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2024–25 Major Projects Report

Department of Defence

Australian National Audit Office

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Canberra ACT

17 December 2025

Dear President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken a review of the status of selected major Defence equipment acquisition projects, as at 30 June 2025, as presented by the Department of Defence. The report is titled 2*024–25 Major Projects Report.* Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — http://www.anao.gov.au.

Yours sincerely

Dr Caralee McLiesh PSM
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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2024–25 Major Projects Report

Purpose of the MPR

- The Major Projects Report (MPR) is an annual review of a selection of the Department of Defence's (Defence) major equipment acquisition projects. The 2024–25 MPR is the 18th in the series. The MPR is undertaken at the request of the Joint Committee of Public Accounts and Audit (JCPAA) and informs parliamentary scrutiny and the national conversation on major Defence acquisitions.

Key facts

- In 2024–25, the 21 projects in the MPR were valued at $81.5 billion and represented 32 per cent of total Defence acquisition budget.
- As at 30 June 2025, the total expenditure of projects in the MPR was $37 billion.
- Two projects in the MPR were listed as a Project of Concern and seven projects were listed as a Project of Interest.
- The projects in the 2024–25 MPR cover seven of the 13 capability elements in the 2024 Integrated Investment Program.

What did we find?

- The Auditor-General concluded nothing came to her attention that caused her to believe the information reviewed in the Project Data Summary Sheets was not prepared in accordance with the 2024–25 MPR Guidelines.
- There was one emphasis of matter regarding the level of information classified as 'not for publication' (NFP) in the PDSSs. Of the 21 projects, 19 PDSSs contained information marked NFP.
- Defence introduced Minimum Viable Capability (MVC) as a new milestone for one project, which had yet to determine dates for Initial Operational Capability (IOC) or Final Operational Capability (FOC).
- There were 108 risks and issues across the 21 projects, of which 50 were downgraded or retired and will be removed in 2025–26 MPR.
- The average slippage across each project is around two years.

1 of 21

projects disclosed that it would have insufficient funds to deliver the project to agreed scope.

8 of 21

projects have no total schedule slippage.

97.7%

was the expected delivery against project scope across the 21 projects (an increase of 3.2 per cent from 2023–24).

Part 1. ANAO Review and Analysis

1. Background

Introduction

The 2024–25 MPR is the 18th in the series and has reviewed a total of 63 major projects since its inception in 2008–09.

1.1 In the early 2000s, parliamentary interest in Defence acquisition projects was high. In 2003, the Senate Foreign Affairs, Defence and Trade Reference Committee found that there was poor visibility on the progress of major projects. The Committee recommended that the Senate request the Auditor-General to produce an annual report on the progress of major Defence projects.[1]

1.2 In 2006, the Joint Committee of Public Accounts and Audit (JCPAA) recommended that the Australian National Audit Office (ANAO) produce an annual report based on data supplied by Defence on the progress of the top 30 capital equipment projects. The first report published in 2008–09 covered nine major projects, with the intention of reporting up to 30 in subsequent years.[2] The 2024–25 Major Projects Report is the 18th edition in the series, which has now reviewed 63 major projects since its inception.

1.3 The Defence's Capability Acquisition and Sustainment Group (CASG) manages the introduction and development of new specialist military equipment for the Australian Defence Force (ADF), while the Naval Shipbuilding and Sustainment Group (NSSG) has been responsible for maritime capabilities since October 2022.

1.4 The 2024–25 Major Projects Report (MPR) contains Defence data and commentary on a selection of 21 of its major specialist military equipment acquisition projects, and a Project Data Summary Sheet (PDSS) for each project. Alongside this is an independent assurance and analysis by ANAO on key areas such as cost performance, schedule performance and capability/scope delivery.

Selected projects

The 2024–25 MPR covers 21 major projects representing $81.5 billion in approved budget — 16 of which are managed by CASG and five by NSSG.

1.5 The 21 projects in the 2024–25 MPR were selected based on criteria endorsed by the JCPAA through the 2024–25 MPR Guidelines. This represents approximately $81.5 billion in approved budget and accounted for 32 per cent of the total Defence acquisition budget. Of all projects managed by CASG and NSSG, the projects in the 2024–25 MPR represent 51 per cent of their total budget.

1.6 Table 1.1 outlines the 21 projects selected for review and their government-approved budgets as at 30 June 2025, listed in order of approved budget.

1 Foreign Affairs, Defence and Trade References Committee, Report on the inquiry into materiel acquisition and management in Defence, March 2003, p. xv, available from https://www.aph.gov.au/~/media/wopapub/senate/committee/fadt_ctte/completed_inquiries/2002_04/dmo/report/report_pdf.ashx [accessed 14 October 2025].

2 Auditor-General Report No. 9 2008–09, *Major Projects Report 2007–08*, available from https://www.anao.gov.au/work/major-projects-report/major-projects-report-2007-08 [accessed 14 October 2025].

Table 1.1: 2024–25 MPR — selected projects and approved budgets as at 30 June 2025

Project number	Project name	Project abbreviation	Acquisition category[a]	ACAT rating[b]	Approved budget ($m)
SEA5000[h]	Hunter Class Frigate Design and Construction	Hunter Class Frigate	Other	I	26,055.3
AIR6000 Phase 2A/2B	New Air Combat Capability	Joint Strike Fighter	GtG	I	16,708.1
LAND400 Phase 2	Mounted Combat Reconnaissance Capability	Combat Reconnaissance Vehicles	Other	I	5,775.6
LAND4503	AH-64E Apache Attack Helicopter	Apache Attack Helicopter[c]	FMS	II	4,685.0
SEA1180 Phase 1[h]	Offshore Patrol Vessel	Offshore Patrol Vessel	Other	II	3,707.4
AIR5349 Phase 6	Advanced Growler - Airborne Electronic Attack Upgrade	Advanced Growler	GtG	II	3,287.0
AIR7001	MQ-4C Triton	MQ-4C Triton[d]	GtG	II	2,444.3
AIR555	MC-55A Peregrine	MC-55A Peregrine[e]	FMS	II	2,399.4
LAND907	Armoured Combat	Armoured Combat[f]	FMS	II	2,388.4
LAND8113 Phase 1	Long Range Fires	Long Range Fires	FMS	II	2,388.5
SEA9100 Phase 1	Improved Embarked Logistics Support Helicopter	IE Logistics Support Helicopter	FMS	III	2,086.1
LAND121 Phase 4	Protected Mobility Vehicle – Light (PMV-L)	Hawkei	Other	I	1,975.5
AIR2025 Phase 6	Jindalee Operational Radar Network	JORN Mid-Life Upgrade	Other	II	1,250.4
LAND19 Phase 7B	Short Range Ground Based Air Defence	SRGB Air Defence	Other	II	1,245.7
AIR6500	Integrated Air and Missile Defence Command and Control	IAMD Command and Control[g]	Other	I	1,097.2
AIR5431 Phase 3	Civil Military Air Traffic Management System	CMATS	Other	I	1,010.9
LAND200 Tranche 2	Battlefield Command System	Battlefield Command System	Other	I	972.7

Project number	Project name	Project abbreviation	Acquisition category[a]	ACAT rating[b]	Approved budget ($m)
SEA1439 Phase 5B2[h]	Collins Class Communications and Electronic Warfare Improvement Program	Collins Comms and EW	Other	II	617.8
SEA3036 Phase 1[h]	Pacific Patrol Boat Replacement	Pacific Patrol Boat Repl	Other	II	568.5
SEA1442 Phase 4	Maritime Communications Modernisation	Maritime Comms	Other	II	443.2
SEA1448 Phase 4B[h]	ANZAC Air Search Radar Replacement	ANZAC Air Search Radar Repl	Other	II	429.5
				Total (21 projects)	**81,536.5**

Note a: For the purposes of the analysis of this report, the ANAO has categorised projects based on their lead contract or primary acquisition arrangement. Foreign Military Sale (FMS) is an agreement between the US Government and a foreign government. The government-to-government (GtG) category is where the Australian Government and a foreign government enter into an arrangement, including co-operative agreements. 'Other' approaches typically involve direct contracts with commercial suppliers.

Note b: Defence assigns the Acquisition Categorisation (ACAT) level by project acquisition complexity in four levels of descending risk, from ACAT I, which is characterised by very high levels of complexity and technical risk, to ACAT IV, which has the lowest levels of complexity. The complexity of a project may vary over its life cycle.

Note c: In the 2024–25 MPR Guidelines, this project was titled LAND4503 Phase 1 Armed Reconnaissance Helicopter (ARH) Replacement (ARH Replacement).

Note d: In the 2024–25 MPR Guidelines, this project was titled AIR7000 Phase 1B MQ-4C Triton Remotely Piloted Aircraft System (MQ-4C Triton).

Note e: In the 2024–25 MPR Guidelines, this project was titled AIR555 Phase 1 Airborne Intelligence, Surveillance, Reconnaissance and Electronic Warfare (ISREW) Capability (Peregrine).

Note f: In the 2024–25 MPR Guidelines, this project was titled LAND907 Phase 2/LAND8160 Phase 1 Main Battle Tank Upgrade, Combat Engineering Vehicles (Heavy Armoured Capability).

Note g: In the 2024–25 MPR Guidelines, this project was titled AIR6500 Phase 1 Joint Air Battle Management System (JABMS).

Note h: These projects are managed by NSSG, all other projects are managed by CASG.

Source: ANAO analysis of the 2024–25 PDSSs.

National Defence Strategy and Integrated Investment Program

The projects in the 2024–25 MPR cover seven of the 13 capability elements outlined in the 2024 Integrated Investment Program.

1.7 The 2023 Defence Strategic Review[3] recommended a strategic update be released every two years through a National Defence Strategy.[4] The inaugural 2024 National Defence Strategy (NDS) provides a new approach to addressing Australia's most significant strategic risks through a

3 Australian Government, *National Defence: Defence Strategic Review 2023*, Canberra, 23 April 2023, available from https://www.defence.gov.au/about/reviews-inquiries/defence-strategic-review [accessed 3 November 2025].

4 Australian Government, *National Defence Strategy 2024*, Canberra, April 2024, pp. 28-29, available from https://www.defence.gov.au/about/strategic-planning/2024-national-defence-strategy-2024-integrated-investment-program [accessed 3 November 2025].

more integrated, focused Defence force. The NDS sets out six key capability effects that Defence needs to deliver in order to achieve this objective.[5]

1.8 The 2024 Integrated Investment Program (IIP) sets out 13 specific capabilities the Government will invest in to deliver an integrated, focused force across its five capability domains to give effect to the NDS.[6] Defence's five capability domains are maritime, land, air, space and cyber and the 2024–25 MPR covers the maritime (sea), land and air domains. Future iterations of the MPR may need to consider the additional domains of space and cyber.

1.9 Table 1.2 provides the ANAO's assessment of coverage across the 2024–25 MPR and the investment priorities of the 2024 IIP.

Table 1.2: Coverage of Defence acquisitions in the 2024–25 MPR when compared with the 2024 IIP capability investment priorities

Capability element in the 2024 IIP	ANAO assessment of MPR coverage	2024–25 MPR projects	Total MPR project budget ($m)[a]
Undersea warfare	◔	SEA1439	617.8
Maritime capabilities for sea denial and localised sea control operations	◑	SEA5000, SEA1180, SEA3036, SEA9100	32,417.3
Targeting and long range strike	◔	LAND8113, LAND19	3,634.2
Space and cyber	○	–	–
Amphibious capable combined-arms land system	◑	LAND121, LAND907, LAND4503, LAND400	14,824.5
Expeditionary air operations	◑	AIR5439, AIR6000, AIR555, AIR7001	24,838.8
Missile defence	◑	AIR6500, AIR2025, SEA1448	2,777.1
Theatre logistics	○	–	–
Theatre command and control	◑	LAND200, AIR5431, SEA1442	2,426.8
Guided weapons and explosive ordnance	○	–	–
Enhanced and resilient northern bases	○	–	–
Enterprise infrastructure	○	–	–
Investment in enterprise data	○	–	–

Key: ◔ represents approximately a quarter of the capability element covered by MPR projects.

5 The National Defence Strategy 2024 identifies the six key capability effects as: project force; hold a potential adversary's forces at risk; protect ADF forces and supporting critical infrastructure in Australia; sustain protracted combat operations; maintain persistent situational awareness in our primary area of military interest; and achieve decision advantage.

6 Australian Government, *Integrated Investment Program 2024*, Canberra, April 2024, pp. 6-7, available from https://www.defence.gov.au/about/strategic-planning/2024-national-defence-strategy-2024-integrated-investment-program [accessed 3 November 2025].

◑ represents approximately half of the capability element covered by MPR projects.

○ no elements of the capability are covered by MPR projects.

Note a: The budget figures are total approved project budget as at 30 June 2025.

Source: ANAO analysis of the 2024 IIP and 2024–25 MPR projects list and budgets in the PDSSs.

Rationale for undertaking the review

The MPR is commissioned by the JCPAA in the public interest to improve accountability and transparency.

1.10 The JCPAA has stated that the objective of the MPR is 'to improve the accountability and transparency of Defence acquisitions for the benefit of Parliament and other stakeholders.'[7] The JCPAA commissions the MPR in the public interest, for the benefit of users of the report inside and outside the Parliament. The MPR informs parliamentary scrutiny and the national conversation on major Defence acquisitions.

1.11 Defence's major acquisition projects are the subject of parliamentary and public interest due to their: high cost and contribution to national security in a changing strategic environment; the challenges involved in completing them within the specified budget, schedule and to the required capability; and their contribution to industrial and employment policy objectives.

Conduct of the review

The MPR is a limited assurance review, which validates the accuracy and completeness of information provided by Defence in the PDSSs.

1.12 The ANAO has reviewed the PDSSs prepared by Defence as a 'priority assurance review' under subsection 19A(5) of the *Auditor-General Act 1997* (the Act), which allows the ANAO full access to the information gathering powers under the Act. The level of assurance that the ANAO aims to provide differs depending on whether the engagement is a performance audit (a reasonable assurance engagement) or an assurance review (a limited assurance engagement). The ANAO's review of the PDSSs is a limited assurance engagement which is performed under ANAO Auditing Standards, which includes ASAE 3000 Assurance Engagements.[8] A limited assurance engagement provides a lower level of assurance than a performance audit based on the procedures performed. In performing the limited assurance review of the PDSSs, we primarily relied on representations made by entity's officials and examination of documents to validate the accuracy, completeness and governance of the information presented in the PDSSs.

7 Joint Committee of Public Accounts and Audit, Parliament of the Commonwealth of Australia, *Report 483: Inquiry into the 2018–19 Defence Major Projects Report and the Future Submarine Project – Transition to Design (Auditor-General's Reports 19 and 22 (2019–20))*, (2020), Objective of the Major Projects Report, p. 6, available from https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/2018-19DefenceMPR/Report [accessed 16 November 2024].

8 These standards incorporate the Australian Standard on Assurance Engagements (ASAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the Australian Auditing and Assurance Standards Board.

1.13 The scope of the MPR engagement is set out in the 2024–25 MPR Guidelines[9] (included in Part 4 of this report), endorsed by the JCPAA following consultation between the ANAO and Defence. The key roles and responsibilities of the JCPAA, Auditor-General and Defence in delivering the MPR are set out in Figure 1.1.

Figure 1.1: Major Projects Report — Key roles and responsibilities

Source: ANAO analysis.

1.14 The MPR is tabled in the Parliament and is structured into four parts.

- Part 1 — includes the ANAO chapters which cover review and analysis, and the ANAO's assessment of selected Defence systems and controls, including the governance and oversight in place to ensure appropriate project management.
- Part 2 — comprises Defence's commentary, analysis and appendices, also referred to as the Defence MPR (not included within the scope of the *Independent Assurance Report* by the Auditor-General).
- Part 3 — incorporates the Auditor-General's *Independent Assurance Report*, the *Statement by the Secretary of Defence*, and the PDSSs prepared by Defence.
- Part 4 — reproduces the Major Projects Report Guidelines endorsed by the JCPAA, which provide the template for the PDSSs.

1.15 The *Statement by the Secretary of Defence* provides the final status of the 21 major projects as at 30 June 2025. The ANAO's review includes an assessment of this statement, of which the PDSSs form part, and consideration of declared significant events occurring in projects after 30 June 2025 and before tabling of the MPR in the Parliament.

9 The 2024–25 MPR Guidelines serve several key functions: establish the criteria used to select which projects will be included in the report and present the official list of those projects; define the roles and responsibilities of Defence in producing and assuring the quality of its contributions to the MPR; set out the requirements for preparing the PDSSs; provide the official PDSS template; and outline an indicative program schedule.

1.16 The Auditor-General's *Independent Assurance Report* has previously excluded from scope several components of the PDSSs. For the 2024–25 MPR, all components of the PDSSs are included in scope of the *Independent Assurance Report*. The MPR now includes the following components that were previously excluded:

- Sections 1.2 and 4.1 — Current status and Measures of Materiel Capability/Scope Delivery Performance;
- Sections 1.3 and 5 — Major Risks and Issues;
- Section 2.4 – Australian Industry Capability (AIC); and
- forecast dates in the PDSSs.

1.17 The ANAO's review was conducted in accordance with the *ANAO Auditing Standards* at a cost of approximately $1.6 million. This is a reduction in cost from prior years, reflecting process efficiencies identified by the ANAO and improvements in the quality of PDSSs submitted by Defence.

Review methodology

The review methodology sets out the ANAO's approach to conducting the limited assurance review of the PDSSs.

1.18 The ANAO's review of the information presented in the PDSSs include:

- assessing Defence's internal systems, controls, and assurance mechanisms;
- reviewing documentation and engaging with Defence personnel;
- considering feedback from industry contractors on draft PDSS content;
- verifying Defence's representations that support lessons learned;
- analysing project data across cost, schedule, capability/scope delivery and risks;
- evaluating senior management attestations regarding PDSS accuracy and completeness;
- reviewing financial assurance statements from the Chief Finance Officer;
- confirming security-related decisions by the Vice Chief of the Defence Force regarding the non-disclosure of certain information in the PDSSs; and
- reviewing the *Statement by the Secretary of Defence*, including post–30 June 2025 events and related representations.

1.19 When reviewing the PDSSs, the ANAO also considered the following Defence acquisition governance arrangements: Independent Assurance Review (IAR) process; Projects of Interest and Projects of Concern lists; Defence risk management policies and guidance, reporting and record-keeping (particularly of government decisions); Smart Buyer Framework; and the AIC requirements.

1.20 In addition to the review procedures performed in relation to the PDSSs, the ANAO has undertaken an analysis of the PDSSs for selected elements of project performance.

Auditor-General and Joint Committee of Public Accounts and Audit reports

Auditor-General reports tabled in the Parliament 2024–25

The Auditor-General tabled three performance audits that related to projects in the 2024–25 MPR, and another audit commenced in 2024–25.

1.21 The ANAO's Annual Audit Work Program includes performance audits of Defence's procurement of major specialist military equipment. Key areas of deficiency generally reported in performance audits includes: the need to improve focus on value for money; the completeness of advice; records management; and the management of probity.

1.22 In 2024–25, the ANAO undertook three performance audits related to projects included in the MPR, which provide a 'reasonable assurance' level review.

- Auditor-General Report No.50 2024–25 *Department of Defence's Sustainment of Canberra Class Amphibious Assault Ships (Landing Helicopter Dock)* found that Defence's arrangements for the sustainment of Navy's Landing Helicopter Dock ships were partly effective and made nine recommendations aimed at improving: the transition from acquisition to sustainment; the management of sustainment; and contract management.[10]
- Auditor-General Report No.46 2024–25 *Management of the OneSky Contract* found that the arrangements for Airservices Australia's management of the joint civil–military air traffic management system (CMATS) contract were partly effective. The audit made five recommendations relating to Airservices: contract management plan; risk management; documentation of contract variations; performance management; and guidance for gifts, benefits and hospitality.[11]
- Auditor-General Report No.31 2024–25 *Maximising Australian Industry Participation through Defence Contracting* found that Defence had not maximised Australian industry participation through the administration of its contracts. The audit made nine recommendations to Defence aimed at improving governance, assurance and reporting arrangements.[12]

1.23 In 2024–25, the ANAO commenced a performance audit on the effectiveness of Defence's procurement of Infantry Fighting Vehicles (LAND400 Phase 3).[13] The audit will examine whether Defence conducted an effective tender process and established effective contract arrangements.[14]

10 Auditor-General Report No.50 2024–25 *Department of Defence's Sustainment of Canberra Class Amphibious Assault Ships (Landing Helicopter Dock*, ANAO, Canberra, 2025, available at https://www.anao.gov.au/work/performance-audit/department-of-defence-sustainment-of-canberra-class-amphibious-assault-ships-landing-helicopter-dock [accessed 1 October 2025].

11 Auditor-General Report No.46 2024–25 Management of the OneSky Contract, ANAO, Canberra, 2025, available at https://www.anao.gov.au/work/performance-audit/management-of-the-onesky-contract [accessed 1 October 2025].

12 Auditor-General Report No.31 2024–25 Maximising Australian Industry Participation through Defence Contracting, ANAO, Canberra, 2025, available at https://www.anao.gov.au/work/performance-audit/maximising-australian-industry-participation-through-defence-contracting [accessed 1 October 2025].

13 Information on the audit is available at https://www.anao.gov.au/work/performance-audit/defences-procurement-of-infantry-fighting-vehicles-land-400-phase-3 [accessed 1 October 2025].

14 The performance audit is reviewing LAND400 Phase 3, however the MPR reviews LAND400 Phase 2.

1.24 Defence is also subject to ANAO financial statements auditing as required by the *Public Governance, Performance and Accountability Act 2013*. Financial statements auditing includes aggregate financial reporting and disclosures relating to supplier expenses, assets under construction, and specialist military equipment. The valuation of specialist military equipment, general assets and assets under construction are audit focus areas. Financial statements audits provide a 'reasonable assurance' level.

1.25 From 2024–25, the ANAO commenced auditing Defence's annual performance statements. A key activity in Defence's Corporate Plan 2025–29 includes performance measure '6.1 — Defence is delivering the right future capability at the right time within the Integrated Investment Program to ensure it is equipped to respond to future security challenges as directed by the NDS'. This measure is supported by three targets.

- Target 6.1a: 80 per cent or more of approved Integrated Investment Program projects by domain are on track to deliver the scope approved by Government.
- Target 6.1b: 80 per cent or more of approved Integrated Investment Program projects by domain are on track to deliver within the schedule approved by Government.
- Target 6.1c: 80 per cent or more of approved Integrated Investment Program projects by domain are on track to deliver with the cost (including contingency) approved by Government.[15]

1.26 In Defence's 2024–25 annual performance statements, against performance measure target 6.1b, Defence reported a result of 'substantially achieved'. Defence's performance reporting for project slippage against performance measure 6.1 is against amended budgets and timelines that have been approved by government decisions. In contrast, analysis of project slippage in the MPR measures project slippage against the original government approved FOC milestone, regardless of whether the decisions to amend the timelines were approved by government or not (as measured by the MPR through project-level FOC reporting). In 2024–25, the ANAO issued an unmodified audit report on the Defence Annual Performance Statements with an Emphasis of Matter drawing attention to the methodology used to calculate the results for scope, schedule and cost targets of performance measure 6.1.

JCPAA Inquiries into the Major Projects Report

The JCPAA made four recommendations with respect to the 2022–23 MPR — two for both Defence and the ANAO and two for Defence.

1.27 The *JCPAA's Inquiry into the 2022–23 Major Projects Report* focussed on: the increased non-disclosure of information in the PDSSs and the need to maintain transparency; the lessons learned process; the Australian Industry Capability plans; the implementation of Defence's risk management system; use of contingency funds; and the use of terminology. *Report 507—Defence 2022–23 Major Projects Report*[16], was tabled in December 2024 and the JCPAA made four recommendations for the ANAO and Defence.

15 Department of Defence, *2025-29 Defence Corporate Plan*, Defence, Canberra 2025 available at https://www.defence.gov.au/sites/default/files/2025-08/Defence-Corporate-Plan-2025-29.pdf [accessed 20 November 2025].

16 Joint Committee of Public Accounts and Audit, *Report 507 Defence 2022–23 Major Projects Report*, JCPAA, Canberra, 2024, available from https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/MPR2022-23/Defence_202223_Major_Projects_Report [accessed 1 October 2025].

1.28 The JCPAA has held an inquiry into the matters contained and associated with *Auditor-General Report No.20 2024–25: 2023–24 Major Projects Report*.[17] The inquiry report is yet to be published.

17 Due to the announcement of the Federal Election in 2025, the Parliament was dissolved on 28 March 2025. The 48th Parliament commenced on 22 July 2025. The current JCPAA adopted an inquiry into the 2023–24 MPR on 31 July 2025.

2. Major projects review

Summary of analysis

The ANAO is unable to publish full longitudinal analysis due to Defence's non-disclosure of key milestone data in PDSSs. Key performance indicators have improved since 2023–24.

2.1 Table 2.1 summarises the Project Data Summary Sheet (PDSS) aggregate data on Defence's progress toward delivering the 21 projects in the review. This includes in-year data on cost, schedule and capability/scope delivery performance as well as total number of risks and issues published in the PDSSs.

Table 2.1: Summary of aggregate Project Data Summary Sheet key elements 2024–25[a]

Major Projects Report 2024–25	
Number of projects	21
Cost performance	**$m**
Total approved budget as at 30 June 2025	81,536.5
Total approved budget at final government second pass approval[b]	74,661.4
Total expenditure against total approved budget	37,355.9
Total in-year expenditure against in-year budget	5,329.5
Total budget variation since initial government second pass approval	37,254.4
Total budget variation since final government second pass approval	6,875.1
In-year approved budget variation	775.9
Schedule performance	**months**
Average slippage (across all projects)[c e]	21
Median slippage (across all projects)[d e]	21
In-year schedule slippage	4
Capability/scope delivery performance (Defence reporting)	**%**
High level of confidence of delivery	97.7
Under threat, considered manageable	1.1
Unlikely to be met or removed from scope	1.2
Added to scope	0
Risks and issues[f]	
Total reported risks	74
Downgraded or retired risks	27
Total reported issues[g]	34
Downgraded or retired issues	23

Note a: In prior MPRs, this table reported three years of longitudinal analysis, however the 2024–25 data is not comparable to prior years due to changes in the projects being reviewed in the MPR, and the non-disclosure of key milestone data in PDSSs.

Note b: Government second pass approval endorses a specific capability solution and provides authority for a project to begin acquisition.

Note c: Slippage refers to a delay in the current forecast date compared to the original government approved date of FOC. These figures exclude delays to a project's schedule that do not result in slippage past the original government approved date, and schedule reductions over the life of the project.

Note d: Median slippage is a measure of central tendency and is not impacted by extreme outliers, for example projects that had a significant level of slippage.

Note e: Slippage analysis excludes two projects which did not have settled FOC dates as at 30 June 2025. SEA5000 Hunter Class Frigate did not have an FOC milestone approved by government and AIR6500 Integrated Air and Missile Defence Command and Control project has yet to define FOC.

Note f: Downgraded risks or issues are those previously reported in the PDSSs and internally managed by Defence as 'High' or above which are now downgraded to 'Medium' or lower. Retired risks or issues are those that no longer require management by Defence. All downgraded and retired risks and issues will be removed from subsequent MPRs.

Note g: One project (SEA9100 IE Logistics Helicopter) included an issue marked as 'not for publication'.

Source: ANAO analysis of the 2024–25 PDSSs.

2.2 Budget variations since initial Second Pass Approval total $37,254.4 million. Of this, AIR6000 Phase 2A/2B Joint Strike Fighter and SEA5000 Hunter Class Frigate account for 80.9 per cent ($30,134.7 million) due to an increase in 58 aircraft for AIR6000, and approval to commence construction of one to three ships for SEA5000 (see paragraph 4.3).

2.3 The ANAO undertook trend analysis on 14 projects[18] that have been in the MPR across five consecutive years, from 2020–21 to 2024–25 (further data is available from paragraph 4.38). The reason for selecting the 14 projects was to ensure comparative analysis by excluding projects entering or exiting the MPR.

2.4 Project slippage is calculated based on the variance between original government second pass approval (when government originally expected capability to be available) and current project completion forecasts (FOC milestone). As the projects in the MPR are delivered concurrently, measuring median and average slippage is a measure of project delivery performance across the 21 projects. The median value, by excluding outliers, provides an indication of the typical impact on achieving FOC on a project-level basis. The median slippage and the average slippage are 21 months respectively (see Table 2.1). This analysis excludes SEA5000 Hunter Class Frigate, which did not have an FOC milestone approved by government and AIR6500 Integrated Air and Missile Defence Command and Control, which has yet to define FOC. The sum of individual project slippage across the 21 projects is 404 months. AIR5431 Phase 3 CMATS represents the largest contributor, accounting for 23 per cent (93 months) of the slippage (see paragraphs 4.20 and 4.21).

2.5 During the 2024 IIP rebuild process, some projects were rephased as programs or tranches and the baseline for FOC was reset with the introduction of new Material Acquisition Agreements (MAAs). This means that the schedule performance for affected projects is generally reset at zero within the longitudinal schedule analysis. Project-level longitudinal analysis is unable to be conducted across affected projects when project delivery milestones have been adjusted without risking disclosure of information previously marked as not for publication (NFP) in prior years.

2.6 Section 4 on the PDSSs presents a forecast of the capability to be delivered for the project, by FOC, and does not represent schedule or budget performance. Materiel capability is visualised

18 The 14 projects are: AIR6000 Phase 2A/2B Joint Strike Fighter; AIR2025 Phase 6 JORN Mid-Life Upgrade; AIR7001 MQ-4C Triton; AIR5431 Phase 3 CMATS; LAND19 Phase 7B SRGB Air Defence; LAND200 Tranche 2 Battlefield Command System; LAND400 Phase 2 Combat Reconnaissance Vehicles; LAND121 Phase 4 Hawkei, SEA1180 Phase 1 Offshore Patrol Vessel; SEA5000 Hunter Class Frigate; SEA1439 Phase 5B2 Collins Comms and EW; SEA3036 Phase 1 Pacific Patrol Boat Replacement; SEA1442 Phase 4 Maritime Comms; SEA1448 Phase 4B ANZAC Air Search Radar Replacement.

by a traffic light rating system of 'green', 'amber' or 'red'. Within this, section 4.1 provides a likelihood forecast of the capability to be delivered by the project against the FOC milestone. A description of the materiel release and operational capability elements for FOC is defined in Section 4.2 of the PDSS.

2.7 Figure 2.1 provides a high-level longitudinal summary of capability/scope disclosures across the 14 projects, comparing the average performance from 2020–21 to 2023–24, to the in-year performance in 2024–25. This shows there has been an improvement in delivery confidence levels for scope and capability, which have seen a year-on-year improvement in reported 'green' capability. For example, in the SEA domain, the high level of delivery confidence ('green' rating) was 99.7 per cent for 2024–25, which is significantly higher than the average reported 'green' rating from 2020–21 to 2023–24.

Figure 2.1: Average high level of confidence in capability by domain, for projects consistent in the MPR from 2020–21 to 2023–24 compared to 2024–25

Source: ANAO analysis of the 2020–21 to 2024–25 PDSSs.

2.8 A comparison to the 2023–24 MPR explaining the differences in the above analysis is unable to be published by the ANAO due to the non-disclosure of FOC dates, forecast dates and other capability related information by Defence.

Summary of the Auditor-General's conclusion

2.9 The Auditor-General's *Independent Assurance Report* for 2024–25 is found in **Part 3** of this report. Based on the review procedures and the evidence obtained, the Auditor-General concluded that nothing came to her attention that caused her to believe that the information reviewed was not prepared in accordance with the 2024–25 MPR Guidelines.

2.10 The Auditor-General also included an Emphasis of Matter paragraph to draw attention to disclosures within the *Statement by the Secretary of Defence* (found in **Part 3** of this report) that information has been removed from the relevant PDSSs due to Defence's assessment that the

information would or could reasonably be expected to cause damage to the security, defence or international relations of the Commonwealth.

Statement by the Secretary of Defence

2.11 The *Statement by the Secretary of Defence* (**Part 3** of this report) was signed on 8 December 2025. The Secretary's statement provides his opinion that the PDSSs for the 21 major acquisition projects, which form part of the MPR 'comply in all material respects with the Guidelines and reflect the status of the projects as at 30 June 2025'.

2.12 The Secretary's statement notes the significant subsequent project events that occurred post-30 June 2025 as well an update on Projects of Interest and Projects of Concern. This also outlines the security classification review on the material presented in the PDSSs to ensure only unclassified information is published and anything that has been withheld was marked in the PDSSs as NFP or delayed.

Not for publication (NFP) information by Defence

The amount of information marked as NFP in the PDSS has significantly increased from 2021–22 to 2024–25, reducing the ANAO's capacity to publish longitudinal analysis.

2.13 The 2024–25 MPR Guidelines sets out the information to be included in an unclassified manner by Defence in its PDSSs, including forecast dates and capability related information. The 2024–25 Guidelines also state that:

> Defence is responsible for ensuring that information of a classified nature is made available to the ANAO for review, as it relates to the data contained within the PDSSs. Defence will provide data for inclusion in the final MPR in a way that allows for unclassified publication. Defence will provide advice to the ANAO on the classification of information in individual PDSSs and the aggregated security classification of information contained across all PDSSs.

2.14 Defence marks information as NFP in the PDSSs where it has assessed that some details, both with respect to independent projects and in the aggregate, would or could reasonably be expected to cause damage to security, defence or international relations to the Commonwealth without sanitisation of the data. While not disclosing information in this report, Defence has provided all information necessary to the ANAO to conduct its review, as required by the 2024–25 MPR Guidelines.

2.15 NFP information is determined through representations made by the Vice Chief of the Defence Force (VCDF) to the Secretary, advising the non-disclosure of selected information for publication after performing a security review over the PDSSs. In the 2024–25 MPR, 19 of the 21 projects included information marked as NFP, for example the non-disclosure of FOC dates, and therefore this information has not been disclosed in the published PDSSs. The full list of the PDSSs and the respective sections, which have been marked as NFP by Defence is in the Auditor-General's *Independent Assurance Report* in **Part 3** of this report.

2.16 This application of NFP has led to four successive Emphases of Matter in the Auditor-General's *Independent Assurance Reports* (2021–22 to 2024–25). These draw attention to the non-disclosure of certain information by Defence in its reporting on projects, including project-level

capability milestones and forecast delivery dates.[19] The number of projects in prior years containing non-disclosures were 20 in 2023–24; 12 in 2022–23; and four in 2021–22. The change from 20 projects in 2023–24 containing non-disclosures, to 19 projects in 2024–25, is in relation to SEA3036 Phase 1 Pacific Patrol Boat Replacement where the prior year non-disclosures were removed.[20] The impact of non-disclosure has reduced the level of transparency to the Parliament and stakeholders.

2.17 The issue of transparency was raised in two reports by the JCPAA – *Report 503: Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates*[21] and *Report 507—Defence 2022–23 Major Projects Report*[22] relating to its annual inquiries on the MPR. This issue remains outstanding and was also discussed at the November 2025 *JCPAA inquiry into the 2023–24 MPR* (see paragraphs 1.27 to 1.28).

2.18 The level of information subject to NFP has led to the ANAO's inability to provide complete schedule and project performance analysis since it was last published in the 2020–21 MPR. This has historically involved both in-year analysis (across the current MPR projects) and longitudinal analysis (across all projects included in the MPR over time). Such information is now provided in aggregate or in summarised form to not identify the individual impacted projects.

Minimum Viable Capability

Minimum viable capability is a new milestone introduced by Defence in 2023 and has been applied to one project in the 2024–25 MPR.

2.19 Following the Defence Strategic Review 2023, Defence introduced the term Minimum Viable Capability (MVC) as an acquisition milestone. The 2024 National Defence Strategy[23] states that:

> A minimum viable capability is a capability that can be introduced into service successfully, sustained effectively and achieve the directed effect in the required time. It is underpinned by minimum viable products, which achieve or enable the lowest acceptable mission performance in the required time. This approach retains a focus on value for money, but places greater emphasis on speed to acquisition.

2.20 MVC is designed to deliver capabilities faster, more flexibly, and with greater responsiveness to strategic priorities. In late 2025, Defence commenced development of a framework to support how MVC will be applied to projects in practice. On 29 September 2025, Defence advised the ANAO that since the concept was introduced in 2023 'it has become apparent that MVC involves a range

19 Forecast dates related to Section 3.1 Design Review Progress, Section 3.2 Contractor Test and Evaluation Progress, Section 3.3 Progress Toward Materiel Release and Operational Capability Milestones and Section 4.2 Constitution of Materiel Release and Operational Capability Milestones.

20 VCDF removed the NFP marking of milestone dates in the 2024–25 PDSS.

21 Joint Committee of Public Accounts and Audit, *Report 503: Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates*, JCPAA, Canberra, 2024, available from https://parlinfo.aph.gov.au/parlInfo/download/committees/reportjnt/RB000337/toc_pdf/Report503InquiryintotheDefenceMajorProjectsReport2020-21and2021-22andProcurementofHunterClassFrigates.pdf [accessed 1 October 2025].

22 Joint Committee of Public Accounts and Audit, *Report 507: Defence 2022–23 Major Projects Report*, JCPAA, Canberra, 2024, available from https://parlinfo.aph.gov.au/parlInfo/download/committees/reportjnt/RB000358/toc_pdf/Report507.pdf [accessed 1 October 2025].

23 Department of Defence, *National Defence Strategy*, Defence, Canberra, 2024, available from https://www.defence.gov.au/about/strategic-planning/2024-national-defence-strategy-2024-integrated-investment-program [accessed 1 October 2025].

of complex, inter-related processes'. Defence further advised that 'IOC [Initial Operating Capability] and FOC remain the authoritative project delivery milestones for all capability projects and continue to serve as the primary metrics for assessing delivery of Defence materiel'.

2.21 In the 2024–25 MPR, Defence has applied MVC to one project — AIR6500 Integrated Air and Missile Defence Command and Control. Government second pass approval was based on an MVC milestone rather than the traditional IOC and FOC milestones. In the 2024–25 PDSS, Defence has yet to define an IOC or FOC date for this project. PDSS data pertaining to AIR6500 Integrated Air and Missile Defence Command and Control is not comparable with other projects that have a defined IOC and FOC and has therefore been excluded from analysis on schedule performance and materiel capability/scope delivery performance. The relevant tables or figures have accompanying notes identifying where this information has been excluded from the analysis. As this is the first year the project has been reported in the MPR, the impacts from the application of MVC as a milestone are unknown.

3. Results of the ANAO's review

PDSS preparation and review process

In 2024–25, the overall quality of the PDSS preparation has improved from previous years.

3.1 Defence prepares Project Data Summary Sheets (PDSSs) for the 21 selected major projects in accordance with the 2024–25 MPR Guidelines, which are required to be presented fairly and are free from material misstatement, whether due to fraud or error. A quality PDSS preparation and review process by Defence reduces the risk of untimely and/or inaccurate reporting. This will reduce the incidence of multiple reviews by the ANAO for the same project to ensure the required standard, as set by the Joint Committee of Public Accounts and Audit (JCPAA) through the MPR Guidelines, has been met.

3.2 In 2024–25, Defence provided three versions (includes two drafts and a publication version) of the PDSSs for the ANAO's review between May and October 2025. Early in the 2024–25 PDSS assessment process, the ANAO recognised the implementation of an improved quality assurance program by Defence and the development of key artefacts to support project teams in developing their PDSS. Quality issues identified in previous MPRs decreased significantly in the ANAO's first review of all 21 PDSSs, with a decrease from 1,038 to 461 actions[24] (44 per cent reduction) associated with the review in 2024–25 when compared with 2023–24. These improvements continued to be observed into the second review with a reduction of 38 per cent fewer actions.[25]

Project reporting improvements

3.3 Throughout the MPR series, the ANAO reviews coupled with the annual JCPAA inquiries into the report, have contributed to accountability and improved governance of Defence major projects, despite Defence's recent increase in information marked as NFP. This includes but is not limited to:

- expanded efforts to centralise and standardise risk reporting, including adopting the 'Predict!' enterprise risk tool;
- enhanced compliance reviews to improve project governance;
- automated reporting on budget estimates, actual expenditure, and contingency usage;
- improved records management and reporting of Project of Concern (POC) and Project of Interest (POI) to Minister for Defence Industry;
- established the Lessons Governance Board to assess project and enterprise strategic lessons;
- reduced year on year liquidated damages;
- introduced accountability for the development of Australian Industry Capability plans; and
- developed automation of Defence processes to improve the quality of PDSS preparation.

