

Part 2. Defence Major Projects Report

Secretary's Foreword

I am pleased to provide the 2024–25 Major Projects Report (MPR) in conjunction with the Australian National Audit Office (ANAO). The MPR covers 21 of Defence's major capability acquisition projects delivered by the Capability Acquisition and Sustainment Group (CASG) and the Naval Shipbuilding and Sustainment Group (NSSG). Future editions may consider major capital equipment projects being delivered from across Defence.

Defence projects continue to be delivered consistent with a range of key Australian Government strategic guidance, including the 2024 National Defence Strategy, 2024 Integrated Investment Plan, 2024 Defence Industry Development Strategy and the 2025–29 Defence Corporate Plan.

In April 2025, following extensive engagement across Defence, industry and Central Agencies, Defence updated Defence's One Defence Capability System foundational capability documents, the Defence Capability Policy and the One Defence Capability System Manual. The capability system connects the many capability-related functions and processes across Defence to plan, acquire, deliver, sustain and dispose of capabilities effectively and efficiently, in line with the priorities set out in the 2024 National Defence Strategy.

The reformed, threat-aligned and strategy-driven approach to capability decisions ensures a clear link between the Government-directed strategic effects required to achieve the Strategy of Denial articulated in the 2024 National Defence Strategy, and the capabilities we deliver to produce the integrated focused force through the Integrated Investment Plan.

The release of the updated Capability Policy and One Defence Capability System Manual – and the subsequent updates to the many supporting business processes across various parts of Defence – represent the next step in reforming Defence's capability system. Additional process and governance improvements will follow as reform, including the establishment of a new Defence Delivery Agency, continues to evolve.

On 20 December 2024, the Government reaffirmed its commitment to continuous naval shipbuilding and sustainment in Australia through the release of the 2024 Naval Shipbuilding and Sustainment Plan. The plan sets out the capability projects and industrial uplift required to maintain Australia's maritime capability edge and deliver a future integrated force.

As outlined in the 2024 National Defence Strategy, Australia's strategic environment has continued to deteriorate since the release of the Defence Strategic Review. Against the backdrop of intensifying strategic competition in our region, safeguarding the security of Defence's capability information is of critical importance. Reporting on capability delivery - particularly reports that provide a holistic view of capability acquisition and sustainment - must consider the national security risks of inadvertent or unauthorised disclosure. For this reason, some project-specific information will not be published. However, Defence has provided all relevant data to the ANAO for assurance and analysis.

This latest version of the MPR provides detailed information on the progress of Defence's most complex acquisition projects. The MPR continues to represent a unique and valuable tool to inform the Parliament and Australian public of Defence capability and related expenditure.

The 21 projects within the 2024–25 MPR have a combined total approved budget of \$81.5 billion and total in-year budget of \$5.4 billion.

Of note are the following project achievements during 2024–25, which support delivery of significant capability for the Australian Defence Force:

- *Offshore Patrol Vessel (SEA 1180 Phase 1).*
 - The first Arafura class Offshore Patrol Vessel, HMAS Arafura was commissioned into service on 28 June 2025. This follows the acceptance of the Support System on 11 December 2024.
- *Maritime Communications Modernisation (SEA 1442 Phase 4).*
 - Delivered the seventh ship in November 2024.
- *ANZAC Air Search Radar Replacement (SEA 1448 PH4B).*
 - Achieved Materiel Release 6 in June 2025, with acceptance of the seventh ANZAC Class Frigate installation in HMAS Ballarat.
- *SEA 3036 Phase 1 – Pacific Patrol Boats – Replacement.*
 - Delivered RKS Tobwaan Mainiku to the Republic of Kiribati on 12 July 2024.
 - Delivered HMTSS Te Mataili III to Tuvalu on 20 September 2024.
 - Delivered RFNS Timo to the Republic of Fiji on 22 November 2024.
- *Hunter Class Frigate (SEA 5000 Phase 1).*
 - Cut Steel for Ship 1 and placed contracts for major combat system elements, including the CEA Phased Array Radar and the Thales Towed Array Sonar.
 - Progression of prototyping activities and continued progress of the zonal design program.
 - Ramp up of the Construction stage and Consolidation of the first two units.
 - Induction of the first block into blast and paint.
- *Short Range Ground Based Air Defence (LAND 19 Phase 7B).*
 - Achieved Final Acceptance Milestones for both the CEA Technologies and Raytheon Australia Acquisition Contracts in June 2025.
 - Completed First-of-Type Live Fire of the High Mobility Launcher and Sidewinder missile at Woomera Test Range in May 2025.
- *Battlefield Command System (LAND 200 Tranche 2).*
 - The final hardware capability scope was realised through an updated agreement between the Army and Capability Acquisition and Sustainment Group. This saw the final hardware shipments delivered by L3 Harris Communications Australia.
 - Achieved Final Operational Capability in June 2025.
 - Achieved Initial Operating Capability in November 2024.
- *Combat Reconnaissance Vehicles (LAND 400 Phase 2).*
 - Accepted Eight Block II Reconnaissance vehicles.

