4) | | 5 |
| | (FY 2022-24 Site Activation Hardware (SAHW)) | (5.5) | | 5 |
| | Other Contract Payments/Internal Expenses | (2,211.0) | | 7 |
| | | | (12,410.7) | |
| FY to Jun 25 | Contract Expenditure – US Government (PSFD MOU (FY 2014-15 – 2023-24)) | (58.5 ) | | 5,6 |
| | Contract Expenditure – BAE Systems Australia Limited (F-35 AV MRO&U Services) | (41.7) | | 5 |
| | (FY 2022-24 Site Activation Hardware (SAHW)) | (25.6) | | 5 |
| | (FY 2020-22 Indefinite Delivery Indefinite Quality (IDIQ)) | (25.3) | | 5 |
| | Contract Expenditure – US Government (Lot 12-14 IDIQ) | (5.7) | | 5 |
| | Contract Expenditure – US Government (Lot 15 Production) | (5.5) | | 5 |

[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.

| | | | | |
|---|---|---|---|---|
| | Contract Expenditure – US Government (Lot 15 Propulsion) | (3.6) | | 5 |
| | Contract Expenditure – US Government (FMS Cases AT-D-YAF, AT-P-AMN (Weapons)) | (2.5) | | 5 |
| | Contract Expenditure – US Government (Block Buy Contract Propulsion) | (1.0) | | 5,6 |
| | Contract Expenditure – US Government (LRIP10 Propulsion) | (0.8) | | 5 |
| | Contract Expenditure – US Government (LRIP10 Production) | (0.5) | | 5 |
| | Contract Expenditure – US Government (LRIP11 NA Sustainment) | (0.4) | | 5 |
| | Contract Expenditure – US Government (LRIP11 Production) | (0.2) | | 5 |
| | Contract Expenditure - US Government (LRIP11 Propulsion) | (0.1) | | 5 |
| | Contract Expenditure – US Government (LRIP10 NA Sustainment) | (0.1) | | 5 |
| | Block Buy Contract (Lots 12, 13 and 14) Production | 14.3 | | 5 |
| | Contract Expenditure – US Government (ACURL - Reprogramming Lab) | - | | 8 |
| | Contract Expenditure – US Government (LRIP 8 Production and NA Sustainment) | - | | 8 |
| | Other Contract Payments/Internal Expenses | (82.6) | | 9 |
| | | | (239.7) | |
| Jun 25 | **Total Expenditure** | | **(12,650.3)** | |
| | | | | |
| Jun 25 | **Remaining Budget** | | **4,057.8** | |

| Notes | |
|---|---|
| 1 | A May 2012 budget adjustment ($204.4m) was applied to AIR6000 Phase 2A/2B based on an incorrect interpretation of the Government's decision to vary the NACC Program. In September 2012, a budget adjustment correction was applied ($201.5m), using an updated exchange rate. As a result, the project's total approved budget has remained the same as intended by Government. |
| 2 | Government approved AIR6000 Phase 2A/2B Stage 2 in April 2014 for an additional 58 CTOL F-35A JSF aircraft. Allocation of funding occurred in June 2014, following Government Second Pass Approval – Stage 2 in April 2014. |
| 3 | Transfer to Security and Estate Group following request for funding scope changes for RAAF Base Tindal JSF facilities and transfer of scope to AIR6000 Phase 6. |
| 4 | Up until July 2010, indexation was applied to project budgets on a periodic basis. The cumulative impact of this approach was $70.2m. In addition to this amount, the impact on the project budget as a result of out-turning was a further $280.8m having been applied to the remaining life of the project. |
| 5 | The scope of this contract is explained further in Section 2.3 – Details of Project Major Contracts. |
| 6 | Previously reported as a single Block Buy Contract that combined the expenditure of the Production and Propulsion. |
| 7 | Other expenditure for the period prior to July 2024 is associated with Support Systems ($752.8m), LRIP6 Production ($264.7m), Mission Systems ($204.2m), PSFD MOU 9/10-13/14 ($180.9m), Project Office Services ($152.9m), FMS Other ($148.1m), NACC Operating Expenditure ($117.3m), FY 2017 Air Vehicle Initial Spares ($110.7m), Chief Information Officer Group Expenditure ($92.2m), Lot 12 Air Vehicle Initial Spares ($88.9m), LRIP6 Propulsion ($50.3m), Industry Grants ($38.3m) and Non-Standard Mission Systems ($9.5m). |
| 8 | No financial impact in current FY 2024-25. |
| 9 | Other expenditure for the period July 2024 to June 2025 is associated with NACC Operating Expenditure ($48.3m), Industry Grants ($12.6m), Mission Systems ($6.5m) Lot 12 Air Vehicle Initial Spares ($5.8m), Support Systems ($3.5m), Non-Standard Mission Systems ($2.1m), FMS Other ($1.9m), Project Office Services ($1.8m), FY 2017 Air Vehicle Initial Spares ($0.1m) and LRIP 6 Propulsion $0.1m. |