24 An action is where the ANAO has identified corrections in the PDSSs required to be taken by Defence to provide additional information, clarification or to address compliance with the 2024–25 MPR Guidelines.

25 Historically the ANAO would undertake three reviews of the PDSSs. In 2024–25 the ANAO decided to undertake two reviews to improve efficiency, and this decision was made possible in part due to the improved quality of the 2024–25 PDSSs prepared by Defence.

Lesson learned section of PDSSs

In 2024–25, Defence improved its disclosure of lessons learned, which meant that the previous year's qualification by the Auditor-General was resolved.

3.4 In the 2022–23 and 2023–24 MPRs, the Auditor-General's *Independent Assurance Report* included a qualified conclusion due to insufficient audit evidence to determine whether Defence's disclosures in Section 6 of the PDSSs, relating to lessons learned, was in accordance with the requirements of the MPR Guidelines.

3.5 The disclosures in section 6 of the 2024–25 PDSSs have been expanded from those in the 2023–24 MPR to clearly indicate lessons that are strategic in nature and those that are assessed as project level (non-strategic). This change was made to address both the prior year Auditor-General qualified conclusion and to bring forward implementation of recommendation 1 from the JCPAA Report 507.[26]

3.6 Defence has implemented a CASG MPR Lessons Board (chaired by a Senior Executive Service (SES) Band 2 official), which provides some assurance over the current year lessons disclosures in the PDSSs. Board minutes analysed also identified that remediation activities have commenced to address open lessons findings.

3.7 New manual controls have been implemented by the Defence project teams. These include review and sign off on lessons information by a SES Band 1 official, categorisation between strategic and project lessons, and documenting the decision process in selecting lessons for disclosure from those recorded in the Defence Lessons Repository.

3.8 In 2024–25, the Auditor-General has not issued a qualification over Defence's disclosures in Section 6 of the PDSSs relating to lessons learned and has determined that the requirements of the MPR Guidelines have been met.

Defence acquisition governance

Defence utilises various governance and oversight mechanisms to support the management of acquisition projects.

3.9 Consistent with prior years, the ANAO considered Defence's major project acquisition governance processes when planning and conducting the review for the 2024–25 MPR. While some of these processes are well established, others have not yet been fully implemented to achieve their intended impact. More detail can be found in Defence's **Part 2** of this report. Table 3.1 summarises each area that the ANAO observed and accompanying findings.

26 Joint Committee of Public Accounts and Audit, Parliament of the Commonwealth of Australia, *Report 507: Inquiry into the 2022–23 Major Projects Report (Auditor-General's Reports 20 of 2024–25*, (2024), List of recommendations, p. xv, available from, https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/MPR2022-23/Defence_202223_Major_Projects_Report [accessed 20 November 2025].

Table 3.1: ANAO analysis of Defence acquisition governance activities relating to the MPR

Defence governance arrangements	ANAO assessment
Independent Assurance Reviews (IARs) IARs are a review process that assures the Defence Executive that projects meet approved objectives within scope, schedule, and budget, and are ready for the next stage. IARs are typically undertaken in the lead up to Investment Committee consideration before major project milestones.	During 2024–25: • ten of the 21 projects (2023–24: 18) had completed an IAR. • IARs were not completed for 11 projects.[a]
Materiel Acquisition Agreements (MAAs) MAAs document the internal arrangements between CASG and the Defence Service Chiefs and confirm project requirements and approved activities. They draw on original approval documents, such as government decisions, and are reviewed as required to manage changes to capability, schedule, and cost with Defence contractors. MAAs also provide data for Defence business reporting systems. MAAs are monitored and reported monthly and must be established both before and after government approval for project funding.	During 2024–25, 15 of the 21 projects had an MAA that was approved between 2023 and 2025: • four were approved between 2021 and 2023[b]; and • two had an MAA that was approved prior to 2021.[c]
Projects of Concern (POC) and Projects of Interest (POI) The POC process provides ministerial oversight to remediate underperforming projects through collaboration with senior Defence leadership and industry partners. The POI process is a Defence-led monitoring program to identify and address issues early to prevent an escalation to POC.	Table 3.2 below outlines the two MPR projects classified as POC (2023–24: 2) and the six MPR projects classified as POI (2023–24: 7).
Smart Buyer Framework The Smart Buyer Framework is typically undertaken following a project's entry to the IIP, or to support ongoing strategy development. It identifies key project strategy drivers, and appropriate procurement and contracting methodologies, prior to consideration by the Investment Committee at each decision point. Application of the framework supports Defence to deliver value for money while optimising capability outcomes.	Of the two projects entering the MPR in 2024–25 — LAND8113 Phase 1 Long Range Fires and AIR6500 Integrated Air and Missile Defence Command and Control — both applied the Smart Buyer framework. Smart Buyer activity has also been conducted in 2024–25 for two MPR projects (SEA1180 Phase 1 Offshore Patrol Vessel and SEA9100 Phase 1 IE Logistics Support Helicopter).

Defence governance arrangements	ANAO assessment
Australian Industry Capability (AIC) A program that aims to provide Australian businesses the opportunity to compete for Defence work based on merit, influence foreign prime contractors and original equipment manufacturers to deliver cost-effective support, and encourage investment in Australian industry. AIC schedules and plans should describe how a tenderer has engaged with Australian industry to deliver the required goods, works or services. AIC schedules are required for materiel procurements valued between $4 million and $20 million. AIC plans are required for materiel procurements valued at $20 million or more.	Seven of the 21 projects (2023–24: 5) did not have AIC plans in place.[d] Examples of reasons provided in the PDSSs included: • the project has no contracted AIC plans for its US Government FMS or US Cooperative Program acquisitions; • the acquisition was a direct sole source procurement; and • the project has provisions to encourage competitive participation of Australian industry without the contractual obligations for AIC. A further 10 projects had not published a public plan for one or more of their eligible contractors.

Note a: The following projects underwent IARs in 2024–25 however the reports were finalised in 2025–26: AIR6000 Phase 2A/2B Joint Strike Fighter; AIR7001 MQ-4C Triton; AIR555 MC-55A Peregrine; AIR5341 Phase 3 CMATS; and SEA3036 Phase 1 Pacific Patrol Boat Replacement.

Note b: The projects with most recent MAAs finalised between calendar years 2021 to 2023 were: LAND400 Phase 2 Combat Reconnaissance Vehicles; AIR555 MC-55A Peregrine; LAND907 Armoured Combat; SEA1439 Phase 5B2 Collins Comms and EW.

Note c: Projects with most recent MAAs finalised prior to 2021: SEA1180 Phase 1 Offshore Patrol Vessel and LAND121 Phase 4 Hawkei.

Note d: The projects that did not have an AIC plan were: AIR6000 Phase 2A/2B Joint Strike Fighter, AIR555 Phase 1 Peregrine, AIR7001 MQ-4C Triton, LAND4503 Phase 1 ARH Replacement, LAND8113 Phase 1 Long Range Fires, LAND200 Tranche 2 Battlefield Command System, and SEA9100 Phase 1 IE Logistics Support Helicopter.

Source: ANAO analysis of the 2024–25 PDSSs.

Projects of Concern and Projects of Interest

Of the 21 projects in the 2024–25 MPR, Defence had classified two as Projects of Concern (POC) and seven as Projects of Interest (POI).

3.10 Defence considers placing an acquisition project on the POI or POC list when significant risks or issues, and/or breaches of project parameters have been identified through its internal reporting and/or oversight mechanisms.

- The POC process intends to manage the remediation of underperforming projects. This process is led by the Minister for Defence Industry through joint collaboration with senior Defence officials and industry management, and the development of a plan to resolve issues.
- The related POI process is where projects are monitored internally by Defence to 'ensure issues are remediated and that the projects does not progress to a POC'.

3.11 As at 30 June 2025, as set out in Table 3.2, two MPR projects were classified as POC (2023–24: 2 — same projects) and seven projects were POI (2023–24: 7 — same projects).

Table 3.2: 2024–25 MPR Projects of Concern and Projects of Interest

Projects of Concern
AIR5431 Phase 3 CMATS
SEA1180 Phase 1 Offshore Patrol Vessel
Project of Interest
SEA5000 Hunter Class Frigates
AIR6000 Phase 2A/2B Joint Strike Fighter
LAND400 Phase 2 Combat Reconnaissance Vehicles
AIR555 Phase 1 Peregrine
LAND121 Phase 4 Hawkei
AIR2025 Phase 6 JORN Mid-Life Upgrade
LAND200 Tranche 2 Battlefield Command System

Note: AIR2025 Phase 6 JORN Mid-Life Upgrade exited the POI list in August 2024.

Source: Defence June 2025 Projects and Products of Interest and Concern.

Projects of Concern

3.12 AIR5431 Phase 3 CMATS was listed as a POC between August 2017 and May 2018 due to extended contract negotiations that delayed its formal commencement. After the contract was signed, AIR5431 Phase 3 CMATS was managed as a POI until October 2022, when it was reclassified as a POC. This decision was based on the project facing significant schedule, technical and cost challenges. Schedule delays are discussed further from paragraph 4.16. The anticipated exit date of AIR5431 Phase 3 CMATS from the POC list is mid-2027.

3.13 SEA1180 Phase 1 Offshore Patrol Vessel was listed as a POC on 20 October 2023 due to delays affecting both ship construction and the associated support system. On 20 February 2024, the Australian Government announced that SEA1180 Phase 1 Offshore Patrol Vessel would be reduced from 12 to six vessels. Defence and the contractor have committed to jointly addressing the project's challenges through a POC remediation plan.

Projects of Interest

3.14 The seven MPR projects that were listed as POIs are discussed below.

- SEA5000 Hunter Class Frigates — A POI since March 2020 due to significant challenges in schedule, technical complexity, workforce availability and cost. Despite progress (including the transition to the construction phase for the first three ships in June 2024) the project continues to face risks related to design maturity and integration.
- AIR6000 Phase 2A/2B Joint Strike Fighter — a POI since June 2017 due to its strategic importance and early concerns about achieving IOC. Although IOC was declared on schedule in December 2020, the project remains under scrutiny due to its scale and complexity. A case study on the history of this project since entering the MPR in 2011 is presented at paragraph 3.38, noting that the 2024–25 MPR is the last year the project will be reported.

- LAND400 Phase 2 Combat Reconnaissance Vehicles — added to the POI list in June 2024 due to the complexity of delivering both LAND400 Phase 2 and the Boxer Heavy Weapon Carrier Export project. Persistent schedule pressures continue to affect the achievement of the FOC milestone.
- AIR555 Phase 1 Peregrine — a POI since September 2023 due to delays in the aircraft flight test program.
- LAND121 Phase 4 Hawkei — a POI from December 2018 to May 2021 and from July 2023, primarily due to unresolved brake issues and operating restrictions across the ADF fleet.
- AIR2025 Phase 6 JORN Mid-Life Upgrade — a POI since September 2019 due to unrecoverable delays in engineering design milestones, which has disrupted the original schedule for Initial and Final Materiel Release.
- LAND200 Tranche 2 Battlefield Command System — since September 2018 due to issues associated with vehicle integration and realisation of risks resulting in the request to access contingency funding.

3.15 From June 2023, the Minister for Defence Industry requested monthly POC and POI reporting. Monthly reports and the Quarterly Performance Reports are reviewed by the ANAO as part of the PDSS reviews to validate the POC and POI in the MPR.

Project budget and expenditure

Of the 21 MPR projects, one stated that there was insufficient budget for the project to be completed against the agreed scope.

Project financial assurance statement

3.16 The 2011–12 MPR introduced the project financial assurance statement, which is the project's assessment of its budget sufficiency for the delivery of agreed capability/scope. The contingency statement has been included since the 2013–14 MPR. It is a description of the use of contingency funding to mitigate project risks during the reporting period. These statements aim to provide transparency over the project's financial status.

3.17 A project's total approved budget comprises of:

- allocated budget, which covers the project's approved activities set out in the MAA; and
- contingency budget, which is set aside for the eventuality of risks occurring and includes unforeseen work that arises within the delivery of the planned scope of work.[27]

3.18 As at 30 June 2025, 20 of the 21 MPR projects stated that sufficient budget remained for the projects to be completed against the agreed scope. The exception was AIR5431 Phase 3 CMATS, which stated insufficient funds due to the extended project delivery duration, potential regulatory or compliance contract changes, rework of customer furnished services and ongoing external workforce requirements. The statement is restricted to Defence's current financial contractual obligations for the project and current known risks and estimated future expenditure.

27 Department of Defence, *CASG Project Controls Manual*, Acronyms, Abbreviations and Definitions, 2017, p. 8.

Caveats, deficiencies and contingencies

No caveats or deficiencies were declared and four projects either applied for or spent contingency funds.

3.19 In the PDSSs, Defence is required to declare any significant capability milestones with caveats or deficiencies, as well as the use of contingency funds.[28]

3.20 No caveats or deficiencies were declared in the 2024–25 MPR relating to the 21 projects.[29]

3.21 In 2024–25, four projects either spent or applied for contingency funds to manage project risks (2023–24: three).

- AIR5431 Phase 3 CMATS — for progressing the Air Traffic Management Capability Assurance Program under existing support arrangements for the Australian Defence Air Traffic System, and a CMATS remediation activity.
- LAND19 Phase 7B SRGB Air Defence — applied for contingency as a result of delays relating to the COVID-19 pandemic. Defence used quarantined funds for the Advanced Medium Range Air-to-Air Missile Foreign Military Sale case for the treatment of these risks.
- SEA3036 Phase 1 Pacific Patrol Boat Replacement — primarily for engineering modifications, using part of the contingency funding applied for in 2022–23.
- AIR6500 Integrated Air and Missile Defence Command and Control — spent contingency associated with the application made in 2023–24 for price escalation.

3.22 In 2024–25, all 21 MPR projects complied with Defence's financial policy relating to contingency funding. Defence policy states that a project's contingency is to provide funding for cost, schedule and technical uncertainties that may materialise over the life of a project. The policy requires the project manager to maintain a project contingency log, which is intended to support management's control of project contingency and facilitate reporting on its use. The use of contingency funding is dependent on the occurrence of a contingency risk event and contingency cannot be used to pay for activities, which could increase the scope of the capability project.

28 Defence defines a caveat as a plan, stipulation, condition or limitation to mitigate the capability impact of a deficiency. Deficiency is defined as a shortfall between the Government agreed requirements and that which is provided at the milestone.

29 In the previous 2023–24 MPR, Defence published three caveats within the PDSSs. No deficiencies were declared. This number does not include any caveats or deficiencies that were deemed not for publication.

3.23 Two compliance issues emerged during the 2024–25 MPR review of project contingency logs.

- Lack of clarity of the relationship between contingency allocation and identified risks, an issue highlighted in previous MPRs.[30] Two projects (LAND4503 Phase 1 Apache Attack Helicopter and SEA1448 Phase 4B ANZAC Air Search Radar Replacement) did not explicitly align the contingency log with the risk log to ensure that the expected cost impact of risks is maintained effectively.
- Insufficient timely review and updates of the contingency logs. A total of nine projects provided contingency logs that were not updated including: more than six months (seven projects)[31]; or more than 12 months (AIR6000 Phase 2A/2B Joint Strike Fighter); and one contingency log was not dated (AIR555 MC-55A Peregrine).

3.24 Table 3.3 sets out the projects that applied for or utilised contingency funds and Figure 3.1 provides a summary of the key reasons.

Table 3.3: Projects that either spent or applied for contingency funds between 2020–21 and 2024–25

2020–21	2021–22	2022–23	2023–24	2024–25
AIR9000 Phase 2/4/6 MRH90 Helicopters	AIR9000 Phase 2/4/6 MRH90 Helicopters	AIR9000 Phase 2/4/6 MRH90 Helicopters	AIR5431 Phase 3 CMATS	AIR5431 Phase 3 CMATS
JNT2072 Phase 2B Battlespace Communications Systems	SEA1180 Phase 1 OPV	AIR5431 Phase 3 CMATS	SEA3036 Phase 1 Pacific Patrol Boat Replacement	SEA3036 Phase 1 Pacific Patrol Boat Replacement
–	LAND19 Phase 7B SRGB Air Defence	LAND19 Phase 7B SRGB Air Defence	LAND19 Phase 7B SRGB Air Defence	LAND19 Phase 7B SRGB Air Defence
–	JNT2072 Phase 2B Battlespace Communications Systems	–	–	AIR6500 IAMD Command and Control

Source: ANAO analysis of the 2020–21 to 2024–25 PDSSs.

30 Auditor-General Report No.14 2023–24, *2022–23 Major Projects Report*, ANAO, Canberra, para. 1.77 (Collins Comms and EW and ANZAC Air Search Radar Repl.). Auditor-General Report No.20 2024–25, *2023–24 Major Projects Report*, ANAO, Canberra, para. 1.82 (Overlander and ANZAC Air Search Radar Repl.).

31 The seven projects were: AIR2025; LAND400; LAND907 / LAND8160; LAND8113; SEA9100; SEA3036; and SEA1448.

Figure 3.1: Reasons for contingency application between 2020–21 and 2024–25

Source: ANAO analysis of the 2020–21 to 2024–25 PDSSs.

Risk management

In 2024–25, all PDSSs contained risks and issues that Defence rated as 'high' or 'very high', with the number varying depending on factors including complexity or delivery stage of the project.

3.25 Defence standardised the use of Predict! as its corporate risk management system in May 2020.[32] The ANAO's review in 2024–25 identified that:

- all 21 projects offices utilised Predict! (no change from the 2023–24 MPR); and
- one project (AIR5431 Phase 3 CMATS) used Predict! and a bespoke SharePoint tool jointly with Airservices Australia, as Airservices Australia does not use Predict!.[33]

3.26 The 2024–25 PDSSs report both major risks and issues (those rated as 'high' and 'very high'). Risks represent potential events that may impact project objectives. Issues are 'high' or 'very high' risks that have been realised or issues that have arisen that require immediate management action. The number of major risks and issues vary across the 21 MPR projects, reflecting factors such as the stage of the project and the complexity of the acquisition.

32 Joint Committee of Public Accounts and Audit, Parliament of the Commonwealth of Australia, *Inquiry into Defence Major Projects Report* (Auditor-General's report Nos 19 and 22 (2019–20)), 27 May 2020, Group Business Manager Department of Defence.

33 AirServices Australia is responsible for delivering CMATs and supplying the Defence component. See Auditor-General Report No. 46 2024–25 *Management of the OneSky Contract*, available at https://www.anao.gov.au/work/performance-audit/management-of-the-onesky-contract [accessed 4 November 2025].

3.27 Figure 3.2 outlines the number of major risks and issues for each project in 2024–25. AIR5431 Phase 3 CMATS had the highest number of major risks (12) and is managing four issues, which is consistent with the POC status of the project. LAND907 Armoured Combat did not report any major risks or issues as it had reached the late stage of the project.

Figure 3.2: Total in-year reported risks and issues by project 2024–25[a b c]

Note a: Major project risks include risks and emergent risks reported in Section 5.1 and 5.2 of the PDSSs.
Note b: One project (SEA9100 IE Logistics Helicopter) included an issue marked as 'not for publication'.
Note c: JORN Mid-Life Upgrade exited the POI list in August 2024.
Source: ANAO analysis of the 2024–25 PDSSs.

3.28 Defence reported a total of 74 risks and 34 issues across the 21 PDSSs. This represents a total of 108 combined risks and issues, compared with a total of 71 in 2023–24. Analysis of the 2024–25 risks and issues is set out below.

- 19 risks (26 per cent) and seven issues (21 per cent) were in relation to the two POC projects (SEA1180 Phase 1 Offshore Patrol Vessels and AIR5431 Phase 3 CMATS).
- 28 risks and 15 issues were in relation to the six POI projects (SEA5000 Hunter Class Frigates, AIR6000 Phase 2A/2B Joint Strike Fighter, LAND400 Phase 2 Combat Reconnaissance Vehicles, AIR555 MC-55A Peregrine, LAND121 Phase 4 Hawkei and AIR2025 Phase 6 JORN Mid-Life Upgrade).
- 27 risks (36 per cent of all risks) and 23 issues (68 per cent of all issues) are reported as downgraded or retired and will be removed from the subsequent MPR.

3.29 For the 21 projects in the 2024–25 MPR, the number of major project risks and issues has varied across the three domains of LAND, SEA and AIR, see Figure 3.3.

Figure 3.3: Total reported risks and issues by domain[a]

Note a: One project (SEA9100 IE Logistics Helicopter) included an issue marked as 'not for publication'.
Source: ANAO analysis of the 2024–25 PDSSs.

3.30 Projects within the AIR domain have the highest total number of major risks at 36 (49 per cent). Twelve of the major risks are in relation to AIR5431 Phase 3 CMATS. Under the OneSKY Australia program, Airservices Australia is the lead agency for the joint procurement of CMATS and Airservices Australia has entered into contracts for the acquisition and support of CMATS on behalf of Air Services Australia and Defence (see paragraph 1.22).

3.31 There were 18 major risks (24 per cent) for the SEA domain, and 20 (27 per cent) for the LAND domain. The AIR domain managed nine major issues, the lowest compared to the LAND domain (11) and the SEA domain (14).

3.32 Defence's risk management has been a focus of the MPR since its inception in 2008–09. Risk management has also been reviewed by the JCPAA, most recently in its *Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates*. In its June 2024 report on the inquiry, the Committee observed that:

> … there are still inconsistencies in Defence's risk management practices, although improvements have been made, and this still needs to be addressed going forward.[34]

3.33 Paragraph 3.3 outlines Defence's efforts to centralise key governance processes, including risk management, however, the ANAO identified weakness in controls within Predict! in the 2022–23 MPR.[35] These have not yet been addressed by Defence and continue to impact the

34 Joint Committee of Public Accounts and Audit, *Report 503: Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates*, Canberra, 2024, para. 1.7. F.

35 Auditor-General Report No.14 2023–24 *2022–23 Major Projects Report*, para. 1.92: 'Application controls assessed by the ANAO related to data input; data manipulation; and data output. Not all system controls were tested.'

effectiveness of the system and data quality. In the 2024–25 MPR, the ANAO identified the following issues.

- Variable compliance with corporate guidance. All 21 projects had an approved Risk Management Plan, however, three projects[36] (AIR555 MC–55A Peregrine, AIR7001 MQ–4C Triton and SEA9100 Phase 1 IE Logistics Support Helicopter) were unable to demonstrate a review of their risk management plan as required by Defence policy.
- Lack of visibility of risks and issues when a project is transitioning to sustainment.
- Risks and issues logs are not reviewed and updated in a timely manner to ensure accurate, complete and up-to-date record of risks and issues.
- Lack of quality control resulting in inconsistent approaches in the recording of issues within Predict!.

Defence acquisition categories

3.34 Defence categorises projects into four acquisition categories (ACAT) of descending level of complexity, to aid in the management of risk:

- ACAT I projects are Defence's most strategically significant major capital acquisitions;
- ACAT II projects are strategically significant major capital acquisitions;
- ACAT III projects are major or minor capital acquisitions of moderate strategic significance; and
- ACAT IV projects are major or minor capital acquisitions of lower strategic significance.

3.35 The number of ACAT I projects reported in the MPR has decreased over the past five years, and reporting of ACAT II and ACAT III projects has increased (see Table 3.4).

Table 3.4: ACAT ratings of projects between 2020–21 and 2024–25

Year	ACAT I	ACAT II	ACAT III	ACAT IV	Total projects
2020–21	10	11	0	0	**21**
2021–22	10	11	0	0	**21**
2022–23	10	10	0	0	**20**
2023–24	8	12	1	0	**21**
2024–25	7	13	1	0	**21**

Source: ANAO analysis of the 2024–25 PDSSs and previously published Defence PDSSs.

Use of different acquisition approaches

A combination of different acquisition approaches may be used simultaneously, or at different points, during a project's delivery lifecycle.

3.36 The suite of current and historical PDSSs indicates that Defence has primarily acquired the major projects using the following approaches.

- *Foreign Military Sales (FMS)* — this is where the US Government and a foreign government enter an agreement called a Letter of Offer and Acceptance, in this case the foreign

36 There were four projects in the 2023–24 MPR: Joint Strike Fighter, ANZAC Air Search Radar Repl, Overlander Medium/Heavy and Hawkei.

government is Australia. FMS cases tend to be acquisitions of mature platforms from existing production lines, for example LAND4503 Apache Attack Helicopter. There are a total of five projects using the FMS approach (see Table 1.1).

- *Government-to-government (GtG) agreements* — this is where the Australian Government and a foreign government enter into an arrangement, not an FMS acquisition, and is established through a Memorandum of Understanding, including co-operative agreements. These procurements are typically for developmental programs where Australia and another country will collaborate on the development of a platform, for example AIR6000 Phase 2A/2B Joint Strike Fighter. There are a total of three projects using the GtG approach (see Table 1.1).
- *Other* — these approaches typically involve direct contracts with commercial suppliers for developmental or domestic acquisitions. There are a total of 13 projects using the 'other' approach (see Table 1.1).

3.37 A project may have multiple approaches to acquiring different aspects of its scope. For example, AIR5349 Phase 6 Advanced Growler is being delivered through a GtG, FMS and a contract with a supplier. For the purposes of the analysis of this report, the ANAO has categorised projects based on their lead contract or primary acquisition arrangement.

3.38 Case study 1 on AIR6000 Phase 2A/2B Joint Strike Fighter provides an overview of project performance since it was first reviewed in the 2010–11 MPR. This project has been the subject of the MPR review since 2008, is a GtG delivery and rated as an ACAT I (very high level of complexity) project by Defence. Overall, this project was delivered within budget and with no change to the total capability delivered, noting the project's overall 'green' rating for scope delivery performance since 2016. The final materiel release date was 17 months later than planned, primarily due to software testing.

Case study 1: Joint Strike Fighter

Project description

The AIR6000 Phase 2A/2B New Air Combat Capability project acquired 72 F-35A Lightning II aircraft, also known as the Joint Strike Fighter. The acquisition also included associated weapons, spares, support equipment, and infrastructure to meet Australia's air combat needs.

The Joint Strike Fighter program was established by the United States Government as the first international collaborative development program for a US military aircraft, including initial design, production, follow-on development and through life support. Nine countries are part of the program.

Cost performance

The increase in total project budget variance in 2013–14 was due to an increase in funding for 58 additional aircraft. All remaining budget fluctuations were due to exchange rate variations. The total expenditure reflects the aircraft delivery schedule.

Key milestone dates

- **2009** – Government approval for 14 aircraft
- **2011** – First year in the Major Projects Report
- **2014** – Government approval for an additional 58 aircraft
- **2018** – The first F-35A Joint Strike Fighter aircraft delivered to Australia
- **2024** – All 72 Joint Strike Fighter aircraft delivered to Australia

Scope delivery performance

Traffic light reporting in the AIR6000 Project Data Summary Sheets represents Defence's expected capability delivery for the Project. Overall, there was no change to the total capability delivered.

Schedule performance

Capability milestones	Original planned	Achieved
Initial Materiel Release (IMR)	December 2020	December 2020
Initial Operational Capability (IOC)	December 2020	December 2020
Final Materiel Release (FMR)	December 2023	May 2025

FMR was delayed by 17 months due to software integration testing. The FOC date is not publicly available information.

Acquisition arrangements

45 contracts over the life of the project since 2011

93% contracts with the United States Government

The JSF aircraft were acquired through a government-to-government arrangement, where the United States Government provided defence capability to Australia for a contracted price.

Strategic lessons for AIR6000 Phase 2A/2B

Requirements management

The importance of clearly defined, agreed, and actively managed capability requirements across stakeholders.

Governance and program management

Need for strong governance, early planning, and proactive risk management in a complex multinational acquisition environment.

Communication

Value in consistent, transparent communication with internal and external stakeholders to manage expectations and approvals.

Industry participation and support

Embedding of Australian industry in the global supply chain and supporting long-term economic and capability outcomes.

4. Project performance analysis

4.1 The ANAO has undertaken an in-year analysis of the 21 PDSSs to review project performance in addition to its limited assurance review. The three performance elements analysed were cost, schedule and the delivery of capability/scope, as described in Figure 4.1. The ANAO has presented information in aggregate, average and median measures to analyse the three performance elements, selecting the most appropriate approach for each. This flexible methodology was necessary because a standardised format could not be adopted without risking unintended disclosure of not for publication (NFP) information contained in the Project Data Summary Sheets (PDSSs), which are prepared by Defence.

Figure 4.1: Project performance elements

Source: ANAO analysis of the 2024–25 MPR Guidelines.

Cost performance

The total expenditure for AIR domain projects is approximately double that of SEA and LAND domains.

4.2 Analysis of the cost performance of the 21 projects includes: changes in budget since government second pass approval; total project expenditure by project and by domain; and forecast expenditure compared with actual expenditure.

4.3 Budget variations can include transfers of budget within Defence projects, additional funding from government approvals for scope changes, real cost increases, or administrative decisions. Budget variations since initial Second Pass Approval total $37,254.4 million. Of this, SEA5000 Hunter Class Frigate and AIR6000 Phase 2A/2B Joint Strike Fighter account for 80.9 per cent ($30,134.7 million) predominantly due to government approved changes in scope (an increase in 58 aircraft for AIR6000 and approval to commence construction of one to three ships for SEA5000) and exchange variations. Across all projects exchange variations contributes

approximately $5,512.9 million. Table 4.1 sets out all budget variations for each project in the MPR as at 30 June 2025.

Table 4.1: Budget variations post government initial second pass approval by variation type as at 30 June 2025[a]

Project	Budget at Second Pass Approval ($m)[b]	Variation type	Explanation of variation	Year/s of variation	Total variation ($m)
SEA5000 Hunter Class Frigates	6,183.9	Budget transfer/Government Second Pass Approval June 2024 (Batch 1 Construction)	Funding transfers between CASG and other areas of Defence, and approval to commence construction of ships.	2019–20 2021–22 2022–23 2023–24	19,661.6
LAND400 Phase 2 Combat Reconnaissance Vehicles	5,762.7	Budget Transfer	Funding transfer to enable Directorate of Land Training Capability to facilitate delivery of land simulation.	2024–25	(4.5)
AIR6000 Phase 2A/2B Joint Strike Fighter	2,751.6 (Stage 1)	Scope increase/Budgetary Adjustments/Transfer	Government approval for 58 additional aircraft, and upgrades to air base facilities.	2013–14 2017–18 2022–23	10,473.1
AIR5349 Phase 6 Advanced Growler	271.1	Scope Increase/Transfer	Next generation Jammer development and acquisition of aircraft upgrades, missiles and electronic warfare range upgrades and associated sustainment costs. Approval for facilities, offset by transfers between CASG and other areas of Defence.	2019–20 2021–22 2022–23	2,878.4
AIR7001 MQ-4C Triton	924.9	Scope increase/Budget Transfer/Real cost decrease/Budgetary adjustment	Three additional aircraft across multiple approvals, and approval for initial sustainment funding. Minor transfers and budgetary adjustment.	2017–18 2018–19 2019–20 2020–21 2021–22 2022–23 2023–24 2024–25	1,400.2

Project	Budget at Second Pass Approval ($m)[b]	Variation type	Explanation of variation	Year/s of variation	Total variation ($m)
AIR555 MC-55A Peregrine	2,166.3	Budgetary adjustment	Minor transfers and corrections.	2018–19 2021–22 2022–23 2023–24 2024–25	56.8
AIR2025 Phase 6 JORN Mid-Life Upgrade	1,117.9	Scope increase/Budget Transfer/Budgetary adjustment	Budgetary adjustment for High Power Amplifier Replacement Project. Other minor adjustments, transfers and scope increases.	2020–21 2021–22 2022–23 2023–24 2024–25	132.6
LAND8113 Phase 1 Long Range Fires	658.6	Scope Increase/Budgetary Adjustment	Budgetary adjustment for estate components, and additional weapons systems.	2023–24 2024–25	1,624.2
SEA9100 Phase 1 IE Logistics Support Helicopter	1,460.2	Budget Transfer	Budget transfer from AIR9000 Phase 8.	2024–25	337.1
LAND19 Phase 7B SRGB Air Defence	1,274.3	Budget Transfer	Defence Science and Technology Group project closures and the transfer to Military Equipment Acquisition Projects.	2024–25	0.6
AIR5431 Phase 3 CMATS	731.4	Real Cost Increase/ Budgetary Adjustment/Budget Transfer	Real cost increase and transfer of Air Force budget to the project, offset by minor transfers.	2017–18 2021–22 2022–23	274.9
SEA1439 Phase 5B2 Collins Comms and EW	247.7 (Stage 1)	Scope Increase/Budgetary Adjustment	Additional communications capability and minor budgetary adjustment.	2016–17 2020–21	353.9
SEA3036 Phase 1 Pacific Patrol Boat Replacement	504.5	Transfer	Transfer of funding to NSSG for acquisition of three vessels.	2023–24 2024–25	65.5

Note a: Some projects have multiple government second pass approvals. This table reports on variations since the first/initial Second Pass Approval. Projects that have had no Real Variations to their budget do not appear in this table. They were: Apache Attack Helicopter, Offshore Patrol Vessel, Armoured Combat, Hawkei, IAMD Command and Control, Battlefield Command System, Maritime Comms and ANZAC Air Search Radar Replacement. For a definition of 'Real Variations' see the 2024–25 MPR Guidelines in Part 4 of this report.

Note b: Budget at Second Pass Approval column is based off the initial Second Pass Approval of projects at the point of provision of the authority for a project to begin acquisition.

Source: ANAO analysis of 2024–25 PDSSs.

4.4 Real variations[37] are a subset of all budget variations and primarily reflect changes to project scope, transfers between projects for approved equipment/capability, and budgetary adjustments such as administrative savings decisions. The two projects with the most significant real variations as at 30 June 2025 were:

- SEA5000 Hunter Class Frigate — $19,661.6 million for government second pass approval of construction of the first of three ships; and
- AIR6000 Phase 2A/2B Joint Strike Fighter — $10,473.1 million for Stage 2 government second pass approval of 58 additional aircraft.

4.5 The four projects with government approved scope increases valued at over $500 million ($0.5 billion) are set out in Figure 4.2

Figure 4.2: Projects with government approved scope increases over $0.5 billion[a b c]

Note a: Hunter Class Frigate – 2023–24: Second Pass Approval (Batch 1 Production); Joint Strike Fighter – 2013–14: 58 additional aircraft at Stage 2 Second Pass Approval; Advanced Growler - 2019–20: Government Interim Pass Approval ($0.3b); and 2022–23: Second Pass Approval for Tranche 1 ($2.6b); MQ-4C Triton - 2019–20: Second Pass Approvals Tranche 2 and 3 ($0.9b); 2020–21: Second Pass Approval Tranche 4 ($0.2b); and 2022–23: Subsequent Government Approval ($0.3b).

Note b: There are other scope increases across PDSSs that do not meet the $0.5b threshold.

Note c: For projects with multiple Second Pass Approval, this chart shows variations from the initial approval.

Source: ANAO analysis of the 2024–25 PDSSs and previously published Defence PDSSs.

4.6 Exchange variations[38] since government second pass approval across all 21 projects total $5,512.9 million. AIR6000 Phase 2A/2B Joint Strike Fighter accounts for 56.8 per cent ($3,132.4 million) of the total amount.

37 Real Variations can include 'scope' changes attributable to changes in requirements by Defence and government; 'transfers' which occur when a portion of the budget and corresponding scope is transferred to or from another approved project or sustainment product in Defence; 'budgetary adjustments' made to account for corrections resulting from foreign exchange or indexation accounting estimation errors; 'real cost increases', where funds have been approved by government to increase the project budget (generally without a change in scope); and 'real cost decreases' are where funds have been handed back to the Defence portfolio.

38 These are variations to the Original Approved project cost due to foreign exchange adjustments brought about by changes in foreign exchange rates for payments in foreign currency.

4.7 Figure 4.3 provides the total expenditure of the 21 MPR projects up to 30 June 2025, representing a total of $37,355.9 million. It also shows each project's in-year expenditure for 2024–25 which is an indicator of milestone delivery and payments.

Figure 4.3: Total project expenditure as at 30 June 2025 ($m)

Source: ANAO analysis of the 2024–25 PDSSs.

4.8 Figure 4.4 summarises the total project expenditure by domain, for the current year and for all years prior to July 2024, as reported in the 2024–25 PDSSs.

Figure 4.4: Total project expenditure by domain as at 30 June 2025 ($m)

Source: ANAO analysis of the 2024–25 PDSSs.

4.9 The total expenditure for AIR domain projects is approximately double that of each of the two other domains (SEA and LAND), accounting for 51 per cent of the total expenditure for the 21 projects. This is largely driven by AIR6000 Phase 2A/2B Joint Strike Fighter, which has $16.7 billion total approved budget (including $10.5 billion due to scope increase, see Figure 4.2). This contributed to 67 per cent of the total expenditure accrued by the AIR domain and 34 per cent of the total expenditure across all projects.

4.10 The SEA domain accounts for 24 per cent and the LAND domain accounts for 25 per cent of total expenditure accrued across all projects.

4.11 Accurately forecasting and managing budget expenditure is a key element in the management of acquisition projects. The MPR Guidelines require projects to disclose in their PDSSs their forecasts and budget estimates. The Portfolio Budget Statement (PBS) process details the proposed allocation of public resources to government outcomes, including estimated payments and receipts for individual entities. The PBS is tabled in the Parliament on Budget Night, the second Tuesday in May of each year. The Portfolio Additional Estimates Statements (PAES) process includes the government approved changes to the proposed allocation of resources since the Budget. PAES is tabled in the Parliament usually in mid-February each year.[39]

4.12 Figure 4.5 (value) and Figure 4.6 (percentage) show the accuracy of each project's 2024–25 budget forecasts, by comparing the actual expenditure to these three key forecasts: budget approved through PBS in May 2024 (blue) and PAES in February 2025 (green), and the project's in-year budget (orange). The length of the bars represents how much the project's actual expenditure differs from these budget forecasts. The middle axis represents that an accurate expenditure to the forecast was achieved, with bars to the right-hand side indicating an overspend and those to the left-hand side indicating an underspend.

39 Department of Finance, Portfolio Budget Statements guidance, Finance, Canberra, 2025, available at https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/annual-appropriations/portfolio-budget-statements [accessed 1 November 2025].

Figure 4.5: Actual expenditure compared with forecast expenditure, 2024–25 ($m)

Source: ANAO analysis of the 2024–25 PDSSs.

4.13 For 2024–25, the key drivers (as disclosed in the PDSSs[40]) for the projects with a variance of over $100 million are outlined below.