- Delivered six Reconfigurable Driver Simulators, Fixed Part Task Trainers and one Reconfigurable Driver Simulator and accepted explosive ordnance.
- *Armoured Combat (LAND 907).*
 - Achieved Initial Materiel Release in April 2025.
 - Delivered 58 Main Battle Tanks, Seven Assault Breacher Vehicles, Four Joint Assault Bridge Vehicles, and Six Armoured Recovery Vehicles.
- *Apache Attack Helicopter (LAND 4503 AH-64E).*
 - Achieved commencement of production ‘final assembly’ for the first four AH-64E aircraft.
- *Long Range Fires (LAND 8113 Phase 1).*
 - Received delivery of the first eight HIMARS launchers, Ten Re-Supply Vehicles and Ten Re-Supply Trailers in February – March 2025.
 - Successful Live Firing of Australian HIMARS firing Reduced Range Practice Round (RRPR) and Precision Strike Missile (PrSM) during a combined Joint Live Fire activity as part of Exercise Talisman Sabre 2025.
- *Peregrine (AIR 555 MC-55A).*
 - Completion of Ground System #1A Information and Communications Technology Integration in March 2025.
 - Completed two forward operating bases in Quarter 1 & Quarter 2, 2025.
- *Joint Strike Fighter (AIR 6000 Phase 2A/2B).*
 - Achieved delivery of the final nine F-35s (Lot 15) in December 2024.
- *Integrated Air and Missile Defence Command and Control (AIR 6500).*
 - Achieved Materiel Release 1 for tranche 2A in December 2024.
- *MQ-4C Triton (AIR 7001).*
 - Delivered three MQ-4C Triton aircraft:
 - First aircraft (A57-001) in July 2024, second (A57-002) in May 2025; and third aircraft (A57-3) in May 2025.
 - Delivered two Main Operating Base Mission Control System (MOB MCS):
 - First MOB MCS in January 2025 and second MOB MSC in May 2025.
 - Issued Uncrewed Aircraft System Operating Permit for the MQ-4C Triton in September 2024.
 - Achieved In-Service Date in June 2025, marking a critical milestone for the MQ-4C Triton capability.

I would like to take the opportunity to thank the Auditor-General, Dr Caralee McLiesh, and her staff for their contribution to the report.



John Reid
Acting Secretary
Department of Defence

8 December 2025

OVERVIEW

During 2024–25, Defence continued to manage a large and complex program of work across acquisition and sustainment programs to deliver capability to the ADF.

As at 30 June 2025, Defence managed 220 (made up of 462 individual projects) major and 101 minor acquisition projects, with a total acquisition cost of \$254 billion. Of this, CASG and NSSG managed 122 individual acquisition projects during this period, worth a total acquisition cost of \$158.5 billion. The 2024–25 acquisition result of \$17.9 billion was the largest on record.

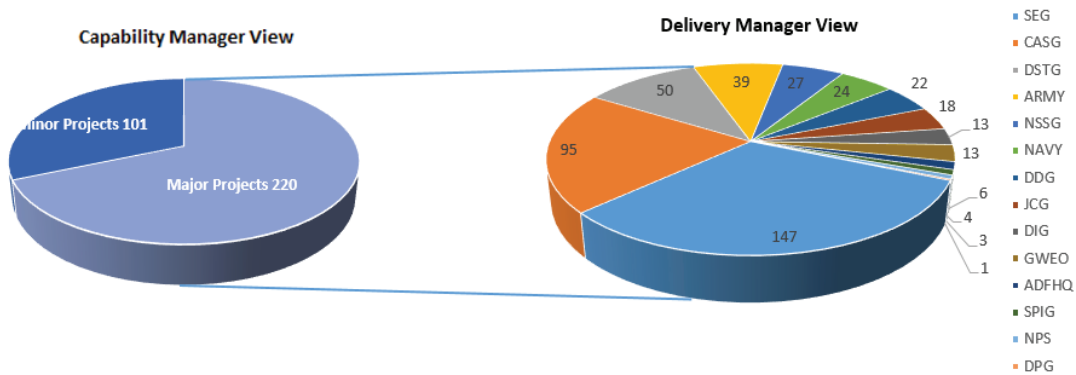


Figure 1. Number of Projects by Delivery Group – Whole of Defence.

The 2024–25 MPR provides insight into 21 of the major individual projects delivered by CASG and NSSG, with a total acquisition cost of \$81.5 billion.

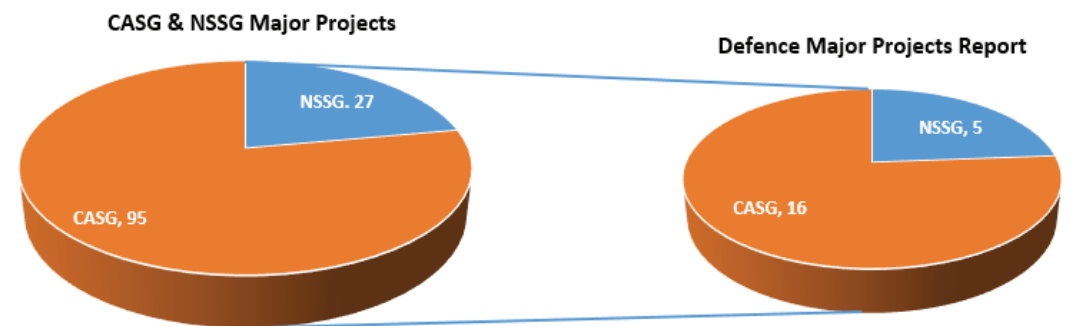


Figure 2. Number of Projects by Delivery Group – 2024-25 MPR.