2.2A In-year Budget Estimate Variance

| Estimate PBS $m | Estimate PAES $m | In-year Budget $m | Explanation of Material Movements |
|---|---|---|---|
| 370.0 | 312.9 | 319.6 | Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The adjustment was primarily driven by cost savings from the Reprogramming Laboratory from the Canada buy-in into the ACURL Phase 2 program. Other adjustments include refined cost estimates for Aircraft Lot 12-14 and Lot 15 performance incentive fees and withhold costs, Integrated Logistics Support spares and Support Equipment (SE) and anticipated delay in PSFD MOU invoicing.<br>PAES to In-year Budget: The adjustment was due to the update of budget foreign exchange rate from Mid-Year Economic Fiscal Outlook FY 2024/25 to PBS FY 2025/26. |
| Variance $m | (57.1) | 6.7 | Total Variance ($m): (50.4) |
| Variance % | (15.4) | 2.1 | Total Variance (%): (13.6) |

2.2B In-year Budget/Expenditure Variance

| In-year Budget $m | Actual $m | Variance $m | Variance Factor | Explanation |
|---|---|---|---|---|
| | | (20.8) | Australian Industry | Budget variance as at 30 June 2025 is primarily driven by delay in PSFD MOU Payment, underspend in ACURL, Industry, Weapons and Facilities. |
| | | (59.2) | Foreign Industry | |
| | | - | Early Processes | |
| | | - | Defence Processes | |
| | | - | Foreign Government Negotiations/Payments | |
| | | - | Cost Saving | |
| | | - | Effort in Support of Operations | |
| | | - | Additional Government Approvals | |
| 319.6 | 239.7 | **(80.0)** | **Total Variance** | |
| | | **(25.0)** | **% 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 25 $m | | | |
| US Government (PSFD MOU (FY 2014-15 – 2023-24)) | Aug 14 | 253.1 | 1232.6 | Variable | MOU | 1, 8, 9 |
| US Government (LRIP10 Production) | Dec 14 | 79.2 | 905.1 | Firm or Fixed | US Government Contract | 2, 8, 9 |
| US Government (LRIP10 Propulsion) | Mar 15 | 13.4 | 145.9 | Firm or Fixed | US Government Contract | 3, 8, 9 |
| US Government (Reprogramming Laboratory) | Mar 15 | 119.0 | 123.0 | Firm or Fixed | US Government Contract | 4, 8, 9 |
| US Government (LRIP8 Production and NA Sustainment) | Jun 15 | 99.9 | 172.4 | Firm or Fixed | US Government Contract | 5, 8, 9 |
| US Government (LRIP11 Production) | Dec 15 | 88.2 | 897.9 | Firm or Fixed | US Government Contract | 6, 8, 9 |
| US Government (FMS Cases AT-D-YAF, AT-P-AMN (Weapons)) | Jun 16 | 243.3 | 266.8 | Reimbursement (for FMS) | FMS | 8, 9 |
| US Government (LRIP10 NA Sustainment) | Jun 16 | 31.8 | 307.7 | Variable | US Government Contract | 8, 9, 11 |
| US Government (LRIP11 Propulsion) | Jul 16 | 14.2 | 168.7 | Firm or Fixed | US Government Contract | 8, 9, 10 |
| US Government (Block Buy Contract Production) | Feb 17 | 236.3 | 4,238.2 | Variable | US Government Contract | 7, 8, 9 |
| US Government (Block Buy Contract Propulsion) | Aug 17 | 39.6 | 857.5 | Variable | US Government Contract | 7, 8, 9 |
| US Government (LRIP11 NA Sustainment) | May 18 | 57.5 | 199.7 | Variable | US Government Contract | 8, 9, 11 |
| US Government (Lot 12-14 IDIQ) | Jan 19 | 52.8 | 162.9 | Variable | US Government Contract | 8, 9, 11 |
| US Government (Lot 15 Propulsion) | Dec 19 | 16.6 | 177.5 | Variable | US Government Contract | 8, 9, 10, 12 |
| US Government (Lot 15 Production) | Jan 20 | 125.3 | 929.3 | Firm or Fixed | US Government Contract | 8, 9, 13 |
| FY 2020-22 IDIQ | Aug 20 | 19.8 | 159.6 | Variable | US Government Contract | 8, 15 |
| BAE Systems Australia Limited (F-35 AV MRO&U Services) | Oct 22 | 30.5 | 112.2 | Firm or Fixed | Standard Defence Contract | 8, 14 |
| FY 2022-24 SAHW | Oct 22 | 36.9 | 102.8 | Variable | US Government Contract | 8, 16 |