- SEA5000 Hunter Class Frigates — the project actual expenditure is $1,366.4 million, $621.5 million higher than the PBS ($744.9 million). The key driver for this variance is that 'The project transitioned to the construction phase on 1 July 2024 with the commencement of construction of the first three ships'. The variance reflects the increased budget to fund the construction phase.
- LAND400 Phase 2 Combat Reconnaissance Vehicles — the project actual expenditure is $351.5 million, an underspend of $284.7 million compared to the PBS ($636.2 million). The key driver for this variance 'is primarily due to the rescheduling of contract milestones and deliveries'.
- LAND4503 Apache Attack Helicopter — the project actual expenditure is $502.6 million, an overspend of $234.0 million compared to the PBS ($268.6 million). The key driver for this variance is 'FMS activity forecast for FY 2024–25'.
- LAND907 Armoured Combat — the project actual expenditure is $731.1 million, an overspend of $227.1 million compared to the PAES ($504.0 million). The key driver for this variance is 'primarily due to higher than forecast FMS disbursements, and the unpredictable nature of the FMS program'.
- SEA9100 IE Logistics Support Helicopter — the project actual expenditure is $274.0 million, an underspend of $152.8 million compared to the PBS ($426.8 million). The key drivers for this variance were 'primarily attributed to delay in aircraft production and spares delivery slippage against FMS Case AT-P-SCO' and 're-phasing of FMS disbursements to account for changes to aircraft production schedules, and timing of FMS disbursements'.
- AIR6000 Joint Strike Fighter — the project actual expenditure is $239.7 million, an underspend of $130.4 million compared to the PBS ($370.0 million). The key driver for this variance is 'primarily driven by cost savings from the Reprogramming Laboratory from the Canada buy-in into the ACURL Phase 2 program'.
- SEA1180 Offshore Patrol Vessel — the project actual expenditure is $502.6 million, an overspend of $114.1 million compared to the PAES ($388.5 million). The key driver for this variance was 'driven by payments to resolve commercial issues including verified scope reduction claims, offset by an underspend in production of OPV 1 to 6'.
- AIR555 MC-55A Peregrine — the project actual expenditure is $116.1 million, an underspend of $108.1 million compared to the PBS ($224.2 million). The key driver for this variance is 'due to rescheduling of aircraft modification and flight testing activities', and 'adjustments to FMS Case apportionment across acquisition and sustainment funding sources, as well as an underspend in FMS Case disbursements'.

4.14 Figure 4.6 identifies in-year actual expenditure variances as a percentage of PBS, PAES and in-year budget. This measure highlights the overspend variance between PBS to in-year actual expenditure (see Figure 4.5).

40 In **Part 3** of this report, see the individual project PDSS, Section 2.2A In-year Budget Estimate Variance, 'Explanation of Material Movements' and Section 2.2B In-year Budget/Expenditure Variance, 'Explanation'.

Figure 4.6: Actual expenditure compared with forecast expenditure, 2024–25 (%)

Source: ANAO analysis of the 2024–25 PDSSs.

4.15 Projects with over 50 per cent variance (not outlined in Paragraph 4.13) and key drivers as disclosed in the PDSSs[41] are outlined below.

- LAND8113 Phase 1 Long Range Fires — the project actual expenditure is an overspend of 52.7 per cent compared to the PAES. The key driver for this variance 'is due to additional budget allocation related to funding for munitions acquisition Guided Weapons and Explosive Ordnance and Foreign Exchange Adjustments'.
- LAND121 Phase 4 Hawkei — the project actual expenditure is an overspend of 52.2 per cent compared to the PBS. The key driver for this variance 'is primarily due to the reprogramming of the underspend from FY 2023–24 into the FY 2024–25 due to the Hawkei safety brake issue'.
- LAND19 7B Short Range Ground Based Air Defence — the project actual expenditure is an underspend of 77.7 per cent compared to the PBS. The project reports that the key driver for this variance occurred between PBS to PAES 'primarily due to a number of minor procurement activities, operating cost and foreign exchange movements'.
- SEA1439 Phase 5B2 Collins Comms and EW — the project actual expenditure is an underspend of 90.5 per cent compared to the PBS primarily due to 'decrease in project management budget; reprogramming of FMS case budget, capability assurance activities and Stage 2 platform works'. The project actual expenditure is an underspend of 82.2 per cent compared to the PAES primarily due to 'Variance is predominantly due to re-programming of long lead items and foreign exchange adjustment'. The project actual expenditure is an underspend of 82.3 per cent compared to the in-year budget primarily due to 'Delays to overall progress of docking maintenance periods and consequential impact to completion of project milestones that are dependent on availability of a range of other platform system services; and FMS case disbursement lower than phased budget'.
- SEA1448 Phase 4B ANZAC Air Search Radar Replacement — the project actual expenditure is an underspend of 68.8 per cent compared to the PBS. The key driver for this variance 'is primarily due to a reduction in budget required for WAMA milestones ($5.3m) which appear to have slipped to FY 2025–26 and decrease in CEA Technologies Pty Ltd ($2.6m) driven by Contract Proposal 10 to reschedule milestones to incorporate AMCAP schedule delays and rescheduling of CEA Technologies Pty Ltd forecast to incorporate the PAR Simulator security requirement and ($0.9m) due to other expenses'.

Schedule performance

AIR5431 Phase 3 CMATS and SEA3036 Phase 1 Pacific Patrol Boat Replacement (which disclosed FOC), represent 34 per cent of the total value of schedule slippage.

4.16 The ANAO's analysis of schedule performance for the 21 projects includes slippage by approval date, and original and in-year FOC forecasts.

4.17 Slippage is a term used for consistency in producing longitudinal analysis for comparison of schedule across years of the MPR. As discussed in paragraph 2.4, slippage is calculated based on the variance between original government second pass approval (when government originally expected capability to be available, known as the 'Original Planned' FOC date) and current project completion forecasts (known as the 'Achieved/Forecast' FOC date). Defence defines FOC as 'The capability state

41 In **Part 3** of this report, see the individual project PDSS, Section 2.2A In-year Budget Estimate Variance, 'Explanation of Material Movements' and Section 2.2B In-year Budget/Expenditure Variance, 'Explanation'.

relating to the in-service realisation of the final subset of a capability system that can be employed operationally'.

4.18 Slippage can occur due to late delivery, changes in scope, or at times can be a deliberate management or subsequent government decision (all changes to FOC regardless of basis must be approved by government). PDSSs also use the term 'delayed from' when explaining changes in delivery milestones from original planned dates to current forecasts.

4.19 In the absence of being able to report at project level due to the non-disclosure of key schedule information including FOC in the PDSSs[42], analysis of the underlying basis for individual schedule slippage is no longer able to be provided with aggregate, average or median values selected as appropriate to present the PDSS information while minimising risk of unintentional disclosure.

4.20 As the projects in the MPR are delivered concurrently, applying median and average slippage is a measure of project delivery performance across the 21 projects. The median value, by excluding outliers, provides an indication of the typical impact on achieving FOC on a project-level basis. The median slippage and the average slippage are 21 months respectively (see Table 4.1). This analysis excludes SEA5000 Hunter Class Frigate, which did not have an FOC milestone approved by government and AIR6500 Integrated Air and Missile Defence Command and Control project, which has yet to define FOC.

4.21 The sum of individual project slippage across the 21 projects in the 2024–25 MPR is 404 months. This reflects the total required effort (in months) to complete the 21 projects, calculated from the original government second pass approval FOC milestone. It does not account for the fact that projects are delivered concurrently. Of the MPR projects that disclosed FOC, three projects represented 126 of the 404 months total slippage, or 34 per cent. These were: LAND200 Tranche 2 Battlefield Command System; SEA3036 Phase 1 Pacific Patrol Boat Replacement; and AIR5431 Phase 3 CMATS (93 months) which is a long-standing Project of Concern.

4.22 Further analysis of schedule variances between the 'Original Planned' FOC date to the 'Achieved/Forecast' FOC date for the 19 projects with an FOC identified the following.

- Eight projects reported no slippage. This includes LAND200 Tranche 2 Battlefield Command System, which had an updated MAA in 2024–25 that redefined the project milestones, allowing the project to achieve FOC against the new baseline FOC.
- Eleven projects reported slippage within an median slippage range of around two years. This is except for AIR5431 Phase 3 CMATS which accounts for 23 per cent of the total 404 months slippage.

4.23 As an outcome of the 2024 NDS and 2024 IIP rebuild, the scope and approved funding for AIR7000 Phase 1B MQ-4C Triton was removed from AIR7000 and established under a new project named AIR7001 MQ-4C Triton.[43] This change resulted in re-baselining the IOC and FOC milestones.

42 In the 2024–25 MPR, out of the 21 projects, three projects disclosed FOC — LAND200 Tranche 2 Battlefield Command System, AIR5431 Phase 3 CMATS and SEA3036 Phase 1 Pacific Patrol Boat Replacement. SEA5000 Hunter Class Frigate did not have an FOC milestone approved by government and AIR6500 Integrated Air and Missile Defence Command and Control has yet to define FOC. The remaining 16 projects did not disclose FOC on the basis of 'not for publication' resulting from Defence's security review. The full list of the PDSSs and the respective sections, which have been marked as NFP by Defence is in the Auditor-General's *Independent Assurance Report* in **Part 3** of this report.

43 In **Part 3** of this report, see the PDSS for AIR7001 PDSS Section 1.3 – Background.

Schedule slippage and acquisition category by approval date

Government-to-government arrangements have been demonstrating consistent improvement in meeting scheduled milestones since 2021.

4.24 Figure 4.7 shows the average schedule slippage (changes to FOC from original government second pass approval) for each acquisition approach since 2021–22 to 2024–25.

Figure 4.7: Average slippage by acquisition approach between 2020–21 and 2024–25 (months)[a b]

Note a: Slippage analysis excludes two Projects which did not have settled FOC dates as at 30 June 2025. SEA5000 Hunter Class Frigate did not have an FOC milestone approved by government and AIR6500 Integrated Air and Missile Defence Command and Control project has yet to define a FOC.

Note b: Average slippage for the 'Other' acquisition approach excludes data pertaining to the Battlefield Command System (LAND200 Tranche 2) in 2022–23 due to the Auditor-General's Qualified Conclusion of that year, see paras. 2.8–2.9 and the *Independent Assurance Report* in **Part 3** of that report.

Source: ANAO analysis of the 2020–21 to 2024–25 PDSSs.

4.25 The ANAO's ability to analyse acquisition approaches and assess against schedule slippage is constrained by Defence's use of not for publication information, particularly regarding FOC milestones in PDSSs. The decrease of GtG and other acquisition approaches in the 2024–25 MPR is primarily due to Defence re-baselining projects to align with the 2024 IIP, as discussed in paragraph 2.5. This process redefined the projects' MAAs with new FOC dates, removing historically reported schedule slippage. The rising trend in other acquisition approaches is primarily impacted by the slippages incurred in AIR5431 Phase 3 CMATS.

Capability/scope performance

Scope forecasts and expected materiel deliverables have less at-risk components compared to prior years.

4.26 Defence defines capability as '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'.[44] The capability reported in the PDSSs shows the current state of what the project will deliver, and not necessarily what the original intent was. In prior MPRs this component of the PDSSs was deemed out of scope of the ANAO's review. From 2024–25, the Auditor-General has considered this to be in scope of the review. The ANAO's analysis includes reporting on Defence's delivery of materiel capability/scope.

4.27 The forecasted materiel capability/scope to be delivered by FOC for each project is presented in the PDSSs as traffic light style visualisation and allocated a percentage. This represents the breakdown of materiel (significant) delivery performance. The calculated percentage breakdown, which may be based on cost or another factor relevant to capability outcomes, should be aligned to the project's Materiel Acquisition Agreement (MAA)[45] and/or Government approval.

4.28 The expected materiel deliverables are assessed as 'high confidence' (green), 'under threat' (amber), 'unlikely' (red) or added/removed from scope. Figure 4.8 provides an overview of Defence's expected capability/scope delivery between 2022–23 and 2024–25 (past three financial years).

Figure 4.8: Summary of expected capability/scope delivery by year

Source: ANAO analysis of the 2024–25 PDSSs and previously published Defence PDSSs.

44 Department of Defence, *One Defence Capability System Manual*, Defence, Canberra, 2025, available at https://www.defence.gov.au/business-industry/industry-governance/one-defence-capability-system-manual [accessed 1 October 2025].

45 MAAs are internal agreements between CASG/NSSG and the military service chiefs, which relate to product delivery and set out a project's approved activities, costs and milestones.

4.29 The data shows that as at 30 June 2025, Defence expects 97.7 per cent of agreed capability/scope across all 21 projects to be delivered. This was an increase of 3.2 per cent from 2023–24 (94.5 per cent). The materiel deliverables assessed as under threat or unlikely to be fully met accounted for 2.3 per cent, which was a decrease of 2.7 per cent from 2023–24.

Reporting on capability/scope delivery

Average delivery confidence has improved year on year since 2022–23.

4.30 In the 2024–25 MPR, 14 projects indicated that as at 30 June 2025, the project was confident that 100 per cent of the agreed capability/scope would be delivered in due course. This is represented by the 'green' traffic light rating in section 4 of the PDSSs.

4.31 In 2024–25, an updated MAA redefined project milestones for LAND200 Tranche 2 Battlefield Command System, impacting the reported delivery confidence level to fully meet stated capability materiel releases as set out in the MAA with the exception of key deliverables previously reported in the PDSS as in scope.[46]

4.32 The total figure for the 'amber' category demonstrates the projects confidence that as at 30 June 2025, a percentage of agreed capability/scope is considered at risk, although still likely to be delivered. This figure increased from 1.0 per cent in the 2022–23 MPR to 1.4 per cent in the 2023–24 MPR and reduced to 1.1 per cent in the 2024–25 MPR.

4.33 The share of all capability/scope (agreed as at 30 June in each review year) that is unlikely to be delivered or having been removed is the 'red' category in the table. This figure has improved from 6 per cent in the 2022–23 MPR to 3.6 per cent in the 2023–24 MPR and dropped further in the 2024–25 MPR to 1.2 per cent.

Capability delivery performance by acquisition approach

Projects acquired under a Foreign Military Sale have shown higher capability delivery performance than other acquisition approaches.

4.34 Of the common acquisition approaches used in the projects reported in the MPR over time, projects involving FMS and GtG arrangements have reported higher assessments of 'green' delivery confidence on average, representing greater certainty that the scope of the project will be delivered as planned. Since the 2020–21 MPR:

- FMS approaches averaged 98.9 per cent 'green';
- GtG approaches averaged 99.6 per cent 'green'; and
- Other (developmental or domestic acquisition) approaches averaged 94.8 per cent 'green'.

Transfers of project scope

4.35 As part of Second Pass Approval, the government directs Defence to deliver certain defined capabilities within the scope of the approved project. During the life of a project, Defence may require a change to the scope or capability, which can be approved through a revised Government approval. This approval can expand or reduce the scope defined for FOC or consequently modify the budget for the project to deliver the revised capability requirements.

46 In **Part 3** of this report, see the PDSS for LAND200 PDSS Section 1.3 – Background and Section 4.1 Measures of Materiel Capability/Scope Delivery Performance.

4.36 Transfers of scope were reported by Defence in Section 2.1 of four PDSSs, either as 'Real Variation – Transfer' or 'Real Variation – Scope'. These transfers are described in Table 4.2 below.

Table 4.2: Transfers of scope as at 30 June 2025

Project	Description
AIR6000 Phase 2A/2B Joint Strike Fighter	2018[a]: Project scope worth $1.5 billion was transferred to future (unapproved) phases of the AIR6000 program, with no corresponding transfer of funds out of the project budget.
	2023: 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.
AIR2025 Phase 6 JORN Mid-Life Upgrade	2020: Project scope worth $2.5 million was transferred in from Estate and Infrastructure Group (E&IG) to support AIR2025 Phase 6, which included replacing a facility at the Radar 3 Transmit site which is best delivered by the JORN Prime Contractor, as it involves specialist fit out and coordinated delivery within JORN operational constraints.
LAND200 Tranche 2 Battlefield Command System	2022: 38 Protected Mobility Vehicle – Medium (PMV-M) Gate Way vehicles originally within the Project's scope will be delivered by the LAND4111 Project.
LAND8113 Phase 1 Long Range Fires	2025: The Australian Government announced the requirement for 15 Bushmaster Command Variants (Bushmasters) to support the project. As a result, additional Bushmasters have been requested via LAND4111 Phase 1 – Protected Military Mobilisation projects existing agreement with Thales. These will be acquired using Long Range Fires existing project funds.

Note a: The transfer for AIR6000 Phase 2A/2B Joint Strike Fighter was reported in Auditor-General Report No.19 2019–20 *2018–19 Major Projects Report*, paragraphs 1.38 to 1.39.

Source: ANAO analysis of the 2024–25 PDSSs and previously published Defence PDSSs.

4.37 In 2024–25, LAND8113 Phase 1 Long Range Fires contracted the acquisition of 15 Bushmaster vehicles through another project — LAND4111 Phase 1 Protected Military Mobilisation. This is being paid for through the existing project funds attached to the LAND8113 Phase 1 Long Range Fires project. This has not been reported as an increase in scope within the project's PDSS as the MAA has not been impacted.

Longitudinal data on project performance

Of the 14 projects in the MPR between 2020–21 and 2024–25, reported risks and issues have decreased, and delivery confidence levels have improved.

4.38 Table 4.3 to Table 4.5 outlines the longitudinal data across key project performance indicators for 14 projects that have been in the MPR across five consecutive years, as well as the seven projects that did not form part of the longitudinal analysis (identified by italic text in the tables). This includes approval budget, schedule slippage (for projects not subject to Defence non-disclosure provisions), the confidence level for scope or capability delivery, and changes in the number of risk and issues reported over time. Each of these are broken down by domain – SEA, LAND and AIR.

Table 4.3: Project performance longitudinal data, SEA domain, 2020–21 to 2024–25

SEA					
MPR Review year	**2020–21**	**2021–22**	**2022–23**	**2023–24**	**2024–25**
SEA5000 Hunter Class Frigate	Total approved budget as at 30 June ($m)				
	6,046.9	6,055.7	6,148.2	25,924.0	26,055.3
	Remaining budget ($m)				
	4,827.9	4,228.2	3,578.5	22,286.1	21,051.0
	Schedule slippage (months)				
	N/A	N/A	N/A	N/A	N/A
	Confidence level of capability/scope delivery (%)				
	N/A	N/A	N/A	N/A	100
	Reported number of risks and issues				
	15 risks 3 issues	10 risks 3 issues	5 risks Nil issues	4 risks Nil issues	8 risks 1 issue
SEA1180 Phase 1 Offshore Patrol Vessel	Total approved budget as at 30 June ($m)				
	3,669.6	3,648.6	3,664.1	3,704.8	3,707.4
	Remaining budget ($m)				
	2,856.2	2,603.7	2,327.6	2,150.1	1,650.1
	Schedule slippage (months)				
	0	NFP	0	NFP	NFP
	Confidence level of capability/scope delivery (%)				
	100	99.6	99.6	62.8	98.5
	Reported number of risks and issues				
	3 risks Nil issues	5 risks Nil issues	7 risks Nil issues	8 risks 2 issues	7 risks 3 issues
SEA1439 Phase 5B2 Collins Comms and EW	Total approved budget as at 30 June ($m)				
	608.7	610.1	614.2	616.1	617.8
	Remaining budget ($m)				
	249.7	227.5	210.1	196.9	195.7
	Schedule slippage (months)				
	30	30	30	NFP	NFP
	Confidence level of capability/scope delivery (%)				
	100	100	100	100	100
	Reported number of risks and issues				
	3 risks 2 issues	2 risks 2 issues	4 risks 2 issues	1 risk 7 issues	2 risks 6 issues

SEA					
SEA3036 Phase 1 Pacific Patrol Boat Replacement	Total approved budget as at 30 June ($m)				
	501.4	502.3	502.9	517.5	568.5
	Remaining budget ($m)				
	250.6	190.1	141.3	104.1	122.2
	Schedule slippage (months)				
	2	TBA	12	NFP	33
	Confidence level of capability/scope delivery (%)				
	100	0	100	90	100
	Reported number of risks and issues				
	2 risks 1 issue	4 risks 1 issue	4 risks 2 issues	3 risks 1 issue	Nil risks Nil issues
SEA1442 Phase 4 Maritime Comms	Total approved budget as at 30 June ($m)				
	434.1	434.8	436.4	441.8	443.2
	Remaining budget ($m)				
	182.6	158.9	136.3	121.3	100.9
	Schedule slippage (months)				
	16	16	NFP	NFP	NFP
	Confidence level of capability/scope delivery (%)				
	100	100	100	100	100
	Reported number of risks and issues				
	5 risks 2 issues	1 risk 4 issues	1 risk 4 issues	Nil risks 1 issue	1 risk 2 issues
SEA1448 Phase 4B ANZAC Air Search Radar Replacement	Total approved budget as at 30 June ($m)				
	429.1	429.2	429.5	429.4	429.5
	Remaining budget ($m)				
	116.9	97.9	82.5	71.7	67.7
	Schedule slippage (months)				
	0	-1	-1	NFP	NFP
	Confidence level of capability/scope delivery (%)				
	100	100	99.9	100	100
	Reported number of risks and issues				
	3 risks 4 issues	4 risks 5 issues	3 risks 4 issues	Nil risks 4 issues	Nil risks 1 issue

SEA					
SEA9100 Phase 1 IE Logistics Support Helicopter	*Total approved budget as at 30 June ($m)*				
				1,710.4	*2,086.1*
	Remaining budget ($m)				
				1,491.9	*1,593.5*
	Schedule slippage (months)				
				NFP	*NFP*
	Confidence level of capability/scope delivery (%)				
				100	*100*
	Reported number of risks and issues				
				Nil risks Nil issues	*Nil risks 1 issue*

Source: ANAO analysis of the 2024–25 PDSSs and previously published Defence PDSSs.

Table 4.4: Project performance longitudinal data, LAND domain, 2020–21 to 2024–25

LAND					
MPR Review year	**2020–21**	**2021–22**	**2022–23**	**2023–24**	**2024–25**
LAND400 Phase 2 Combat Reconnaissance Vehicles	Total approved budget as at 30 June ($m)				
	5,655.4	5,606.3	5,657.3	5,774.7	5,775.6
	Remaining budget ($m)				
	4,174.5	3,755.3	3,236.8	2,984.8	2,634.2
	Schedule slippage (months)				
	0	0	0	NFP	NFP
	Confidence level of capability/scope delivery (%)				
	100	100	100	100	100
	Reported number of risks and issues				
	8 risks 5 issues	5 risks 6 issues	1 risk 4 issues	6 risks 7 issues	8 risks 8 issues
LAND121 Phase 4 Hawkei	Total approved budget as at 30 June ($m)				
	1,952.9	1,962.9	1,971.5	1,976.0	1,975.5
	Remaining budget ($m)				
	766.9	435.8	290.5	280.8	265.4
	Schedule slippage (months)				
	0	0	12	TBA	NFP
	Confidence level of capability/scope delivery (%)				
	100	99.8	99.8	99.9	99.9

LAND					
MPR Review year	**2020–21**	**2021–22**	**2022–23**	**2023–24**	**2024–25**
	Reported number of risks and issues				
	5 risks 3 issues	3 risks 1 issue	4 risks 1 issue	1 risk 6 issues	1 risk 2 issues
LAND19 Phase 7B SRGB Air Defence	Total approved budget as at 30 June ($m)				
	1,201.0	1,216.3	1,232.8	1,241.1	1,245.7
	Remaining budget ($m)				
	752.8	584.4	410.8	218.3	195.2
	Schedule slippage (months)				
	0	0	0	NFP	NFP
	Confidence level of capability/scope delivery (%)				
	100	100	100	100	93.7
	Reported number of risks and issues				
	2 risks Nil issues	3 risks 1 issue	4 risks Nil issues	2 risks Nil issues	2 risks 1 issue
LAND200 Tranche 2 Battlefield Command System[a]	Total approved budget as at 30 June ($m)				
	962.3	966.2	971.4	972.5	972.7
	Remaining budget ($m)				
	320.8	304.7	208.0	183.1	158.5
	Schedule slippage (months)				
	16	38	NFP	NFP	0
	Confidence level of capability/scope delivery (%)				
	91	48	48	60.5	76.1
	Reported number of risks and issues				
	7 risks 8 issues	3 risks 12 issues	4 risks 7 issues	3 risks 2 issues	3 risks Nil issues
LAND4503 Apache Attack Helicopter	*Total approved budget as at 30 June ($m)*				
				4,560.4	*4,685.0*
	Remaining budget ($m)				
				4,221.5	*3,833.5*
	Schedule slippage (months)				
				NFP	*NFP*
	Confidence level of capability/scope delivery (%)				
				100	*100*
	Reported number of risks and issues				

LAND					
MPR Review year	**2020–21**	**2021–22**	**2022–23**	**2023–24**	**2024–25**
				1 risk Nil issues	*1 risk Nil issues*
LAND907 Armoured Combat	*Total approved budget as at 30 June ($m)*				
			2,283.0	*2,359.6*	*2,388.4*
	Remaining budget ($m)				
			2,130.8	*1,577.6*	*875.2*
	Schedule slippage (months)				
			NFP	*NFP*	*NFP*
	Confidence level of capability/scope delivery (%)				
			100	*100*	*100*
	Reported number of risks and issues				
			0 risks 0 issues	*0 risks 0 issues*	*0 risks 0 issues*
LAND8113 Phase 1 Long Range Fires	*Total approved budget as at 30 June ($m)*				
					2,388.5
	Remaining budget ($m)				
					2,142.6
	Schedule slippage (months)				
					NFP
	Confidence level of capability/scope delivery (%)				
					100
	Reported number of risks and issues				
					5 risks Nil issues

Note a: In 2022–23, the Auditor-General qualified LAND200 Tranche 2 Battlefield Command System's PDSS due to material inconsistency between disclosures and evidence, including in Section 4.1 (Measures of Materiel Capability/Scope Delivery Performance) – percentages shown against the 'amber' and 'red' indicators.

Source: ANAO analysis of the 2024–25 PDSSs and previously published Defence PDSSs.

Table 4.5: Project performance longitudinal data, AIR domain, 2020–21 to 2024–25

AIR					
MPR Review year	**2020–21**	**2021–22**	**2022–23**	**2023–24**	**2024–25**
AIR6000 Phase 2A/2B Joint Strike Fighter	Total approved budget as at 30 June ($m)				
	15,630.7	15,795.7	16,424.6	16,589.1	16,708.1
	Remaining budget ($m)				
	6,589.3	5,052.6	4,591.6	4,178.4	4,057.8
	Schedule slippage (months)				
	0	0	NFP	NFP	NFP
	Confidence level of capability/scope delivery (%)				
	99	99	99.9	100	100
	Reported number of risks and issues				
	8 risks 2 issues	9 risks 3 issues	6 risks 5 issues	1 risk 2 issues	1 risk 1 issue
AIR7001 MQ-4C Triton	Total approved budget as at 30 June ($m)				
	1,953.4	1,999.5	2,403.7	2,447.7	2,444.3
	Remaining budget ($m)				
	1,544.5	1,339.2	1,477.6	1,262.6	966.1
	Schedule slippage (months)				
	66	66	66	NFP	NFP
	Confidence level of capability/scope delivery (%)				
	100	100	99	99	99
	Reported number of risks and issues				
	7 risks 1 issue	6 risks Nil issues	6 risks Nil issues	6 risks Nil issues	5 risks Nil issues
AIR2025 Phase 6 JORN Mid-Life Upgrade	Total approved budget as at 30 June ($m)				
	1,128.5	1,146.2	1,288.0	1,285.6	1,250.4
	Remaining budget ($m)				
	939.1	894.8	933.1	834.7	711.6
	Schedule slippage (months)				
	N/A	NFP	NFP	NFP	NFP
	Confidence level of capability/scope delivery (%)				
	100	100	99.9	100	100
	Reported number of risks and issues				
	4 risks Nil issues	4 risks Nil issues	6 risks 1 issue	6 risks Nil issues	4 risks Nil issues

AIR					
MPR Review year	**2020–21**	**2021–22**	**2022–23**	**2023–24**	**2024–25**
AIR5431 Phase 3 CMATS	Total approved budget as at 30 June ($m)				
	974.5	1,010.8	1,010.0	1,010.0	1,010.9
	Remaining budget ($m)				
	554.6	491.8	398.8	367.8	323.2
	Schedule slippage (months)				
	46	57	56	87	93
	Confidence level of capability/scope delivery (%)				
	100	100	100	100	100
	Reported number of risks and issues				
	20 risks 5 issues	20 risks 5 issues	16 risks 4 issues	16 risks 7 issues	12 risks 4 issues
AIR5349 Phase 6 Advanced Growler	*Total approved budget as at 30 June ($m)*				
			3,200.1	*3,222.2*	*3,287.0*
	Remaining budget ($m)				
			2,718.4	*2,469.4*	*2,290.1*
	Schedule slippage (months)				
			NFP	*NFP*	*NFP*
	Confidence level of capability/scope delivery (%)				
			100	*100*	*100*
	Reported number of risks and issues				
			1 risk *Nil issues*	*3 risks* *Nil issues*	*5 risks* *Nil issues*
AIR555 MC-55A Peregrine	*Total approved budget as at 30 June ($m)*				
		2,233.6	*2,360.2*	*2,394.8*	*2,399.4*
	Remaining budget ($m)				
		735.2	*669.3*	*559.7*	*448.3*
	Schedule slippage (months)				
		NFP	*NFP*	*NFP*	*NFP*
	Confidence level of capability/scope delivery (%)				
		100	*100*	*90*	*97*
	Reported number of risks and issues				
		11 risks *3 issues*	*12 risks* *3 issues*	*9 risks* *3 issues*	*6 risks* *3 issues*

AIR					
MPR Review year	**2020–21**	**2021–22**	**2022–23**	**2023–24**	**2024–25**
AIR6500 Integrated Air Missile Defence Command and Control	*Total approved budget as at 30 June ($m)*				
					1,097.2
	Remaining budget ($m)				
					497.9
	Schedule slippage (months)				
					NFP
	Confidence level of capability/scope delivery (%)				
					87
	Reported number of risks and issues				
					3 risks *1 issue*

Source: ANAO analysis of the 2024–25 PDSSs and previously published Defence PDSSs.

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

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 activates 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
Australianised Military off-the-shelf (MOTS)	An adapted Military off-the-shelf product where modifications are made to meet particular ADF operational requirements.
Capability	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.
Capability Manager (CM)	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).
Capital Equipment	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.
Caveat	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.
Classified Information	Official information that meets the criteria for classification under the Australian Government Security Classification System (AGSCS).
Contract Change Proposal (CCP)	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.
Corporate Governance	The process by which agencies are directed and controlled, and encompasses authority, accountability, stewardship, leadership, direction and control.
Deficiency	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.
Developmental	A product that is not available off-the-shelf and has to be developed specifically to meet the ADF's particular operational requirements.
Exception	A legacy term used by projects in reporting limitations in milestone achievement prior to the use of 'Caveat' or 'Deficiency' terms.
Final Materiel Release (FMR)	A milestone that marks the completion and release of those Acquisition Project supplies required to support the achievement of FOC.
Final Operational Capability (FOC)	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.
Fixed Price Contract	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.
Foreign Military Sales (FMS)	The US Department of Defense's Foreign Military Sales program facilitates sales of US arms, Defense services, and military training to foreign governments.
Forward Estimates	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. *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 or projects.*
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 *Public Governance, Performance and Accountability Act 2013* came into effect on 1 July 2014 and superseded the *Financial Management and Accountability Act 1997*. 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.

Part 3. Assurance by the Auditor-General and the Secretary of Defence

PRIORITY ASSURANCE REVIEW – SECTION 19A(5) OF THE *AUDITOR-GENERAL ACT 1997*

INDEPENDENT ASSURANCE REPORT
DEPARTMENT OF DEFENCE PROJECT DATA SUMMARY SHEETS

To the President of the Senate
To the Speaker of the House of Representatives

Conclusion

Based on the procedures I have performed and the evidence I have obtained, nothing has come to my attention that causes me to believe that the information in the 21 Project Data Summary Sheets (PDSSs) in Part 3 and the *Statement by the Secretary of Defence*, has not been prepared in all material respects in accordance with the *2024-25 Major Projects Report Guidelines* (the Guidelines), as endorsed by the Joint Committee of Public Accounts and Audit (JCPAA) on 22 November 2024.

The purpose of the Major Projects Report is to report on the performance of selected major Department of Defence (Defence) equipment acquisition projects (Major Projects), since Second Pass Approval, and associated sustainment activities (where applicable), managed by Defence.

I have undertaken a limited assurance review of the PDSSs, reporting on the status of the projects selected by the JCPAA, and the *Statement by the Secretary of Defence*, for the year-ended 30 June 2025. This review was performed in accordance with the Australian National Audit Office Auditing Standards (ANAO Auditing Standards), which include the relevant Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial* Information (ASAE 3000), issued by the Auditing and Assurance Standards Board.

Emphasis of Matter – Impact of Security Review

I draw attention to the *Statement by the Secretary of Defence* where Defence has disclosed that following a security review, Defence has assessed that some details, both with respect to independent projects and in the 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. These details have been removed from the relevant PDSS.

I draw attention to information that was not published or was modified in the following 19 PDSSs for 2024–25.

Project	Section 3.3 of PDSS Information not for publication	Other sections of PDSS Information not for publication
SEA5000 Phase 1 Hunter Class Frigate Design and Construction (POI) (Hunter Class Frigate)	Initial Materiel Release (IMR) Initial Operational Capability (IOC) Milestone dates	Section 1.2 – Milestone dates Section 3.1 – Milestone dates Section 3.2 – Milestone dates Section 4.2 – Milestone dates Section 5.1 – Technical details
AIR6000 Phase 2A/2B New Air Combat Capability (Joint Strike Fighter)	Final Operational Capability (FOC) Post FOC Materiel Releases Milestone dates	Section 1.2 – Technical details and milestone dates Section 2.1 – Technical details Section 4.1 – Technical details Section 4.2 – Milestone dates and technical details Section 5.3 – Technical details
LAND400 Phase 2 Mounted Combat Reconnaissance Capability (Combat Reconnaissance Vehicles)	Final Materiel Release (FMR) FOC Milestone dates	Section 1.3 – Milestone dates Section 3.1 – Milestone dates Section 3.2 – Milestone dates Section 4.2 – Milestone dates Section 5.3 – Milestone dates
LAND4503 AH-64E Apache Attack Helicopter (Apache Attack Helicopter)	IMR IOC FMR FOC Milestone dates	Section 1.2 – Milestone dates Section 3.2 – Milestone dates Section 4.2 – Milestone dates
SEA1180 Phase 1 Offshore Patrol Vessel	IOC FMR FOC Milestone dates	Section 3.2 – Milestone dates Section 4.2 – Milestone dates
AIR5349 Phase 6 Advanced Growler Airborne Electronic Attack Upgrade (Advanced Growler)	Materiel Release (MR2 – MR9) Tranche 1 IOC Mobile Threat Training Emitter System Ready for Training (MTTES RFT 1–4) Tranche 1 Operational Capability Milestone dates	Section 1.1 – Technical details Section 1.2 – Milestone dates and technical details Section 3.2 – Milestone dates Section 4.2 – Milestone dates
AIR7001 MQ-4C Triton	IMR IOC FMR FOC Milestone dates	Section 1.2 – Milestone dates and technical details Section 1.3 – Technical details Section 3.2 – Milestone dates Section 4.1 – Technical details Section 4.2 – Milestone dates

Project	Section 3.3 of PDSS Information not for publication	Other sections of PDSS Information not for publication
AIR555 MC-55A Peregrine	IMR IOC FMR FOC Milestone dates	Section 1.2 – Milestone dates Section 1.3 – Technical details Section 3.2 – Milestone dates Section 4.2 – Milestone dates
LAND907 Armoured Combat	IOC FMR FOC Milestone dates	Section 3.2 – Milestone dates Section 4.2 – Milestone dates
LAND8113 Phase 1 Long Range Fires	IMR IOC FMR FOC Milestone dates	Section 2.1 – expenditure figures Section 2.3 – Value and quantity of a contract Section 3.2 – Milestone dates Section 4.2 – Milestone dates Section 5.2 – Milestone dates
SEA9100 Phase 1 Improved Embarked Logistics Support Helicopter (IE Logistics Support Helicopter)	IMR IOC FMR FOC Milestone dates	Section 1.2 – Milestone dates Section 1.3 – Technical details Section 3.2 – Milestone dates and technical details Section 4.2 – Milestone dates Section 5.3 – Technical details
LAND121 Phase 4 Protected Mobility Vehicles Light (PMV-L) (Hawkei)	FMR FOC Milestone dates	Section 1.2 – Milestone dates Section 3.2 – Milestone dates
AIR2025 Phase 6 Jindalee Operational Radar Network (JORN Mid-Life Upgrade)	IMR IOC Material Release 2 (MR2) Operational Capability 2 (OC2) FMR FOC Milestone dates	Section 1.2 – Technical details Section 3.1 – Milestone dates Section 3.2 – Milestone dates Section 4.2 – Milestone dates
LAND19 Phase 7B Short Range Ground Based Air Defence (SRGB Air Defence)	FMR FOC Milestone dates	Section 1.2 – Technical details and milestone dates Section 1.3 – Technical details Section 4.1 – Technical details Section 4.2 – Milestone dates Section 5.2 – technical details Section 5.3 – Technical details

Project	Section 3.3 of PDSS Information not for publication	Other sections of PDSS Information not for publication
AIR6500 Integrated Air and Missie Defence Command and Control	IMR Tranche 1 Operational Release1 and 2 Materiel Release Two and Three Minimum Viable Capability IOC FOC Milestone dates	Section 1.2 – Milestone dates Section 2.4 – Milestone dates Section 3.1 – Milestone dates Section 3.2 – Milestone dates Section 4.2 – Milestone dates
LAND200 Tranche 2 Battlefield Command System	Nil	Section 3.2 – Milestone dates
SEA1439 Phase 5B2 Collins Class Communications and Electronic Warfare Improvement Program (Collins Comms and EW)	FMR FOC Milestone dates and some technical details	Section 1.2 – Milestone dates and technical details Section 1.3 –Technical details Section 2.1 – Technical details Section 4.2 – Milestone dates and some technical details Section 5.2 – Technical Details Section 5.3 – Technical Details
SEA1442 Phase 4 Maritime Communications Modernisation (Maritime Comms)	FMR FOC Milestone dates	Section 3.2 – Milestone dates Section 4.2 – Milestone dates
SEA1448 Phase 4B ANZAC Air Search Radar Replacement (ANZAC Air Search Radar Repl.)	FMR FOC Milestone dates	Section 1.2 – Milestone dates and technical details, Section 3.2 – Milestone dates Section 4.2 – Milestone dates Section 5.3 – Milestone dates

Note: LAND8113 Phase 1 Long Range Fires and AIR6500 Integrated Air Missile Defence Command and Control are included in the MPR Program for the first time in 2024–25.

My conclusion is not modified in respect of this matter.

Responsibilities of the Secretary of Defence for the Project Data Summary Sheets

The Secretary of Defence is responsible for the preparation and presentation of the PDSSs for the 21 selected Major Projects and the *Statement by the Secretary of Defence,* in accordance with the Guidelines. This responsibility includes the design, implementation and maintenance of internal control that the Secretary determines is necessary to enable the preparation of PDSSs that are free from material misstatement, whether due to fraud or error. The Guidelines provide that the PDSSs and supporting evidence, provided to the ANAO for review, are complete and accurate.

Independence and Quality Control

I have complied with the relevant ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The ANAO Auditing Standards adopt Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the ANAO to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Auditor-General

My responsibility is to express an independent limited assurance conclusion on the PDSSs and *Statement by the Secretary of Defence,* based on the procedures I have performed and the evidence I have obtained. ASAE 3000 requires that I plan and perform my procedures to obtain limited assurance about whether anything has come to my attention that the PDSSs and the *Statement by the Secretary of Defence* have not, in all material respects, been prepared in accordance with the Guidelines.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of: making enquiries of managers and others within the entity, as appropriate; the examination of documentation; and the evaluation of the evidence obtained. The procedures selected depend on my judgement, including identifying areas where the risks of material misstatement are likely to arise. The procedures performed are detailed at paragraph 1.18 of Part 1 of this report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than those performed for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on whether the PDSSs and the *Statement by the Secretary of Defence* are prepared in all material respects in accordance with the Guidelines.

Dr Caralee McLiesh PSM
Auditor-General

10 December 2025

Statement by the Secretary of Defence

The 21 Defence Major Projects Project Data Summary Sheets included in this report have been prepared in accordance with the Guidelines developed by Defence in consultation with the ANAO and endorsed by the Joint Committee of Public Accounts and Audit.

As part of the Defence's One Defence Capability System, the minimum viable capability model is being used to deliver new capabilities into service faster. Minimum viable capability supports innovation and developmental projects, allowing Defence to embrace risk, support speed to capability and to work with Australian industry to undertake iterative upgrades, rather than waiting for a perfect solution.