During this reporting period, CASG and NSSG closed 10 individual projects, with those major projects achieving a final expenditure of \$15.5 billion over their life, against a budget of \$17.2 billion.

During 2024–25, Government endorsed a range of additional funding for approved projects, including new approvals and further tranches of previously approved activities. This totalled over \$1 billion in additional in-year acquisition budgets.

National Defence Strategy

The inaugural National Defence Strategy (NDS) was released on 17 April 2024, close to one year after the Defence Strategic Review. The Strategy sets out Government’s approach to address Australia’s most significant strategic challenges, including the threat of conflict and the prospect of military coercion. The Strategy of Denial is the new cornerstone of Defence planning that is designed to deter a potential adversary from taking actions that would be inimical to Australia’s interests and regional stability. Delivering the Strategy of Denial requires credible ADF capabilities that will complicate the calculus of any potential adversary.

The Government has committed to a biennial NDS cycle to ensure Defence policy, strategy, capability and planning keep pace with the rapidly evolving strategic environment, respond to Australia’s national security priorities and provide clarity to defence industry.

Integrated Investment Program

The 2024 Integrated Investment Program (IIP) was rebuilt to reflect the specific defence capabilities the Government will invest in to give effect to the inaugural biennial NDS. These decisions prioritise the acquisition of key capabilities that strengthen Australia’s deterrence capabilities. To achieve this, Government made tough but necessary decisions to cancel, divest, delay or re-scope projects that are not critical to delivering appropriate force suited to our strategic circumstances. This reprioritisation has enabled the acceleration of new, immediate and long-term priority projects and capabilities.

Together, the NDS and its accompanying rebuilt IIP provide a blueprint for an ambitious transformation of the Australian Defence Force (ADF) to an integrated focused force capable of safeguarding Australia’s security and contributing to regional peace and prosperity for decades to come.

One Defence Capability System

The One Defence Capability System (ODCS) is the governance system of policies, processes and procedures, which Defence utilises to deliver and manage Government-directed capability outcomes that are achievable, affordable and sustainable. In April 2025, following extensive engagement across Defence, industry and Central Agencies, Defence updated Defence’s One Defence Capability System foundational capability documents, the Defence Capability Policy and the ODCS Manual. These capability system updates reflect Defence’s biennial strategic planning cycle, aligning Defence’s strategy, policy, planning, and capabilities to keep pace with the rapidly evolving strategic environment.

The reformed, threat-aligned and strategy-driven approach to capability decisions ensures a clear link between the Government-directed strategic effects required to achieve the Strategy of Denial articulated in the NDS, and the capabilities Defence delivers to produce the focused, integrated force through the IIP.

This updated guidance replaces the previous four-phase, linear approach to capability management with three inter-connected cycles depicting the ongoing cyclical nature of Defence capability development, delivery and management.

The Defence Capability Policy sets out key principles defining Defence's approach to capability investment decisions and capability management, and provides a holistic overview of the capability system and, together with the ODCS Manual, incorporates the strategic concepts and requirements from the NDS.

Various new and updated processes have been introduced in support of the budget and governance reforms to balance flexibility with accountability and enhanced assurance, such as:

- Streamlined Government authorities and approval pathways, updated to allow for acceleration of capability, with streamlined governance proportionate to the complexity and risk profile.
- Improved decision making processes for the creation of new unapproved projects; adjustments to unapproved programs; approval of minor project scope changes and early access requests.
- Increased fiscal controls, such as over-programming caps on acquisition budgets; sustainment funding reduced to a default of seven years; and the removal of automatic end of financial year budget rollovers.

The release of the updated Capability Policy and ODCS Manual – and the subsequent updates to the many supporting business processes across various parts of Defence – represent the next step in reforming Defence's capability system. Additional process and governance improvements will follow as the reform continues to evolve.

Defence Industry Development Strategy

The Defence Industry Development Strategy (DIDS) was released in February 2024. Importantly, this strategy underpins the NDS and articulates the need for a sovereign defence industrial base. The strategy includes the initial list of seven detailed Sovereign Defence Industrial Priorities, where Australia needs to grow its defence capability. These priorities signal to industry where Defence will focus support and investment to ensure the industrial base has the capability and capacity required. This approach aims to move Australian businesses up the value chain, in line with Defence strategic priorities, and lay the foundations to grow Australian primes in future.

The DIDS reaffirmed the importance of the Australian Industry Capability Program and the Global Supply Chain (GSC) Program, including the need to expand the number of participants in the GSC Program to assist with scale, competitiveness and sustainability. The GSC Program supports Australian businesses to integrate into global supply chains, diversify their revenue, drive economies of scale and

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build resilience through exports. Since its inception, the Program has delivered 3,143 contracts worth over \$2.35 billion to 307 Australian suppliers. The Government has since announced the significant expansion of the GSC Program, almost doubling the number of companies from seven to 13.

The Strategy will be reviewed biennially and updated, where required, in line with the updated NDS. Defence has commenced developing the next iteration of the strategy for release in 2026. The 2026 DIDS will include an update to the Sovereign Defence Industrial Priorities, to ensure they remain fit for purpose and effectively signal to industry, the granularity and specificity required to inform business planning and investment decisions.