Notes

| | |
|---|---|
| 1 | Contribution to JSF PSFD MOU shared costs based on proportionality principle: i.e. number of aircraft foreshadowed for purchase as a percentage of entire partner fleet. Commitment via JSF PSFD MOU signature in December 2006 and again in March 2021, with price re-baselined annually to align with US Government updates. The JSF PSFD MOU Multilateral Costs are Variable Priced to reflect both shared costs and escalation. The current cost specified in US Fiscal Year 2025 |

| | |
|---|---|
| | PSFD MOU annex Revisions 17 includes updated estimates for: increased tooling replacement costs, Non-Recurring Engineering costs for essential engine life and cooling capacity increases, and costs for flight test activities, not previously included; and updated estimates for F-35 JPO Project Overheads and Administration. |
| 2 | LRIP10 Production contract for Australia's next tranche of eight F-35A aircraft for initial long lead items. This contract is progressively modified with approved work scope and forms the basis of the Air System contract for the complete system – per Section 1.3 'Uniqueness'. |
| 3 | LRIP10 Propulsion contract for eight engines for installation on Australia's next tranche of eight F-35A aircraft. This contract is progressively modified with approved work scope and forms the basis of the propulsion contract for the complete system – per Section 1.3 'Uniqueness'. Subsequent to full funding being awarded for this contract further modifications (contract changes) have occurred. These include: (1) Long lead funding for Lot 12 (15 aircraft); (2) initial sparing for operating units, maintenance depots and the Global Spares Pool; and, (3) the migration of Autonomic Logistics Information System (ALIS) propulsion data. |
| 4 | Contract for Reprogramming Laboratory hardware and software tools. |
| 5 | LRIP8 Production and NA Sustainment contract for the provision of training devices, SE, non-aircraft spares and an aircrew fitting service. |
| 6 | LRIP11 Production contract for Australia's next tranche of eight F-35A aircraft. This contract includes long lead items and is progressively modified, forming the basis of the Air System contract for the complete system – per Section 1.3 'Uniqueness'. This contract has met full funding award with the increase in contract value a result of the staged procurement and provision of funding for the F-35 production line to build the aircraft. |
| 7 | Lot 12-14 Production and Propulsion are procured under separate Block Buy Contracts, Air Vehicle Production via Lockheed Martin Corporation and Propulsion via Pratt & Whitney. Both contracts encompass long lead items for the procurement of aircraft under Lot 12-14 and Economic Order Quantities (EOQ) for the production contract only. Both production and propulsion are also contracted under Undefinitised Contract Action (UCA) for Lot 12.<br>These contracts were previously combined and reported as a single Block Buy Contract. Australia will commit to aircraft purchases on an annual basis via these two contracts, subject to annual approvals by Government. |
| 8 | The US Government PSFD MOU FY 2014-15 – 2024-25 "Price at Signature" has been updated to align with the original Section 23 Approval. Contract value as at 30 June 2025 is based on actual expenditure to 30 June 2025 and remaining commitment at current exchange rates. This includes adjustments for indexation (where applicable). 30 June 2025 value calculations align with Major Projects Report Guidelines reflecting Life to Date Contract Spend AUDplus Outstanding Commitment/Obligation AUD (translated at relevant budget exchange rate). (Previous values were calculated using the contract price based on the Total United State Dollars Commitment Value (Section 23) converted to AUD using the Defence Finance Group in-force exchange rate.) Cost variations also include US contract de-obligations totalling $183.0m. |
| 9 | LRIP11 Propulsion contract for eight engines for installation on Australia's tranche of eight F-35A aircraft being procured through the LRIP11 Production Lot. This contract is progressively modified with approved work scope and forms the basis of the propulsion contract for the complete system – per Section 1.3 'Uniqueness'. |