AIR 6500 Phase 1 (Integrated Air and Missile Defence Command and Control) is the first project in the 2024-25 Major Projects Report that has included the reporting of a Minimum Viable Capability Force Design Milestone as part of the project's delivery schedule. Despite AIR 6500 Phase 1 delivering iterative capability, Defence will define Initial Operational Capability and Final Operational Capability (FOC) and agree these with Government. IOC and FOC continue to serve as the primary metrics for assessing delivery of Defence materiel.

Project Status, as at 30 June 2025

In my opinion, the PDSS comply in all material respects with the Guidelines and reflect the status of the projects as at 30 June 2025.

Significant Events Occurring post-30 June 2025

In stating this opinion that the PDSS comply in all material respects with the Guidelines, I acknowledge the following material events have occurred post-30 June 2025:

- *Offshore Patrol Vessel (SEA 1180 Phase 1).*
  - Contractual Acceptance of the second vessel, NUSHIP Eyre occurred on 12 September 2025.
- *Pacific Patrol Boat Replacement (SEA 3036 Phase 1).*
  - Achieved launch of RMIS Jelmae (Vessel #23) in preparation to be gifted to the Republic of Marshall Islands in January 2026.
  - Arrival of the last Pacific Patrol Boat RMIS Lomor, in Australia on 2 October 2025.
- *Improved Embarked Logistics Support Helicopter (SEA 9100 Phase 1).*
  - Production of MH-60R Seahawk helicopters commenced in July 2025 at the Sikorsky Aerostructures facility in Troy, Alabama, USA.
- *Combat Reconnaissance Vehicles (LAND 400 Phase 2).*
  - Delivery of ten additional vehicles has commenced, with four vehicles already delivered since 1 July 2025, including the first ever Australian built Block II Combat Reconnaissance Vehicle.
- *AH-64E Apache Attack Helicopter (LAND 4503).*
  - Delivered the first two Apache aircraft to Townsville, Australia on 28 September 2025 and the next two Apache aircraft arrived in Australia on 4 November 2025.
  - Achieved award of a Military Type Certificate on 3 September 2025.

- *Armoured Combat (LAND 907).*
  - The project has received further four Main Battle Tanks, four Joint Assault Bridges, seven Assault Breacher Vehicles and six Armoured Recovery Vehicles during the period from 21 July 2025 to 24 July 2025.

- *Civil Military Air Traffic Management System (AIR 5431 Phase 3).*
  - Project has received Government approval for a Real Cost Increase ($263m) to enable completion of the CMATS acquisition and support continuing sustainment of existing Defence air traffic control systems until completion.

- *Advanced Growler (AIR 5349 Phase 6).*
  - Post 30 June 2025, project has received the first Australian Next Generation Jammer – Mid Band shipset in Australia.

Update on Projects of Interest and Projects of Concern

- No 2024-25 MPR project entered the Project of Interest list during the reporting period. *The Battlefield Command System (LAND 200 Tranche 2) exited the Project of Interest list in June 2025.*
- No 2024-25 MPR project entered or exited the Project of Concern list since July 2025.

Update on Projects that Exited MPR in Prior Years

- *Supply Class Replenishment Ships (SEA 1654 Phase 3).*
  - The final system required under the Auxiliary Oiler Replenishment (AOR) ship acquisition contract was accepted by the Commonwealth; however, ongoing Latent Defects which resulted in neither ship being available at the end of the reporting period have delayed project closure. FOC has been deferred, pending successful return of both vessels to operational service, which is now expected in Quarter 3, 2025.
  - Defence, in conjunction with the contractor, continue to investigate and rectify Latent Defects. While most of the latent defects are fairly common in newly acquired capabilities, there have been some related to the propulsion system and propeller shaft in HMAS Supply that have required significant repair effort. HMAS Supply conducted a docking activity in 2025 which has resolved this issue. HMAS Supply sailed on 9 October 2025 and has now entered the Force Generation Cycle.
  - HMAS Stalwart suffered defects involving both propulsion diesel engines in June 2024. Repair work was conducted at Fleet Base West and HMAS Stalwart has returned to sea to conduct final first of class trials in support of FOC declaration.

- *Night Fighting Equipment Replacement (LAND 53 Phase 1BR).*
  - The project declared FOC on 8 February 2024. Project was closed for reporting purposes.

- *Medium Heavy Capability, Field Vehicles, Modules And Trailers (LAND 121 Phase 3B).*
  - Project achieved FOC with caveats in December 2023. The caveats were planned to be addressed under LAND 121 Phase 5B. In April 2024, the National Defence Strategy and Integrated Investment Plan rebuild resulted in the following key directed changes:

- The transfer of the LAND 121 Phase 3B residual scope and budget into LAND 121 Phase 5B, with the project renamed LAND 121 Phase 5.
- A budget reduction for the de-scoping of the Module, Command Post.
- Reprioritisation of the remediation of the aviation refuelling capability gap, through a dedicated aviation-refuelling vehicle.

On 17 October 2024, LAND 121 Phase 3B project closure activities were completed.

- *Growler (AIR 5349 Phase 3).*
  - The project completed delivery of the Mobile Threat Training Emitter System, declaring achievement of the Materiel Release 9 milestone in December 2024. Work has continued towards the delivery of long-lead Airborne Electronic Attack system scope elements. As an outcome of the 2024 Integrated Investment Program rebuild, the project is merging with AIR 5349 Phase 6, and from FY 2025–26 all remaining scope and budget will be subsumed into the new single AIR 5349 EA-18G Growler project.

- *P-8A Poseidon (AIR 7000 Phase 2).*
  - During 2024–25 the project completed formal consolidation of AIR 7000 Phase 2B and AIR 7000 Phase 2C into the combined AIR 7000 P-8A Poseidon project, establishing equivalent project milestones for the combined project. The project has continued planning for the acquisition of the final two P-8A aircraft and associated support elements of which one aircraft has been delivered on 29 September 2025 and the last remaining aircraft to be delivered in early FY 2026–27. Production delays at Boeing US facilities, in response to quality issues and workforce industrial action, has delayed delivery of these two aircraft, however relevant project milestones remain on schedule. Capability updates continued across the Australian fleet to align the aircraft, mission support systems and training system configurations with the latest P-8A capability baseline. The combined AIR 7000 P-8A Poseidon project remains on schedule to meet its consolidated capability milestones.

- *Battlefield Airlift – Caribou Replacement (AIR 8000 Phase 2).*
  - The project achieved FOC in June 2022. Materiel Release 3 (June 2025) and Materiel Release 4 (June 2033) remain to be delivered. Materiel Release 3 is delayed, with delivery no earlier than February 2027 due to delayed progress with the Flight Training Device and Commonwealth Avionics Update. The Flight Training Device Support System Detailed Design Review and Flight Training Device arrival at RAAF Amberley milestones were completed in May 25 with system acceptance forecast for December 2025. When contracted, the earliest achievable completion date for the Commonwealth Avionics Update was December 2026. A subsequent contract change has delayed completion to February 2027. Materiel Release 4 is now forecast for completion in April 2028 due to change of method of completion of the Structural Substantiation Program, permitting early project closure.

Security Review of PDSS

A security classification review of the information contained within the PDSS for release in the 2024–25 MPR has been completed.

The purpose of the security review is to ensure that each individual PDSS reflects data at an 'unclassified' level and to confirm the aggregated information is not a risk to national security, and is suitable for public release through tabling in Parliament.

It is assessed that some details, both with respect to independent projects and in the 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. These details have been removed from the relevant PDSS. This is marked in the PDSS by the terms 'NFP' meaning Not for Publication, or 'Delayed' meaning delayed from the Original Planned date or the Forecast date in the 2024–25 PDSS.

John Reid
Acting Secretary
Department of Defence

8 December 2025

Project Data Summary Sheets

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Project Data Summary Sheet

Project Number	**SEA1180 Phase 1**
Project Name	**OFFSHORE PATROL VESSEL**
First Year Reported in the MPR	2018-19
Capability Type	Replacement
Capability Manager	Chief of Navy
Government 1st Pass Approval	Apr 16
Government 2nd Pass Approval	Nov 17
Budget at 2nd Pass Approval	$3,639.1m
Total Approved Budget (Current)	$3,707.4m
2024–25 In-year Budget	$388.5m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

SEA1180 Phase 1 Offshore Patrol Vessel (OPV) (the Project) was Approved by Government in 2017 to acquire 12 new vessels based on an existing design, to replace and improve upon the capability delivered by the 13 Armidale Class Patrol Boats (ACPB). The primary role of the OPV is maritime patrol and response operations in support of the National Civil Surveillance Program in order to contribute to protecting Australia's territory, territorial seas, and Economic Exclusion Zone (Constabulary Tasks). In addition to the OPV, the Project will acquire Seaboats for the vessels, through a separate contract. These consist of two Rigid Hull Inflatable Boats and one Rapid Intercept Craft for each OPV to facilitate boarding operations.

On 20 February 2024, the Government released the Enhanced Lethality Surface Combatant Fleet Independent Analysis, which recommended the reduction of the number of Arafura class OPV from 12 to six. The Government accepted the recommendation.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $502.6m spend against FY 2024-25 budget of $388.5m. The overspend in FY 2024-25 of $114.1m is driven by payments to resolve commercial issues including verified scope reduction claims, offset by an underspend in production of OPV 1 to 6.

Project Financial Assurance Statement

As at 30 June 2025, SEA1180 Phase 1 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 revised scope.

Contingency Statement

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

Schedule Performance

The Project achieved Second Pass Government approval on 24 November 2017 and Defence signed the acquisition contract with Luerssen Australia Pty Ltd on schedule on 31 January 2018. An intensive design review program was conducted and construction of the first OPV commenced in South Australia (SA) on schedule in November 2018. A Whole-of-Ship Design Review was added to the program and conducted in late October 2019. The Support System Detailed Design (SSDD) Review was delayed to September 2021 to allow a Logistic Support Analysis program to be established effectively in November 2020.

The contracted keel laying milestone for OPV 1 (*Arafura*) was achieved in February 2019. Production of OPV 2 (*Eyre*) commenced in June 2019, two months ahead of schedule, with keel laying occurring on 9 April 2020. OPV 3 (*Pilbara*) commenced construction in Western Australia (WA), ahead of schedule on 27 March 2020 and the keel laying milestone for OPV 3 was achieved on 16 June 2020. OPV 4 (*Gippsland*) also commenced construction on schedule on 4 January 2021, with the keel laying ceremony held on 30 July 2021. OPV 5 (*Illawarra*) commenced construction on schedule on 1 November 2021, with keel laying on 31 March 2022. OPV 6 (*Carpentaria*) commenced construction on 1 August 2022 with keel laying on 5 December 2022. OPV 1 was launched on 16 December 2021, contractually accepted on 30 January 2025 and commissioned into service on 28 June 2025. OPV 2 was launched on 22 November 2023 and forecast to be accepted no later than October 2025.

There have been delays to construction of all vessels and the Support System, impacting the availability of vessels for constabulary operations requiring Navy to extend the ageing ACPB and other legacy vessels.

On 20 October 2023, Defence announced that the Project was listed as a Project of Concern (POC), mainly due to significant delays in delivery of both the vessels and the associated Support System.

The Final Operational Capability (FOC) date will be re-promulgated following Government's decision to reduce the scope of the Project from 12 vessels to six. The Project is also working with Navy to reduce the impact of delayed ship delivery to Initial Operational Capability (IOC).

Materiel Capability/Scope Delivery Performance

In June 2021, due to delays in delivery as a result of COVID-19 and technical certification concerns by Navy, Luerssen Australia Pty Ltd was directed to terminate the main gun contract with Leonardo Australia Pty Ltd and investigate an interim gun solution. The interim main gun for the Arafura OPV was to be the existing Navy 25mm Typhoon Mod 0 from the ACPB until a replacement gun was identified.

On 20 February 2024, the Government released the Enhanced Lethality Surface Combatant Fleet Independent Analysis Report and accepted the reduction of the number of OPV from 12 to six. Defence is implementing this decision. Defence issued Luerssen Australia Pty Ltd a Scope Reduction Notice on 5 March 2024. In addition as an outcome of the Independent Analysis, the OPV role was amended to focus on civil maritime security operations and enhanced regional engagement in the Southwest Pacific and Southeast Asia, and as a consequence an alternative main gun option was no longer being pursued. Aligned to this, Navy directed SEA1180 Phase 1 to cease all work on the OPV interim 25mm gun including physical installation on OPV 2 and functional design plans for all OPV and instead focus on delivery of a baseline platform.

1.3 Project Context

Background

The Project was approved by Government in 2017 to acquire 12 OPV to replace the existing ACPB. In August 2015, the Government announced that the Project would become part of the continuous naval shipbuilding program and brought forward the construction of the OPV by two years to enable the start of the naval shipbuilding program by 2018.

In September 2015, the Government approved funding for the commencement of the Competitive Evaluation Process (CEP) for the Project. Interim Pass Approval was provided by Government in November 2015 and First Pass Approval was provided in April 2016. The Government also announced at First Pass Approval that OPV designs from B.V. Scheepswerf Damen Gorinchem (Netherlands), Fr. Fassmer GmbH & Co. KG (Germany) and Luerssen Australia Pty Ltd (Germany) had been shortlisted for the Risk Reduction Design Study.

A Request for Tender was released in November 2016. Government announced Luerssen Australia Pty Ltd as the preferred tenderer on 24 November 2017. The Government also announced that the capabilities of Austal Ships Pty Ltd and Civmec Construction and Engineering Pty Ltd would be used to build 10 OPV subject to the conclusion of commercial negotiations between Luerssen Australia Pty Ltd and Austal Ships Pty Ltd.

The contract for the construction of 12 OPV was signed with Luerssen Australia Pty Ltd on 31 January 2018. Luerssen Australia Pty Ltd nominated Civmec Construction and Engineering Pty Ltd to construct the remaining 10 OPV and contracted Civmec Construction and Engineering Pty Ltd initially to acquire and prepare the steel and pipe for all 12 OPV from Australian sources (where available). Luerssen Australia Pty Ltd also established contracts with L3 Harris Communications Australia Pty Ltd as a systems integrator and Saab Australia Pty Ltd for a Situational Awareness System. The Commonwealth of Australia (CoA) elected to purchase the Rigid Hull Inflatable Boats and Rapid Intercept Crafts (the Seaboats) based on Luerssen Australia Pty Ltd's OPV design from Boomeranger Boats Oy.

The Project did not undergo a Smart Buyer activity due to it already having had a similar risk review as part of an Independent Assurance Review.

Defence listed the Project as a POC in October 2023 due primarily to the significant delays experienced in the delivery of both the vessels and the associated Support System. The POC process brings senior stakeholders from Government and industry together to set out an agreed pathway to remediate listed projects. Defence and Luerssen Australia Pty Ltd have committed to working collaboratively to resolve the significant challenges experienced with the delivery schedule for the OPV capability, as detailed in the agreed POC Remediation Plan.

Defence issued a suspension of payment letter to Luerssen Australia Pty Ltd on 21 March 2024 due to late delivery of the support system for the OPV. This suspension was lifted when the Support System was accepted on 11 December 2024.

Uniqueness

The Arafura class OPV platform design is based on an existing design in service with the Royal Brunei Navy (Darussalam class). Originally, only minimal changes were considered necessary to meet Australian Legislative and Regulatory requirements and specific Australian Defence Force communications and situational awareness needs, the inclusion of a bow thruster and an additional reverse osmosis plant. In 2022, Defence identified that changes were required to meet Australian regulatory standards primarily to improve the structural fire protection of the ship and other safety design changes, prior to conducting sea acceptance trials via Australian Maritime Safety Authority accreditation.

Major Risks, Emergent Risks and Issues

The Project is currently managing the following major risks:

- There is a risk that the OPV Support Systems will be delivered later than currently forecast by Luerssen Australia Pty Ltd caused by the need for additional rework to meet the contracted Navy requirements resulting in delays to Acceptance of the Support System and OPV 1 Contract Acceptance.
- There is a risk that the current delivery schedule and Project budget may be affected by prolonged resolution of POC remediation, commercial resolution activities, and scope reduction.
- This risk rating was reduced to low and it has now been retired. There is a risk that Contract Acceptance for OPV 1 and 2 may be further delayed beyond the current Luerssen Australia Pty Ltd forecast caused by ongoing issues in production and acceptance testing activities resulting in delayed delivery of the capability to Navy.
- There is a risk that Contract Acceptance for OPV 3 to 6 will be further delayed beyond the current Naval Construction Branch forecast (in the absence of schedules provided by Luerssen Australia Pty Ltd) caused by ongoing issues in production and acceptance testing activities resulting in delayed delivery of the capability to Navy.

The Project is currently managing the following emergent risks:

- There is a risk that OPV 1 *(Arafura)* Initial Operational Release (IOR) will not be achieved by Quarter 2, 2025 leading to the delayed delivery of capability to Navy.
- There is a risk that OPV 1 will be affected by not achieving Cyber Worthiness Assurance leading to an impact on achieving Fitness for Service and authority to operate.
- There is a risk that the proposed share sale and change of control of Luerssen Australia Pty Ltd by Civmec Construction and Engineering Pty Ltd may result in an inability of Luerssen Australia Pty Ltd to deliver appropriate goods and services due to information access limitations or commercial restrictions resulting in potential delays to the delivery of capability to the Navy.

The Project is currently managing the following major issues:

- There is an issue that Contract Acceptance of OPV 1 and 2 being built in Osborne have been significantly delayed due to issues in production and acceptance testing activities, resulting in late delivery of capability to Navy.
- There is an issue that contract Acceptance of OPV 3, OPV 4, OPV 5 and OPV 6 being built in Henderson, WA has been significantly delayed due to issues in ship production resulting in late delivery of the capability to Navy.
- There is an issue that inadequate access to ship building facilities in Henderson, WA inhibits OPV 3 to OPV 6 production progress.

Other Current Related Projects/Phases

SEA5000 – Hunter Class Frigates – Design and Construction. Six Hunter Class frigates will be based on BAE Systems' Type 26 Global Combat Ship design, modified to meet Australian requirements, and will be built in Osborne, SA, as part of the Continuous Naval Shipbuilding Program. The Hunter Class frigates will be built in Osborne, SA, alongside the first two OPV.

N2263 – Infrastructure Project for the Arafura class OPV. This project will provide berthing, training, maintenance, logistics, and support facilities at His Majesty's Australian Ship (HMAS) *Stirling*, HMAS *Coonawarra*, and HMAS *Cairns* to support the introduction into service of the new OPV being delivered by Luerssen Australia Pty Ltd.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Sep 15	Original Approval	10.0		1
Nov 15	Interim Pass Approval	1.5		2
Apr 16	Government First Pass Approval	45.9		3
Nov 17	Government Second Pass Approval	3,581.7		4
	Total at Second Pass Approval		**3,639.1**	
Jun 25	Exchange Variation		68.3	
Jun 25	**Total Budget**		**3,707.4**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Luerssen Australia Pty Ltd	(1,190.8)		5
	Contract Expenditure – Nova Systems Australia Pty Ltd	(80.0)		
	Contract Expenditure – Boomeranger Boats Oy	(31.0)		
	Other Contract Payments/Internal Expenses	(253.0)		6
			(1,554.7)	
FY to Jun 25	Contract Expenditure – Luerssen Australia Pty Ltd	(98.5)		7
	Contract Expenditure – Nova Systems Australia Pty Ltd	(14.8)		
	Contract Expenditure – Boomeranger Boats Oy	(3.0)		
	Other Contract Payments/Internal Expenses	(386.2)		8
			(502.6)	
Jun 25	**Total Expenditure**		**(2,057.3)**	
Jun 25	**Remaining Budget**		**1,650.1**	

Notes	
1	Funding in support of bringing the Project forward by two years and establishing a continuous onshore build.
2	Funding for the conduct of the initial phase of the CEP.
3	Continuation and Completion of CEP, which included Project Support, a Risk Reduction Design Study and Schedule Protection Activities.
4	This approval included $103.7m to support the transition from ACPB to the OPV, including support for the life of type extension and lease extension of two Cape Class Patrol Boats.
5	Prime Contract with Luerssen Australia Pty Ltd. The scope of this contract is explained further in Section 2.3 – Details of Project Major Contracts.

[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.

6	Other Contract Payments/Internal expenditure comprises of: ($80.6m) for the Project Office AUC, ($64.8m) for OPV Transition, ($54.7m) of Government Furnished Equipment, ($35.4m) for Gate 1 activities and ($17.5m) for other contract payments/internal expenses.
7	On 21 March 2024, the Project issued a suspension of payment letter to Luerssen Australia Pty Ltd for not delivering the support system for the OPV, which was subsequently lifted upon acceptance of the Support System in December 2024.
8	Other Contract Payments/Internal expenditure comprises of: ($359.4m) for Scope Reduction Activities, ($18.3m) for Project Office AUC and ($8.4m) for other contract payments/internal expenses.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
468.7	388.0	388.5	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variance is due to delays in vessel construction and delivery of the associated support system. PAES to In-Year Budget: Variance is due to foreign exchange supplementation in January 2025.
Variance $m	(80.7)	0.5	Total Variance ($m): (80.2)
Variance %	(17.2)	0.1	Total Variance (%): (17.1)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(37.3)	Australian Industry	The overspend in FY 2024-25 of $114.1m is driven by payments to resolve commercial issues including verified scope reduction claims, offset by an underspend in production of OPV 1 to 6.
		(14.3)	Foreign Industry	
		-	Early Processes	
		180.2	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		(14.5)	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
388.5	502.6	**114.1**	**Total Variance**	
		29.4	**% 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			
Nova Systems Australia Pty Ltd	Jun 16	12.6	92.7	Firm or Fixed	Standard Defence Contract	1, 4
Luerssen Australia Pty Ltd	Jan 18	1,988.0	1,917.3	Fixed with forecast Escalation	Standard Defence Contract (Complex)	1, 2, 3
Boomeranger Boats Oy	Oct 19	42.2	54.5	Fixed with forecast Escalation	Modified Standard Defence Contract	1, 2

Notes	
1	Contract value as at 30 June 2025 is based on actual expenditure to 30 June 2025 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable). Amounts expensed convert using the spot rate of the day therefore due to calculation method 30 June 2025 value will reflect a variance to prior reporting period.
2	The price is the value in out-turned dollars (as at 30 June 2025) using CoA cumulative escalation indices. While price escalation models are built into the contract, the price at signature does not include an estimate across the forward commitment (expected expenditure). The price at 30 June 2025 includes this estimate, which is the reason for the large difference between the two figures.
3	The decrease in price from the prior year was due to scope reduction activities.
4	The decrease in value of the Nova System Australia Pty Ltd contract is a result of reduced service levels, which were adjusted to align with changing project requirements.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Nova Systems Australia Pty Ltd	N/A	N/A	Support to the OPV Project	-
Luerssen Australia Pty Ltd	6	6	6 OPV	-
Boomeranger Boats Oy	41	29	19 Rigid Hull Inflatable Boats and 10 Rapid Intercept Craft	1

Major equipment accepted and quantities to 30 Jun 25
OPV 1 Accepted and commissioned to Navy. 17 Seaboats have been delivered from Boomeranger Boats Oy.

Notes	
1	Contract Change Proposal (CCP) 004 reduced the scope from 41 Seaboats to 29 Seaboats.

2.4 Australian Industry Capability

Summary
The Project has contracted Australian Industry Capability (AIC) Plans based on opportunities to maximise internationally competitive Australian industry involvement that are captured in Luerssen Australia Pty Ltd's AIC Plan and Nova Systems Australia Pty Ltd AIC Plan in support of Shipbuilding and Integrated Logistic Support activities. The Project has no contracted AIC Plan for Boomeranger Boats Oy, as the Seaboats are procured direct from an overseas manufacturer. This contract pre-dates the enhanced AIC framework policy.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	Platform System – Stream A	Jun 18	N/A	Jun 18	0	-
Preliminary Design		Aug 18	N/A	Aug 18	0	-
Detailed Design		Oct 18	Nov 18	Nov 18	1	1
System Requirements	Platform System – Stream B	Jun 18	N/A	Jun 18	0	-
Preliminary Design		Nov 18	Dec 18	Dec 18	1	1
Detailed Design		Feb 19	N/A	May 19	3	1
System Requirements	Command and Control System	Jun 18	N/A	Jun 18	0	-
Preliminary Design		Dec 18	Nov 18	Nov 18	(1)	-
Detailed Design		Mar 19	N/A	Mar 19	0	-
System Requirements	Communication and Navigation System	Jun 18	N/A	Jun 18	0	-
Preliminary Design		Jan 19	N/A	Nov 18	(2)	1
Detailed Design		Apr 19	N/A	May 19	1	-
Preliminary Design	Support System	Nov 18	N/A	Jun 19	7	1, 2
Detailed Design		Jun 19	Mar 20	Sep 21	27	1, 2, 3

Detailed Design Review	Whole of Ship	Oct 19	N/A	Oct 19	0	2

Notes	
1	Variance was agreed by the parties at CCP001 and incorporated under Contract Amendment 3.
2	CCP007 proposed to delay the SSDD by 12 months and reduce the SSDD milestone review value commensurate with the other detailed design milestone values in order to create new milestones for a whole-of-ship Detailed Design, Integrated Baseline Review (IBR) with ASC Shipbuilding Australia Pty Ltd, and an IBR with Luerssen Australia Pty Ltd. The whole-of-ship Detailed Design will be a complete assessment of the detailed design including antenna arrays. The IBR milestones are proposed to finalise Luerssen Australia Pty Ltd's establishment of the Earned Value Management System (EVMS).
3	The Support System Design Review was delayed to allow a Logistic Support Analysis program to be established effectively and occurred in November 2020. Outstanding actions were identified and was exited in September 2021.

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
Acceptance	OPV 1 *(Arafura)*	Dec 21	Jan 25	Jan 25	37	1, 4
Acceptance	OPV 2 *(Eyre)*	Sep 22	NFP	NFP	NFP	1, 4
Acceptance	OPV 3 *(Pilbara)*	May 23	NFP	NFP	NFP	2, 3, 4
Acceptance	OPV 4 *(Gippsland)*	Feb 24	NFP	NFP	NFP	2, 3, 4
Acceptance	OPV 5 *(Illawarra)*	Nov 24	NFP	NFP	NFP	3, 4
Acceptance	OPV 6 *(Carpentaria)*	NFP	NFP	NFP	NFP	3, 4

Notes	
1	The COVID-19 pandemic impacted multiple aspects relating to construction and in particular, activities at Osborne Shipyard in SA from March to October 2020. COVID-19 has continued to have an adverse and significant effect on production and ship building operations including supply chain disruptions, resource limitations and resulted in hard border closures between WA and SA.
2	Commercial issues between Luerssen Australia Pty Ltd and Civmec Construction and Engineering Pty Ltd also resulted in additional schedule delays to delivery of OPV 3 and OPV 4 being constructed in Henderson, WA. These issues included the competition for skilled workers between the mining and manufacturing industries within WA and COVID-19 border closures impacting the fly-in/fly-out workforce. This generated increasing competition for skilled workers significantly affecting local shipbuilders and introducing production delays to OPV 3 and OPV 4.
3	An IBR was unable to be held in November 2022 due to the restructure of contracting arrangements between Luerssen Australia Pty Ltd and Civmec Construction and Engineering Pty Ltd in Henderson, WA. This resulted in Luerssen Australia Pty Ltd needing to adapt their German based production system for Henderson, WA, which is a major component of the EVMS.
4	Initial changes to OPV 1 and OPV 2 delivery dates were made via CCP in August 2021 and initial changes to OPV 3 and OPV 4 were made via CCP in September 2022. Further changes to contracted dates for OPV 1 to 6 were made via CCP 172 in May 2025 with effect 1 July 2025. This CCP gave effect to the commercial resolution between Luerssen Australia Pty Ltd and the CoA and formalised the reduction in the scope of the contract. The IBR for OPV 3 to OPV 6 has also been rescheduled via CCP172 and is currently forecast to be conducted at a late date. The planned Acceptance dates are currently sourced from the draft Earned Value Management Plan and schedule which is yet to be approved.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Dec 21	Jan 25	37	-
Initial Operational Capability (IOC)	Dec 22	NFP	NFP	1
Final Materiel Release (FMR)	NFP	NFP	NFP	-
Final Operational Capability (FOC)	NFP	NFP	NFP	-

Notes	
1	Delay to IOC is due to late delivery of OPV 1

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: Following the release of the Independent Analysis of Navy's Surface Combatant Fleet, which was announced in February 2024, the Project will now deliver six OPV. The capability/scope has been reassessed as part of the reduction in scope activities. The percentage has been calculated based on the value of the remaining vessels, the support system, and initial design activities.
	Amber: N/A
	Red: The OPV weapon systems was to include a main gun and two 0.5 inch calibre machine guns with the Seaboats used for Constabulary Operations. Due to technical certification concerns by Navy, Luerssen Australia Pty Ltd was directed to terminate the main gun contract with Leonardo Australia Pty Ltd and implement an interim gun solution. Following the Enhanced Lethality Surface Combatant Fleet Independent Analysis Navy has directed the installation of the interim 25mm gun to cease, and for the Project to instead focus on delivery of a baseline platform. An interim gun solution has been provided on OPV 1 and 2.
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)	OPV 1 was delivered ready for Operational Test and Evaluation (OT&E). Those Capability Acquisition and Sustainment Group (CASG) Fundamental Inputs to Capability (FIC) elements, including transition into sustainment as defined by the OPV Support System, are sufficient to support OT&E. IMR was achieved January 2025.	Achieved
Initial Operational Capability (IOC)	IOC is achieved when Navy can be assured that the first OPV can demonstrate that it can be operated and maintained to conduct effective and sustained operations. Forecast dates for IOC are NFP.	Not yet Achieved
Final Materiel Release (FMR)	OPV delivered in accordance with Government Approved scope. The final OPV delivered ready for OT&E. Those Naval Shipbuilding and Sustainment Group FIC elements including transition into sustainment as defined by the OPV Support System sufficient to support OT&E for each OPV. FMR will be determined following POC actions and Scope Reduction negotiations. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	OPV delivered in accordance with Functional Performance Specification and Operating and Support Intent. The final OPV delivered and OT&E completed. All facilities accepted. All support organisations functioning. FOC will be dependent on FMR discussions. Forecast dates for FOC are 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	There is a risk that the OPV Support System will be delivered later than currently forecast by Luerssen Australia Pty Ltd caused by the need for additional rework to meet the contracted Navy requirements resulting in delays to Acceptance of the Support System and OPV 1 Contract Acceptance.	This risk has been retired as OPV 1 Support System was accepted by Defence on 11 December 2024. This risk will be removed from next year's Major Projects Report (MPR).

2	There is a risk that current delivery schedule and project budget may be affected by prolonged: • Resolution of POC activities. • Commercial resolution activities. • Scope reduction.	This risk rating was reduced to low and now it has been retired as commercial resolution has been reached with Luerssen Australia Pty Ltd. This risk will be removed from next year's MPR.
3	There is a risk that Contract Acceptance for OPV 1 and 2 will be further delayed beyond the current Luerssen Australia Pty Ltd forecast caused by ongoing issues in production and acceptance testing activities resulting in delayed delivery of the capability to Navy.	This risk has been retired as it is similar to the issue Ref# 1 in section 5.3. This risk will be removed from next year's MPR.
4	There is a risk that Contract Acceptance for OPV 3 to 6 will be further delayed beyond the current NCB forecast (in the absence of schedules provided by Luerssen Australia Pty Ltd) caused by ongoing issues in production and acceptance testing activities resulting in delayed delivery of the capability to Navy.	This risk has been retired as it is similar to the issue Ref# 2 in section 5.3. This risk will be removed from next year's 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
1	There is a risk that OPV 1 IOR will not be achieved by Quarter 2, 2025 leading to delay delivery of capability to Navy.	Defence is regularly monitoring defined schedule post ship acceptance. This risk has been retired and will be removed from next year's MPR.
2	There is a risk that OPV 1 will be affected by not achieving Cyber Worthiness Assurance leading to an impact on achieving Fitness for Service and authority to operate.	This risk rating has been downgraded to Medium. Defence is working with Luerssen Australia Pty Ltd to develop the documentation products, and is also conducting a security program in accordance with Navy Directive Cyber Worthiness policy until full assurance is gained.
3	There is a risk that proposed buyout of Luerssen Australia Pty Ltd by Civmec Construction and Engineering Pty Ltd may result in an inability of Luerssen Australia to deliver appropriate goods and services due to information access limitations or commercial restrictions resulting in potential delays to the delivery of capability to the Navy.	This risk rating to be reviewed in Quarter 3, 2025 to reflect the change of control status as approved by Defence in June 2025. Defence is undertaking due diligence activities assessing the risk of the contract scope being performed by Luerssen Australia Pty Ltd as owned by Civmec Construction and Engineering Pty Ltd. Defence is also holding senior level meetings to review and agree the implementation strategy of consent.

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	There is an issue that Contract Acceptance of OPV 1 and 2 being built in Osborne have been significantly delayed due to issues in production and acceptance testing activities, resulting in late delivery of capability to Navy.	Issue reduced to Medium and now have been retired. Defence contractually accepted OPV 1 on 30 January 2025 and is now working with Luerssen Australia Pty Ltd for the planned acceptance of OPV 2. This issue will be removed from next year's MPR.
2	There is an issue that Contract Acceptance of OPV 3, OPV 4, OPV 5 and OPV 6 being built in Henderson, WA have been significantly delayed due to issues in ship production resulting in late delivery of the capability to Navy.	This issue is to be reviewed in Quarter 3, 2025 to reflect the commercial resolution status as agreed between Defence and Luerssen Australia Pty Ltd in May 2025.
3	There is an issue that inadequate access to ship building facilities in Henderson, WA inhibits OPV 3 to OPV 6 production progress.	This was a risk that was realised and now have been retired. Luerssen Australia Pty Ltd has made additional space and resources available for OPV 6 in January 2025. OPV 6 assembly has commenced in Henderson, WA, which is beneficial for the schedule improvements of OPV 3 to 6. This issue will be removed from next year's MPR.

Section 6 – Lessons

6.1 Key Lessons

In line with Defence Instructions and CASG Lessons policy, the Project conducts scheduled reviews of its captured lessons information (including any observations, insights and/or lessons identified) as well as lessons information contained within the Defence Lessons Repository. The Project has captured 13 lessons. The 12 project strategic lessons are listed below. No project level (non-strategic) lessons were identified.	
Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. The shortcomings in management of Common Systems/Government Furnished Material (GFM) Sub-System Item Owner Schedules directly affected Project engagement and support during acquisition. This issue has been provided as feedback to the Head of Governance within the GFM Sub-Systems area.	Program, Project & Product Management
Strategic Lesson Type – Observation. There are several different risk management systems used to capture risks, issues and opportunities related to the Project. The Project is assessing different ways of displaying risks to engage with senior executives and improving communication on risk between project and stakeholders.	Program, Project & Product Management
Strategic Lesson Type – Observation. While certain sub-systems can only be provided as GFM (e.g. radar, weapons, crypto); many systems can and should be sourced commercially by the prime contractor.	Commercial Management
Strategic Lesson Type – Lesson Identified. Inadequate timeframe to conduct procurement can diminish the opportunity for due diligence during tender evaluations. Providing sufficient time for due diligence is crucial to ensure the integrity and effectiveness of the procurement process.	Commercial Management
Strategic Lesson Type – Lesson Identified. The use of reference ship designs from other navies provided reassurance in the procurement process but it remains crucial to thoroughly understand the intended capabilities and requirements, and ensure alignment with project objectives.	Engineering & Technical
Strategic Lesson Type – Lesson Identified. Payment milestones should be robustly designed to accommodate potential delays and fluctuations in cash flow, ensuring financial stability throughout the Project. Undertake sensitivity analysis prior to agreeing payment milestones, particularly for fixed price contracts.	Commercial Management
Strategic Lesson Type – Lesson Identified. Clear communication and thorough contract review both prior to contract execution and throughout the contract term are essential to align project expectations with contractor responsibilities, avoiding misunderstandings and potential disputes. If procurement time constraints prevent detailed contract discussions, ensure key responsibilities are clearly outlined and understood by all parties involved to prevent future misunderstandings.	Program, Project & Product Management
Strategic Lesson Type – Lesson Identified. Stakeholders' requirement for clear, concise communication. Stakeholders not being regularly informed about, and being a part of, project developments and decisions.	Program, Project & Product Management
Strategic Lesson Type – Observation. Identify and mitigate risks of taking an existing foreign design or foreign shipbuilder out of its organic shipyard to build locally in Australia. Risks include but not limited to infrastructure, workforce, processes and supply chain.	Program, Project & Product Management
Strategic Lesson Type – Observation. Develop and evaluate compliance of any Reference Ship Designs (RSD) against an agreed set of Defence requirements that includes a Certification Basis and/or agreed classification society rule set, as well as statutory obligations prior to contract signature.	Program, Project & Product Management
Strategic Lesson Type – Observation. Clear understanding between the parties regarding project management and contract data deliverables requirements prior to finalising and executing the contract.	Program, Project & Product Management
Strategic Lesson Type – Observation. The implementation of the Contracted Functional Performance Specification on to the RSD should be considered in more detail to prevent unanticipated changes in the platform design.	Engineering & Technical
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
No Project level lessons were identified in the current MPR reporting period.	N/A

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Patrol Boats and Specialist Ships Division
Branch	Offshore Patrol Vessels Branch

Project Data Summary Sheet

Project Number	**SEA1439 Phase 5B2**
Project Name	**COLLINS CLASS COMMUNICATIONS AND ELECTRONIC WARFARE IMPROVEMENT PROGRAM**
First Year Reported in the MPR	2018-19
Capability Type	Upgrade
Capability Manager	Chief of Navy
Government 1st Pass Approval	Oct 06
Government 2nd Pass Approval	Stage 1 – Jun 15 Stage 2 – Mar 17
Budget at 2nd Pass Approval	$599.2m
Total Approved Budget (Current)	$617.8m
2024–25 In-year Budget	$16.0m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

SEA1439 Phase 5B2 is a multiple Second Pass project that is delivering a Modernised Submarine Communications System (MSMCS) and upgraded Electronic Support measures on the Collins Class Submarines (CCSM). These enhancements will be broadly delivered in two stages:

- MSMCS Stage 1 replaces obsolete communications equipment on-board six CCSM. MSMCS Stage 1 upgrade is providing the submarines with improved performance, reliability and interoperability with other components of the Australian Defence Force and allied nations.
- MSMCS Stage 2 is delivering urgent communications systems upgrades including satellite communications that will deliver a submarine internet protocol capability with supporting applications that will significantly reduce operator workloads and improve system management.

Funded under Stage 1, but as a standalone capability, Microwave Electronic Support (MWES) system will maximise commonality between the CCSM and the wider Royal Australian Navy (RAN) fleet. This is being installed independently and in parallel with Stage 1 and Stage 2.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $2.8m against FY 2024-25 budget of $16.0m. Budget variance due to delays to overall progress of docking maintenance periods and consequential impact to completion of project milestones that are dependent on availability of a range of other platform system services.

Project Financial Assurance Statement

As at 30 June 2025, SEA1439 Phase 5B2 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

SEA1439 Phase 5B2 Stage 1 achieved Initial Materiel Release (IMR) on one platform on 26 November 2019.

SEA1439 Phase 5B2 MWES system experienced significant schedule delays from Government Second Pass Approval due to difficulties engaging with subcontractors in the early phases of the project. Contractors have now been engaged and progressing to project implementation on platforms in accordance with the schedule re-baselined at Government Second Pass Approval for MSMCS Stage 2.

Restricted movements of contractor staff across state borders due to COVID-19 delayed IMR of MSMCS Stage 2 and MWES. MSMCS Stage 2 IMR was achieved on 20 October 2021. MWES IMR was further delayed as a result of COVID-19 travel restrictions affecting staff contractor movements and the completion of installation and set-to-work. Other areas of priority work conducted on the platform impacted by delays include, completing equipment installation for the support facility in the Submarine Training and Systems Centre (STSC) and follow on delays in obtaining objective quality evidence. MWES IMR was achieved on 2 November 2022. Initial Operational Capability (IOC) for MSMCS Stage 1 and Stage 2 and MWES was further impacted by delays associated with accreditation end-to-end sustainment requirements. Final Materiel Release (FMR) Stage 1 achieved on 1 August 2023 with deficiencies. IOC for MSMCS Stage 1 and Stage 2 and MWES was awarded on 3 March 2024 with caveats.