Treatment of Classified and Sensitive Information

In accordance with the Joint Committee of Public Accounts and Audit 2024–25 MPR Guidelines (the Guidelines), Defence is responsible for ensuring that the information in the MPR is suitable for unclassified publication. Australia’s strategic circumstances have markedly changed since the MPR was first implemented. Defence has assessed that some details, both in respect of individual projects and in aggregate, would or could reasonably be expected to cause damage to the security, defence or international relations of the Commonwealth without sanitisation of the data. Of the 21 projects in this MPR, 19 project assessments contain new or updated information that has not been published on security grounds.

Defence provided the required information to the Australian National Audit Office (ANAO) to conduct their assurance and analysis activities.

Naval Shipbuilding and Sustainment Plan

On 20 December 2024, the Government reaffirmed its commitment to continuous naval shipbuilding and sustainment in Australia through the release of the 2024 Naval Shipbuilding and Sustainment Plan. The plan sets out the capability projects and industrial uplift required to maintain Australia’s maritime capability edge and deliver a future integrated force.

It represents an investment of up to \$159 billion in maritime capabilities under the Integrated Investment Program, including the acquisition or upgrade of approximately 78 individual vessels and an annual investment of over \$2 billion in fleet sustainment. This pipeline of work is articulated in a 30-year forecast, annexed to the plan.

The plan lays out a coordinated, national approach to uplift the industrial base through investment in five key areas that enable continuous naval shipbuilding and sustainment:

- skilled and experienced workforce.
- fit-for-purpose infrastructure.
- industry partnerships and resilient supply chains.
- security standards and culture.
- innovation throughout the capability lifecycle.

Development in these five areas will be supported by government investment in the plan's industrial cornerstones – functions and programs where Defence, defence industry, and other government and maritime interests intersect. These cornerstones include the planning and enabling infrastructure works for a Commonwealth-owned Defence precinct at Henderson Shipyard, south of Perth.

PROJECT PERFORMANCE

Performance Overview

Defence's performance reporting, as demonstrated in the 2024–25 MPR, continues to show that most projects are tracking well in terms of scope and budget. However, Defence recognises the importance of enhancing its ability to forecast and manage schedules—particularly given the current strategic context, where timely delivery of capability is critical. To meet this need, Defence often sets ambitious timelines to ensure capabilities are delivered to the warfighter as quickly and safely as possible.

Nonetheless, the inherent complexity of Defence projects, combined with optimistic assessments from both Defence and industry - often reflected in schedule baselines established before final contract agreements - remains a persistent factor contributing to schedule challenges.

Complexity

Defence capital equipment acquisitions remain some of the most complex projects and programs undertaken by our nation. Major Defence projects are typically characterised by their high overall acquisition cost, often delivering emergent or leading edge and sophisticated technologies. These projects require strategic commercial arrangements with National and Internal Defence Primes or with a foreign Government. The integration of these new or replacement capabilities require significant Defence project management effort to ensure the capabilities can be introduced into service and that they are supportable. Evolution of technology and integration requirements are significant driving factor in the complexity of Defence's major projects. The 2024-25 MPR projects generally reflect a cross-section of ACAT I and ACAT II projects – strategically significant projects characterised by high acquisition cost, project management complexity, schedule complexity, technical difficulty, operational and support challenges and sophisticated commercial factors.

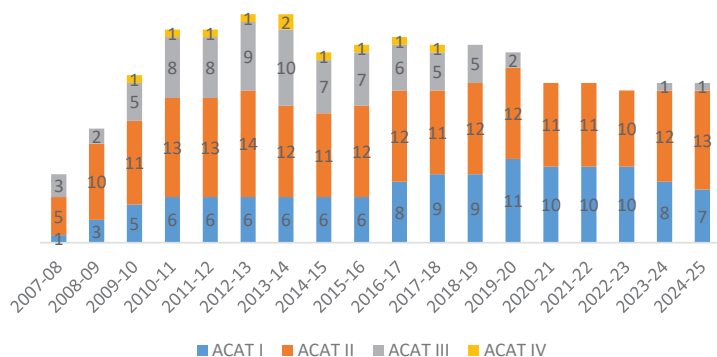


Figure 3. ACAT complexity of MPR projects by financial year, as at 30 June 2025.

Capability Delivery

Defence's focus is to deliver critical capability to the soldier, sailor and aviator. The 2024–25 Major Projects Report demonstrated that, overall, scope performance remained strong. All 21 projects are delivering capability/scope, with ANAO's analysis highlighting that the overwhelming majority of agreed scope across the MPR is forecast to be delivered with high confidence.

Cost

The Defence Chief Finance Officer is responsible for providing overall financial assurance regarding the actual cost and budget data for each project included in this report. Project budgets approved by the Government incorporate projected inflation over the duration of the project—a process referred to as 'out-turning'.

All financial data related to Defence's capital projects and capital programs provided within the 2024–25 Defence Portfolio Budget Statement, Portfolio Additional Estimates Statement, and Annual Report, are presented on an accrual basis.

The 21 projects within the 2024–25 MPR have a combined total approved budget of \$81.5 billion, an increase of \$0.5 billion from the 2023–24 MPR.

Project budget variations occur as a result of Government-endorsed changes to scope, real cost changes and scope transfers between projects. Foreign exchange rate variations do not represent a real cost change, as they are managed through funding adjustments on a 'no-win/no-loss' basis to offset realised foreign exchange losses or gains.

In rare instances, a Government-approved budget variation is required due to an unplanned cost variation, known as a 'Real Cost Increase'.