| 10 | LRIP10 and 11 NA Sustainment contracts consist of one-time tasks and infrastructure stand up activities. The contracts undergo discrete modifications for each individual good and/or service being procured which in turn dictates the 'type' of contract. The majority of each discrete procurement is acquisition related, examples being initial non-aircraft spares, site activation, depot stand-up, hardware procurement and delivery, training systems, SE and ALIS. A minor cost increase in FY 2023-24 was due to legacy cost overruns and payment for additional Depot Materiel Lay-in. |
| 11 | FY 2019-20 Air Vehicle Initial Spares, Lot 12 - 14 Generation III Heavy Helmet Mounted Display Systems (HMDS) and Lot 13-14 Ancillary Mission Equipment (AME) and Pilot Fit Equipment (PFE) have been placed on the Lockheed Martin Corporation IDIQ contract. The IDIQ contract allows flexibility in both quantities and delivery scheduling and allows the ordering of supplies and goods to be delayed until after requirements materialise. The IDIQ contract purchased additional AME in FY 2023-24, partially offset by de-obligations in FY 2019 Initial Spares. The JPO have stated that placing spares, AME and PFE requirements on the IDIQ contract allows for more agile procurement for F-35 Enterprise, aligning delivery schedule with aircraft deliveries. |
| 12 | Lot 15 Propulsion Contract for the procurement of nine F135 engines for installation on Australia's nine F-35A Aircraft procured through the Lot 15 Production Contract. This contract commenced with long lead funding and was later modified as an UCA to include the remaining production funding (full funding). As the total price for Australia's Lot 15 F135 Propulsion Production was known, commitment approval was sought for the full estimate 100% not-to-exceed value minus previous long lead commitments. Definitisation of the Lot 15 Propulsion contract occurred on 26 January 2023. |
| 13 | Lot 15 Production contract for long lead and EOQ funding associated with the procurement of nine F-35A aircraft. The purpose of EOQ funding is to allow for the procurement of extra-long lead components that will reduce the procurement cost of the aircraft by taking advantage of economy of scale orders. Allocated funding was advanced in May 2022 to shore up continued production of Lot 15 aircraft ahead of the definitised Lot 15 Air Vehicle Production Full Funding Contract, which occurred in December 2022. |
| 14 | Sovereign Sustainment Requirement for the Maintenance, Repair, Overhaul and Upgrade facility for the F-35 JSF Air Vehicle (F-35 AV MRO&U Services). Australia was awarded the Regional Assignment to perform the F-35 AV MRO&U Services by the Department of Defense of the United States of America, represented by the F-35 JPO. On 17 December 2014, BAE Systems Australia Limited was nominated by the JPO to perform the Regional Assignment. Separately, the Commonwealth of Australia (CoA) entered into a Deed with BAE Systems Australia Limited through a fee-for-service model to provide a fit for purpose facility to perform F-35 AV MRO&U services. The Deed includes CoA step-in/performance substitution rights, if required, to nominate a third party to perform the services. |
| 15 | FY 2020-22 IDIQ for F135 Propulsion Spares that have been placed on the Pratt & Whitney IDIQ contract. The IDIQ contract allows flexibility in both quantities and delivery scheduling and allows the ordering of supplies and goods to be delayed until after requirements materialise. The JPO utilise IDIQ contracts for spares/ sparing requirements as it allows for more agile procurement for F-35 Enterprise, aligning delivery schedule with aircraft deliveries. |
| 16 | FY 2022-24 SAHW contracts consist of one-time tasks and infrastructure stand up activities (also known as NA Sustainment). The contracts undergo discrete modifications for each individual good and/or service being procured which in turn dictates the 'type' of contract. The majority of each discrete procurement is acquisition related, examples being SE, Luke Air Force Base (AFB) Ferry support, Program Management, training systems and system upgrade and hardware procurement and delivery. |