SEA1439 Phase 5B2's next major materiel release and operational capability milestones are FMR, Stage 2 and MWES and Final Operational Capability (FOC) (Stage1, 2 and MWES).

Materiel Capability/Scope Delivery Performance

The project's capability/scope delivery performance status for the six CCSM and training systems are:

MSMCS Stage 1

- Six platforms are complete and are in use.
- Training system installation at the Integrated Test and Training Site (ITTS) is complete and is in use.

MSMCS Stage 2

- Three platforms are complete and are in use.
- One platform under acceptance test and is expected for completion in Quarter 4, 2025.
- Two platforms currently being installed.
- Training system installation at the ITTS is complete and is in use for training.

MWES

- Five platforms are complete and are in use.
- One platform is currently being installed.
- Training system installation at the STSC is complete and is in use for training.

1.3 Project Context

Background

In December 2004, Defence initiated investigations into CCSM potential capability enhancements and obsolescence issues regarding equipment with the Collins Class Communications Centre (COMCEN).

Government in November 2013 agreed to the SEA1439 Phase 5B2 scope that would address the identified enhancement and obsolescence issues under two stages.

Stage 1 relates to the MSMCS that updated the obsolete COMCEN equipment on-board the Collins Class with a Military Off-The-Shelf solution. Stage 1 received Second Pass Approval in June 2015 and is being implemented across all six platforms and at the ITTS.

Stage 2 relates to the delivery of MSMCS capability enhancements including the introduction of satellite communications that provide improved data transmission/receive rates in a tactical environment and enhances networks and associated Information and Communication Technologies infrastructure. Stage 2 received Government Gate Two Approval (previously 'Second Pass') in March 2017. Stage 2 includes the following capability enhancements across all six platforms and at the ITTS:

- Wideband Satellite Communications (WBS) System.
- Classified Local Area Networks (LAN) to distribute information outside the COMCEN, referred to as the Submarine Local Area Network Environment (SUBLANE).
- Network infrastructure to allow multiple classified LANs to access the same internet protocol-enabled radio frequency bearer system.
- Tools and applications that effectively and efficiently manage the information flows between the shore communication centres and the submarines, referred to as Submarine Communication Information Exchange Management.

The MWES system will detect, identify, and localise intercepted signals. The MWES capability enhancement will maximise commonality between the CCSM and the wider RAN fleet. Funded under Stage 1, but as a standalone capability, MWES is being installed independently, in parallel with Stage 1 and 2, in a flexible manner, achieving installation on the best-suited boat at the time of material availability.

Uniqueness

SEA1439 Phase 5B2 Stage 1 addresses the obsolescence issues of the legacy maritime communications capability of the CCSM, and enhances the electronic support based on modernised architectures and standardised systems. The new and upgraded capability will enable new levels of operability and interoperability never before seen on CCSM.

For implementation of Stage 2, the majority of supplies are Government Furnished Material. The project has engaged Raytheon Australia Pty Ltd as Prime System Integrator (PSI) to implement MSMCS Stage 2. The Submarine LAN and the Submarine Communication Information Exchange Management elements of Stage 2 are being supplied by the Defence Digital Group (formerly known as Chief Information Officer Group) with the funding for the development and delivery of these systems handed directly to Defence upon Government Second Pass Approval for Stage 2.

The other major component of Stage 2 is the WBS component, which is supplied under a United States (US) Government Foreign Military Sales (FMS) case.

Major Risks, Emergent Risks and Issues

In December 2024, the project undertook a review of its risks and issues resulting in reparsing of all risks and issues, combining those risks/issues with similar themes. This review resulted in some risks/issues being retired/downgraded because of a changed environment.

The project is currently managing a major risk:

- Stakeholder may not be able to complete design to modernise submarine LAN environment. This risk has been downgraded.

The project is currently managing an emergent risk:

- FMR not attained and IOC caveats not actioned.

The project is currently managing a number of issues including:

- Delivery of Information Screening and Delivery System (ISDS) is delayed. This issue has been reassessed as an emergent risk and downgraded to medium. It will be removed in the subsequent Major Projects Report (MPR).
- High staff vacancy rate. This issue is now downgraded and will be removed in the subsequent MPR.
- Establishing long-term sustainment contract for ISDS will take longer than anticipated. This issue has been reassessed and downgraded to medium.
- Deficiencies for FMR Stage 1.
- IOC caveats to address accreditation requirements.
- Finalising ISDS related actions in Project's Plan of Action and Milestones. This issue has been reassessed as an emergent risk and downgraded to medium. It will be removed in the subsequent MPR.

Other Current Related Projects/Phases

SEA2273 – Fleet Information Environment Modernisation. Is responsible to modernise the extant fleet information environment.

SEA1439 Program. SEA1439 Phase 5B2 is related but not dependent on other projects within the SEA1439 program.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Oct 06	Original Approved (Government First Approval)	4.1		1
Apr 10	Real Variation – Scope	1.4		1
Sep 12	Real Variation – Scope	1.6		1
Feb 15	Government First Pass Approval – Stage 1	36.7		2
Jun 15	Government Second Pass Approval – Stage 1	203.9		3
Mar 17	Government Second Pass Approval – Stage 2	351.4		4
	Total at Second Pass Approval		**599.2**	
Jan 20	Real Variation – Budgetary Adjustment	2.5		5
Jul 10	Price Indexation		0.4	6
Jun 25	Exchange Variation		15.8	
	Total Budget		**617.8**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Raytheon Australia Pty Ltd	(185.6)		7
	Contract Expenditure – FMS Case (AT-P-LFQ)	(83.5)		
	Contract Expenditure – ASC Pty Ltd	(77.9)		
	Contract Expenditure – Jenkins Engineering Defence Systems Pty Ltd	(49.1)		
	Other Contract Payments/Internal Expenses	(23.2)		8
			(419.3)	
FY to Jun 25	Contract Expenditure – ASC Pty Ltd	(2.5)		
	Contract Expenditure – Jenkins Engineering Defence Systems Pty Ltd	(0.1)		
	Contract Expenditure – FMS Case (AT-P-LFQ)	0.2		9
	Other Contract Payments/Internal Expenses	(0.4)		8
			(2.8)	
Jun 25	**Total Expenditure**		**(422.1)**	
Jun 25	**Remaining Budget**		**195.7**	

Notes	
1	Original approved funding was for development of the Function and Performance Specifications (FPS) for the future implementation of SEA1439 Phase 5B2 to provide high data rate communications fit for CCSM.
2	Government approved SEA1439 Phase 5B2 Stage 1 funding for risk reduction funding for the development of the design of 5B2.
3	Government approved SEA1439 Phase 5B2 MSMCS Stage 1 to provide a solution to address obsolescence issues.
4	Government approved SEA1439 Phase 5B2-A MSMCS Stage 2 for WBS and LANs implementation. There was no Government First Pass Approval for Stage 2 as this is a capability enhancement of Stage 1.

[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.

5	In January 2020, a budget adjustment was applied ($2.5m) as a correction to project financial reporting. The project's total approved budget has remained the same as approved by Government.
6	Up until July 2010, indexation was applied to project budgets on a periodic basis. The cumulative impact of this approach was $0.4m.
7	The scope of this contract is explained further in Section 2.3 – Details of Project Major Contracts.
8	Other Contract Payments/Internal Expenses: Operating expenditure, minor contract expenditure and other capital expenditure not attributable to the listed contracts. These include: Subject Matter Expert (SME) support from Compas Pty Ltd - System Security ($0.18m), and Chandler Macleod – safety and certification ($0.11m) and internal expenses: software licence ($0.036m), Project Management ($0.03m) and FMS freight ($0.007m).
9	US Government supply (FMS Case) for WBS. FMS expenditure due to lower disbursements in FY 2024-25 and credit in July due to a reverse amount debited in June 2024.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
29.7	15.9	16.0	Portfolio Budget Statements (PBS) to Portfolio Additional Estimate Statements (PAES): Variance is due to decrease in project management budget; reprogramming of FMS case budget, capability assurance activities and Stage 2 platform works. PAES to In-year Budget: Variance is predominantly due to re-programing of long lead items and foreign exchange adjustment.
Variance $m	(13.8)	0.1	Total Variance ($m): (13.7)
Variance %	(46.5)	0.6	Total Variance (%): (46.2)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(10.6)	Australian Industry	Budget variance due to: Delays to overall progress of docking maintenance periods and consequential impact to completion of project milestones that are dependent on availability of a range of other platform system services, and FMS case disbursement lower than phased budget.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		(2.6)	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
16.0	2.8	**(13.1)**	**Total Variance**	
		(82.3)	**% 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			
ASC Pty Ltd	July 12	N/A	95.2	Variable	Standard Defence Contract	1, 6
Raytheon Australia Pty Ltd	Feb 15	32.9	191.6	Firm or Fixed	Standard Defence Contract	2, 3, 6
Jenkin Engineering Defence Systems Pty Ltd	Jul 16	10.4	50.4	Firm or Fixed	Standard Defence Contract	4, 5, 6, 7
US Government – FMS Case (AT-P-LFQ)	Jun 17	98.0	127.8	Reimbursement (for FMS)	FMS	6

Notes	
1	ASC Pty Ltd engagement related to SEA1439 Phase 5B2 is not a single contract. ASC Pty Ltd is engaged under a number of separate Survey and Quote (S&Q) tasks under the provisions of the In-Service Support Contract (ISSC) CSP/2012/1. At contract signature, no S&Q tasks had been raised for SEA1439 Phase 5B2.
2	Raytheon Australia Pty Ltd received $32.9m in interim funding by the Commonwealth of Australia (CoA) to achieve Detail Design Review (DDR) prior to full contract award in March 2016 when the CoA issued a Notice to Proceed post Government Second Pass Approval for Stage 1.
3	The Raytheon Australia Pty Ltd PSI contract has been amended on multiple occasions. The major contract changes are Contract Change Proposal (CCP) 006 for early implementation of Stage 1 on one platform and CCP008 for the introduction of Stage 2 work scope.
4	CCP001 was negotiated with a revised scope for the MWES element of the project.
5	CCP002 was approved for remediation works at the ITTS and option to procure two additional systems.
6	Contract value as at 30 June 2025 is based on actual expenditure to 30 June 2025 and remaining commitment at current exchange rates.

7	CCP003 was approved to re-baseline milestones affected because of COVID-19 consequences. There is no change to the contract price.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
ASC Pty Ltd	6	6	Deliveries consist of platform integration on six CCSM of Stage 1 and 2 and MWES.	1
Raytheon Australia Pty Ltd	7	7	Deliveries consist of six Stage 1 and 2 platform fits, and one Stage 1 and 2 Training System fitted at the ITTS.	1
Jenkins Engineering Defence Systems Pty Ltd	5	7	Deliveries consist of six MWES platform fits, and one MWES fitted at the STSC.	2
US Government – FMS (AT-P-LFQ)	7	7	Deliveries consist of six WBS platform fits, and one WBS training system fitted at the ITTS.	-

Major equipment accepted and quantities to 30 Jun 25
Stage 1 systems have been implemented on six platforms which are now in operational service. Stage 1 and 2 training system have been implemented at the ITTS and are in use for training. Stage 2 has been implemented on three platforms that are now in service. MWES has been implemented on five platforms and are now in service. MWES training system has been implemented at the STSC.

Notes	
1	The MPR Guidelines require contractors to be listed in order of signature. There was an error in previous editions of Project Data Summary Sheet (PDSS) where ASC Pty Ltd and Raytheon Australia Pty Ltd were not in order of signature.
2	MWES training installation is part of the STSC and not ITTS as stated in previous editions of the PDSS.

2.4 Australian Industry Capability

Summary
The project has contracted Australian Industry Capability (AIC) Plan based opportunities where appropriate, to identify Local Industry Capability which is captured in Raytheon Australia Pty Ltd and Jenkins Engineering Defence Systems Pty Ltd's AIC Plans in support of their design, manufacturing, delivery and installation activities for various systems on six CCSM. The project has no contracted AIC Plans for ASC Pty Ltd. The project's contract with ASC Pty Ltd is under a number of separate S&Q tasks under the provisions of an ISSC. AIC targets are not applicable to the project's S&Q tasks. The project has no contracted AIC Plans for US Government, because the FMS is a Government-to-Government agreement and therefore contains different obligations on partner nations in terms of developing industry capability and compliance with domestic policy. As such, compliance with the domestic Industry Policy and the AIC Program is not mandated.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	Stage 1	Jul 15	N/A	Jul 15	0	-
	MWES	Nov 16	Sep 18	Oct 18	23	1
	Stage 2	Sep 17	Oct 17	Oct 17	1	2
Preliminary Design	Stage 1	Nov 15	N/A	Nov 15	0	-
	MWES	Jan 17	Jan 19	Feb 19	25	1
	Stage 2	Jan 18	Feb 18	Jul 18	6	2
Critical Design	Stage 1	Mar 16	Apr 16	Apr 16	1	2
	MWES	Apr 17	Mar 19	Sep 19	29	1
	Stage 2	May 18	Jun 18	May 18	0	-

Notes	
1	MWES FPS had taken longer than expected to finalise. DDR completed on 8 May 2019. DDR acceptance signed on 19 September 2019.
2	Variance is due to delays in processing and acceptance of documentation delivered by the contractor.

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	MSMCS Stage 1	May 17	Jun 17	Jul 17	2	1, 4
	MWES	May 18	Nov 19	Mar 20	22	2
	MSMCS Stage 2	Jun 19	Jul 19	Jul 19	1	1, 6, 8

Acceptance	MSMCS Stage 1	Jun 24	Apr 18	Jan 18	(77)	7
	MWES	Jul 19	N/A	Aug 21	25	2, 5
	MSMCS Stage 2	Jun 20	N/A	Jun 20	0	3, 6, 8

Notes	
1	MSMCS Stage 1 and Stage 2 System Integration is based on completion of Critical Acceptance Test (CAT) 3 Testing by the PSI in accordance with completion milestones within the PSI contract and the Test and Evaluation Master Plan (TEMP).
2	MWES System Integration is based on First-of-Type (FOT) Set-to-Work. System acceptance is based on completion of successful FOT Harbour Acceptance Trial completion. Original system integration date based on planned FOT installation that was subsequently transferred to a different platform in a later maintenance period.
3	MSMCS Stage 1 and Stage 2 acceptance is based on the CoA's acceptance of the completion of CAT 4 testing in accordance with completion milestones within the PSI contract and the TEMP.
4	Variance is due to extended duration for processing and acceptance of documentation delivered by the contractor.
5	MWES implementation delayed due to immature procurement strategy and FPS. This has now been resolved with implementation completed in FOT platform. CoA's acceptance is at completion of CAT 4 testing. Completion of CAT4 testing and Harbour Acceptance Trial on FOT platform delayed due to COVID-19 related travel and working condition restrictions. Additional delay to CAT 4 testing due to COVID-19 travel restrictions between states and unavailability of platform resulting in deferral of CAT 4 testing.
6	Implementation schedule understanding has matured since the Materiel Acquisition Agreement (MAA) was originally developed.
7	System acceptance achieved six months early due to the acceleration of the MSMCS Stage 1 installation with platform 2 installation brought forward 77 months from a Full Cycle Docking to an earlier Mid Cycle Docking.
8	Systems Operation and Verification Testing (SOVT) of WBS system under Stage 2 completion is acceptance of supplies from the US Government under the FMS case. SOVT transitions supplies from US Government to the Capability Acquisition and Sustainment Group (CASG). CASG transition the WBS to the submarine sustainment organisation. SOVT of WBS system is not a precondition to Stage 2 acceptance.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR) Stage 1	Jul 18	Nov 19	16	1, 2
IMR MWES	Feb 18	Nov 22	57	1, 3, 6, 8
IMR Stage 2	Dec 20	Oct 21	10	1, 4, 5, 8
Initial Operational Capability (IOC) Stage 1, 2 & MWES	Jun 21	Mar 24	33	1, 4 , 7, 10,12
Final Materiel Release (FMR) Stage 1	Jul 22	Aug 23	13	1 ,4, 8,11,13
FMR MWES	Jun 19	NFP	NFP	1, 3, 8, 9
FMR Stage 2	Jul 22	NFP	NFP	1, 4, 8,14
Final Operational Capability (FOC) Stage 1, 2 & MWES	Dec 24	NFP	NFP	1, 4,14

Notes	
1	Original Planned dates for Stage 1 and MWES are in accordance with revision 2 of the MAA. Original planned dates for Stage 2 are in accordance with revision 4 of the MAA.
2	Stage 1 IMR claim agreed 26 November 2019. Variance due to delay in obtaining all objective quality evidence to support IMR claim.
3	MSMCS MWES implementation delayed due to immature procurement strategy and FPS. This has now been resolved with implementation completed in FOT platform, but has had consequential impact to the MWES implementation plan, IMR and FMR.
4	Original IOC, FMR and FOC was for MSMCS Stage 1 and MWES. MAA Version 4.0 updated IOC to also include MSMCS Stage 2.
5	IMR Stage 2 variance is due to delay of Sea Acceptance Trial schedule as a result of COVID-19 related travel restrictions and delay in obtaining objective quality evidence to support trials assessment.
6	IMR MWES variance due to installation and set-to-work delay resulting from COVID-19 travel restrictions, installation schedule conflict resulting in contractor resources being allocated to one platform and delay in completing of Support System equipment in the STSC.
7	IOC date amended to reflect delay in achieving MSMCS Stage 2 (see Note 5) and MWES IMR (see Note 6).
8	MAA Version 5.0 updated IMR MWES and IMR Stage 1 and 2.
9	FMR MWES is now aligned with FMR Stage 2.
10	Project has achieved all necessary prerequisites identified in MAA Version 5.0 milestone completion measures of effectiveness criteria. IOC date was revised from December 2022 to December 2023 to address accreditation end-to-end sustainment requirements.
11	FMR Stage 1 variance due to delay in maintenance period.
12	IOC awarded with caveats to address accreditation requirements.
13	FMR Stage 1 awarded with deficiencies due to incomplete testing.
14	FMR Stage 2, MWES and FOC variance due to delay in maintenance period.

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	
100%	**Green:** The project is currently achieving the Materiel Capability Requirements as expressed in the MAA.
0%	**Amber:** N/A
0%	**Red:** N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	Modification of one platform and the ITTS with Stage 1 including: • Verification and validation and certification completed in accordance with approved plans. • Training system delivered along with initial crew and trainer training. • Spares and support arrangements in place. IMR report endorsed and released for approval by the regulatory authority.	Achieved
Initial Operational Capability (IOC)	Operationally employ MSMCS Stage 1 and Stage 2 and MWES on one platform and associated Fundamental Inputs to Capability (FIC) such as crew training and Integrated Logistics Support. IOC for MSMCS Stage 1 and Stage 2 and MWES was awarded 3 March 2024 with caveats to address accreditation requirements.	Achieved with Caveats
Final Materiel Release (FMR)	MSMCS Stage 1, 2 and the MWES elements installed on six platforms and one ITTS. Support arrangements including Materiel Transition Plans, spares, training and other Integrated Logistics Support requirements required to transition the materiel system into operational services and sustainment. FMR Stage 1 was achieved in August 2023 with deficiencies due to incomplete testing. FMR Stage 2 is expected to be achieved. Forecast dates for FMR are NFP.	Not yet Achieved

Final Operational Capability (FOC)	Operationally employ MSMCS Stage 1, 2 and MWES in six platforms, the ITTS and associated FIC such as crew training and Integrated Logistics Support. FOC (Stage 1, 2 and MWES) is expected to be achieved. Forecast dates for FOC are 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	There is a risk that stakeholder may not be able to complete design to modernise SUBLANE. This may impact the project's ability to implement extant design on time on one platform if the modernisation design is not completed.	Regular engagement with stakeholder allows the project to be aware of stakeholder's design progress. Remaining platform will be installed with extant LAN until design is complete for modernised SUBLANE. This risk has been downgraded and will be removed from next year's 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
1	FMR not attained and IOC caveats not actioned.	Implement Project's Plan of Action and Milestone to demonstrate compliance with security accreditation authority requirements and address caveats identified at IOC award. These include implementing software updates and establishing a systems integration lab.

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	ISDS is delayed because of stakeholder's decision to build a new system associated with ISDS rather than using existing version.	Project stakeholders conducted workshop to revise and agree with schedule and scope to consider new build. This issue has been reassessed and downgraded to medium. It will be removed from next year's MPR.
2	The project team will not be able to complete and deliver essential project tasks on time because of high staff vacancy rate and recruitment timeline is impacting engaging suitably of qualified persons.	Supplement skill shortfalls by employing specialist external service providers and prioritise and complete essential tasks first. Project was successful with recruitment activity to fill critical positions. This issue is now downgraded and will be removed from next year's MPR.
3	Considering establishing long-term sustainment contract will take longer than anticipated, this may impact system accreditation of ISDS. Delayed security accreditation may also impact IOC award.	Sustainment business unit is implementing an interim sustainment contract while progressing work to establish long-term sustainment contract. Active engagement with key stakeholders to assist in establishing long term sustainment contract. This issue has been reassessed and downgraded to medium. It will be removed from next year's MPR.
4	IOC award with caveats.	Address accreditation requirements. Implement Project's Plan of Action and Milestone to demonstrate compliance with security accreditation authority requirements and address caveats identified at IOC award. These include implementing software updates and establishing a systems integration lab. This issue has been reassessed and is now addressed as an emergent risk. It will be removed from next year's MPR.
5	FMR Stage 1 with deficiencies.	Complete testing that were unable to be undertaken during testing phase.
6	ISDS related actions in Project's Plan of Action and Milestones may not be finalised due to delay in advice from SME stakeholder.	Regular engagement with SME and highlight criticality of obtaining advice. Active engagement with key stakeholders to assist in establishing long term sustainment contract. This issue has been reassessed and downgraded to medium. It 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 23 lessons. The five project strategic lessons and the five project level lessons (non-strategic) are listed below:	
Strategic Lessons Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Regular detailed and customised reporting addressed directly to stakeholders ensures that information is received in high visibility projects or fast tracked schedules where there is no float. Stakeholder engagement through regular detailed and customised reporting will ensure stakeholders are engaged supportive and operating in a coordinated manner.	Program, Project & Product Management
Strategic Lesson Type – Observation. SEA1439 Phase 5B2 Engineering staff have gained considerable knowledge of communication systems on CCSM and believe this is opportune time to share this knowledge with Future Submarine Program. SEA1439 Phase 5B2 has recently shared design/installation knowledge and FMS knowledge with Future Submarine Program.	Engineering & Technical
Strategic Lesson Type – Observation. Regular and close stakeholder engagement is essential where SEA1439 Phase 5B2 manages budget and reporting requirements to reduce risks of delivering scope under the MAA, but is not the CoA representative of a contract.	Program, Project & Product Management
Strategic Lesson Type – Observation. Project having compressed schedule to achieve implementation on a platform during docking period meant that level of detail of engineering artefacts were seen as a risk by stakeholders.	Program, Project & Product Management
Strategic Lesson Type – Observation. An Accreditation Authority developed by maritime systems owner with the aim of provisioning security accreditation to maritime mission systems with its frameworks designed to accommodate both Information and Communications Technology and Operational Technology security accreditation and aligned to existing Acquisition project delivery models. This concept is expected to ensure system owner achieves a more appropriate balance between delivering secure systems and ensuring operational objectives are met. System owner will ultimately have the ability to manage risk appropriate to their operational requirements and avoid reporting of significant control gaps and failed security assessments for projects with long build and delivery lifecycle.	Engineering & Technical
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
Project level lesson. Freight for equipment sourced from overseas should be arranged for delivery at least one month prior to required date (at a minimum). This allows project to have ample time to rectify potential transit damage. This timeline is also necessary where arrangements involve various stakeholders who may have different priorities and freight is arranged to transit various ports before final destination.	Materiel Logistics
Project level lesson. Early engagement with configuration change approving authority is critical and avoid splitting tasks. Early engagement gives the approving authority sufficient time for review and comment whether the configuration change is adequate for the requested task.	Engineering & Technical
Project level lesson. Ensure serviceability of auxiliary equipment is verified and operational prior to using auxiliary equipment to support major system testing.	Engineering & Technical
Project level lesson. Prepare system test plan as early as practical and identify requirements for facilities/equipment. Identify stakeholder points of contact early in project phase and share test plan requirements to ensure availability of facilities/equipment.	Program, Project & Product Management
Project level lesson. Ensure early engagement with SME Groups within the Department to ensure availability of system connectivity to support project with testing of external communications system.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Submarines Division
Branch	Collins Submarine Program

Project Data Summary Sheet

Project Number	**SEA1442 Phase 4**
Project Name	**MARITIME COMMUNICATIONS MODERNISATION**
First Year Reported in the MPR	2014-15
Capability Type	Upgrade
Capability Manager	Chief of Navy
Government 1st Pass Approval	Dec 10
Government 2nd Pass Approval	Jul 13
Budget at 2nd Pass Approval	$385.6m
Total Approved Budget (Current)	$443.2m
2024–25 In-year Budget	$20.3m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

SEA1442 Phase 4 will upgrade the communications capability in the eight Anzac Class Frigates and address communications system obsolescence in the class, by modernising it with improved communications management, secure voice and tactical intercom, red/black switching, tactical radios and a High Data Rate line-of-sight capability. The project will also deliver support systems, a secondary Maritime Tactical Wide Area Network (MTWAN) Shore Gateway and upgrade the Anzac Combat System Trainer Communications Terminals.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $21.8m against FY 2024-25 budget of $20.3m. The overspend was primarily due to an increase in a contractual payment to the Prime Contractor, Leonardo UK Ltd.

Project Financial Assurance Statement

As at 30 June 2025, SEA1442 Phase 4 has reviewed the projects 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

Detailed Design Review (DDR) was delayed by four months due to delay in completion of design activities by the contractor which resulted in liquidated damages being invoked during the FY 2016-17 and accepted by the Commonwealth of Australia (CoA) in the form of additional goods and services provided by the contractor.

Training System (TS) and Shore Integration Test Facility (SITF) acceptance occurred in November 2019, with seven ship mission systems accepted to date; in April, July and September 2021; July 2022, March and November 2023; and, November 2024.

The SEA1442 Phase 4 delivery and installation schedule has been aligned to the Anzac Midlife Capability Assurance Program (AMCAP) scheduling and the availability dates for the remaining ships are subject to change. This alignment of programs has resulted in SEA1442 Phase 4 Initial Materiel Release (IMR) moving from June 2018 to being declared in September 2021. IMR was achieved with exceptions. Initial Operational Capability (IOC) was similarly delayed from December 2018 and declared in November 2023. Final Operational Capability (FOC) is delayed following the most recent change to the AMCAP schedule.

Materiel Capability/Scope Delivery Performance

The MTWAN Shore Gateway has been delivered and is operational, including the TS and the SITF which were both accepted in November 2019. The contractor delivered the first three Anzac ship systems, His Majesty's Australian Ship (HMAS) *Anzac*, HMAS *Arunta* and HMAS *Warramunga*, with associated support systems to Capability Acquisition and Sustainment Group (CASG) in 2021. HMAS *Perth's* communication system was delivered in 2022, HMAS *Toowoomba's* and *Stuart's* in 2023 and HMAS *Ballarat's* communication system was delivered in November 2024. IMR was declared in September 2021 and IOC was declared in November 2023.

1.3 Project Context

Background

SEA1442 Phase 4 is a multi-phased program that will modernise the Royal Australian Navy's (RAN) communications infrastructure. The New Generation Maritime Communications System (NewGen MCS) will deliver an integrated and automated system that provides a more agile and faster communication solution requiring reduced operator intervention.

The majority of equipment and sub-systems are either existing Military or Commercial grade items that require some functionality enhancements and Australianisation. The main systems challenge is bringing the sub-systems together as part of a highly integrated and automated system into the ship platform, cognisant of existing weapons, sensors, emitters, and specific platform requirements.

Government Second Pass approval occurred in July 2013 with the acquisition and five-year support services contracts awarded to Selex ES Ltd in November 2013. Selex ES Ltd changed its name to Leonardo MW Ltd in September 2016 and to Leonardo UK Ltd in March 2021.

The project is also managing the acquisition of ARC-210 Gen 5 Very/Ultra-High-Frequency multi-band, multi-mode software defined radios through Foreign Military Sales (FMS) with the United States (US) Government. The radios form part of the NewGen MCS.

Uniqueness

An advanced feature of the NewGen MCS includes a unique radio frequency distribution system that will allow automated and efficient switching of the multitude of radios and antennae on each ship in order to establish the most effective communications path.

The High Data Rate line-of-sight system is a new capability and will be a step towards enabling the RAN to operate in a satellite denied environment and enable more efficient ship-to-ship communication.

Major Risks, Emergent Risks and Issues

The project is currently managing the following emergent risk:

- New capability systems to be included on the final Anzac platform will have an unknown impact on the NewGen MCS.

The project is managing the following issues:

- A shortage of project personnel due to Defence policies restricting recruiting in certain circumstances.
- An extended delay to the SITF recommissioning will result in a reduced communications testing capability, leading to a loss of capability to Navy.

Other Current Related Projects/Phases

The deliverables provided by SEA1442 Phase 4 have been incorporated into the overall AMCAP schedule. The AMCAP involves a suite of upgrades to the Anzac platform being delivered by multiple projects, of which SEA1442 Phase 4 is one. Delays or issues with other AMCAP projects can delay the schedule of SEA1442 Phase 4.

The AMCAP projects consist of:

SEA1448 Phase 4B – Anzac Air Search Radar Replacement. This project is providing an integrated and supportable modern Long Range Air Search Capability into the Anzac Class Frigates.

Anzac Platform System Remediation (PSR) Program. The PSR will see the upgrade of on-board systems that includes ventilation, the propulsion control system to improve power and efficiency, waste management and water production systems.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Dec 10	Original Approval (Government First Pass Approval)	11.4		
Jul 13	Government Second Pass Approval	374.3		
	Total at Second Pass Approval		**385.6**	
Jun 25	Exchange Variation		57.6	
Jun 25	**Total Budget**		**443.2**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Leonardo UK Ltd	(262.4)		
	Contract Expenditure – US Government FMS Case AT-P-BSH	(15.3)		1
	Contract Expenditure – Nova Systems Australia Pty Ltd	(15.0)		
	Contract Expenditure – Warship Asset Management Agreement (WAMA)	(13.9)		2
	Other Contract Payments/Internal Expenses	(13.8)		

[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.

			(320.5)
FY to Jun 25	Contract Expenditure – Leonardo UK Ltd	(15.3)	
	Contract Expenditure – Nova Systems Australia Pty Ltd	(4.8)	
	Contract Expenditure – WAMA	(1.1)	
	Other Contract Payments/Internal Expenses	(0.6)	
			(21.8)
Jun 25	**Total Expenditure**		**(342.3)**
Jun 25	**Remaining Budget**		**100.9**

Notes	
1	US Government FMS Case is not a new contract, the FMS Case number has been referenced for consistency with contract details in Table 2.3A and throughout the Project Data Summary Sheet (PDSS).
2	The WAMA consists of CoA, BAE Systems Maritime Australia Pty Ltd, Saab Australia Pty Ltd and Naval Ship Management (Australia) Pty Ltd.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
21.2	20.2	20.3	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The reduction in expenditure is largely due to a delay in the AMCAP schedule which resulted in a Prime Contract milestone shifting via Contract Change Proposal (CCP) from the current year to FY 2025-26. PAES to In-year Budget: Negligible variance.
Variance $m	(1.1)	0.1	Total Variance ($m): (1.0)
Variance %	(5.2)	0.7	Total Variance (%): (4.5)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		1.5	Australian Industry	The overspend is largely due to an increase in a Prime Contract milestone via CCP, due to a delay in the AMCAP schedule.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
20.3	21.8	**1.5**	**Total Variance**	
		7.4	**% 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			
Leonardo UK Ltd	Nov 13	187.7	308.0	Variable	Standard Defence Contract	1, 2
US Government FMS Case AT-P-BSH	Dec 14	17.0	15.3	Firm or Fixed	FMS	3
WAMA	Dec 17	7.5	17.2	Variable	Alliance	4, 5
Nova Systems Australia Pty Ltd	Mar 19	0.2	23.3	Variable	Integrated Work Package	6

Notes	
1	Contract value at 30 June 2025, is based on actual expenditure to 30 June 2025 and remaining commitment at current budget exchange rates, and includes adjustments for indexation (where applicable).
2	The contract price has increased to include the recommended spare parts list and to extend the contracted period in line with RAN's ship upgrade program.
3	Change in FMS value is due to acceptance of Amendment Number 1 to FMS case AT-P-BSH. Decrease in FMS value is due to lower unit prices and associated costs for technical assistance and administration fees.
4	WAMA consists of CoA, BAE Systems Maritime Australia Pty Ltd, Saab Australia Pty Ltd and Naval Ship Management Pty Ltd. The primary Industry Partner for SEA1442 Phase 4 tasking is BAE Systems Maritime Australia Pty Ltd. Additional services procured during the review period to incorporate the SEA1442 Phase 4 drawings/documentation into the Anzac Ship repository.

5	The WAMA contract includes a cost pain share - gain share provision.
6	Provision of multi-discipline workforce to deliver the Joint Command, Control, Communications and Computer Systems (JC4S) Branch Integrated Work Package via the CASG Major Service Provider Arrangement. Operational changes have led to an increase in the contracted workforce. The contract is updated periodically via CCP to reflect the resourcing requirement.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Leonardo UK Ltd	See scope	See scope	• Eight ship mission systems. • One TS. • One SITF. • Three deployable High Data Rate line-of-sight systems.	-
US Government FMS Case AT-P-BSH	131	140	ARC-210 Gen 5 radios, technical data, and technical support.	1
WAMA	N/A	N/A	Provision of all site project management and support services for SEA1442 Phase 4 for the entirety of the AMCAP as well as other tasks to incorporate the NewGen MCS into the Anzac environment.	-
Nova Systems Australia Pty Ltd	N/A	N/A	Provision of multi-discipline workforce to deliver the JC4S Branch Integrated Work Package.	-

Major equipment accepted and quantities to 30 Jun 25	
MTWAN Shore Gateway, TS, SITF and seven ship mission systems have been accepted.	
Notes	
1	Additional radios ordered as spare parts.

2.4 Australian Industry Capability

Summary
The project has contracted Australian Industry Capability (AIC) Plans, where appropriate, to identify Local Industry Capability which is captured in the Leonardo UK Ltd. AIC Plan in the support of its project management, engineering, integrated logistic support and training activities. WAMA is an Alliance Contract between the CoA and Alliance Industry Participants BAE Systems Maritime Australia Pty Ltd, Naval Ship Management Pty Ltd and Saab Australia Pty Ltd which maintains an AIC Plan in its contract. The project has no contracted AIC Plan for Nova Systems Australia Pty Ltd as it is one of several contractors under the CASG wide Major Service Provider contract that provides above the line work force to projects. The project has no contracted AIC Plan for its US Government FMS acquisition, as the US Foreign Government arrangement does not include the contractual provision or obligations for Australian Industry Content.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	NewGen MCS and Support System	Sep 14	N/A	Dec 14	3	1
Preliminary Design	NewGen MCS and Support System	May 15	Sep 15	Sep 15	4	2
Detailed Design	MTWAN Shore Gateway	Sep 14	N/A	Jan 15	4	3
	NewGen MCS	Oct 16	N/A	Feb 17	4	4
	Support System	Apr 17	Jun 17	Sep 17	5	5
	First of Class Integration Detailed Design Review (IDDR)	May 17	N/A	Oct 17	5	6

Notes	
1	Delayed from originally planned due to slow ramp up/contractor performance.
2	Contract schedule re-baselined to reflect previous System Definition Review milestone slippage and contractor's improved understanding of the work.
3	MTWAN System Requirements and Preliminary Design addressed prior to Government Second Pass Approval. In order to minimise risk to the operational network upon connection of the MTWAN Shore Gateway, a demonstration of the design in the MTWAN SITF was requested prior to design acceptance. This required additional time to complete.

4	The conduct of the DDR and its associated system demonstration occurred four months later than the contracted date which triggered liquidated damages.
5	The contractor achieved the Support System DDR in September 2017 (five months later than the contract date due to delays resulting from the later than planned achievement of DDR).
6	The contractor achieved the First of Class IDDR in October 2017 (five months later than the contract date due to delays resulting from the later than planned achievement of DDR).

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	NewGen MCS	Jun 18	Jul 20	Apr 21	34	1
Acceptance	MTWAN Shore Gateway	Apr 15	N/A	Mar 15	(1)	-
	Training System	Jun 17	Nov 18	Nov 19	29	2
	Shore Integration Test Facility	Dec 16	Mar 19	Nov 19	35	3
	Ship #1	Jun 18	Jul 21	Jul 21	37	1, 4
	Ship #2	Apr 19	Apr 21	Apr 21	24	1, 4
	Ship #3	Nov 19	Sep 21	Sep 21	22	4
	Ship #4	Jun 20	Jul 22	Jul 22	25	4
	Ship #5	Feb 21	Mar 23	Mar 23	25	4
	Ship #6	Sep 21	Feb 24	Nov 23	26	4
	Ship #7	Apr 22	Dec 24	Nov 24	31	4, 5, 6
	Ship #8	Sep 22	NFP	NFP	NFP	4, 5, 6, 7

Notes	
1	Delays attributed to alignment with planned ship availability per the AMCAP, and the effects of the COVID-19 pandemic, specifically travel restrictions which resulted in the contractor's United Kingdom based personnel being unable to travel to undertake set-to-work and acceptance testing in Western Australia (WA), and the project being unable to travel to carry out onsite test and trials activities with the contractor.
2	CCP011 of 25 June 2018 included an adjustment of the schedule for this milestone. This milestone was achieved in November 2019, being 12 months later than the updated contract date.
3	SITF acceptance date initially incorrectly positioned in the contract. The delay is due to the need to use the SITF during Ship #1 test and acceptance period which was extended when SEA1442 Phase 4 was aligned to AMCAP. This milestone was achieved in November 2019, being eight months later than the updated contract date.
4	Ship availability and schedule is driven by AMCAP. Current contract dates have been aligned with the AMCAP dates updated in June 2023.
5	CCP020 of 22 February 2024 included an adjustment of the schedule for Ship Acceptance milestones for Ships #7 & #8.
6	A template error in the 2023-24 PDSS resulted in the Original Planned dates for Ship #7 & Ship #8 being incorrectly presented as April 2024 and September 2024.
7	CCP021 of 26 June 2025 included an adjustment of the schedule for Ship Acceptance milestone #8.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Jun 18	Sep 21	39	1
Initial Operational Capability (IOC)	Dec 18	Nov 23	59	1
Materiel Release 2 – Ship #2	Apr 19	Apr 21	24	1
Materiel Release 3 – Ship #3	Dec 19	Sep 21	21	1
Materiel Release 4 – Ship #4	Aug 20	Sep 22	25	1
Materiel Release 5 – Ship #5	Apr 21	Mar 23	23	1
Materiel Release 6 – Ship #6	Dec 21	Nov 23	23	1
Materiel Release 7 – Ship #7	Aug 22	Nov 24	27	1
Final Materiel Release (FMR)	May 23	NFP	NFP	1
Final Operational Capability (FOC)	Dec 23	NFP	NFP	1

Notes	
1	Ship availability and schedule is driven by AMCAP. The delays were mainly due to the AMCAP schedule, which is continuously being revised by the WAMA and Navy. The schedule changes had a follow on effect on Materiel Release including IMR, IOC, FMR and FOC: with no loss of Navy Capability.