For 2024–25, there have been no Real Cost Increases for the 21 projects contained in the 2024–25 MPR, which is consistent with 2023–24 MPR. Three 2024–25 MPR projects have previously experienced Real

cost increases (Peregrine – AIR555 Phase 1 (April 2025 and January 2016), Civil Military Air Management System – AIR5431 Phase 3 (February 2018), and Joint Strike Fighter – AIR6000 Phase 2A/2B (September 2012).

Under Defence’s contingency management policy, if a major project cannot address a contingency event within its approved budget, it must follow a formal process to request access to contingency funding. Each major project is required to maintain a contingency budget log, which is reviewed during this process. This log documents key management decisions related to the identification and handling of contingent events, ensuring the project can justify and access additional resources when needed.

In 2024–25 MPR, three projects (Pacific Patrol Boat Replacement – SEA3036 Phase 1, Civil Military Air Management System – AIR5431 Phase 3 and Integrated Air and Missile Defence Command and Control – AIR 6500) reported spending contingency linked to risks in their respective contingency logs, and these projects remained within their overall approved budget.

No additional contingency was approved for projects contained in the 2024–25 MPR.

Schedule

Defence continues to achieve required capability outcomes; however, managing project schedules remains a perennial challenge. Ambitious timelines are set to encourage performance, efficiency, and to ensure rapid delivery of capability to the warfighter. As the threat environment intensifies, the demand for faster capability delivery will grow commensurately, requiring a greater tolerance for risk.

Schedule variation is reported based on the achievement of FOC. Schedule variation occurs for a number of reasons, including late delivery, changes in deliveries or scope, delays to interdependent projects, technical reliability, integration issues, commercial negotiations, workforce capacity or capability, a force majeure event or a deliberate management decision.

When considering common projects across the last three MPR, in year schedule variance has remained largely consistent, and may be expected to remain so until long-term projects retire from being reported.

ACQUISITION GOVERNANCE

Performance Governance

Defence governs and assures project delivery through a range of policies and practices to respond to Defence requirements for the acquisition, sustainment and support of defence capability.

Projects of Concern and Interest

The Projects of Concern and Interest regime is a proven process for managing the remediation of underperforming projects. This involves developing and implementing a targeted remediation plan to resolve significant commercial, technical, cost and/or schedule difficulties and increasing senior management and ministerial oversight.

A number of projects suffering significant risks and issues to agreed parameters for scope, schedule and budget are, or have been, managed as a Project of Concern or Interest. The Projects of Concern and Interest policy reinforces the need for honesty, openness and transparency in reporting on performance; providing visibility of current and emerging issues, and elevating matters for senior level assistance.

Defence senior management oversight (including Ministerial oversight) remains critical to remediating projects experiencing performance issues and challenges.

Smart Buyer and Independent Assurance Reviews (IAR)

Defence's Smart Buyer program was introduced in late 2016. It uses a flexible methodology to support the establishment of projects, programs and sustainment activities in their early planning phases through consideration of key strategy drivers. This in turn supports the development of robust Project Execution Strategies which are subsequently tested in Independent Assurance Reviews. Projects approaching the Defence Investment Committee for Gate 1 and 2 consideration are subject to the Smart Buyer framework. During 2024–25, 59 projects, programs or other matters received Smart Buyer support, including two of the 21 MPR projects.

Independent Assurance Reviews (IARs) assess the ongoing viability of capability investment decisions, and provide senior leadership with an assessment of the health and outlook of programs, acquisition projects and sustainment products, from strategy and concept design through to in-service and disposal (as sustainment products).

IARs consider key aspects of the project or product's ability to deliver against the agreed scope, schedule, availability and/or budget. Reviewers make recommendations for senior management consideration regarding the ongoing conduct of the project or product under review, including whether it should be considered a candidate for elevation to Project or Product of Interest or Concern status.

All programs, projects and products progressing through the ODCS are expected to undertake an IAR in the lead-up to a major decision-point or event, or upon request. For second pass approved projects, the timing and frequency is determined based on the complexity, strategic significance, and identified issues and risks and will generally be held every 12 to 18 months. In 2024–25, 118 IARs related to projects and products were conducted, including for 15 of the 21 MPR projects.

Both the Smart Buyer and IAR programs draw on a common pool of experienced external reviewers drawn from a wide range of professional backgrounds, but typically having extensive senior management experience gained in either the Australian Public Service, Australian Defence Force, industry or academia, and have a very sound understanding of Defence and Government processes.

Risk Management

CASG are continuously improving the CASG Risk Management (CAS-RM) Framework used by Delivery Groups (CASG, NSSG and Guided Weapons and Explosive Ordnance (GWEO)). This is being achieved

through ongoing consultation via various forums, policy updates and improvements to the mandated risk management tool Predict Risk Controller (Predict!).

The Framework delivers:

- a cohesive and structured application of the ISO31000:2018 Risk Management Standard;
- a common risk management framework and language for delivery groups (CASG, NSSG, GWEO), enabling a standardised and structured approach for risk planning and management; and
- a selection of methods, techniques and approaches to enable an appropriate level and depth of risk planning for specific project, product and business activities based on their complexity.

Recent improvement initiatives include refinements to simplify the functionality of Predict!, strengthening governance and data assurance activities and, harmonisation of the CASG Risk Matrix with the Defence Enterprise Risk Matrix.