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

| Contractor | Contracted Quantities as at | | Scope | Notes |
|---|---|---|---|---|
| | Signature | 30 Jun 25 | | |
| US Government (PSFD MOU) | N/A | N/A | Australia's contribution to shared costs from 2010 to 2024 based on the purchase of 100 aircraft. Includes contribution to production tooling, US overhead cost of running program, follow on development and shared sustainment activities. | 1 |
| US Government (LRIP10 Production) | 8 | 8 | Procurement of advanced acquisition items associated with the next eight F-35A aircraft procurement. | - |
| US Government (LRIP10 Propulsion) | 8 | 8 | Procurement of advanced acquisition items and spares associated with propulsion systems for the next eight F-35A aircraft procurement. This contract has also been modified to include long lead items to support Lot 12 aircraft. | - |
| US Government (Reprogramming Laboratory) | N/A | N/A | Reprogramming laboratory hardware and software tools. | - |
| US Government (LRIP8 Production and NA Sustainment) | N/A | N/A | Training devices, SE and non-aircraft spares. | - |
| US Government (LRIP11 Production) | 8 | 8 | Procurement of advanced acquisition items associated with the next eight F-35A aircraft procurement. | - |
| US Government (FMS Cases AT-D-YAF, AT-P-AMN (Weapons)) | N/A | N/A | (AT-D-YAF): Procurement of small diameter bombs and associated racks.<br>(AT-P-AMN): Procurement of radio frequency counter measures. | - |
| US Government (LRIP10 NA Sustainment Contract) | N/A | N/A | Procurement of initial non-aircraft spares, site activation, depot stand-up, hardware procurement and delivery, training systems, SE and ALIS. | - |
| US Government (LRIP11 Propulsion) | 8 | 8 | Procurement of propulsion systems required for the eight F-35A aircraft being procured through the LRIP11 Production Lot. | - |
| US Government (Block Buy Contract Production) | N/A | 45 | Procurement of long lead items and EOQs for Lot 12-14, with full funding contract awarded in Quarter 4, 2019, for procurement of 45 F-35A aircraft. | 2 |
| US Government (Block Buy Contract Propulsion) | N/A | 45 | Procurement of long lead items for Lot 12-14, with full funding contract awarded in Quarter 4, 2019 for procurement of 45 F135 propulsion systems. | 2 |
| US Government (LRIP11 NA Sustainment) | N/A | N/A | Procurement of initial non-aircraft spares, site activation, depot stand-up, hardware procurement and delivery, training systems, SE and ALIS. | - |
| US Government (Lot 12-14 IDIQ) | N/A | N/A | Procurement of Lot 13-14 AME and PFE and HMDS Spares, Lot 12-14 HMDS, and FY 2019-20 Air Vehicle Spares. | - |
| US Government (Lot 15 Propulsion) | 9 | 9 | Procurement of advance acquisition items and full funding production costs for nine F135 engines associated with Lot 15 F-35A Production. | - |
| US Government (Lot 15 Production) | 9 | 9 | Procurement of advanced acquisition items associated with the next nine F-35A aircraft procurement. | - |
| BAE Systems Australia Limited (F-35 AV MRO&U Services) | N/A | N/A | Procurement of maintenance, repair, overhaul and upgrade of the F-35 JSF Air Vehicle (F-35 AV MRO&U Services). | - |
| FY 2020-22 IDIQ | N/A | N/A | Procurement of F135 Propulsion spares from FY 2020 through FY 2026. | - |
| FY 2022-24 SAHW | N/A | N/A | Procurement of SE, Luke AFB Ferry support, Program Management, training systems and system upgrade and hardware procurement and delivery. | - |

| Major equipment accepted and quantities to 30 Jun 25 |
|---|
| 72 F-35A aircraft have been received by Australia. |

| Notes | |
|---|---|
| 1 | No equipment delivered as part of this contract. |
| 2 | These contracts were previously reported as Lot 12 long lead and EOQ. |

2.4 Australian Industry Capability

| Summary |
|---|
| The project has no contracted Australian Industry Capability (AIC) Plan for its US Government acquisition due to the F-35 Program being a US Department of Defense collaborative program contracted under the Federal Acquisition Regulations and Defense Federal Acquisition Regulation Supplement framework.<br>The Project has no contracted AIC plan for F35 AV MRO&U Services Deed with BAE Systems Australia Limited due to the Deed being a lease arrangement, which is outside of the specified AIC policy conditions. |
| **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 |
|---|---|---|---|---|---|---|
| Preliminary Design | JSF Air System (CTOL Variant) | Mar 03 | N/A | Jul 03 | 4 | 1 |
| Critical Design | JSF Air System (CTOL Variant) | Apr 04 | Feb 06 | Feb 06 | 22 | 2 |

| Notes | |
|---|---|
| 1 | Aircraft weight was the major issue that delayed the closure of the Preliminary Design Review (PDR) by four months. |
| 2 | Additional design effort was required to achieve the weight savings expected after PDR. The CTOL Critical Design Review was delayed as a result from April 2004 to February 2006 until the re-design was complete and included the 'roll up' of many lower-tiered reviews. |