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	
100%	**Green:** The project expects to meet all of its capability materiel requirements by FOC as per the Joint Project Directive, Materiel Acquisition Agreement and relevant Technical Regulatory Authority.
0%	**Amber:** N/A
0%	**Red:** N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	Ship #1 acceptance, TS, SITF, Ship #1 crew training, and support arrangements in place. Achieved in September 2021 with minor exceptions; which have since been addressed prior to the achievement of IOC.	Achieved
Initial Operational Capability (IOC)	Anzac Class ship fitted with the new equipment and proven through testing to communicate with other platforms using voice, High Frequency Internet Protocol and High Data Rate line-of-sight. IOC achieved November 2023.	Achieved
Final Materiel Release (FMR)	All eight ships accepted and all support arrangements in place. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	Operational Release and FMR have been met and endorsed by Chief of Navy. FOC will occur when all eight ships have been accepted and all crew training has been successfully completed, and the Support System elements are in place and running in accordance with respective contract requirements. Forecast dates for FOC are 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
N/A	N/A	N/A

5.2 Emergent Risks

Emergent Risks (risk not previously identified or has increased in rating which has emerged during 2024–25)		
Ref#	Description	Remedial Action
1	There is a risk that new capability systems to be included on the final Anzac platform, including the Naval Ship Missile System, will have an unknown impact on the installation of the NewGen MCS.	New systems planned for inclusion on the final ship could interact with the SEA1442 Phase 4 Communications, installation/system and result in unknown consequences. The project is engaging with the relevant projects, Navy and other AMCAP stakeholders through the existing communications channels of the AMCAP Program. This risk was rated high during the year and has since been revised to a medium rating and will be removed from next year's Major Projects Report (MPR).

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	A shortage of Project Office staff has resulted in an inability to carry out the required workload in accordance with approved funding and Workforce Plan.	The team's ability to mitigate this issue is limited as the restrictions on engaging both Australian Public Service and contracted resources are governed by Defence cost saving policies. Justification cases for resources are being made through the project's chain of command. Movement of team members within the Program on a needs basis to areas with the most urgent requirements to mitigate critical manpower issues. This issue was rated high during the year and has since been revised to a medium rating and will be removed from next year's MPR.
2	An extended delay to the SITF recommissioning will result in a reduced communications testing capability, leading to a loss of capability to Navy.	This issue was rated high during the year and has since been transferred from the Project to the SEA1442 Phase 4 Sustainment team register for most effective mitigation. 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 15 lessons. The five strategic lessons are listed below. No project level (non-strategic) lessons were identified.

Strategic Lessons Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Alignment of multiple schedules in a complex multi contractor environment, such as between SEA1442 Phase 4; its Prime Contractor and AMCAP, can be a source of additional and unnecessary effort if not closely monitored and aligned.	Program, Project & Product Management
Strategic Lesson Type – Observation. Ship availability may be subject to change with minimal notice and may impact on the contractor's ability to deliver against key milestones. Ensuring effective communication between the project office, the Capability Manager and other relevant Defence stakeholders is essential. This will ensure all stakeholders are aware of what capability is being received if schedules change unexpectedly.	Program, Project & Product Management
Strategic Lesson Type – Observation. The effort involved in managing spare parts may be underestimated initially by a project. Whilst there is estimated spares usage data available for planning initial spares purchases, actual usage once the capability has been released must be closely monitored and reacted to promptly. Spares usage has varied significantly in some cases and some spare parts lead times are quite long.	Materiel Logistics
Strategic Lesson Type – Observation. Engage early to prepare for the Set to Work and Testing phase. SEA1442 Phase 4's work is being done in conjunction with the AMCAP at BAE Systems Maritime Australia Pty Ltd Henderson WA. Following the on-shore installation phase, the ship is returned to the water and the new systems are	Engineering & Technical

set to work and tested. This is a very busy time on-board as each project is attempting to do set to work at the same time and the crew returns at this time, adding further activity. Following the recognition of this problem, the AMCAP Lead, BAE Systems Maritime Australia Pty Ltd created a new position, 'Test & Trials Manager' who is engaged nine months prior to the in-water phase for each ship and is responsible for planning for and managing the preparations for the phase. The change has made a positive difference to SEA1442 Phase 4 and other projects.	
Strategic Lesson Type – Observation. Security requirements governing the NewGen MCS and other Defence systems are continually evolving to maintain system security. Engage early with the relevant Defence Information and Communication Technology (ICT) Security organisations and recruit sufficient ICT security team members to achieve and maintain system security accreditation. The project has experienced significant lead times engaging with Defence ICT. Fund and resource Cyber Security personnel within the team and allocate funds for continual security-related updates to the system throughout its life of type.	Decision Support
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
No Project level lessons were identified in current MPR reporting period.	N/A

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Joint Systems Division
Branch	Joint C4 Systems Branch

Project Data Summary Sheet

Project Number	**SEA1448 Phase 4B**
Project Name	**ANZAC AIR SEARCH RADAR REPLACEMENT**
First Year Reported in the MPR	2018-19
Capability Type	Replacement
Capability Manager	Chief of Navy
Government 1st Pass Approval	Mar 15
Government 2nd Pass Approval	Jun 17
Budget at 2nd Pass Approval	$427.8m
Total Approved Budget (Current)	$429.5m
2024–25 In-year Budget	$4.0m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

SEA1448 Phase 4B is replacing the eight AN/SPS-49(V) Air Search Radar on the eight Anzac Class Frigates with a modern digital long range air search Radar. The project will also replace the existing Identification Friend or Foe (IFF) system with a new system. By replacing the existing air search radar and IFF system, the project will deliver an integrated and supportable modern Long Range Air Search Capability (LRASC) into the Anzac Class Frigates.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $4.0m against FY 2024-25 budget of $4.0m resulting in a zero variance. This reflects effective financial management throughout the year by the project.

Project Financial Assurance Statement

As at 30 June 2025, SEA1448 Phase 4B 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 project has progressed through the Design phases and is now within the Delivery phase. The first mast was installed on His Majesty's Australian Ship (HMAS) *Arunta* in December 2018 and Sea Acceptance Trials (SAT) were completed in February 2020, with all reports delivered in Quarter 2, 2020. In March 2020, Government was advised of a schedule review with industry that determined an additional 26 weeks was critical to the Anzac Mid-life Capability (AMCAP) upgrade realisation across the class. The schedule for ship availability to replace the LRASR and integrated IFF system was amended as a consequence but did not affect the SEA1448 Phase 4B Final Operating Capability (FOC) date.

Initial Operating Capability (IOC) was delayed from the original planned date due to the complexities in achieving United States IFF certification requirements. Additionally, COVID-19 international travel restrictions prevented United States IFF certification authorities from participating in certification activities as originally planned. Rescheduled certification activities concluded in October 2020. Notification of IFF certification was achieved in April 2021. IOC was achieved in July 2021.

Materiel Release refers to individual ship installations, commencing with Materiel Release1 (MR1) for second ship installation. Materiel Release 2 (MR2) for the third ship installation in HMAS *Warramunga* was achieved in November 2021. Materiel Release 3 (MR3) for the fourth ship, HMAS *Perth*, commenced SAT in February 2022 and MR3 was achieved in November 2022. MR3 was accepted with three extant issues, one of which has been resolved and two are outstanding and remained outstanding with the achievement of Materiel Release 4 (MR4) for the fifth ship installation, HMAS *Toowoomba* in July 2023. These two issues being the Electromagnetic Interference/Electromagnetic Compatibility report and infra-red signature report have subsequently been resolved and were resolved in HMAS *Stuart*, which was accepted in June 2024 as reported in the Materiel Release 5 (MR5) Decision Brief. Subsequently the seventh installation has been achieved in HMAS *Ballarat* in June 2025 as reported in the Materiel Release 6 (MR6) Decision Brief.

Final Materiel Release (FMR) with the eighth ship installation in HMAS *Parramatta* is delayed.

FOC will be delayed owing to an agreed schedule extension in amendment to the CEA Technologies Pty Ltd contract.

Materiel Capability/Scope Delivery Performance

The project expects to deliver eight modern digital air search radars with integrated IFF system in the Anzac Class Frigates. The first mission system ship set capability with associated support systems was scheduled for acceptance in Quarter 1, 2021 dependent on IFF certification. Additionally, the project has delivered the CEA Technologies Pty Ltd Phased Array Radars (PAR) simulator for ship Onboard Training Systems and for the HMAS *Watson* training simulator.

Initial Materiel Release (IMR) was split into two IMRs. The first release enabled the project to support acceptance of the radar to enable the Royal Australian Navy (RAN) to utilise the capability on HMAS *Arunta*, realign the CEA Technologies Pty Ltd payment schedule and commence the warranty period. The second release was aligned with IFF certification being sufficiently completed. Initial Materiel Release 1 (IMR1) was declared December 2020 and Initial Materiel Release 2 (IMR2) was declared in April 2021.

IOC was declared in July 2021. MR2 was the first release after declaration of IOC, and was declared in November 2021. MR2 for the third ship installation in HMAS *Warramunga* was achieved in November 2021.

The fourth ship, HMAS *Perth*, commenced SAT in February 2022 and MR3 was achieved in November 2022.

Achievement of MR4 for the fifth ship installation, HMAS *Toowoomba* was achieved in July 2023.

HMAS *Stuart*, which was accepted in June 2024 as reported in the MR5 and seventh installation has been achieved in HMAS *Ballarat* in June 2025 as reported in the MR6.

1.3 Project Context

Background

Government at Gate 1 (March 2015) was presented multiple options including Developmental and Militarily Off-The-Shelf (MOTS) options, with the MOTS approach based on an upgraded variant of AN/SPS-49(V) not progressing further as it did not resolve the obsolescence issues. Government did approve Defence's proposal to select CEA Technologies Pty Ltd as the sole Australian supplier of PAR to replace long-range air search radar using the developmental technology successfully installed under SEA1448 Phase 2A and 2B Anti-Ship Missile Defence (ASMD) programs. This solution provided a three-dimensional PAR with six fixed faces and an integrated IFF capability. Industry participants of the Anzac Warship Asset Management Agreement (WAMA) (previously Anzac Ship Integration Materiel Support Program Alliance) are undertaking the Mission System Integrator role. The project adopted the Smart Buyer Framework proceeding to Gate 2 approval throughout the 2016-17 period.

In November 2016, Government approved early access to Acquisition Phase funding which enabled the project to progress a number of time-critical activities prior to Second Pass Approval. This allowed the project to maintain schedule and effectively mitigate 2016-17 schedule risks (subsequently retired) identified during Smart Buyer process. These activities included advanced material purchases for CEA Technologies Pty Ltd and BAE Systems Australia Ltd to commence mast production.

At Gate 2 (June 2017), Government approved Defence's proposal to be the prime integrator for LRASC, and for the project to have overall responsibility for procuring and managing final Mission System key components. The integration of the LRASR and IFF system into the Anzac platform and Combat Management System (CMS) are delivered under the Anzac WAMA. Acquisition of supporting equipment and services are being delivered under Foreign Military Sales (FMS). Production timings and integration of the mission system(s) into the Anzac Class is driven by the AMCAP schedule, managed by the Anzac System Program Office.

Uniqueness

The CEA Technologies Pty Ltd PAR technology, on which SEA1448 Phase 4B is based, is considered to be a Strategic Industry Capability. The acquisition of which will ensure the RAN has regionally superior technology into the future. The IFF system will be integrated into the PAR faces. This is a world leading technological step to have the IFF interrogator integrated into the PAR faces without a secondary system requirement.

Major Risks, Emergent Risks and Issues

- The project is not currently managing any risks categorised above Medium/Low.
- The project is not currently managing any emergent risks categorised above Medium/Low.

The project is currently managing the following issue:

- A security issue related to the PAR System Simulator (PSS) is preventing it from being installed in the HMAS *Watson* Tactical and Training Centre.

Other Current Related Projects/Phases

The deliverables provided by SEA1448 Phase 4B have been incorporated into the overall AMCAP schedule. The AMCAP involves a suite of upgrades to the Anzac platform being delivered by multiple projects, of which SEA1448 Phase 4B is one. Delays or issues with other AMCAP projects can delay the schedule of SEA1448 Phase 4B.

The AMCAP projects consist of:

SEA1448 Phase 4A – **Anzac Electronic Support System Improvements**. This phase delivered a contemporary Electronic Support Measures system as part of the ASMD upgrade program and is being re-installed under the SEA1448 Phase 4B program.

SEA1442 Phase 4 – **Maritime Communications Modernisation**. This phase will upgrade the communication capability in the eight Anzac Class Frigates and address communications system obsolescence in the Anzac Class.

Anzac Platform System Remediation (PSR) Program. The PSR will see the upgrade of on-board systems that includes ventilation, the propulsion control system to improve power and efficiency, waste management and water production systems.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Oct 13	Original Approval	3.0		1
Jun 14	Real Variation – Scope	5.9		2
Mar 15	Government First Pass Approval	45.2		3
Jan 17	Real Variation – Scope	20.4		4
Aug 17	Government Second Pass Approval	353.3		
	Total at Second Pass Approval		**427.8**	
Jun 25	Exchange Variation		1.7	
Jun 25	**Total Budget**		**429.5**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – CEA Technologies Pty Ltd	(174.2)		
	Contract Expenditure – Warship Asset Management Agreement (WAMA)	(153.7)		
	Other Contract Payments/Internal Expenses	(29.9)		5
			(357.7)	
FY to Jun 25	Contract Expenditure – CEA Technologies Pty Ltd	(2.7)		
	Contract Expenditure – WAMA	(1.2)		
	Other Contract Payments/Internal Expenses	(0.1)		5
			(4.0)	
Jun 25	**Total Expenditure**		**(361.7)**	
Jun 25	**Remaining Budget**		**67.7**	

Notes	
1	The project's original approved budget was the amount received for project initiation prior to Government Second Pass Approval.
2	To advance the L-PAR Risk Reduction Program.
3	Government First Pass approval to advance the progress of the risk reduction program to Gate 2.
4	Early release of funding to commence activities in advance of Gate 2 Approval.
5	Other Contract Payments/Internal Expenses comprise of FMS payments, operating expenditure and other capital expenditure not attributable to the listed contracts.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
12.8	4.0	4.0	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variation is driven by a reduction in budget required for WAMA milestones ($5.3m) which appear to have slipped to FY 2025-26 and decrease in CEA Technologies Pty Ltd ($2.6m) driven by Contract Proposal 10 to reschedule milestones to incorporate AMCAP schedule delays and rescheduling of CEA Technologies Pty Ltd forecast to incorporate the PAR Simulator security requirement and ($0.9m) due to other expenses. PAES to In-year Budget: No variation.
Variance $m	(8.8)	(0.0)	Total Variance ($m): (8.8)
Variance %	(69.0)	(0.0)	Total Variance (%): (69.0)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		-	Australian Industry	SEA1448 Phase 4B Anzac Air Search Radar Replacement actuals for FY 2024-25 was equal to in-year budget. No variance to report.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	

[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.

		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
4.0	4.0	**(0.0)**	**Total Variance**	
		0.0	**% 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			
Warship Asset Management Agreement	Aug 17	136.1	162.2	Variable	Alliance	1, 2, 4
CEA Technologies Pty Ltd	Sep 17	166.6	168.9	Fixed with indices escalation	Standard Defence Contract	2, 3

Notes	
1	WAMA consists of Commonwealth of Australia, BAE Systems Australia Ltd, Saab Australia Pty Ltd and Naval Ship Management (Australia) Pty Ltd. The primary industry partners for SEA1448 Phase 4B tasking is BAE Systems Australia Ltd and Saab Australia Pty Ltd.
2	Contract value as at 30 June 2025, is based on actual expenditure to 30 June 2025 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).
3	SEA1448 Phase 4B contract execution date is official order under the Head Contract DMO/ESD/00297/2013 Standing Offer for PAR Development Services, executed 30 October 2013. The Contract Change Proposal (CCP) reduced the contract price by removing the performance security as the technology had been demonstrated.
4	WAMA price at 30 June 2025 includes a cost pain share - gain share provision.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Warship Asset Management Agreement	8	8	Mast, Ship Systems and integration	-
	8	8	CMS upgrades and integration	-
CEA Technologies Pty Ltd	1	1	Qualification and Verification System	-
	8	8	Mission System Ship Sets	-
	2	2	Depot Spare Systems	-
	4	8	Training Simulators	1

Major equipment accepted and quantities to 30 Jun 25
As at 30 June 2023, the fourth ship installation HMAS *Perth* (MR3) has been fully accepted (which includes aft mast installation, integration, Harbour Acceptance Trials (HAT) and SAT). Ships accepted are HMAS *Arunta*, HMAS *Anzac*, HMAS *Warramunga*, HMAS *Perth*, HMAS *Stuart* and HMAS *Ballarat* was accepted in June 2025.

Notes	
1	CEA Technologies Pty Ltd CCP was accepted to modify the number of training simulators from four to eight to support the training requirements solution put forward by the WAMA.

2.4 Australian Industry Capability

Summary
The project has a contracted Australian Industry Capability (AIC) Plan based on Local Industry Capability, which is captured in CEA Technologies Pty Ltd and Saab Australia Pty Ltd's AIC Plans across the areas of manufacturing, project management, engineering, and Integrated Logistics Support and training material.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	CEA Technologies Pty Ltd Radar System Performance Specification	N/A	N/A	Aug 17	N/A	-
Preliminary Design	Mast	N/A	N/A	Apr 17	N/A	1
	Platform	N/A	N/A	Sep 17	N/A	1
	Whole of Ship	N/A	N/A	Nov 17	N/A	1

Critical Design	Mast	N/A	N/A	Sep 17	N/A	1
	Platform	N/A	N/A	Jun 18	N/A	1
	Whole of Ship	N/A	N/A	Jun 18	N/A	1

Notes	
1	Original Planned dates for completion of Preliminary and Critical Design activities not disclosed within the Integrated Master Schedule as these dates were determined prior to Second Pass Approval.

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	HMAS *Arunta* – Category (Cat) 1 (Factory Acceptance Testing (FAT))	Nov 18	N/A	Apr 19	5	1
	HMAS *Arunta* – Cat 2 (Environmental Qualifications) and Cat 3 (Integration)	Jan 19	May 20	Jul 20	18	2, 3
	HMAS *Arunta* – Cat 4 HAT	Feb 19	N/A	Oct 19	8	4
	HMAS *Anzac* – Cat 4 HAT	Aug 19	N/A	May 20	9	4, 5
	HMAS *Warramunga* – Cat 4 HAT	Jul 20	Mar 21	Jun 21	11	-
	HMAS *Perth* – Cat 4 HAT	Dec 20	Dec 21	Feb 22	14	4
	HMAS *Toowoomba* – Cat 4 HAT	Nov 21	Jul 22	Aug 22	9	4
	HMAS *Stuart* – Cat 4 HAT	May 22	Jul 23	Jul 23	14	4
	HMAS *Ballarat* – Cat 4 HAT	Feb 23	Feb 24	Apr 25	26	4
	HMAS *Parramatta* – Cat 4 HAT	Aug 23	NFP	NFP	NFP	4
Acceptance	HMAS *Arunta* – Cat 5 SAT	Sep 19	N/A	Mar 20	6	4
	HMAS *Anzac* – Cat 5 SAT	May 20	N/A	Oct 20	5	4, 5
	HMAS *Warramunga* – Cat 5 SAT	Feb 21	May 21	Jul 21	5	4
	HMAS *Perth* – Cat 5 SAT	Sep 21	Mar 22	Apr 22	7	4
	HMAS *Toowoomba* – Cat 5 SAT	Jun 22	Sep 22	May 23	11	4, 6
	HMAS *Stuart* – Cat 5 SAT	Dec 22	Apr 24	Nov 23	11	4
	HMAS *Ballarat* – Cat 5 SAT	Oct 23	Dec 24	May 25	19	4
	HMAS *Parramatta* – Cat 5 SAT	Apr 24	NFP	NFP	NFP	4

Notes	
1	A manufacturing delay with CEA Technologies Pty Ltd resulted in the FAT from November to December 2018. Test Reports were accepted in April 2019.
2	CEA Technologies Pty Ltd CCP approved the delay in which CEA Technologies Pty Ltd are to obtain Environmental Qualification for the LRASR.
3	Cat 3 integration activities completed in May 2019. Acceptance of Cat 3 reports occurred in September 2019. The Cat 2 test results received in July 2020. This delay was caused by the limited number of appropriately certified third party test facilities and longer than anticipated test durations.
4	Delays in the AMCAP schedule have delayed acceptance trials and are reflected in Materiel Acquisition agreement (MAA) version 6.
5	HMAS *Anzac* Cat 4 testing undertaken in April 2020, with acceptance of the test reports in May 2020.
6	Variance updated to show correct difference from original planned date.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release 1 (IMR1)	Oct 19	Dec 20	14	1, 2, 3, 4, 5
Initial Materiel Release 2 (IMR2)	Mar 21	Apr 21	1	2, 3, 4, 5
Initial Operational Capability (IOC)	Jun 20	Jul 21	13	1, 4
Final Materiel Release (FMR)	Apr 24	NFP	NFP	4, 6
Final Operational Capability (FOC)	Jun 24	NFP	NFP	7

Notes	
1	IMR and IOC dates are dependent on IFF certification, which was impacted by COVID-19 travel restrictions.
2	IMR1 with radar acceptance occurred December 2020 and IMR2 IFF certification was completed by April 2021.
3	Delays in the AMCAP schedule for HMAS *Arunta* and HMAS *Anzac* has resulted in delays to Cat 4 and Cat 5.
4	These milestone definitions are aligned with Section 4.2.
5	MR3 was achieved with three exceptions, one of these exceptions was resolved at MR4 and the remaining two at MR5.

6	Delay is due to alignment with ship availability and the testing milestones listed in Section 3.2.
7	FOC delayed owing to additional milestones in CCP011 to upgrade the PSS.

Schedule Status at 30 June 2025

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project is currently meeting capability requirements as expressed in the Joint Project Directive and MAA.
	Amber: N/A
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR1)	Integration of one Air Search Radar and partial IFF system into the first ship, including installation of a new aft-mast and reinstallation of all extant systems. Delivery of on-board spares and training packages. Establishment of Initial Support Contracts for both Radar and Integration.	Achieved with exceptions
Initial Materiel Release (IMR2)	Integration of one Air Search Radar and full IFF system into the second Anzac Class Frigate, including installation of a new aft-mast and reinstallation of all extant systems. Delivery of on-board spares.	Achieved with exceptions
Initial Operational Capability (IOC)	Installation of equipment onto ships completed to date, development of operator and maintainer training package and initial package completed, tactical doctrine updated, completion of acceptance trials on the first ship completed, and the logistics support arrangements in place.	Achieved
Final Materiel Release (FMR)	Integration of one Air Search Radar and IFF system into the final ship. Delivery of all outstanding logistic documentation. Delivery of a support system. Final delivery of on-board spares and depot spares. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	Installation of equipment onto all ships is complete, training facilities have been set to work, operator and maintainer trainer is in a steady state, tactical doctrine is mature, full logistics support arrangements are in place, establishment and other fundamental	Not yet Achieved

	inputs to capability arrangements are complete. Forecast dates for FOC are NFP.	

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
N/A	N/A	N/A

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	A medium level risk associated with the PSS was raised by the project on 27 September 2022. Subsequently an Independent Assurance Review (IAR) conducted September 2024 advised that project sponsor had indicated that the identified security concerns were preventing the delivery of Command Team Training and that failure to remedy this issue would prevent the declaration of FOC. The IAR report consequently made the recommendation the resolution of the PAR PSS security issue be addressed immediately through the allocation of funding to allow achievement of FOC. In December 2024, the project sponsor advised the project delegate that PSS security issues had negatively impacted Navy's training outcomes in the use of the CEAFAR2 fitted to the Anzac Class and that remediating this issue was required to achieve FOC.	The previously reported Medium level Risk 1 for the PAR simulator has now been realised as a High-level issue. CEA Technologies Pty Ltd has been engaged through CCP to remediate this issue, however this has resulted in the revision of the final milestone.

Section 6 – Lessons Learned

6.1 Key Lessons Learned

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 three lessons. The three strategic lessons are listed below. No Project level (non-strategic) lessons were identified.	
Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Understanding of certification authority test requirements to ensure sufficient resources, facilities and personnel can be scheduled to minimise the chance of delays.	Program, Project & Product Management
Strategic Lesson Type – Observation. Understanding of operational security requirements prior to the development of the acceptance program to minimise the chance of delays.	Program, Project & Product Management
Strategic Lesson Type – Observation. Improved project assurance and governance oversight requirements, due to the uniqueness of the CEA Technologies Pty Ltd technology, has necessitated a non-traditional approach to requirements specification and acceptance.	Corporate Performance
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
No Project level lessons were identified in current Major Projects Report reporting period.	N/A

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Maritime Sustainment Division
Branch	Major Surface Ships Branch

Project Data Summary Sheet

Project Number	**SEA3036 Phase 1**
Project Name	**PACIFIC PATROL BOAT REPLACEMENT**
First Year Reported in the MPR	2017-18
Capability Type	Replacement
Capability Manager	Chief of Navy
Government 1st Pass Approval	Apr 16
Government 2nd Pass Approval	Apr 16
Budget at 2nd Pass Approval	$504.5m
Total Approved Budget (Current)	$568.5m
2024–25 In-year Budget	$58.2m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

SEA3036 Phase 1 – Pacific Patrol Boat Replacement (PPB-R) is acquiring 24 vessels to replace the 22 Pacific Patrol Boats (PPBs) gifted to 12 Pacific Island countries between 1987 and 1997 as part of Australia's Pacific Maritime Security Program (PMSP), and to provide one boat for the Republic of Maldives (Maldives).

The project also includes disposal of the current PPB fleet and upgrades to Pacific Island infrastructure to enable safe berthing of the new Guardian Class Patrol Boats (GCPBs).

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $32.9m against the FY 2024-25 budget of $58.2m. The variance is mainly due to a reduction in requirements for fixed gas detection work due to delayed in service vessel availability to conduct installation activities and works in progress on the new additional Boats 23 and 24, which were added to the acquisition contract on 21 June 2024. The budget for these additional boats is now phased into the SEA3036 Phase 1 project budget.

Project Financial Assurance Statement

As at 30 June 2025, project SEA3036 Phase 1 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 applied for contingency in FY 2024-25. The project has utilised a portion of the contingency funding applied for in FY 2022-23, primarily for engineering modifications to provide additional barriers and controls which has reduced and treated a potential risk to health and safety from hydrogen sulphide gas that naturally occurs in the black and grey water systems of vessels. Long-term remediation will continue to be applied over the coming years to ensure the risk remains low.

Schedule Performance

The project is currently within the delivery phase. To date, 22 GCPB have been delivered to their respective recipient nations as follows:

- Vessel 1 to Papua New Guinea (PNG) in November 2018.
- Vessel 2 to Tuvalu in April 2019.
- Vessel 3 to Tonga in June 2019.
- Vessel 4 to Samoa in August 2019.
- Vessel 5 to Solomon Islands in November 2019.
- Vessel 6 to Fiji in March 2020.
- Vessel 7 to Palau in September 2020.
- Vessel 8 to Kiribati in June 2021.
- Vessel 9 to Tonga in October 2020.
- Vessel 10 to PNG in March 2021.
- Vessel 11 to Solomon Islands in May 2021.
- Vessel 12 to Vanuatu in July 2021.
- Vessel 13 to PNG in October 2021.
- Vessel 14 to Federated States of Micronesia (FSM) in March 2022.
- Vessel 15 to Cook Islands in May 2022.
- Vessel 16 to FSM in August 2023.
- Vessel 17 to PNG in October 2023.
- Vessel 18 to Samoa in November 2023.

- Vessel 19 to Fiji in February 2024.
- Vessel 20 to Fiji in November 2024.
- Vessel 21 to Kiribati in July 2024.
- Vessel 22 to Tuvalu in September 2024.

In addition, from 1 July 2024 the project has achieved the following Key Milestones on time:

- Vessel 23 Republic of Marshall Islands (RMI) keel laying achieved 31 July 2024.
- Vessel 20 (Fiji) relaunch achieved 14 October 2024.
- Vessel 24 (Maldives) keel laying achieved 12 November 2024.

Vessel 20 was ready for delivery to Timor-Leste in May 2024 but following Timor-Leste formally advising Defence that it was not in a position to receive the GCPB, the vessel was reassigned and delivered to Fiji as a replacement for Vessel 19 that ran aground and was damaged beyond economical repair in June 2024. Due to long lead times for critical equipment, the two vessels added to the contract in June 2024 are not currently scheduled for delivery this financial year. These vessels are scheduled for delivery in January 2026 and April 2026. Final Operational Capability (FOC) is now expected to be achieved in June 2026.

To date the prime contractor key milestones have been met in alignment with the contract schedule, with the exceptions to this being:

- Delivery of the first vessel was approximately five weeks later than contracted as a result of delays in establishing a steel production facility, vessel production activities and the resolution of first of class issues. This delay incurred a corresponding delay to achievement of Initial Materiel Release (IMR)/Initial Operational Capability (IOC) which was achieved on 30 November 2018.
- Delivery of five vessels was delayed by COVID-19 impacts, however, these did not impact the overall project timeline with Boats 6-9 delivered seven months late but Boats 10-13 delivered on time.
- Delivery of six vessels was delayed due to rectification of a latent defect and engineering modifications for the installation and commissioning of a fixed gas detection system, both of which provided improved safety assurances for the crew. Boats 14-18 were delayed by 11 months, and vessels 19-21 were delayed by nine months due to this issue. These issues did not impact the negotiated delivery dates of Boats 22-24.
- Delivery of Boat 20 was delayed by six months, as Timor-Leste advised Defence it was not in a position to receive the GCPB at the scheduled date.

Aspects of the project involving Pacific Island Country Infrastructure upgrades, which were originally anticipated to be minor, have been completed with the Defence Cooperation Program Infrastructure Project completing an enhanced scope of major upgrades to ensure the vessels can be supported after delivery.

Disposal of the existing PPBs is progressing in alignment with project needs.

Materiel Capability/Scope Delivery Performance

The first 22 of 24 GCPB have been delivered to their recipient nations. COVID-19 caused delay to delivery of vessels to Cook Islands, FSM, Kiribati, Palau, and PNG.

The emergence of a latent defect and directive to deliver more robust safety monitoring systems delayed the delivery of Vessels 16 to 21.

The delivery of Vessel 20 was delayed as Timor-Leste advised Defence it was not in a position to receive the GCPB. Vessel 20 was delivered to Fiji as a replacement for vessel 19 that ran aground and was damaged beyond economical repair in June 2024.

Delays have been absorbed within the overall project delivery schedule.

The scope has been increased from 22 to 24 GCPB via contract change during June 2024.

1.3 Project Context

Background

SEA3036 Phase 1, PPB-R Project was initiated in 2014 under the auspices of PMSP to replace the 22 PPBs that were gifted to 12 Pacific Island Countries between 1987 and 1997 with GCPB.

The 12 PPB nations are Cook Islands, FSM, Fiji, Kiribati, Palau, PNG, RMI, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Timor-Leste have also been offered and, in December 2017, accepted the offer to receive two GCPB although were not originally part of the PPB program.

A Request for Tender was released in March 2015 for up to 21 vessels no longer than 40 metres, built to a commercial standard with a steel hull. The tender also included a support contract for an initial period of seven years. The tender closed in June 2015, evaluations were completed in September 2015 with an Offer Definition and Improvement Activity concluded in January 2016. Austal Ships Pty Ltd was the preferred tenderer.

Combined Pass Project Approval was achieved in April 2016. Both the acquisition and support contracts were signed with Austal Ships Pty Ltd in May 2016. The initial acquisition contract was for 19 vessels with a costed option for an additional two vessels. In April 2018, the project exercised the costed option for two additional vessels for Timor-Leste.

Construction of the first vessel commenced in April 2017 with acceptance by the Commonwealth of Australia (CoA) (combined IMR and IOC) in November 2018. The last vessel is currently anticipated to be accepted by the CoA in April 2026.

Due to a delay in the acceptance and handover of the first boat of approximately five weeks, caused by the establishment of a dedicated steel production facility and resolution of first-of-class issues, Liquidated Damages have been accrued. Agreement has also been reached on provision of goods and services in kind to the CoA in alignment with the value of Liquidated Damages accrued.

In August 2021, the vessel that was gifted to Samoa in August 2019 ran aground on a reef and its replacement, Boat 22, was added to the acquisition contract via a contract change in November 2022.

In March 2023, the vessels given to Tuvalu and Vanuatu were damaged in a cyclone. Vanuatu's vessel has been repaired but after considering costs and risks, it was not economically viable to repair Tuvalu's vessel. The Project received approval in December 2023 to add to the contract a replacement vessel for Tuvalu along with a second vessel for Kiribati. The Project commenced negotiation with Austal Ships Pty Ltd for two additional vessels via a contract change which was approved in June 2024.

On 8 April 2024, Timor-Leste advised the Australian Government that it was not in a position to receive a GCPB. Vessel 20 was then assigned to Fiji as a replacement for vessel 19 that ran aground in June 2024 and was damaged beyond economical repair.

On 13 March 2025, Vessel 23 was assigned to the RMI. RMI's current PPB, Republic of Marshall Islands Ship (RMIS) *Lomor* is due to arrive in Brisbane for Disposal in October 2025. Vessel 23 is due for Acceptance in January 2026.

On 2 June 2025, following a request to the Australian Government from the Maldives for a GCPB, the Prime Minister provided authority to amend the scope of the SEA3036 Phase 1 Project, to gift a GCPB to the Maldives outside of the PMSP. The Deputy Prime Minister subsequently announced the gifting of previously unallocated Vessel 24 to the Maldives via a joint press release. This vessel is due for Acceptance in April 2026.

The project is scoped and funded to complete minor infrastructure upgrades to existing infrastructure, enabling safe and secure berthing of the new, slightly larger, vessels. Responsibility for execution of the infrastructure upgrades was officially transferred from the project to Defence International Policy Division in September 2019, and later transferred to Pacific Division upon its creation in July 2023. The infrastructure upgrades within the original scope of SEA3036 Phase 1 have been completed and after a comprehensive investigation of Pacific infrastructure, the PMSP infrastructure project is carrying out a significantly more complex infrastructure upgrade for each of the PMSP nations receiving a GCPB.

Uniqueness

The GCPB is a vessel being built to commercial standards that will be gifted to 12 Pacific Island nations and the Maldives. The vessels are being built to International Maritime Organisation requirements, under the Australian Maritime Safety Authority flag. Lloyds Register is the classification society and the vessels will meet class requirements. However, ultimately the GCPB will not be put into class. The project's Capability Manager is Chief of Navy with Pacific Division as the Sponsor of the PMSP. Once gifted, each vessel will become a sovereign asset of the recipient nations and Australia will assist and support their operation and sustainment, with arrangements for the Maldives yet to be determined.

Major Risks, Emergent Risks and Issues

The Project is currently not managing any High or Very High Risks, Emergent Risks or Issues.

Other Current Related Projects/Phases

N/A

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Aug 14	Original Approval (Initial Pass Approval)	5.7		1
Jan 15	Real Variation – Transfer	1.2		2
May 16	Government Combined Pass Approval	497.6		
	Total at Second Pass Approval		**504.5**	
Oct 23	Real Variation – Transfer	14.2		3
Dec 24	Real Variation - Transfer	51.3		7
Jun 25	Exchange Variation		(1.5)	
Jun 25	**Total Budget**		**568.5**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Contractor - Austal Ships Pty Ltd	(360.8)		
	Other Contract Payments/Internal Expenses	(52.6)		4, 5
			(413.4)	
FY to Jun 25	Contract Expenditure – Austal Ships Pty Ltd	(43.5)		
	Other Contract Payments/Internal Expenses	10.6		6
			(32.9)	
Jun 25	**Total Expenditure**		**(446.3)**	
Jun 25	**Remaining Budget**		**122.2**	

[1]Notice to reader

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

Notes	
1	This amount was for Initial Pass Project Approval.
2	Transfer of funding to Defence Materiel Organisation, now known as Capability Acquisition and Sustainment Group (CASG), to support Offer Definition Improvement Activity and Anthropometric Study. In the 2022-23 Major Projects Report (MPR) this figure was not included in the Total at Second Pass Approvals. This has now been reverted to the report provided in the 2021-22 MPR.
3	Transfer of funding to Naval Shipbuilding and Sustainment Group for acquisition of Vessel 22.
4	Other contract payments and expenditure comprises of, other project support contracted staff costs ($24.5m), other direct project costs ($16.4m), infrastructure costs ($8.1m) and Pre Combined Pass expenditure ($3.6m).
5	The project finances include a historical discrepancy due to the change from cash to accrual accounting, therefore the 2022-23 report incorrectly reported the prior to July 2022 contracted staff costs as ($16.9m) rather than ($17.7m).
6	Other contract payments and expenditure comprises of project support contracted staff costs of ($2.1m) and other costs of $12.7m due to the payment of accrued funds.
7	Transfer of funding to Naval Shipbuilding and Sustainment Group for acquisition of Vessel 23 and 24.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
31.9	58.2	58.2	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): Variation is due to reprogramming of the prime contract during Additional Estimates Budget Update. PAES to In-year Budget: Nil Variation.
Variance $m	26.3	0.0	Total Variance ($m): 26.3
Variance %	82.6	0.1	Total Variance (%) 82.7

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(25.3)	Australian Industry	The variance is largely attributed to a reduction in requirement this FY for Flyaway and Fixed Gas Detection work due to delayed in service vessel availability to conduct installation activities. As well as payment for milestones achieved and paid in FY 2023-24 being incorrectly included in the FY 2024-25 Budget Estimates (BE) forecast calculation, accruals and over estimation of escalation and accruals included in the FY 2024-25 BE forecast calculation.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
58.2	32.9	**(25.3)**	**Total Variance**	
		(43.4)	**% 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			
Austal Ships Pty Ltd	May 16	321.1	444.9	Fixed	Standard Defence Contract	1

Notes	
1	Contract Value as at 30 June 2025 is based on actual expenditure to 30 June 2025 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Austal Ships Pty Ltd	19	24	PPB-R vessels, conversion training and associated support system products.	1

Major equipment accepted and quantities to 30 Jun 25
4 x GCPB gifted to PNG. 2 x GCPB gifted to Tuvalu. 2 x GCPB gifted to Tonga. 2 x GCPB gifted to Samoa. 2 x GCPB gifted to Solomon Islands. 3 x GCPB gifted to Fiji. 1 x GCPB gifted to Palau. 2 x GCPB gifted to Kiribati. 1 x GCPB gifted to Vanuatu.

2 x GCPB gifted to Federated States of Micronesia. 1 x GCPB gifted to Cook Islands.	
Notes	
1	Two additional vessels were included into the scope of supply in April 2018 following acceptance in December 2017 by the Timor-Leste Government of the offer from the Australian Government to receive two boats. The vessel that was gifted to Samoa in August 2019 ran aground on a reef in August 2021 and its replacement was added to the project by contract change in November 2022. The Project has added two additional vessels by contract change in June 2024: one additional vessel for Kiribati and another to replace the Tuvalu vessel that was damaged in a cyclone in March 2023. On 8 April 2024, Timor-Leste advised that it was not in a position to receive a GCPB. Vessel 20 was then assigned to Fiji as a replacement for Vessel 19 that ran aground in June 2024 and was damaged beyond economical repair.

2.4 Australian Industry Capability

Summary
The project has contracted Australian Industry Capability (AIC) Plans based on opportunities to maximise competitive Australian industry involvement, where appropriate. Austal Ships Pty Ltd's AIC Plan identifies local industry activities which are captured in support of their design, manufacturing, project management, engineering, integrated logistic support and training activities.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirement Conduct	Mission System	Aug 16	N/A	Aug 16	0	-
	Support System	N/A	Nov 16	Nov 16	0	1
Preliminary Designs Conduct	Mission System	Oct 16	N/A	Oct 16	0	-
	Support System	N/A	May 17	May 17	0	1
Detailed Design Conduct	Mission System	Feb 17	N/A	Feb 17	0	-
	Support System	N/A	Nov 17	Nov 17	0	1
Notes						
1	A contract change was executed in November 2016 to introduce the conduct of Support System Requirement Review, Support System Preliminary Design Review and Support System Detailed Design Review.					