Using Predict! as the unified tool supports stronger governance and more effective risk management across the ODSC throughout the project capability lifecycle. All project managed by CASG, NSSG and GWEO utilise Predict! as the standard platform for managing risk.

Defence continues to mature its risk management policy, through the updated CAS-RM Business Management System. This includes the revised versions of the Practical Guide, Quick Reference Guides and Predict! Data Management Requirement Instructions. These updated resources alongside delivery of both the Predict! Introduction training and Risk Management Principles training provide support to risk managers and practitioners to improve risk controls within Predict!.

Additionally, the Project Management policy framework now incorporates the Implementation Risk Assessment template. This tool helps delivery managers clearly communicate implementation risks to decision makers during the approval and acquisition phases and supports the development of mitigation strategies to accelerate Defence's delivery of capacity outcomes.

Project Lessons

In accordance with CASG's Lessons and Project Management policies, projects are required to develop and implement a Lessons Collection and Management Plan to schedule appropriate review of existing lessons information and aid with the effective capture and recording of their own lessons information. Lessons information (consisting of Observations, Insights and Lessons Identified) is captured by MPR projects and housed within Defence's Enterprise lessons database tool, the Defence Lessons Repository (DLR).

The information housed in the DLR is available to assist with improving the way that current projects and programs are managed, and to better inform how future projects and programs are planned. All MPR projects have lessons information recorded in the DLR. Inclusion of lessons information in the Product Data Summary Sheets (PDSS) is based on an assessment that the lessons information is strategic in nature and has been registered in the DLR with senior management endorsement. Additionally, this lessons information is assigned against the defined systemic categories for lessons to enable grouping of thematically similar items and identification of trends.

During the 2024–25 MPR period, Defence MPR Projects provided ANAO with evidence in the form of project lesson logs and Branch Head endorsement of specific lessons categorised as strategic in nature and suitable for inclusion in the PDSS.

To meet the Joint Committee of Public Accounts and Audit (JCPAA) 507 (Defence 2022–23 MPR) recommendations, Defence has agreed with the ANAO to update 2025–26 JCPAA MPR Guidelines to ensure the PDSS Lessons section captures the top five project level lessons, in addition to the ongoing reporting of project strategic lessons. Reporting of the top five project level lessons has been implemented within 2024–25 PDSS, in advance of the updates to the 2025–26 JCPAA MPR Guidelines.

In addition to direct use of the DLR by projects, there are other ways that lessons-related information is shared and utilised. Case studies are developed and facilitated lessons panels convened to share knowledge more broadly. Where strategic or systemic themes are identified through analysis of lessons information, recommendations may be presented to a Lessons Board (where appropriate) for consideration and action. Recommendations associated with strategic lessons information have the potential to warrant more significant changes to broader business, such as updates to policy, process and training. Lessons information is only considered to be a ‘Lesson Learned’ once the recommendations garnered from the lessons information have been implemented and outcomes validated.

A CASG Lessons Board focusing on MPR projects’ lessons information was conducted in June 2025. The CASG Lessons Team conducted systemic data analysis on the current Defence MPR projects’ lessons information and tabled recommendations for CASG Lessons Board consideration. The Board determined recommendations suitable for further action and assigned responsible parties for subsequent action and implementation.

MPR Exited Project Lessons

Medium Heavy Capability, Field Vehicles, Modules and Trailers (LAND 121 Phase 3B) and Battlespace Communications Systems (JOINT 2072 Phase 2B) were the two projects that exited from the 2023–24 MPR. The key lessons reported by these two projects in their last PDSS are listed below.

- *Medium Heavy Capability, Field Vehicles, Modules and Trailers (LAND 121 Phase 3B)*
 - Engineering & Technical. Durability testing of Commercial Off-The-Shelf (COTS) equipment early in the project life-cycle (pre-PDR) helped mitigate project risk through early identification of defects and hardening of equipment. Rigorous testing of COTS equipment early in the project life-cycle is encouraged.
 - Program, Project & Product Management. Projects of this size and scale will often have numerous dependent projects, many of which will rely on the bigger project running to schedule. The number of requests for information from numerous stakeholder groups sometimes requires prioritisation in order to remain focused on project priorities. This needs careful management to ensure wider Defence priorities and objectives are achieved/supported.

- Program, Project & Product Management. The importance of the Integrated Logistics Support (ILS) discipline cannot be underestimated. ILS involvement and input is recommended for consideration from project and contract establishment, and implementation. Emphasis on ILS together with engineering and project management involvement in Major Systems Reviews and the design process is critical in ensuring that ILS products can adequately support the delivery of the capability.
- *Battlespace Communications Systems (JOINT 2072 Phase 2B)*
 - Program, Project and Product Management. Collaborative engagement by the Contractor, CASG and the Capability Manager has resulted in better outcomes for the delivered capability.
 - Commercial Management. Contracting for a performance based support contract at the same time as the acquisition contract results in better design decisions during the acquisition contract.
 - Engineering and Technical. User engagement during the Mission System Integration Test Events has resulted in an improved capability through early user engagement during the design phase. This also leads to improving the management of user expectations.

ACQUISITION REFORM

Procurement Reform

Defence is undertaking significant procurement reform to reduce the time, cost and complexity of industry engagement and tendering processes. CASG is leading this reform to align with the requirements and outcomes of the NDS and the DIDS. Under CASG's strategy and CASG 2024–25 Business Plan, a number of initiatives are progressively being implemented that will upskill Defence's workforce, increase understanding of industry's capability and capacity, and minimise the burden of working with Defence.