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 | Block 2B Fleet Release (against Integrated Master Schedule (IMS) 7 Baseline) | Jun 15 | Jun 15 | Jul 15 | 1 | 1 |
| | Block 3i Initial Release to support LRIP6 (against IMS 7 Baseline) | Mar 14 | Nov 14 | Sep 14 | 6 | 2 |
| | Block 3F Fleet Release (against IMS 7 Baseline) – for F-35A (full envelope with weapons) | Aug 17 | Oct 17 | Aug 17 | 0 | 3, 4, 5 |
| Acceptance | Accept and deliver two (LRIP6) aircraft to US Pilot Training Centre | Mar 14 | Nov 14 | Nov 14 | 8 | 6 |
| | Accept and deliver aircraft 3-14 | Dec 16 | Jun 19 | Jun 19 | 30 | 7 |
| | Accept and deliver aircraft 15-72 | Dec 23 | Sep 23 | Dec 24 | 12 | 8 |

| Notes | |
|---|---|
| 1 | Block 2B supported the US Marine Corps IOC declaration which occurred on 31 July 2015. |
| 2 | Block 3i Initial Release software provides initial pilot training capability for the LRIP6 aircraft configuration. The six month variance was due to delays in earlier software deliveries and compounded by integration into the updated computer architecture delivered in LRIP6 aircraft. |
| 3 | F-35 aircraft software is developed and released in capability blocks. Block 3F software is the final release under the SDD phase of the program and is the requirement for Australian IOC declaration. It is noteworthy; all Block 3F software is developed to support full Australian weapons requirements, where Australia's weapons approval is dependent on US and Australian clearances. |
| 4 | Block 3F software was fleet released August/October 2017 onto late LRIP9 US and Partner aircraft. Fleet release dates indicate software has finished development, while the release of partner nation specific loads follows with minor adjustments to meet sovereign requirements. The priority for the release of partner specific loads is driven by a nation's aircraft delivery schedules. |
| 5 | Australia accepted its first three Block 3F aircraft March 2018. Acceptance, initially planned February 2018 as contracted Bed Down Plan, was delayed to remediate non-software related production issues. All new aircraft are to be accepted in Block 3F (or later) configuration. |
| 6 | The March 2014 original delivery date was based on Australian IOC in December 2018. The November 2014 delivery date reflects a deferral in production to align with the US re-baselining of JSF production, and verification of a new software load for LRIP6 aircraft to assure an appropriate training capability. |
| 7 | The final remaining 12 Stage 1 aircraft were originally scheduled for delivery by December 2016 leading to Australian IOC in 2018. In March 2010, the JSF Program experienced a Nunn-McCurdy breach of the critical cost growth statutory threshold. Based on subsequent delays to SDD completion and the US aircraft buy profile, the Australian Government initiated a two year deferral in production and IOC, with Aircraft 14 accepted in June 2019. This will achieve a revised Australian IOC by December 2020. |
| 8 | Air Vehicle COVID-19 re-baselined deliveries were delayed by approximately six weeks due to temporarily suspended factory acceptance flight operations following the US F-35B crash in December 2022. Deliveries resumed in March 2023 and all Australian Lot 12-14 contracted aircraft have now been accepted. All nine Australian Lot 15 air vehicles have completed post-production test flights. Acceptance of Australian air vehicles was completed in December 2024. |

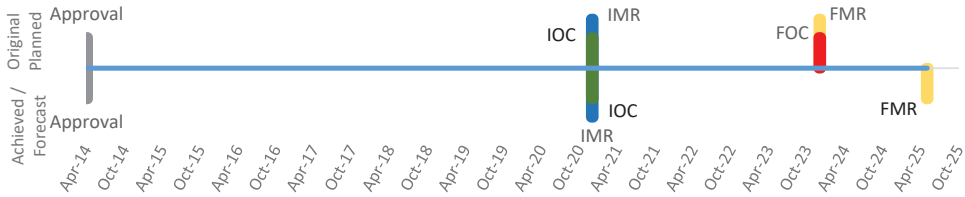
3.3 Progress Toward Materiel Release and Operational Capability Milestones

| Item | Original Planned | Achieved/Forecast | Variance (Months) | Notes |
|---|---|---|---|---|
| Initial Materiel Release (IMR) | Oct – Dec 20 | Dec 20 | 0 | 1 |
| Initial Operational Capability (IOC) | Dec 20 | Dec 20 | 0 | 1 |
| Final Materiel Release (FMR) | Oct – Dec 23 | May 25 | 17 | 1 |
| Final Operational Capability (FOC) | Dec 23 | NFP | NFP | 1, 2 |
| Post – FOC Materiel Releases | NFP | NFP | NFP | NFP |