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
Harbour Acceptance Trials (HAT) Complete	PPB-R Boat 1	Jul 18	N/A	Oct 18	3	1
	PPB-R Boat 2-5	Aug 19	N/A	Sep 19	1	-
	PPB-R Boat 6-9	Aug 20	N/A	Aug 20	0	-
	PPB-R Boat 10-13	Aug 21	N/A	Aug 21	0	-
	PPB-R Boat 14-18	Oct 22	N/A	Nov 23	13	7
	PPB-R Boat 19-21	Jul 23	N/A	Apr 24	9	7
	PPB-R Boat 22	Jul 24	N/A	Jul 24	0	-
	PPB-R Boat 23	Oct 25	Oct 25	Jan 26	3	9
	PPB-R Boat 24	Feb 26	Feb 26	Apr 26	2	9
Acceptance	PPB-R Boat 1	Oct 18	N/A	Nov 18	1	1, 2, 3
	PPB-R Boat 2-5	Nov 19	N/A	Nov 19	0	3
	PPB-R Boat 6-9	Nov 20	N/A	Jun 21	7	4
	PPB-R Boat 10-13	Oct 21	N/A	Oct 21	0	3
	PPB-R Boat 14-18	Dec 22	N/A	Nov 23	11	5
	PPB-R Boat 19-21	Oct 23	N/A	Nov 24	13	5, 8
	PPB-R Boat 22	Sep 24	N/A	Sep 24	0	6
	PPB-R Boat 23	Jan 26	Jan 26	Jan 26	0	9
	PPB-R Boat 24	Apr 26	Apr 26	Apr 26	0	-
Notes						
1	The variance of three months is primarily due to equipment supply chain delays and first-of-class issues with set-to-work activities.					
2	Testing of Vessel 1 includes operation-like test activities in advance of acceptance of Vessel 1.					

3	Acceptance marks the successful completion of all tests and crew conversion training. The CoA accepts the vessel from the contractor and then gifts the vessel to the receiving nation.
4	The variance of seven months is due to COVID-19 pandemic travel restrictions restricting the crew for Vessel 8 travelling to Australia to undertake conversion training and receive their vessel. The delay of 10 months to Vessel 8 was absorbed within the overall program schedule.
5	Acceptance of Vessels 16 to 21 was deferred due to the combined effect of incorporating additional safety equipment, which required a procurement lead time of approximately seven months and the rectification of a latent defect on the main engine exhaust silencers. While the silencer rectification was completed within this timeframe, both activities were managed concurrently as part of the delivery program. The greatest schedule impact was to Vessel 16, which was delayed by 13 months. This was subsequently mitigated through an accelerated delivery program that enabled Vessels 16-18 to be delivered within a 14-week period.
6	The delivery date of Vessels 22-24 was constrained by the lead-time for critical equipment delivery and was not impacted by any delays to previous vessels.
7	HAT are not a contracted milestone, however, the variation in contract milestones outlined in Note 5 has had an indirect impact on verification activities.
8	There is an additional delay to Vessels 19-21 as Timor-Leste has formally advised Defence it was not ready to accept Vessel 20 with the vessel then reassigned and gifted to Fiji as a replacement for Boat 19 that was grounded in June 2024 and deemed beyond economical repair.
9	To avoid the crew transiting home over the Christmas period after the completion of training, the Acceptance Dates were amended.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Oct 18	Nov 18	1	1, 2
Initial Operational Capability (IOC)	Oct 18	Nov 18	1	3
Final Materiel Release (FMR)	Nov 23	Apr 26	29	1, 2, 4
Final Operational Capability (FOC)	Sep 23	Jun 26	33	5

Notes	
1	IMR and FMR dates were not scheduled at Combined Pass Government Approval.
2	IMR was achieved at acceptance of the first vessel by the CoA and handover to program partner nation.
3	IOC was achieved at acceptance of the first vessel and handover into operational service. This occurred simultaneously with IMR. The variance of one month is a result of delayed commencement of Sea Acceptance Trials and HAT for the first vessel, leading to a delay to delivery.
4	The new forecast date for FMR is the contracted delivery date of Vessel 24 and the date that the boat is expected to be delivered to the recipient Nation.
5	The new forecast date for FOC is the date at which it is expected that all boats will have completed final post-acceptance activities and be accepted into operational service by the recipient Nation.

Schedule Status at 30 June 2025

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project expects to meet the current capability requirements as expressed in the Materiel Acquisition Agreement. A permanent solution has now been completed on all in service vessels and is continuing to be incorporated on all remaining vessels prior to delivery.
	Amber: N/A
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	First vessel and associated support system technical documentation, initial spares and logistics documentation delivered and accepted by the CoA. IMR was achieved on 30 November 2018.	Achieved
Initial Operational Capability (IOC)	First vessel accepted into the Pacific Island Country operational service. IOC was achieved on 30 November 2018.	Achieved
Final Materiel Release (FMR)	Last vessel delivered, completed delivery of all remaining Acquisition Project Support deliverables and accepted by the CoA including completion of transition tasks in accordance with the PPB-R Transition Plan. FMR is expected to be achieved in April 2026.	Not yet Achieved
Final Operational Capability (FOC)	All post-acceptance activities complete and vessels accepted into their Program Partner Country operational service. FOC is expected to be achieved in June 2026.	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
N/A	N/A	N/A

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
N/A	N/A	N/A

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 22 lessons. The three lessons the project identified as strategic in nature, and the five project level lessons (non-strategic) are listed below.	
Strategic Lessons Description	Categories of Systemic Lessons
Strategic Lesson Type – Lesson identified. Allocate schedule allowance to enable ramp-up and learning of Defence requirements for contractors inexperienced with Defence contracting templates.	Program, Project & Product Management
Strategic Lesson Type – Insights. Use of review teams for assurance on contract development when tailoring Defence contracting templates.	Commercial Management
Strategic Lesson Type – Lesson identified. Work with contractor to ensure the broader implications of key milestone delay and quality issues are understood and encourage early advice on delay.	Commercial Management
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
Project level lesson. Systems Engineering Discipline can help overcome weaknesses in engineering planning and management.	Engineering & Technical
Project level lesson. Deficiencies in level of detail at Detailed Design Review can be accepted only with appropriate engineering and contract management.	Engineering & Technical
Project level lesson. Build a good relationship with sustainment and Fundamental Inputs to Capability representatives to establish an effective transition feedback loop and risk management framework across major milestones and technological upgrades.	Program, Project & Product Management
Project level lesson. Ensure formal agreements are established early and reviewed regularly so that everyone knows their roles within a program and understands any changes in the program if requirements are varied.	Program, Project & Product Management
Project level lesson. A low-risk transition into service can result in insufficient attention to key project transition planning activities and decisions.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Patrol Boats & Specialist Ships Division
Branch	Specialist Ships Acquisition Branch

Project Data Summary Sheet[1]

Project Number	**SEA5000**
Project Name	**HUNTER CLASS FRIGATE DESIGN AND CONSTRUCTION**
First Year Reported in the MPR	2019-20
Capability Type	Replacement
Capability Manager	Chief of Navy
Government 1st Pass Approval	Apr 16
Government 2nd Pass Approval	Jun 18 (D&P) Jun 24 (Construction of Ships 1-3)
Budget at 2nd Pass Approval	$25,845.5m
Total Approved Budget (Current)	$26,055.3m
2024–25 In-year Budget	$1,365.6m
Complexity	ACAT I

Section 1 – Project Summary

1.1 Project Description

As a foundation project in the Government's Continuous Naval Shipbuilding Program, SEA5000 – Hunter Class Frigate (HCF) Design and Construction (the project) will deliver six HCF optimised for anti-submarine warfare to maintain the Royal Australian Navy's (RAN) Tier 1 Surface Combatant capability.

This new generation of major surface combatants will provide the RAN with the critical capability required to defend Australia well into the future. HCF will contribute to air and surface warfare defence, as well as serving their primary mission of anti-submarine warfare.

In 2018 the project was approved for the Design and Productionisation (D&P) stage, which included:

- Progressing detailed design.
- Prototyping works.
- Procurement of Long Lead Time Items (LLTI) for the first three ships.

The head contract is with ASC Shipbuilding Pty Ltd (known and reported as BAE Systems Maritime Australia Pty Ltd). The HCF are being constructed in Osborne, South Australia.

In February 2024, following the Independent Analysis of the Navy's Surface Combatant Fleet, the HCF project was directed to acquire six ships of the same configuration.

On 11 June 2024, the Government approved the project to transition from the D&P stage into the Construction stage for the first three ships, with additional funding approved to commence from Financial Year (FY) 2024-25. The Head Contract was amended on 20 June 2024 to include the Construction scope in the contract, with the new scope and amended commercial arrangements taking effect on 1 July 2024. A 'cut steel' event was held at Osborne, South Australia, on 21 June 2024 to initiate the transition to the Construction stage.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, FY 2024-25 expenditure was $1,366.4m against FY 2024-25 budget of $1,365.6m. This $800,000 or 0.06% overspend was a result of minor variances across the 140+ suppliers to the HCF project.

Project Financial Assurance Statement

As at 30 June 2025, SEA5000 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

In June 2018, Government approval was granted for the D&P stage, inclusive of prototyping and procurement of LLTI for the first three ships. This has enabled the design of the mission and support systems to proceed, together with mobilisation of BAE Systems Maritime Australia Pty Ltd to the Osborne South Naval Shipyard ahead of prototyping, which commenced on schedule in December 2020.

[1]Notice to reader

In the 2024 Integrated Investment Program SEA5000 Phase 1 was renamed to SEA5000. The remainder of this report will refer to the project as SEA5000.

As reported in the 2022-23 Major Projects Report (MPR), the completion date (planned for November 2020, achieved on December 2022) for the Mission System (MS) System Definition Review (SDR) drove delays to subsequent design reviews. The project also experienced schedule delay due to a combination of factors, including COVID-19 impacts and immaturity of the United Kingdom's (UK) Type 26 frigate design, which is the Reference Ship Design for the HCF.

In June 2021, the Government agreed to defer the Ship One Cut Steel Milestone by up to 18 months, to no later than June 2024. This enabled Defence and BAE Systems Maritime Australia Pty Ltd to address design maturity and develop a contractible offer for the first three ships. The extended prototyping period initially included the construction of four HCF Schedule Protection Blocks, in addition to the five Type 26 prototype blocks that were previously approved by Government in 2018. In November 2023, the Government approved an additional two Schedule Protection Blocks. The project is using the six Schedule Protection Blocks in construction of the first ship.

The project returned to Government in June 2024 for consideration of the Batch One construction proposal. The project received Second Pass approval for construction of the first three ships, with additional funding provided from FY 2024-25.

While there are significant risks and challenges, as would be expected for a project of this complexity, the project commenced construction of the first ship on 21 June 2024. Defence continues to work with BAE Systems Maritime Australia Pty Ltd to mitigate risks and manage issues. The project is on track to meet the Initial Materiel Release (IMR) and Initial Operational Capability (IOC) as scheduled.

In FY 2023-24 key activities achieved included completion of the Preliminary Design Review (PDR), Production Readiness Review (PRR), and the third Integrated Baseline Review (IBR3), as well as obtaining Government Second Pass approval for construction of the first three ships.

In FY 2024-25 key activities achieved included Cut Steel for Ship 1: placing contracts for major combat system elements including the CEA Technologies Pty Ltd Phased Array Radar (CEAFAR) and the Thales Towed Array Sonar; progression of prototyping activities; continued progress of the zonal design program; ramp up of the Construction stage; consolidation of the first two units; and induction of the first block into blast and paint.

In FY 2025-26 key activities planned are delivery of low voltage electrical switchboards into the yard; approval of the target cost estimate for Ship Two; progression of CEAFAR integration with the Aegis Combat Management System; installation of first combat system equipment in the Land Base Test Site (LBTS); and installation of propulsion motors into Ship One.

Materiel Capability/Scope Delivery Performance

In February 2024, following the Independent Analysis of the Navy's Surface Combatant Fleet, the Government committed to the construction of six HCF of the same configuration in two batches of three. This is an update from the previous Government's commitment to build nine HCF in three batches of three. The Government has approved the construction of the first three frigates and the delivery of the support system. The project will return to Government for approval of the subsequent three frigates later in this decade.

As at 30 June 2024, the scope of the head contract addressed the D&P stage, inclusive of prototyping and procurement of LLTI for the first three ships. Under the existing head contract D&P scope and budget, BAE Systems Maritime Australia Pty Ltd is also fabricating a 'proof of concept test rig' as a risk reduction measure for the fabrication of the mast.

As at 30 June 2025, BAE Systems Maritime Australia Pty Ltd has commenced construction of 35 of 78 units for Ship 1, placed sub-contracts for 73 LLTI supplies, progressed prototyping activities on five prototype blocks, and progressed the 'proof of concept test rig' in preparation for production masts for Ships 1 to 3. CEA Technologies Pty Ltd has delivered three Mobile Test Systems which have been shipped to the United states (US) for integration with the Aegis Combat System (ACS).

1.3 Project Context

Background

The project will form the foundation of the Government's Continuous Naval Shipbuilding Program, as announced in the 2017 National Naval Shipbuilding Plan and updated in the 2024 Naval Shipbuilding and Sustainment Plan. As at 30 June 2025, the project is continuing to deliver the approved scope of the D&P stage and is progressing as planned in the Construction stage. The project will continue to progress through multiple Government decision-making points for subsequent project stages.

The project was initiated in June 2014 with an Initial Pass approved by Government to commence capability development activities. Key activities and announcements over subsequent years included:

- August 2015 Government announced bringing forward the Future Frigate program to replace the Anzac Class Frigates as part of a continuous onshore build program to commence in 2020.
- September 2015 Interim Pass approved by Government for CEA Technologies Pty Ltd Radar Development activities.
- November 2015 Interim Pass approved by Government to progress a Competitive Evaluation Process (CEP).
- April 2016 First Pass approval for SEA5000 Phase 1 to complete the CEP based on tenders received from three ship designers.
- October 2017 Government announced decision to select the ACS together with an Australian Interface developed by Saab Australia Pty Ltd as the Combat Management System solution for the Future Frigate.

June 2018 Government announced BAE Systems Maritime Australia Pty Ltd Global Combat Ship – Australia as the capability best suited to Defence needs. The frigates were classed as the Hunter Class Fast Frigate Guided.

March 2020, the HCF project was elevated to a Project of Interest, due to significant schedule, technical, workforce and cost challenges. February 2022, the project sought Interim Pass approval from Government to contract BAE Systems Maritime Australia Pty Ltd to construct four Schedule Protection Blocks in addition to the five Type 26 prototype blocks it was already contracted to construct under the D&P scope.

July 2023, a PDR was conducted. The focus of the review was setting the Allocated Baseline (for the design of the Batch One ships and the Land Base Test Site), and examining options to control the accumulation of risk as detailed design progressed towards the Construction stage. In line with the forecast in the 2022-23 MPR, the PDR Key Milestone was achieved on schedule in October 2023.

November 2023, the Government approved an additional two Schedule Protection Blocks. This approval was intended to mitigate the risks of the loss of shipyard workforce prior to a Government approval to enter into the Batch One Construction Contract in Quarter 2, 2024.

February 2024, following the Independent Analysis of the Navy's Surface Combatant Fleet, the HCF project was directed to acquire six ships of the same configuration.

June 2024, the project obtained Government Second Pass approval for construction of the first three ships. The project remains a Project of Interest with a revised exit criteria aligned with Ship 1 Vessel Acceptance Date.

Uniqueness

SEA5000 will be delivered in a number of stages to achieve the objectives of Continuous Naval Shipbuilding, with each stage requiring separate approvals by Government to ensure the project remains within cost constraints.

While the principles of the One Defence Capability System will be applied to the project, due to the longevity, and staged nature of the project, a unique approach will be required to manage the six ships through the life cycle. An example of this is the requirement to return to Government for approval to commence construction and sustainment for ships 1 – 6 and their support system.

Major Risks, Emergent Risks and Issues

The project office is currently managing project delivery risks identified within Section 5.2 Emergent Risks, which broadly fall under a number of key areas being:

- **Finance**. In-year funding constrains.
- **Combat System.** Reference ship limitations.
- **Engineering.** Margins remain challenged.
- **Combat Systems Workforce.** Insufficient Suitably Qualified and Experienced Person (SQEP).

The project office is currently managing project delivery issues identified within Section 5.3 Major Project Issues, which fall under key area being:

- **Commonwealth of Australia (CoA) Workforce**. Insufficient SQEP.

The following capability realisation risks within Section 5.1 Major Project Risks were transferred to Navy during FY 2024-25 and will be removed at the next MPR:

- Ship design maturity.
- Combat System Integration.
- Operating capability delivered to Navy.

Other Current Related Projects/Phases

SEA1442 Maritime Communications Modernisation. This project is part of a multi-phased program for the enhancement of the RAN's maritime communications capability to upgrade communication systems, addressing obsolescence to improve communications management.

SEA5011 Phase 1 – Modernisation of Maritime Electronic Warfare. This program will develop, deliver and sustain an integrated and networked Electromagnetic Manoeuvre Warfare capability through procurement of new, augmentation and improved capabilities for the RAN Fleet.

SEA1397 Phase 5B – Nulka Missile Decoy Enhancements. This project is developing the Nulka Launch sub-system including integration of the Nulka system and upgrade of the systems.

SEA4000 Phase 6 – Air Warfare Destroyer – Aegis Capability Upgrade. This project is accountable for the upgrade of the ACS from Baseline 8 to Baseline 9, as well as the insertion of a new Australian Combat Management System - replacing the Australian Tactical Interface with a Saab developed Australian Interface.

AIR6500 Phase 1 – Integrated Air and Missile Defence Command and Control. This project will provide deployable sensors and operations centres with command and control systems that will act as the primary interface to multi-domain contributory capabilities.

Section 2 – Financial Performance[2]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m	Notes
	Project Budget		
Jun 14	Original Approved (Initial Pass Approval)	62.8	
Sep 15	Interim Pass Approval	52.6	1
Jan 16	Pre First Pass Approval	22.1	2
Apr 16	Government First Pass Approval	208.2	

[2]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.

Oct 17	Interim Pass Approval	55.5		3
Jun 18	Government Second Pass Approval (D&P)	5,782.7		
Aug 19	Real Variation – Transfer	3.3		5
Sep 22	Real Variation – Transfer	(9.8)		6
Mar 23	Real Variation – Transfer to DST05000 Phase 1	(12.5)		7
Jun 24	Government Second Pass Approval (Batch 1 Construction)	19,680.6		4
	Total at Second Pass Approval		**25,845.5**	
Jun 25	Exchange Variation		209.7	
Jun 25	**Total Budget**		**26,055.3**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – BAE Systems Maritime Australia Pty Ltd	(2,302.5)		
	Contract Expenditure – Foreign Military Sales (FMS) Case AT-P-LFZ	(225.5)		
	Contract Expenditure – FMS Case AT-P-GSC	(212.7)		
	Contract Expenditure – CEA Technologies Pty Ltd 2	(106.6)		
	Contract Expenditure – Odense Maritime Technology A/S	(42.9)		
	Other Contract Payments/Internal Expenses	(747.7)		8
			(3,637.9)	
FY to Jun 25	Contract Expenditure – BAE Systems Maritime Australia Pty Ltd	(1,094.3)		
	Contract Expenditure – FMS Case AT-P-LFZ	(134.8)		
	Contract Expenditure – Thales Australia Ltd	(57.7)		
	Contract Expenditure – Saab Australia Pty Ltd 2	(38.0)		
	Contract Expenditure – CEA Technologies Pty Ltd 2	(13.7)		
	Other Contract Payments/Internal Expenses	(27.9)		
			(1,366.4)	
Jun 25	**Total Expenditure**		**(5,004.3)**	
Jun 25	**Remaining Budget**		**21,051.0**	

Notes	
1	CEA Technologies Pty Ltd Radar Development Program.
2	Initiating the CEP for Future Frigates.
3	Conduct further combat system development activities and to secure critical support staff.
4	The project received Second Pass approval for construction of the first three ships.
5	Funding transfer between Capability Acquisition and Sustainment Group (CASG) and Security and Estate Group (formerly known as the Estate and Infrastructure Group) to address funding shortfall with the Naval Capability Infrastructure Sub-program.
6	Funding transfer between CASG and Navy to address funding shortfall due to Interim Arrangement.
7	Funding transfer between Naval Shipbuilding and Sustainment Group and Defence Science and Technology Group.
8	Other Contract Payments/Internal expenditure comprises of: Project and Commercial Support ($335.7m) - *which includes; Deloitte Touche Tohmatsu LLC ($32.0m), Odense Maritime Technology A/S ($12.9m).* Technical Support ($248.4m) - *which includes; CEA Technologies Pty Ltd ($50.4m) and SAAB Australia Pty Ltd 1 ($39.4m).* CEP Participants ($122.5m) - *which includes; BAE Systems Australia Ltd ($56.6m), Navantia Australia Pty Ltd ($36.2m) and Fincantieri S.p.A ($29.7m).* Thales Australia Pty Ltd. ($29.5m) and SAAB Australia Pty Ltd 2($11.6m).

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
744.9	1,356.2	1,365.6	Portfolio Budget Statements (PBS) to Portfolio Additional Estimate Statements (PAES): The project transitioned to the construction phase on 1 July 2024 with the commencement of construction of the first three ships. The variance reflects the increased budget to fund the construction phase. PAES to In-year Budget: The movement is due to foreign exchange.
Variance $m	611.3	9.4	Total Variance ($m): 620.7
Variance %	82.1	0.7	Total Variance (%): 83.3

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		0.5	Australian Industry	This $800,000 or 0.06% overspend was a result of minor variances across the 140+ suppliers to the HCF project.
		0.3	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
1,365.6	1,366.4	**0.8**	**Total Variance**	
		0.1	**% Variance**	

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 25 $m			
US Government FMS Case AT-P-GSC	Jan 16	5.5	261.5	Reimbursement (for FMS)	FMS	1, 7
BAE Systems Maritime Australia Pty Ltd	Dec 18	1,904.1	14,149.1	Variable	Standard Defence Contract	2, 7
US Government FMS Case AT-P-LFZ	Sep 20	626.6	1,471.0	Reimbursement (for FMS)	FMS	3, 7
CEA Technologies Pty Ltd 2	Sep 21	27.8	138.3	Firm or Fixed	Standard Defence Contract	4, 7
Saab Australia Pty Ltd 2	Jul 23	2.7	57.4	Firm or Fixed	Standard Defence Contract	5
Thales Australia Ltd	Sep 23	66.3	398.1	Firm or Fixed	Standard Defence Contract	6, 7, 9
CEA Technologies Pty Ltd 4	Oct 24	938.6	932.1	Firm or Fixed	Standard Defence Contract	8

Notes	
1	US Government Initial Letter of Offer and Acceptance (LOA) was for SEA5000 Feasibility and Technical Integration Study. Contract value and scope increased for additional Feasibility and Technical Risk Reduction Studies including CEAFAR /Cooperative Engagement Capability and integration of CEAFAR into the ACS. Contract value and scope was further increased for acquisition of LLTI for Development Sites.
2	BAE Systems Maritime Australia Pty Ltd Major Contract changes during the reporting period FY 2024-25 was the addition of the Batch 1 construction scope.
3	Initial LOA was for the acquisition of Australian Surface Combatants ACS long lead items. Contract value and scope has been increased to include additional major weapons system equipment and services for three shipsets.
4	The development and testing of new interface between Aegis and CEAFAR systems.
5	Strategic Management System Services under the Australian Combat Management System Enterprise Partnering Agreement for Design and Engineering Services for the Australian Combat System Interface with ACS, scope has grown from initial planning to include design and delivery services for Hunter.
6	Towed Array Sonar LLTI and three shipsets.
7	Contract value as at 30 June 2025 is based on actual expenditure to 30 June 2025 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).
8	Provision of three Phased Array Radars and related services for three shipsets.
9	Date amended to correct contract signature date.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
US Government FMS Case AT-P-GSC	N/A	N/A	Feasibility and Integration studies	-
BAE Systems Maritime Australia Pty Ltd	N/A	N/A	D&P for HCF.	-
US Government FMS Case AT-P-LFZ	3	3	Three shipsets of ACS long lead items.	-
CEA Technologies Pty Ltd 2	N/A	N/A	Development and testing of new interface between Aegis and CEAFAR systems.	-
Saab Australia Pty Ltd 2	N/A	N/A	Design and Engineering Services for the Australian Combat System Interface with ACS.	-
Thales Australia Ltd	3	3	Towed Array Sonar LLTI and three shipsets.	-

Major equipment accepted and quantities to 30 Jun 25	
N/A	
Notes	
N/A	N/A

2.4 Australian Industry Capability

Summary
The project has contracted Australian Industry Capability (AIC) Plans based on opportunities to maximise internationally competitive Australian industry involvement which is captured in CEA Technologies Pty Ltd, BAE Systems Maritime Australia Pty Ltd, Saab Australia Pty Ltd and Thales Australia Ltd AIC Plans in support of their program and project management, systems integration, data management, business intelligence support and assurance activities. The project has no contracted AIC Plan for its US Government FMS acquisition as the US Foreign Government arrangement does not include the contractual provision or obligations for Australian Industry Content.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements Review (SRR)	MS and Support System (SS)	Sep 19	N/A	Sep 19	0	1
System Definition Review (SDR)	Mission System	Nov 20	Apr 22	May 22	18	1, 2
	Support System	Nov 20	Mar 23	Dec 22	25	1, 2, 3
Preliminary Design Review (PDR)	Mission System	N/A	Oct 23	Oct 23	N/A	1, 2, 4
Critical Design Review (CDR)	Mission System CDR	Nov 22	N/A	N/A	N/A	6
	Mission System (Final Critical Design Review)	Jun 24	NFP	NFP	NFP	2, 5
	Support System (Support System Critical Design Review)	Apr 25	NFP	NFP	NFP	2, 5

Notes	
1	The achieved dates for the SRR, SDR and PDR are based on the dates that the associated Head Contract Key Milestones were achieved. Achievement of SRR and Mission System SDR (MS-SDR) were September 2019 and May 2022 respectively. Head Contract Key Milestones are generally achieved a number of months after the conduct of the design review exit event to enable the Key Milestone Criteria (e.g. closure or downgrading of action items) to be completed.
2	The delayed achievement of the MS-SDR, primarily as a result of design delays experienced in the UK Type 26 Program, resulted in delays to subsequent design reviews. The MS-SDR included an element that was focused on the LBTS (Development and Sustainment) (LBTS (D&S)).
3	In Quarter 3, 2021, the conduct of the SS-SDR exit event was deferred to October 2022, by mutual agreement between Defence and BAE Systems Maritime Australia Pty Ltd. The delay enabled the Integrated Logistics Support artefacts to be further matured, thus significantly increasing the likelihood of achieving an optimal outcome from the design review process.
4	The PDR exit event was conducted in July 2023. The review focused on setting the Allocated Baseline (for the design of the Batch One ships and the LBTS (D&S)). It also examined options to control the accumulation of risk as detailed design progressed towards the Batch One construction stage.
5	Forecast dates for events occurring more than 18 months from the current date are not robust and should be considered indicative dates only.
6	The MS-CDR was removed from the Head Contract during FY 2023-24 reporting period.

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	Prototyping commencement	Dec 20	Dec 20	Dec 20	0	-
	Ship One construction commencement	Dec 22	N/A	Jun 24	18	1, 2
Acceptance	Ship One	NFP	NFP	NFP	NFP	3
	Ship Two	NFP	NFP	NFP	NFP	-
	Ship Three	NFP	NFP	NFP	NFP	-

Notes	
1	In June 2021 the Government approved the deferral of the Ship One construction commencement from December 2022 to no later than June 2024.

2	Ship One construction commenced in June 2024.
3	These dates were approved by Government in June 2024 and took effect commercially on 1 July 2024.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	NFP	NFP	NFP	1
Initial Operational Capability (IOC)	NFP	NFP	NFP	2
Final Materiel Release (FMR)	TBD	TBD	N/A	3
Final Operational Capability (FOC)	TBD	TBD	N/A	3

Notes	
1	BAE Systems Maritime Australia Pty Ltd has a contracted Vessel Acceptance Date which is considered equivalent to IMR. These dates were approved by Government in June 2024.
2	Operational Capability Milestones dates were approved by Government in June 2024. Dates associated with capability realisation are NFP.
3	These milestones are expected to be defined by Government in the Batch 2 (ships 4-6) Second Pass Approval.

Schedule Status at 30 June 2025
Dates associated with capability realisation are NFP

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: As at 30 June 2025, the project expects to meet the materiel capability requirements as expressed in the Materiel Acquisition Agreement.
	Amber: N/A
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	CoA signature of the Supplies Acceptance Certificate for Ship 1. Forecast dates for IMR are NFP.	Not yet achieved
Initial Operational Capability (IOC)	HCF Ship 1 delivered and Operational Test and Evaluation completed by Navy. Forecast dates for IOC are NFP.	Not yet achieved
Final Materiel Release (FMR)	Note 1	Not yet achieved

Final Operational Capability (FOC)	Note 1	Not yet achieved

Notes	
1	FMR and FOC will not be set until after Government approval for Batch 2 (ships 4-6).

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	There is a risk that HCF Batch 1 design, presented at Batch 1 submission, does not provide a sustainable design due to restrictions on margins, platform limitations, design uncertainty, and Reference Ship Design intent, resulting in a compromised capability.	The project is tracking naval architecture limits and design margins closely through head contract deliverables such as the Margin Monitoring Program, the Quarterly Weight Report, and the Mandated System Review process. Per Note below, this risk was transferred to Navy during FY 2024-25 and will be removed from next year's MPR.
2	There is a risk, caused by design delays and accumulated technical debt that the HCF design is not sufficiently mature to maintain continuous, efficient production in Quarter 2, 2024. The result is schedule slippage and higher costs.	Design maturity is being achieved via a staged release approach. The maturity of design zones is sequenced to ensure spatial design, planning, and procurement activities are completed to support the shipyard production schedule. Per Note below, this risk was transferred to Navy during FY 2024-25 and will be removed from next year's MPR.
3	There is a risk, caused by the evolving Combat System design, that combat system integration into the ship is not sufficiently mature.	The project, BAE Systems Maritime Australia Pty Ltd, and other key combat system suppliers will refine their combat system integration and assurance roles through an update to the head contract Statement of Work and deliverables such as the Engineering Management Plan, System Integration Plan and Combat System Assurance Plan. Per Note below, this risk was transferred to Navy during FY 2024-25 and will be removed from next year's MPR.
4	There is a risk, due to competition in the labour market, realised at Vessel Acceptance Date, the Future Navy Workforce is unable to raise, train and sustain sufficient Navy Workforce to support RAN Navy capabilities and provide seaworthiness assurance.	The project, with Navy and BAE Systems Maritime Australia Pty Ltd, will identify training opportunities such as high fidelity simulators, and conduct workforce modelling/analysis to identify key skillsets required. Per Note below, this risk was transferred to Navy during FY 2024-25 and will be removed from next year's MPR.

Note
Risks previously reported in 5.1 in prior Project Data Summary Sheet (PDSS) were a combination of strategic and tactical capability realisation and project delivery risks. Following Government approval for Batch 1, a comprehensive risk review was undertaken by the HCF Project Management Office. This review examined risks in the context of both the D&P and Construction phases. As a result of the review, all capability related risks have been transferred to the Navy Sponsor for management. Now that the Project has been approved to enter the Construction Phase, the risk reporting within the PDSS now reflects only those technical and programmatic risks facing project delivery.

5.2 Emergent Risks

Emergent Risks (risk not previously identified, or has increased in rating. Which have emerged during 2024–25)		
Ref#	Description	Remedial Action
1	There is a risk, driven by in-year funding constraints within the Integrated Investment Program (IIP) that may result in inability to deliver the Program on schedule.	This risk is being treated through regular engagements with industry and key stakeholders.
2	There is a risk that the integration of future combat system elements into the HCF will be constrained due to reference ship design limitations.	The entire ship design is reviewed regularly through technical forums and workshops with all relevant industry and Defence stakeholders.
3	There is a risk that the final maturation of the HCF design consumes allocated margins resulting in design rework and pressure on production to achieve the build schedule.	The design is complex, complicated and physically densely packed, requiring constant review of the critical design margins. This is achieved through technical forums and workshops with all relevant industry and Defence stakeholders.
4	There is a risk that there will be insufficient skilled personnel to design and integrate the combat system.	The project works to actively recruit and train skilled workers in Combat Systems Integration across both Industry and Defence.

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	Availability of a skilled, qualified, and experienced workforce within the CoA to conduct assurance of the design construction of the HCF.	The project works to actively recruit, train and retain a skilled, qualified and experienced workforce in accordance with the strategies outlined in the Defence Workforce Plan.

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 20 lessons. The three project strategic lessons and three project level lessons (non-strategic) are listed below.

Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Government Furnished Material, data and information requirements need to be clearly defined, articulated and agreed between the platform designer, the various branches, divisions and System Program Office's responsible for delivery, and materiel suppliers. This is required in terms of both the level of data maturity required, and schedule required by dates to enable the platform designer to meet key project milestones.	Program, Project & Product Management
Strategic Lesson Type – Observation. A Lessons and Opportunities Framework finalised and agreed to ensure lessons learnt are more robustly captured, assessed and where relevant encapsulated within processes, plans and procedures.	Decision Support
Strategic Lesson Type – Observation. A Quality Management Plan compliant with CASG Quality Management System and in accordance with the guidance included in International Organisation for Standardisation Standard 9004:2018 is required to ensure continuous and sustained success, particularly within a project that is highly complex.	Decision Support
Project Level Lessons (non-strategic) Description	**Categories of Systemic Lessons**
Project level lesson – A document suite for each IBR, which details the roles and responsibilities of stakeholders and a timeline. A kick-off meeting with all key stakeholders to review the requirements of IBR prior to commencement. This will enable the program to manage conflicting priorities and business as usual.	Program, Project & Product Management
Project level lesson – Early commencement of planning for IBR to understand key stakeholders required for consultation and development of activities and timelines.	Program, Project & Product Management
Project level lesson – Conduct debrief sessions post reviews to enable collaboration and identification of potential Corrective Action Requests for discussion.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Major Surface Combatants and Combat Systems Division
Branch	Hunter Class Frigate Branch

Project Data Summary Sheet

Project Number	**SEA9100 Phase 1**
Project Name	**IMPROVED EMBARKED LOGISTICS SUPPORT HELICOPTER**
First Year Reported in the MPR	2023-24
Capability Type	Expansion of extant Fleet
Capability Manager	Chief of Navy
Government 1st Pass Approval	Mar 22
Government 2nd Pass Approval	Mar 22
Budget at 2nd Pass Approval	$1,460.2m
Total Approved Budget (Current)	$2,086.1m
2024–25 In-year Budget	$384.0m
Complexity	ACAT III

Section 1 – Project Summary

1.1 Project Description

SEA9100 Phase 1 Improved Embarked Logistics Support Helicopter Project will expand and rationalise the Royal Australian Navy's support and logistics helicopter fleet through the Foreign Military Sales (FMS) acquisition of additional MH-60R Seahawk helicopters. The project will acquire 12 helicopters, spares and equipment to support operations on the Navy Amphibious and Afloat Support fleet, with an additional helicopter being acquired to remediate a fleet loss on operations in October 2021. This will grow the existing MH-60R Seahawk Romeo fleet to 36 aircraft in total, replacing Navy's MRH-90 Taipan helicopter fleet which ceased operations in May 2022. The project will build on the established elements from its predecessor, AIR9000 Phase 8, and includes the Military Off-The-Shelf (MOTS) purchase of aircraft from the United States Navy (USN) through a FMS agreement.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $274.0m against the FY 2024-25 budget of $384.0m. Underspend is due to re-phasing of FMS disbursements to account for changes to aircraft production schedules and timing of FMS disbursements associated with expanded support system arrangements.

Project Financial Assurance Statement

As at 30 June 2025, SEA9100 Phase 1 has reviewed the project's approved scope and budget for those elements required to be delivered by Defence. Having reviewed the current financial contractual obligations of Defence for this project, current known risks and estimated future expenditure, Defence considers, as at the reporting date, there is sufficient budget remaining for the project to complete against the agreed scope.

Contingency Statement

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

Schedule Performance

The project is on track to meet Initial Operational Capability (IOC) and Final Operational Capability (FOC) Milestones.

The USN has continued to execute project activities in accordance with the FMS agreement, including management of aircraft production contracts and procurement of spares and supporting equipment.

The MH-60R helicopters are scheduled to commence manufacture of major assemblies from July 2025. Procurement and delivery of spares and supporting equipment will continue. Facilities gained Parliamentary Approval on 28 November 2024.

Materiel Capability/Scope Delivery Performance

The MH-60R Seahawk Romeo helicopter is a MOTS product being procured from the USN via FMS. The MH-60R Seahawk Romeo has been in service with the USN since 2005 and was first deployed operationally by the USN in early 2010. The Australian Defence Force (ADF) commenced MH-60R Seahawk Romeo operations in 2013 and has accepted delivery of 24 MH-60R via AIR9000 Phase 8. SEA9100 Phase 1 will expand the ADF fleet of Seahawk Romeo to 36 aircraft. The Project capability and scope delivery remains on track.

1.3 Project Context

Background

Government direction provided in the Force Structure Plan 2020 (FSP) stated Defence was to "expand and rationalise" the Maritime Helicopter capability "consistent with expectations for larger naval operations." To meet expectations for increased naval operations cited in 2020 FSP, Navy was required to expand the number of Maritime Helicopter Flights from eight to 14. A Flight is a deployable element capability in the embarked environment in support of current Navy convention. To meet Government direction, the Sponsor

proposed to acquire additional MH-60R Seahawk Romeo helicopters, thereby taking maximum advantage of established Fundamental Inputs to Capability (FIC) elements and high levels of interoperability with the USN.

SEA9100 Phase 1 achieved Gate 0 Project Approval by the Investment Committee in February 2021. In 2021, the project performed a Smart Buyer activity, which noted a schedule urgency to commit to a FMS Acquisition of MH-60R by 31 March 2022 to ensure continuity of the aircraft production line. The Smart Buyer profile was used to refine the project scope and associated execution strategy, which resulted in SEA9100 Phase 1 progressing a tailored Combined Pass approval submission. This accelerated timeframe to achieve Combined Pass approval meant that Facilities and Training Area requirements were initially excluded. SEA9100 Phase 1 received Gate 2 Combined Pass Approval in March 2022, with Facilities and Training Areas receiving Two Minister Combined Pass approval the following year in May 2023.

Uniqueness

The SEA9100 Phase 1 FMS acquisition of 13 MH-60R helicopters, and associated support systems, is an expansion of the extant in-service ADF MH-60R fleet and resultant capability founded under AIR9000 Phase 8 and the SEA5510 Phase 1 Romeo Capability Assurance Program. As such, SEA9100 Phase 1 significantly reduces both acquisition and sustainment costs and the complexity and timeframes to realise the capability requirements defined in 2020 FSP.

The 13 MH-60R helicopters being procured are the same type and model as those already in-service and they will operate under already issued and extant ADF Military Type and Air Operator Certificates.

Major Risks, Emergent Risks and Issues

The Project Office (PO) currently has no high rated risks and no high rated emergent risks (pre-mitigation rating).

The PO is currently managing one issue that is not for publication.

Other Current Related Projects/Phases

AIR9000 Phase 8 - Future Naval Aviation Combat System. Acquisition of 24 MH-60R Seahawk Romeo Maritime Combat Helicopters and Support Systems.

SEA5510 Phase 1 - MH-60R Seahawk Capability Assurance Program (CAP). Cooperative program with the USN to jointly develop capability enhancements, address obsolescence and ensure the MH-60R maintains ongoing configuration alignment, interoperability and interchangeability with the USN.

CN35 - MH-60R Seahawk Romeo Sustainment. In-service management of the MH-60R fleet and support systems (covering operational, engineering, maintenance, supply and training support elements).

SEA1300 Phase 1 - Navy Guided Weapons Project. Procurement of helicopter launched weapons.