Industry Intelligence Capability

To enhance understanding, timeliness and accuracy of industry information, Defence introduced in December 2024 the industrial intelligence capability that has access to external open source, open Government and commercial data for capture and analysis relating to industry capability and capacity, market and supply chain information to support data driven decision making and enable speed to capability. At its core, this capability will have an integrated system-of-systems to access Defence and restricted government data and securely aggregate data and information to produce actionable insights and analytics.

Digital Engineering Strategy

Defence published a Digital Engineering Strategy in July 2024 with a road map on 2 April 2025, initiating a consultation process with stakeholders across industry and Government to co-design a roadmap and implementation plan to uplift digital engineering in support of our strategic goals. The roadmap was published in April 2025 to outline how Defence seeks to build on lessons learnt from our global Defence counterparts and collaboration with industry, academia and internal stakeholders to move from traditional engineering practices to a contemporary approach that collaboratively incorporates innovations into an integrated, digital, and model-based design.

Workforce Professionalisation

Defence is pursuing an ambitious agenda that leverages recognised standards and best practice from across the Australian Government, tertiary, vocational education, and private sectors to design, develop and implement a professionalisation program that equips Defence with a sustainable and fit-for-purpose workforce and builds business acumen across the organisation. The first stage was launched in July 2025 with the pilot release of the Defence Learning Academy.

Appendix A – Glossary

Acquisition Categories	The ACAT framework broadly categorises project acquisition complexity into four levels of ascending risk based on acquisition cost, project management complexity, schedule complexity, technical difficulty, operation and support and commercial factors.
Additional Estimates	Where amounts appropriated at Budget time are required to change, Parliament may make adjustments through the Additional Estimates Acts.
Australian Defence Force (ADF)	The Royal Australian Navy, the Australian Army, and the Royal Australian Air Force.
Australian Industry Capability (AIC)	A framework to give Australian businesses the best possible opportunity to compete for Defence work, recognising that providing the best capability for Defence and value for money will continue to drive decisions
Australised Military off-the-shelf (MOTS) Capability	An adapted Military off-the-shelf product where modifications are made to meet particular ADF operational requirements.
Capability Manager (CM)	The power to achieve a desired operational effect in a nominated environment within a specified time and to sustain that effect for a designated period.
Capital Equipment	Senior Defence officers (typically 3-star or SES Band 3) accountable for the development, delivery, introduction into service, sustainment, preparedness, and disposal of capabilities, in accordance directed requirements, legal and policy obligations. Note: CMs are appointed by the Secretary of the Department of Defence, and/or the Chief of the Defence Force (CDF).
Caveat	Substantial end items of equipment such as ships, aircraft, armoured vehicles, weapons, communications systems, electronics systems or other armaments that are additional to, or replacements for, items in the Defence inventory.
Classified Information	In relation to the declaration of IOC or FOC or other capability milestone, is a plan, stipulation, condition or limitation to mitigate the capability impact of a Deficiency.
Contract Change Proposal (CCP)	Official information that meets the criteria for classification under the Australian Government Security Classification System (AGSCS).
Corporate Governance	This is a formal written proposal by the Commonwealth or the contractor, prepared in accordance with the terms and conditions of the contract, to change the contract after the effective date. After agreement by the parties, the contract is amended in accordance with the processes established in the contract.
Deficiency	The process by which agencies are directed and controlled, and encompasses authority, accountability, stewardship, leadership, direction and control.
Developmental	In relation to the declaration of IOC or FOC or other capability milestone, is a shortfall between the Government agreed requirements and that which is provided at the milestone.
Exception	A product that is not available off-the-shelf and has to be developed specifically to meet the ADF's particular operational requirements.
Final Materiel Release (FMR)	A legacy term used by projects in reporting limitations in milestone achievement prior to the use of 'Caveat' or 'Deficiency' terms.
Final Operational Capability (FOC)	A milestone that marks the completion and release of those Acquisition Project supplies required to support the achievement of FOC.
Fixed Price Contract	The capability state relating to the in-service realisation of the final subset of a capability system that can be employed operationally. Declaration of FOC is made by the Capability Manager, supported by the results of operational test and evaluation and declaration by the Delivery Group(s) that the fundamental inputs to capability have been delivered.
Foreign Military Sales (FMS)	A fixed price contract is unalterable in all respects for the duration of the contract, except where the parties agree to a contract amendment which alters that contract price.
Forward Estimates	The US Department of Defense's Foreign Military Sales program facilitates sales of US arms, Defense services, and military training to foreign governments.
	The level of proposed expenditure for future years (based on relevant demographic, economic and other future forecasting assumptions). The Government requires