Notes

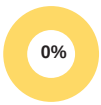
| | |
|---|---|
| 1 | The Capability Manager declared IOC on schedule acknowledging a number of known acceptable deficiencies with the aircraft and support systems. This is not unusual for capabilities being introduced into service. Delivery of aircraft remains largely in line with the Capability Manager's expectation, noting the expected delay to Australia's final nine Air Vehicles are due to delays in Technical Refresh (TR) 3 software integration testing. Air Force is monitoring closely, including consequential impacts to FOC. |
| 2 | While this milestone represents the completion of AIR 6000 Phase 2A/2B requirements, the aircraft will continue to develop under the Continuous Capability Development and Delivery (C2D2) program through future phases of the AIR 6000 program managed by Air Combat Systems Program Office. |

**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:**<br>The project will deliver the capability requirements expressed in the MAA and supporting capability Definition Documentation with delivery in accordance with requirements of the relevant Technical Regulation Authorities.<br>Following FOC, the final Capability Acquisition and Sustainment Group (CASG) deliverables as described in MR11. This delay is due to the delivery schedule issues and completion and acceptance of ACURL. |
|  | **Amber:**<br>N/A |
|  | **Red:**<br>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) | Acceptance and delivery of 33 aircraft to RAAF Base Williamtown between 2018 and 2020 to support Australian Verification & Validation (V&V) and stand-up of No.3 Squadron (SQN) and No.2 Operational Conversion Unit; No.3 SQN facilities fully fitted, accredited, staffed and ready to support flying operations. Materiel delivery, V&V, training, support and transition activities required for IOC completed.<br>IMR was achieved in December 2020. | Achieved |
| Initial Operational Capability (IOC) | The JSF system shall be capable of performing and sustaining | Achieved |

| | | |
|---|---|---|
| | one squadron capable of Defensive Counter Air, and Offensive Counter Air roles (though not concurrently) for a 30 day period. The JSF system shall be deployable to Forward Operating Bases within Australia and Overseas. Aircraft are available to support the start of pilot training in Australia.<br><br>IOC was achieved in December 2020. | |
| Final Materiel Release (FMR) | Delivery of final aircraft between 2021 and 2024 resulting in all 72 F-35A aircraft in Australia. All aircraft will be upgraded in accordance with the C2D2 plan (noting that this is an ongoing program of capability enhancement). Delivery and acceptance, commissioning or contracting in Australia of the aircraft, spares, support systems, and personnel, training, weapons, equipment, contracts and facilities necessary for ongoing operations of three Operational Squadrons and one Training Squadron at FOC. Materiel delivery, V&V, training, support and transition activities required for FOC completion.<br><br>FMR was achieved in May 2025. | Achieved |
| Final Operational Capability (FOC) | The JSF system shall be capable of performing and sustaining three operational squadrons and one training squadron, as per strategic and capability guidance.<br><br>Forecast dates for FOC are NFP. | Not yet Achieved |
| Post-FOC Materiel Releases | Post - FOC Milestone. Complete Delivery of Materiel and services supporting the stand up of remaining capability.<br><br>Finalising all post FOC Materiel milestones will not be achieved until later.<br><br>Forecast date for Post-FOC Materiel Releases is NFP. | Not yet Achieved |

## Section 5 – Major Risks, Emergent Risks and Issues

5.1 Major Project Risks

| Identified Risks (risk identified by standard project risk management processes) | | |
|---|---|---|
| Ref# | Description | Remedial Action |
| 1 | The F-35A capability may be impacted by multiple identified medium and below funding and/or programming challenges arising from forecasting inaccuracies, production cost increases, development of the common reprogramming laboratory and global inflation induced workforce and supply chain effects. | AIR6000 Phase 2A/2B maintains a systematic risk management framework to ensure that the remaining medium and below risks to delivering a credible air combat capability are identified, and resources are allocated to mitigate these risks. The inclusion of Cooperative Project Personnel positions within the F-35 JPO gives Australia early and informed insight into emergent potential issues. Active and coordinated PSFD governance fore enables Australia to influence organisational outcomes.<br><br>The AIR6000 Phase 2A/2B Project Office will continue to ensure overall affordability through the proactive management of various cost risks and opportunities supported by the JPO's efforts to improve cost forecast data.<br><br>The Capability Manager is a key informed stakeholder in this process to actively prioritise requirements to deliver capability within the approved project budget and ensure the systems being delivered will meet Air Force's evolving capability needs.<br><br>The risk has been downgraded to medium and will be removed from next year's Major Projects Report (MPR). |