	forward estimates for the following three financial years to be published in each annual Federal Budget paper.
Function and Performance Specification	A specification that expresses an operational requirement in function and performance terms. This document forms part of the capability documentation.
Gate 0	The Defence Investment Committee's early high-level consideration of a capability investment proposal (business case) to consider a capability need, options development, risk and strategy. <i>Note: The outcome of Integrated Capability Assessment (ICA) processes, and subsequent consideration by IC for submission to Government for investment decision, has replaced Gate 0 for the vast majority of projects.</i>
Gate 1	The decision point in Defence that approves the first pass submission to Government and selects a specific capability option or options to present to Government.
Gate 2	The decision point in Defence that approves the second pass submission to Government and recommends a specific capability be acquired.
First Pass Approval	The process that gives Government the opportunity to narrow the alternatives being examined by Defence to meet an agreed capability gap.
Second Pass Approval	The final milestone in the Requirements phase, at which point Government will endorse a specific capability solution and approve funding for the Acquisition phase.
Initial Materiel Release (IMR)	A milestone that marks the completion and initial release of Acquisition Project supplies required to support the achievement of IOC.
Initial Operational Capability (IOC)	The capability state relating to the in-service realisation of the first subset of a capability system that can be employed operationally. Declaration of IOC is made by the Capability Manager, supported by the results of operational test and evaluation and declaration by the Delivery Group(s) that the fundamental inputs to capability have been delivered.
Issues	An issue is an unplanned event that has happened and require management action.
Lessons	Lessons consist of project observations, insights or lessons identified.
Lessons – Learned	Lessons whose recommendations for improvement have been both implemented and subsequently validated by Defence.
Lessons – Project Level	Project specific insights, observations, or lessons identified at project level only and considered non-strategic.
Lessons – Strategic	Strategic, in this case, relates to a lesson, which has potential implications at an Enterprise or Group level, necessitating likely changes to Policy/Procedure/Governance/Training/Behaviour/Culture.
Materiel Acquisition Agreement (MAA)	An agreement between a Capability Manager and a Delivery Manager (CASG/NSSG) which states in concise terms what services and products will be delivered, for how much and when.
Materiel Release (MR)	A Materiel Release is a specific type of transition milestone, relating to the completion and release of the Acquisition Project Supplies, required to support achievement of FOC for a defined Capability State. The constitution of a MR, its achievement criteria and applicable specifications, references and comments are documented in the respective MAA. CASG will propose the MR for the Capability Manager's consideration and endorsement.
Memorandum of Understanding (MOU)	A Memorandum of Understanding is a document setting out an agreement, usually between two government agencies.
Minimum Viable Capability (MVC)	A capability (inclusive of fundamental inputs to capability) that can successfully achieve the lowest acceptable level of the directed effect in the required time and be able to be acquired, introduced into service and sustained effectively.
Minor Capital Acquisition Project	A Defence project in which the proposed equipment falls within the definition of capital equipment but does not meet the criteria in the definition of a major project.
Not Applicable (N/A)	Used where information is neither available, relevant nor applicable.
Not for Publication (NFP)	Information that both in individual PDSS and in the aggregate, would or could reasonably be expected to cause damage to the security, Defence or international relations of the Commonwealth.
Off-the-Shelf	A system or equipment that is available for purchase, which is already established in-service with another military or government body or commercial enterprise and

	requires only minor, if any, modification to deliver interoperability with existing ADF assets.
Operational Concept Document (OCD)	The primary reference for determining fitness-for-purpose of the desired capability to be developed. This document forms part of the Capability Definition Document.
Operational Test and Evaluation (OT&E)	Test and evaluation conducted under realistic operational conditions with representative users of the system, in the expected operational context, for the purpose of determining its operational effectiveness and suitability to carry out the role and fulfil the requirement that it was intended to satisfy.
Out Turned Costs / Out-Turning	Defence establishes cost estimates using out-turned costs (i.e. inclusive of agreed or estimated contract price indexation) to ensure that estimates include allowances for future inflationary cost increases and foreign exchange.
Platforms	Refers to air, land, or surface or sub-surface assets that are discrete and taskable elements within the ADF.
Portfolio Budget Statement (PBS)	A document presented by the Minister to the Parliament to inform Senators and Members of the basis for Defence budget appropriations in support of the provisions in Appropriation Bills 1 and 2. The statements summarise the Defence budget and provides detail of outcome performance forecasts and resources in order to justify agency expenditure.
Prime System Integrator	The entity that has prime responsibility for delivering the mission and support systems.
Project or Product of Interest (POI)	When more significant risks or issues, and/or more significant actual or anticipated breaches of project/product parameters are observed, consideration is given to placing the project or product on the Project of Interest List by the Delivery Division Head to the Group Head and advised to the Minister for Defence Industry.
Project or Product of Concern (POC)	When more significant risks or issues, and/or more significant actual or anticipated breaches of project/product parameters are observed, consideration is given to placing the project or product on the Project of Concern List by the Delivery Division Head to the Group Head. Listing as a Project of Concern is decided by the Minister for Defence Industry, on advice from the department.
Public Governance, Performance and Accountability Act (PGPA) 2013	The <i>Public Governance, Performance and Accountability Act 2013</i> came into effect on 1 July 2014 and superseded the <i>Financial Management and Accountability Act 1997</i> . It is a Commonwealth Act about the governance, performance and accountability of, and the use and management of public resources by, the Commonwealth, Commonwealth entities and Commonwealth companies, and for related purposes.
Risk	A risk is an uncertain event (or set of events) which, should they occur, will have an effect on the achievement of objectives. This effect may not be detrimental. A risk can be either a threat or an opportunity.
To Be Advised (TBA)	Used where information is yet to be determined, confirmed or to be approved.
Variable Price Contracts	Variable price contracts provide for the contractor to be paid a fixed fee for performance of the contract, subject to certain variations detailed in the contract. Variable price contracts may allow for variations in exchange rates, labour and/or material costs.