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 |
| N/A | N/A | N/A |

5.3 Major Project Issues

| Ref# | Description | Remedial Action |
|---|---|---|
| 1 | Expected delays in the acceptance of Australia's final nine Air Vehicles. | Air Force and AIR6000 Phase 2A/2B Project Office executives remain engaged with embedded Australian staff and continue to discuss the issue at relevant fora to ensure that the production schedule meets Australian FMR requirements. AIR6000 Phase 2A/2B Project staff continue to engage at working level forums to maintain visibility of any schedule movements.<br>This Issue is closed with the delivery of the final nine aircraft in December 2024 and has therefore been retired. The 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 69 lessons. The three project strategic lessons and four project level lessons (non-strategic) are listed below.

| Description | Categories of Systemic Lessons |
|---|---|
| Strategic Lesson Type – Observation. JSF PSFD MOU is run by the JPO and it is difficult to predict cost, schedule and associated budgeting impact on Australian Defence Force processes and procurement. | Program, Project & Product Management |
| Strategic Lesson Type – Observation. Allowing industry to come up with innovative solutions, without the CoA being too prescriptive in requirements definition, can provide improved outcomes. Through the Turbine Engine Maintenance Facility negotiations a maintenance organisation proposed the renovation of a disused Masters Hardware facility, rather than building a new facility on a green-field site. This resulted in significant schedule reduction. | Commercial Management |
| Strategic Lesson Type – Observation. The ongoing sustainment costs of information and communications technology intensive projects is expensive, hardware refresh, software licensing, upgrades, personnel (administrators),and cannot be underestimated. | Program, Project & Product Management |
| **Project Level Lessons (non-strategic) Description** | **Categories of Systemic Lessons** |
| Project Level Lesson. Lockheed Martin Corporation and Pratt & Whitney were required to have Industry Participation Plans (IPPs) under the 2006 IPP MOU where the JSF (now Aerospace Combat Systems) Industry Team could identify Australian industry business opportunities. Requiring Primes to have this register has facilitated the identification of capability gaps and potential opportunities for smaller Australian industry to get involved. Early engagement and identification by specific opportunities places Australian industry in the best position to identify and compete for opportunities – securing over $5.0bn of contracts (as at 31 December 2024). While both parties have regularly engaged on tracking awarded contracts with a high degree of accuracy, there is ongoing work to identify and report on potential through life opportunities, aligning this in mid-year and end-year reporting. | Program, Project & Product Management |
| Project Level Lesson. Engaging in international capability programs that are heavily reliant on US government programs introduces significant project management risks. These risks span project management, cost, technical and schedule aspects, necessitating robust communication, governance and management strategies. | Commercial Management |
| Project Level Lesson. The F-35 program is a collaborative program with industrial opportunities that are competitively won based on 'best value'. Australian industry has had to compete globally to win production and sustainment contracts for F-35 supplier opportunities. Allocating financial resources and implementing the grant programs under AIR6000 Phase2A/B enabled Australian industry to bid for and win work. Unlike other programs that may provide 'offset' or other prescribed AIC schedules/plans as part of their acquisition project, without the establishment of an industry support program Australian industry may not have been competitive enough to win contracts. The New Air Combat Capability Industry Support Program and JSF Industry support Program has enabled the uplift of industry with grant funding to facilitate the purchase of machinery, staff skilling and ability to improve production timelines, quality, etc. These grant programs have also contributed to the Government's commitment to build a resilient and internationally competitive Defence sovereign industrial base, having awarded over $45.2m in grants (as at 30 June 2025). | Commercial Management |

| | |
|---|---|
| Project Level Lesson. Requirements Management. Overall strategy for AIR6000 Phase 2A/2B Test and Evaluation (T&E) leverages JPO and US Services T&E programs, in order to avoid duplication and reduce overall cost for Australian testing. For example, JPO conducts certification and OT&E of weapons on each variation of the F-35, this would not be replicated in Australia. Australia will work with JPO and US services to implement operational scenarios in an OT&E event within Australia which will feed back in the co-operative program. Due to the RAAF F-35A being a multi-domain fighter and the United States Air Force F-35A being an air domain platform there is a delta between US and Australian Configuration, Role and Environment (CRE). As such, the focus of OT&E efforts within Australia is on the deltas between the CRE and high risk areas such as weapons and joint capabilities integration. | Engineering & Technical |

## Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

| Unit | Name |
|---|---|
| Division | Aerospace Systems Division |
| Branch | Aerospace Combat Systems Branch |