SEA1654 Phase 4 - **Maritime Operational Support Capability.** Delivery of two Auxiliary Oiler Replenishment ships HMAS *Supply* (2021) and HMAS *Stalwart* (2022) may need modification to support full MH-60R capability.

SEA2048 Phase 6 - Landing Helicopter Dock (LHD) CAP. LHD class of vessels may need modification to support full MH-60R capability.

ESTS9100 Phase 1 - Improved Embarked Logistics Support Helicopter. Facilities to support Improved Embarked Logistics Support Helicopter capability.

JP9347 - New ADF Tactical Information Exchange Domain Capability. SEA9100 Phase 1 will interface with the Enterprise Intelligence System and future Tactical Data Link.

JP9321 - Joint Electronic Warfare Sub-Program. SEA9100 Phase 1 will interface with the Enterprise Intelligence System and future Tactical Data Link.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Mar 21	Original Approval (Interim Approval)	4.4		1
Jun 21	Real Variation – Transfer	(1.7)		2
Jun 22	Government Second Pass Approval	1,457.5		3
	Total at Second Pass Approval		**1,460.2**	
Mar 25	Real Variation - Transfer		337.1	4
Jun 25	Exchange Variation		288.9	
Jun 25	**Total Budget**		**2,086.1**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – FMS case AT-P-SCO	(213.2)		
	Other Contract Payments/Internal Expenses	(5.3)		5
			(218.5)	

[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.

FY to Jun 25	Contract Expenditure – FMS case AT-P-SCO	(247.3)		
	Other Contract Payments/Internal Expenses	(26.7)		6
			(274.0)	
Jun 25	**Total Expenditure**		**(492.6)**	
Jun 25	**Remaining Budget**		**1,593.5**	

Notes	
1	This amount reflects funding approval at pre-Government Combined Pass Approval (Including Interim and Early access).
2	This amount reflects transfer of funds within the approved acquisition programs to Security and Estate Group (ESTS9100) for facilities.
3	This amount reflects the funding approval at Government Combined Pass Approval.
4	This is a budget transfer from AIR9000 Phase 8.
5	Other Contract Payment/Internal Expenses comprise of: External Service Providers ($4.7m), project administrative costs ($0.6m).
6	Other Contract Payment/Internal Expenses comprise of: PH8 AT-P-SCF ($18.6m), PH8 Anzac Ship Integration ($2.8m), Mission System ($1.9m), PH8 Test & Evaluation ($1.5m), External Service Providers ($1.1m), Project Administrative Costs ($0.5m), PH8 AT-P-GQF ($0.2m).

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
426.8	351.3	384.0	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variance is primarily attributed to delay in aircraft production and spares delivery slippage against FMS Case AT-P-SCO. PAES to In-year Budget: The variance is primarily attributed to budget transfer from AIR9000 Phase 8 (FMS Case AT-P-SCF).
Variance $m	(75.4)	32.7	Total Variance ($m): (42.7)
Variance %	(17.7)	9.3	Total Variance (%): (10.0)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		-	Australian Industry	Underspend is due to re-phasing of FMS disbursements to account for changes to aircraft production schedules, and timing of FMS disbursements associated with expanded support system arrangements.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		(110.0)	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
384.0	274.0	**(110.0)**	**Total Variance**	
		(28.6)	**% Variance**	

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 25 $m			
FMS Case AT-P-SCO	Mar 22	1,172.0	952.5	Reimbursement (for FMS)	FMS	1, 2

Notes	
1	Price variation from Contract Signature is due to exchange rate variations. In 2022, the FMS case was amended to include one additional aircraft to remediate a fleet loss during operations in October 2021.
2	FMS Enhanced Solution (ES) Financial Summary data showing case value has been used to reflect remaining cash to be paid, converted to Australian Dollars at PBS FY 2025-26.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
FMS Case AT-P-SCO	12 MH-60R	13 MH-60R	FMS Case AT-P-SCO procuring the MH-60R capability and expanding support system.	1

Major equipment accepted and quantities to 30 Jun 25
N/A

Notes	
1	In 2022, the FMS case was amended to include one additional aircraft to remediate a fleet loss during operations in October 2021.

2.4 Australian Industry Capability

Summary
The project has no contracted Australian Industry Capability (AIC) Plan for US Government FMS acquisition. Building upon the current support arrangements established under AIR9000 Phase 8, the expansion of the MH-60R fleet size under SEA9100 Phase 1 will drive further opportunities for Australian industry in sustainment with respect to aircraft deeper maintenance and component repair; program management and logistics support; engine maintenance; and new and refurbished facilities.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	MH-60R Helicopter	N/A	N/A	Jun 23	N/A	1
Preliminary Design	MH-60R Helicopter	N/A	N/A	Jun 23	N/A	1
Critical Design	MH-60R Helicopter	N/A	N/A	Sep 23	N/A	1

Notes	
1	The Commonwealth of Australia (CoA) is not in contract for the above major reviews, nor similar reviews with the USN due to being an FMS Case arrangement (FMS Case AT-P-SCO). The USN and Lockheed Martin Corporation (USN Prime Contractor) have contractual arrangements in place with each other that does include similar major reviews. The CoA is not a party to these contractual arrangements. CoA participation in these similar reviews has been allowed and has occurred but solely on a courtesy and non-contractual basis.

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	MH-60R Helicopter	N/A	N/A	N/A	N/A	1
Acceptance	MH-60R Helicopter	N/A	N/A	N/A	N/A	1
Acceptance	CoA acceptance of 13th and Final MH-60R Helicopter.	NFP	NFP	NFP	NFP	2

Notes	
1	The CoA is not in contract for the above major reviews, nor similar reviews with the USN unique to the FMS Case arrangement under (FMS Case AT-P-SCO). Test and evaluation is conducted by the USN on behalf of the CoA as a recognised Military Airworthiness Authority for assurance of Systems Integration and Acceptance.
2	This is the date the 13th and final MH-60R is accepted from the USN by the CoA. US Defence Department Form DD1149 (Requisition and Invoice/Shipping Document) provides the mechanism for formal acceptance and transfer of ownership.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	NFP	NFP	NFP	1
Initial Operational Capability (IOC)	NFP	NFP	NFP	1
Final Materiel Release (FMR)	NFP	NFP	NFP	1
Final Operational Capability (FOC)	NFP	NFP	NFP	1

Notes	
1	The information related to this section is not for publication.

Schedule Status at 30 June 2025
Dates associated with capability realisation are NFP

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project expects to meet the materiel capability requirements as expressed in the Materiel Acquisition Agreement and in accordance with the requirements of the Technical Regulatory Authorities.
	Amber: N/A
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	• Two aircraft delivered in-country (Australia) aligned with the contemporary ADF MH-60R Seahawk Romeo baseline. • Capacity within the logistics, training and operational support elements (including spares and support equipment) to enable sustainment of an additional aircraft deployed to an Australian ship. Forecast dates for IMR are NFP.	Not yet Achieved
Initial Operational Capability (IOC)	• One additional MH-60R Flight deployed at Sea with adequate personnel and logistics support to sustain Maritime Helicopter operations for 90 days. Forecast dates for IOC are NFP.	Not yet Achieved
Final Materiel Release (FMR)	• 13 aircraft delivered in country (Australia) aligned with the contemporary ADF MH-60R Seahawk Romeo baseline. • Capacity within the logistics, training and operational support elements (including spares, support equipment and role equipment) to enable sustainment of six additional aircraft deployed to Australian ships and ashore. • Trade studies to review options for Crew Seating and Enhanced Crew Survivability. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	• Six additional MH-60R Flights available for Sea deployment with adequate personnel and logistics support to independently sustain Maritime Helicopter operations for 90 days each (which brings the total to 14 MH-60R Flights available for Sea deployment). • Capacity to detach one additional aircraft with adequate personnel and logistics support to operate independently from the main operating base for no more than 30 days. • Suitable and accepted facilities, for the expanded MH-60R fleet. Forecast dates for FOC are 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
N/A	N/A	N/A

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	SEA9100 Phase 1 – Schedule – Production delays impacting a milestone.	Noting that a milestone will not be achieved, risk treatment work continues in order to lessen any further delays.

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 14 lessons. The five project strategic lessons and five project level lessons (non-strategic) are listed below.

Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Procurement Policy and reporting requirements are typically based on direct commercial/Australian Standard for Defence Contracting models, which can be difficult to interpret and apply within the constraints of an FMS context – Policy makers should keep FMS requirements in mind when creating procurement policy/reporting requirements.	Program, Project & Product Management /Commercial Management
Strategic Lesson Type – Observation. Project Governance - To better align the Defence Policy Statement to rapidly acquire Minimum Viable Product (as per Defence Glossary), when Government approve the procurement of MOTS or Commercial Off-The-Shelf systems, materiel assurance should be against the existing Product Specification. Function and Performance Specifications/Requirements should be targeted if modifications are required or the FIC elements require specific detail.	Program, Project & Product Management /Commercial Management
Strategic Lesson Type – Observation. Communication/Relationships - Understanding International Government processes and cultural nuances is key to a successful outcome. An in-country project team has been proven essential to maximise communication effectiveness, optimise delivery and strengthen the United States and Australian strategic partnership. The enduring MH-60R Seahawk Romeo in-country team presence continues to enhance support outcomes, interoperability and interchangeability while providing influence as a trusted strategic partner, in the context of MH-60R Seahawk Romeo delivery and sustainment.	Program, Project & Product Management
Strategic Lesson Type – Observation. Budget - Project cost modelling contained a number of assumptions that, over time, were proven unrealised. This has placed increased pressure on forward budgets. Routinely reviewing cost model conditions and assumptions is likely to identify any structural deficiencies in the model before they manifest negatively. Such a review should be done in a period aligned with other budget activities. Key assumptions, test conditions and timeframes should be clearly articulated either during the development of the cost model, or in a review. This will permit a clear and timely review of the underpinning situation last forecast by the model.	Program, Project & Product Management
Strategic Lesson Type – Observation. Budget - The Romeo Enterprise Office model embeds and shares resources across both the sustainment, acquisition and future Capability Assurance Program elements of the MH-60R capability. Additionally, engineering support is physically adjacent within the Navy Aviation Systems Program Office. Close proximity and effective working relationships between all functional elements ensures a seamless and transparent understanding of all matters affecting the MH-60R. Where possible, similar working relationships are encouraged across other Defence projects and capabilities.	Program, Project & Product Management

Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
Project level lesson. Streamlined and effective communication enhances shared situation awareness. SEA9100 Phase 1 stakeholders include Australian and United States members, who may be military, public servant or contracted. The dynamic posting cycle of incumbents, coupled with the complex geographical circumstance means that communication can often require greater effort and discipline to be effective.	Program, Project & Product Management
Project level lesson. Forward planning and workforce engagement to review organisational effectiveness is sometimes initiated reactively. Understanding all internal and external opportunities unique to SEA9100 Phase 1 and the broader MH-60R capability will permit a conscious and optimised approach to organisational review activities and longer term forward planning. These elements have been incorporated into monthly and quarterly Program Performance Reporting requirements.	Program, Project & Product Management
Project level lesson. Clear communication and expectation management between Project stakeholders should be defined by the individual Project, though is not a problem unique to SEA9100 Phase 1. While generally effective, some refinement to existing relationships, battle rhythms and routine reporting requirements could enhance and simplify Project outcomes.	Program, Project & Product Management
Project level lesson. The principles of establishing orders, instructions and procedures (OIP) and their effective management through a Quality Management System (QMS) (or similar) is well understood. SEA9100 Phase 1 has established OIP, but has identified an opportunity to more efficiently manage them by leveraging the existing Navy Aviation Systems Program Office QMS more effectively.	Decision Support
Project level lesson. An effective relationship and liaison with the Principle Contracting Officer (PCO) is critical to understanding contract specifics to make the CoA a more informed customer. Reasonable contract clarity to ensure performance is necessary for the responsible stewardship of the capability. To the extent allowed, early engagement with the PCO will ensure a balanced and fairly represented CoA position most likely to enable the effective and affordable delivery of capability within the bounds of a contract.	Commercial Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Joint Aviation Systems Division
Branch	Navy Aviation, Aircrew Training and Commons Branch

Project Data Summary Sheet

Project Number	**LAND19 Phase 7B**
Project Name	**SHORT RANGE GROUND BASED AIR DEFENCE**
First Year Reported in the MPR	2020-21
Capability Type	Replacement
Capability Manager	Chief of Army
Government 1st Pass Approval	Feb 17
Government 2nd Pass Approval	Feb 19
Budget at 2nd Pass Approval	$1,274.3m
Total Approved Budget (Current)	$1,245.7m
2024–25 In-year Budget	$26.8m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

LAND19 Phase 7B Short Range Ground-Based Air Defence (SRGBAD) Project will introduce into service the Army-operated component of the Integrated Air and Missile Defence (IAMD) capability to achieve an enhanced ground-based force protection system.

The primary objective of the project is to deliver a scalable SRGBAD capability that can sense, warn, and counter weapons and sensor effects of fixed and rotary wing platforms, un-crewed aerial systems, stand-off weapons, rockets, artillery, mortars and missiles within the required environments.

The capability being acquired is an enhanced version of the jointly developed Raytheon-Kongsberg National Advanced Surface to Air Missile System (NASAMS), which is currently in service with a number of nations. The capability is being acquired through a contract with Raytheon Australia Pty Ltd. The sensors being acquired to support the capability are being provided by CEA Technologies Pty Ltd through an acquisition contract.

Two NASAMS Batteries are being acquired, each consisting of three Fire Units, with additional sub-systems for training purposes. A single Fire Unit consists of missile launchers, sensors, and a command and control centre; and is capable of protecting a specified area from a range of airborne threats. A single battery is capable of meeting the operational requirements, with the second battery being used for training purposes.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $27.7m against FY 2024-25 budget of $26.8m. The project year-end overachievement is due to more than expected disbursement for the Advanced Medium Range Air-to-Air Missile (AMRAAM) Foreign Military Sale (FMS) case, which is partially offset by lower than expected escalation costs.

Project Financial Assurance Statement

As at 30 June 2025, LAND19 Phase 7B 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 applied for contingency in FY 2024-25 primarily for the treatment of certification issue Risk 1 and 2 respectively in Section 5 – Major Risks and Issues. This contingency application was not approved, as it was agreed that these risks would be treated through the release of project's quarantined funds for AMRAAM FMS case.
As a result, the project has not spent contingency in FY 2024-25.

Schedule Performance

The project progresses towards Final Materiel Release (FMR) and Final Operational Capability (FOC) in accordance with the scheduled milestones detailed in the Materiel Acquisition Agreement.

The Raytheon Australia Pty Ltd acquisition contract is largely on schedule with all seven Fire Units accepted by the project, and the outstanding remediation work required post 30 June 2024 is now complete. Raytheon Australia Pty Ltd has completed delivery of the final introduction into service training package. The Raytheon Australia Pty Ltd Final Acceptance milestone was achieved June 2025.

CEA Technologies Pty Ltd is contracted to deliver a total of three CEA Technologies Pty Ltd Operational (CEAOPS) radars and eight CEA Technologies Pty Ltd Tactical (CEATAC) radars. CEA Technologies Pty Ltd delivered the final CEAOPS and CEATAC in November 2024 and June 2025 respectively. CEA Technologies Pty Ltd Final Acceptance milestone was achieved in June 2025.

Certification activities has been delayed by six months, however certification is still expected to be achieved for FOC.

Government Furnished Material (GFM) delays has resulted in the transfer of technical risk to later in the project; with some certification and integration work at risk of not being achieved until FOC. Certification and introduction into service were the primary focus for the project throughout FY 2024-25.

Materiel Capability/Scope Delivery Performance

The project is on track to deliver against all agreed capability outcomes for FOC. There are some risks which can impact FOC scope if realised. These risks are detailed in Section 5 – Major Risks and Issues.

1.3 Project Context

Background

LAND19 Phase 7B was one of the first projects to be considered under the new Capability Life Cycle and under the developmental Smart Buyer framework. The project participated in a pilot Smart Buyer workshop where the financial, capability requirements, integration and schedule risk elements were considered within the project's acquisition strategy, and addressed as part of the Risk Mitigation Activity (RMA) conducted between Government First Pass and Second Pass Approvals.

Government First Pass Approval was provided in February 2017 that enabled the release of a Single Supplier Limited Tender to Raytheon Australia Pty Ltd as Prime Systems Integrator (PSI) for the acquisition and sustainment of the SRGBAD capability. First Pass Approval also endorsed the conduct of a RMA between First Pass Approval and Second Pass Approval to reduce technical risks associated with system integration and assess the environmental durability of key sub-systems. Additionally, First Pass Approval enabled a review of the Canberra-based company CEA Technologies Pty Ltd sensors for use in a ground-based air defence environment between First Pass and Second Pass Approval.

Government in February 2019 provided Second Pass Approval for the preferred capability option presented, which was based on the NASAMS baseline but provides an enhanced capability, addressed obsolescence risks and utilised greater Australian Industry Capability (AIC).

Significant procurement activities to date include:

- Contract signature achieved with Raytheon Australia Pty Ltd as PSI in June 2019.
- Contract signature achieved with CEA Technologies Pty Ltd for the provision of operational and tactical radars in November 2019.
- FMS offer for the purchase of missiles accepted by the Commonwealth of Australia in March 2020.
- Contract signature achieved with Raytheon Australia Pty Ltd as the Support Contractor in December 2020.
- Contract signature achieved with CEA Technologies Pty Ltd as the Support Contractor for the operational and tactical radars in May 2023.

Uniqueness

NASAMS is an established and mature ground-based air defence capability; however, under LAND19 Phase 7B, Defence is undertaking a number of enhancements that make it unique. The most significant of these is replacing the standard NASAMS radar with radars from Australian company CEA Technologies Pty Ltd. Other modifications, which are not common across the international user base, include integration with Army in-service vehicles and radios, and interfacing with existing Land and Joint information networks.

Major Risks, Emergent Risks and Issues

The project is not tracking any major risks rating of High/Very High.

The project currently has two emergent major risks relating to integration and supply, which are being actively managed to reduce potential impact on FOC.

The project is tracking one major issue relating to supply delays with a High/Very High rating, which will affect FMR milestone.

Other Current Related Projects/Phases

LAND121 Phase 4 - Protected Mobility Vehicle - Light (Hawkei). This project will acquire and deliver, Protected Mobility Vehicles – Light and companion trailers for command, liaison, reconnaissance and utility roles, and the associated training and support systems. Elements of LAND19 Phase 7B tactical radar and high mobility launcher system will be integrated onto the Hawkei mission system.

AIR6500 Phase 1 – Integrated Air and Missile Defence Command and Control (IAMD). This project will deliver a Joint Air Battle Management System comprised of a foundational systems architecture for the Australian Defence Force's IAMD Program, command and control systems, and sensors that will be employed to develop situational awareness in the air and space domains, manage the joint air domain, coordinate fires, control air and ground-based air defence assets. LAND19 Phase 7B is required to share air picture information with AIR6500 Phase 1 as part of the Joint IAMD. The project has achieved integration with AIR6500 Phase 1 via the Link 16 Tactical Data Link.

LAND200 Tranche 2 - Battlefield Command Systems. This project seeks to expand and evolve the Battle Management System – Command and Control (BMS-C2) and supporting Tactical Communications Network from Battle Group to Brigade Headquarters. LAND200 Tranche 2 also enhances data interoperability and information exchange with other government agencies and Coalition partners by integrating the BMS-C2 onto the Mission Partner Environment. LAND19 Phase 7B is required to share indirect fire threat and friendly positional information with LAND200. The project has achieved integration with LAND200 Tranche 2 via the Variable Message Format Tactical Data Link.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
May 17	Original Approval (Government First Pass Approval)	25.9		
Jun 19	Government Second Pass Approval	1,248.4		
	Total at Second Pass Approval		**1,274.3**	
Jan 25	Real Variation - Transfer	0.6		1
Jun 25	Exchange Variation		(29.2)	
Jun 25	**Total Budget**		**1,245.7**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Raytheon Australia Pty Ltd	(790.2)		
	Contract Expenditure – CEA Technologies Pty Ltd	(171.0)		
	Contract Expenditure – US Government FMS Case AT-D-YAI	-		2, 3
	Other Contract Payments/Internal Expenses	(61.6)		3
			(1,022.8)	
FY to Jun 25	Contract Expenditure – Raytheon Australia Pty Ltd	(6.4)		
	Contract Expenditure – CEA Technologies Pty Ltd	(2.3)		
	Contract Expenditure – US Government FMS Case AT-D-YAI	-		2, 3
	Other Contract Payments/Internal Expenses	(19.0)		3
			(27.7)	
Jun 25	**Total Expenditure**		**(1,050.5)**	
Jun 25	**Remaining Budget**		**195.2**	

Notes	
1	Defence Science and Technology Group Project closures and the transfer to Military Equipment Acquisition Projects.
2	Price and expenditure related to missile procurement is classified. This expenditure has been reported as part of Other Contract Payments/Internal Expenses.
3	Other Contracts Payments/Internal Expenses comprises of: RMAs, operating expenditure, contractors, consultants, and other capital expenditure not attributable to the aforementioned contracts.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
124.2	26.3	26.8	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variation is primarily due to a number of minor procurement activities, operating cost and foreign exchange movements. PAES to In-year Budget: The variation is due to more than expected disbursements for the AMRAAM FMS case, partially offset by lower than expected escalations.
Variance $m	(97.9)	0.5	Total Variance ($m): (97.4)
Variance %	(78.9)	2.0	Total Variance (%): (78.4)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(0.9)	Australian Industry	The project year-end overachievement is due to higher FMS Case disbursements offset by underspend in prime contract and escalation expenditures and other contract payments.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		1.9	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	

[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.

		-	Additional Government Approvals	
26.8	27.7	**1.0**	**Total Variance**	
		3.6	**% Variance**	

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 25 $m			
Raytheon Australia Pty Ltd	Jun 19	680.1	804.8	Firm or Fixed	Standard Defence Contract	1
CEA Technologies Pty Ltd	Nov 19	137.1	173.6	Firm or Fixed	Standard Defence Contract	2
US Government FMS Case AT-D-YAI	Mar 20	-	-	Reimbursement (for FMS)	FMS	3

Notes	
1	Raytheon Australia Pty Ltd contract value as at 30 June 2025, is based on actual expenditure and remaining commitment, and includes adjustments for indexation (where applicable). The price increase since contract signature is primarily due to indexation and foreign exchange rate variation, the inclusion of spares into the contract and an increase due to COVID19 project delays, as noted in Section 3.2.
2	CEA Technologies Pty Ltd contract value as at 30 June 2025, is based on actual expenditure and remaining commitment, and includes adjustments for indexation (where applicable). The price increase since contract signature is primarily due to indexation and foreign exchange rate variation (as per contract terms), plus the inclusion of spares into the contract.
3	Pricing related to missile procurement is classified.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Raytheon Australia Pty Ltd	7	7	NASAMS Fire Units plus training equipment.	-
CEA Technologies Pty Ltd	Tactical Radars Operational Radars	Tactical Radars Operational Radars	Radars plus training and support equipment.	-
US Government FMS Case AT-D-YAI	Classified	Classified	Missiles.	-

Major equipment accepted and quantities to 30 Jun 25
3 x Operational Radars 2 x NASAMS Classroom Trainers 8 x Tactical Radars 7 x NASAMS Fire Units

Notes	
N/A	N/A

2.4 Australian Industry Capability

Summary
The project has contracted AIC Plans based on opportunities to maximise internationally competitive Australian industry involvement which is captured in Raytheon Australia Pty Ltd and CEA Technologies Pty Ltd's AIC Plans in support of their manufacturing, integration, assembling, test and certification of the capability and support services activities. The project has no contracted AIC Plan for its US Government FMS acquisition as the US Foreign Government arrangement does not include the contractual provision or obligations for Australian Industry Capability.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	NASAMS	Oct 19	N/A	Oct 19	0	-
	CEA Technologies Pty Ltd Radars	Apr 20	N/A	Apr 20	0	-
Preliminary Design	NASAMS	May 20	N/A	May 20	0	1
Detail Design	NASAMS	Dec 20	N/A	Dec 20	0	-
	CEA Technologies Pty Ltd Radars	Jul 21	N/A	Aug 21	1	-

Notes	
1	Preliminary Design aspects for CEA Technologies Pty Ltd Radars were covered in the NASAMS Preliminary Design Review.

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	First of Type (FoT) Canister Launcher FAT	Jan 22	Nov 21	Nov 21	(2)	1
	FoT Fire Distribution Centre FAT	Apr 22	Aug 22	Nov 22	7	2
	Flight Trial	Jun 22	Apr 23	Apr 23	10	2
Acceptance (NASAMS Fire Units)	Fire Unit 1 (First)	Mar 23	Oct 23	Sep 23	6	2, 3
	Fire Unit 7 (Final)	May 24	N/A	Jun 24	1	-
Acceptance (CEA Technologies Pty Ltd Radars)	Tactical Radar (First)	Mar 23	N/A	Sep 23	6	-
	Tactical Radar (Final)	Jun 24	Nov 24	Jun 25	12	4
	Operational Radar (First)	Mar 23	N/A	Dec 23	9	-
	Operational Radar (Final)	Apr 24	Sep 24	Nov 24	7	4

Notes	
1	This milestone was achieved early because the exit criteria was modified to allow completion in Norway, with subsequent shipment to Australia. This shipment commenced in April 2022.
2	This milestone was adjusted as a result of COVID-19 related delays, including workforce quarantine measures and travel restrictions.
3	Fire Unit composition varies per Fire Unit (i.e. number and type of launchers and other major systems).
4	Milestone was adjusted as a result of CEA Technologies Pty Ltd notification of delays.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	May 23	Sep 23	4	1
Initial Operational Capability (IOC)	Jun 23	Dec 23	6	1
Final Materiel Release (FMR)	NFP	NFP	NFP	-
Final Operational Capability (FOC)	NFP	NFP	NFP	-

Notes	
1	COVID-19 had a significant impact on the project, including international travel restrictions, GFM delays, and workforce quarantine measures. In October 2021, the project assessed the original IMR date in light of the cumulative impact of the above delays, and determined a revised date. Both IMR and IOC were achieved.

Schedule Status at 30 June 2025

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project is on track to deliver 93.71% against all agreed capability outcomes for FOC.
	Amber: The project assessed 6.29% of FOC scope is at risk, relating to two major risks concerning integration and supply delays. In-service equipment will be used to mitigate the 'at risk' scope.
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	• Fire Unit with Tactical Radar. • Classroom Trainer installed. • Basic Support Equipment. • Initial Spares. • Systems accepted and certified. • Support Contract in operation. IMR was achieved in September 2023.	Achieved
Initial Operational Capability (IOC)	• One operationally deployable Fire Unit. • Vehicles to support Fire Unit. • Operator and maintainer training. • Completion of Operational Test and Evaluation. IOC was achieved in December 2023.	Achieved
Final Materiel Release (FMR)	• All Fire Units. • All Radars. • All spares and support equipment. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	• Complete mission system comprising all materiel elements defined in IMR and FMR. • Doctrine published. • All certification and accreditation complete. • Facilities complete. Forecast dates for FOC are 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
N/A	N/A	N/A

5.2 Emergent Risks

Emergent Risks (risk not previously identified, or has increased in rating, which have emerged during 2024–25)		
Ref#	Description	Remedial Action
1	There is a risk of integration delay, which will have an impact FOC.	Existing in-service equipment has been rolled out across the NASAMS capability to mitigate this integration risk.
2	There is a risk of Supply delay, which will have an impact FOC.	Existing in-service equipment can be used to mitigate this risk and provide supply assurance.

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	Supply delays will impact FMR.	Existing in-service equipment can be used to mitigate this risk and provide supply assurance.

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 13 lessons. The five project strategic lessons and three project level lessons (non-strategic) are listed below.

Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Mandated System Reviews (MSR) in large projects can cover many complex issues, over several days. They require review of large amounts of data in advance. Lead-in reviews are a great way to focus attention of relevant stakeholders on particular issues. They can be conducted months in advance of the MSR. A lead-in review is a separate meeting or workshop held to discuss a particular MSR agenda item. They can often be used to gain concurrence on a particular issue, thereby saving time in the MSR, and giving stakeholders a chance to consider. They also help focus reviewers on key issues prior to the MSR. Conduct lead-in reviews as a standard part of preparation for large MSR.	Commercial Management
Strategic Lesson Type – Observation. RMA's or Risk Reduction Activities are often completed during First Pass to Second Pass, usually to investigate technical feasibility or capability definition. Extending these activities to include formal requirements development and system definition can place the project in a much more mature state at Contract Signature. Contracts can sometimes be established with immature requirements, and requirements definition completed post effective-date may result in cost, schedule or capability adjustments post-Second Pass. By focusing on system specification refinement between First Pass to Second Pass, this risk can be mitigated. Include formal and funded system definition activities between First Pass and Second Pass.	Program, Project & Product Management
Strategic Lesson Type – Observation. Projects with Explosive Ordnance will need to conduct a Live Fire activity as part of their Verification and Validation regimen. Live Fire events also provides a proof of concept to build confidence with key stakeholders. Army successfully completed its first NASAMS Live Five at Woomera Test Range in November 2023. This lesson provides information to projects requiring to establish a Live Fire event, including friction points identified by the project in coordinating and conducting the event.	Program, Project & Product Management
Strategic Lesson Type – Observation. Suppliers are responsible for codification and cataloguing of materiel to allow it to be brought onto the Defence Logistic Information System for asset management. This was completed late resulting in inefficiencies, uncodified items had to be quarantined and its movement and consumption had to be managed using 'downtime procedures'. The transition to Enterprise Resource Planning further exacerbated this, with cataloguing courses being discontinued, resulting in Original Equipment Manufacturer (OEM) being unable to build the required trained workforce. This lesson provides information on actions to address and reduce the impact of uncodified and uncatalogued items.	Materiel Logistics
Strategic Lesson Type – Observation. LAND19 Phase 7B and the sustainment fleet is managing the product updates (software/firmware rollouts) between two OEM. Synchronisation of updates is critical for configuration control, capability assurance and certification by external agencies. This has proven to be difficult with CEA	Engineering & Technical

Technologies Pty Ltd adopting an issued as appropriate approach to software/firmware updates whilst Raytheon Australia Pty Ltd and Kongsberg Defence and Aerospace maintains a biennial update regimen. This lesson provides information on how the acquisition contracts can be structured to synchronise software updates and regression testing across multiple OEM.	
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
Project level lesson. Information management and record management should be intuitive and reflective of the contracts for ease of uses and comprehension. New employees should receive training to understand file structure and how it relates to contract deliverables.	Program, Project & Product Management
Project level lesson. Government Furnished Equipment integration will require OEM to have access to controlled information. OEM information requirement should be identified early to ensure Third Party Retransfers are obtained in a timely manner to ensure restricted access does not adversely impact OEM contracted activities.	Program, Project & Product Management
Project level lesson. Scheduling of acceptance tests, systems acceptance and Introduction Into Service should be conducted sequentially where time permits.	Engineering & Technical

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Land Systems Division
Branch	Land Manoeuvre Systems Branch

Project Data Summary Sheet

Project Number	**LAND121 Phase 4**
Project Name	**PROTECTED MOBILITY VEHICLES LIGHT**
First Year Reported in the MPR	2016-17
Capability Type	Replacement
Capability Manager	Chief of Army
Government 1st Pass Approval	Oct 08
Government 2nd Pass Approval	Aug 15
Budget at 2nd Pass Approval	$1,944.9m
Total Approved Budget (Current)	$1,975.5m
2024–25 In-year Budget	$18.1m
Complexity	ACAT I

Section 1 – Project Summary

1.1 Project Description

LAND121 Phase 4 will acquire and deliver into service 1,098 Protected Mobility Vehicles – Light (PMV-L) and 1,058 companion trailers for command, liaison, reconnaissance and utility roles, and the associated training and support systems. The PMV-L will replace around one third of the Land Rover fleet and represents a brand new capability that will provide the Australian Defence Force (ADF) with a highly protected and deployable light vehicle fleet designed to provide an optimum balance of six fundamental requirements; survivability, mobility, usability, payload, sustainability and communications. The PMV-L fleet will consist of two variants which may perform specific mission roles:

- 4-Door PMV-L variant. The 4-Door vehicle may perform the following roles:
  - Command – Carriage of up to four personnel with additional integrated electronic command, control and communication systems.
  - Liaison – Carriage of up to four personnel with a general communication fit.
  - Reconnaissance – Carriage of up to four personnel to perform light infantry, reconnaissance and Air Force security functions.
- 2-Door PMV-L variant. The 2-Door vehicle will perform the following role:
  - Utility – Carriage of two personnel and cargo.

Thales Australia Ltd has been contracted by Defence for the development, production and through-life-support of the PMV-L capability, the Hawkei. Thales Australia Ltd is also the nominated Prime Systems Integrator for the Integral Computing System (ICS).

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025 Financial Year (FY) 2024-25 expenditure was $14.9m against the FY 2024-25 budget of $18.1m. The variation was due to three factors; savings in Introduction Into Service (IIS) training and a cable procurement, an underspend due to the delay of IIS rollout activities and an underspend on an engineering design package due to delays entering into contract.

Project Financial Assurance Statement

As at 30 June 2025, LAND121 Phase 4 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

Initial Materiel Release (IMR) and Initial Operational Capability (IOC) were re-scheduled to May 2020 and December 2020 respectively, due to Hawkei reliability issues, design maturity and the production delays caused by Steyr Motors Australia Pty Ltd voluntary administration.

Remedies under the contract, including liquidated damages, were received during FY 2020-21 as a result of the reliability issues. While stop payments had previously been initiated, none occurred during FY 2024-25.

Army endorsed the declaration of IMR with caveats on 26 May 2020. The caveats related to delays in the delivery of some elements of the Hawkei Support System, and Verification and Validation (V&V) activities, primarily due to COVID-19 restrictions. As at 30 June 2021, all caveats had been resolved.

Defence formally advised Thales Australia Ltd on 30 September 2020 that it had been granted approval to exit Stage Two – Low Rate Initial Production (LRIP) and enter Stage Three – Full Rate Production (FRP).

Army's declaration of IOC was deferred a further six months, pending resolution of a vehicle safety incident that occurred on 23 November 2020. Defence temporarily suspended the use of the Hawkei fleet on 25 November 2020 until the issue was resolved.

The incident involved the application of the Anti-Lock Braking System (ABS) under specific operating conditions. The technical solution, developed by Thales Australia Ltd to resolve the issue has been implemented on the ADF's fleet of Hawkei vehicles.

The Hawkei capability commenced Phase-In under the Protected Mobility Family of Vehicles Through Life Support (TLS) Contract on 3 May 2021.

Army declared IOC for the Hawkei capability on 20 May 2021.

Thales Australia Ltd successfully completed all Phase-In activities with the Hawkei Operative Date under the TLS commencing on 26 November 2021.

During the October 2022 Integrated Investment Program (IIP) Portfolio Budget Statements (PBS) Biannual Update, Final Materiel Release (FMR) and Final Operational Capability (FOC) were rescheduled from December 2022 and June 2023, to December 2023 and June 2024 respectively.

On 11 November 2022, Thales Australia Ltd advised Defence that it had identified a new issue impacting the brakes on the Hawkei. Defence accepted Thales Australia Ltd's recommendation to restrict the use of the Hawkei fleet as a precautionary measure until Thales Australia Ltd determined the root cause of the issue.

In January 2024, Thales Australia Ltd completed the implementation of an interim solution on the in-service fleet to allow for unrestricted use until an enduring solution is found.

As a part of the Mid-Year Economic and Fiscal Outlook (MYEFO) 2023 Bi-Annual IIP Update, Defence advised the Government of the safety concern with the Hawkei ABS and critical spare parts deficiencies, which would likely delay the achievement of FOC.

In March 2024, Defence formally advised the Government that FOC would not be achieved by June 2024, as it is contingent on the Thales Australia Ltd's remediation of the current ABS Modulator and Support System issues and subsequent completion of other IIS activities.

On 29 May 2024, Defence conducted a review of Thales Australia Ltd's findings into the root cause of the Hawkei ABS Modulator fault, and their proposed solution to remediate the fault. Defence subsequently accepted Thales Australia Ltd's findings and the proposed solution.

In October 2024, Defence recommenced the rollout of vehicles to Army units and in December 2024 recommenced acceptance of vehicles from Thales Australia Ltd.

A quantity of vehicles will continue to be monitored as part of a robust ABS modulator surveillance plan to fully validate the solution, and to ensure the ongoing safety of personnel and property.

Defence conducted a detailed schedule review to incorporate the ABS Modulator remediation and confirmed vehicle rollout schedule. A revised FMR/FOC was advised to the Capability Manager (CM). This was subsequently endorsed by the CM and advised to Government in the November 2024 Bi-Annual IIP Update.

Materiel Capability/Scope Delivery Performance

16 Hawkei pre-production baseline vehicles and nine trailers were delivered for development and testing purposes under Stages One and Two. The acceptance process for the LRIP vehicles and trailers commenced in January 2018, with the first vehicles being formally accepted by the Commonwealth of Australia (CoA) in March 2018. As at 30 June 2024, the CoA has accepted 874 vehicles and 1058 trailers.

Defence conducted a trial involving the deployment of two Hawkei vehicles to Iraq and Afghanistan. The vehicles were deployed into Iraq as part of Task Group Taji and then redeployed in April 2018 to the Australian contingent in Kabul, Afghanistan. This trial commenced in December 2017 and concluded in August 2018. The key trial objectives included the identification of operational and support issues and deployment considerations for the Hawkei capability.

Thales Australia Ltd advised the CoA on 29 November 2018 that the Hawkei engine supplier, Steyr Motors Australia Pty Ltd, had entered into voluntary administration, which would result in a delay in the supply of engines. Thales Australia Ltd advised Defence that it had acquired Steyr Motors Australia Pty Ltd on 23 August 2019. Thales Australia Ltd's procurement of Steyr Motors Australia Pty Ltd will ensure the continuity of engine supply and the long-term sustainability of the Hawkei program. The IMR milestone was re-scheduled to May 2020 due to Hawkei reliability issues, design maturity and production delays caused by Steyr Motors Australia Pty Ltd entering voluntary administration.

The Hawkei support system continues to be developed. Operator Training commenced at the Army School of Transport in September 2018. Maintainer Training commenced in November 2019 at the Army School of Electrical and Mechanical Engineers. In December 2024, the Driver Training Requirement was fully met.

A Hawkei Operational Test and Evaluation (OT&E) activity was successfully conducted in August 2020 to inform Army's declaration of IOC.

The Systems Acceptance Audit (SAA) was conducted in two parts on 8 September 2020 and 1-3 December 2020. SAA Part One confirmed that the Hawkei mission and support systems met the required specification. Thales Australia Ltd was granted approval to exit SAA Part One on 16 September 2020.

SAA Part Two confirmed the Hawkei FRP design baseline and associated support system was delivered as contracted. Thales Australia Ltd was granted approval to exit SAA Part Two on 20 August 2021.

The Hawkei was unable to achieve external airlift certification resulting in the vehicle being unable to be air lifted by ADF Chinook helicopters.

LAND121 Phase 4 has rolled out 566 Hawkei vehicles as at 30 June 2025 to Army units in Perth, Adelaide, Brisbane, Darwin and Townsville, as well as to Army training units in Puckapunyal and Bandiana. 138 LRIP vehicles were withdrawn from units to be uplifted to the final contracted baseline, leaving 428 currently in-service with Army and Air Force.

1.3 Project Context

Background

LAND121 Phase 4 addresses the ADF's land mobility asset needs through the development of lightweight and light class field vehicles with the requisite levels of ballistic and blast protection.

Government agreed First Pass Approval in October 2008, to pursue the development of a next generation PMV-L by joining the United States (US) Joint Light Tactical Vehicle (JLTV) Program (Option One) and at the same time retain the possibility of acquiring a Market Available Vehicle (MAV) in the event JLTV proves unsuitable (Option Two).

In May 2009, Government directed that an Australian indigenous option for PMV-L be considered. In June 2009, a Manufactured and Supported in Australia (MSA) Option (Option Three) was pursued through the release of a Request for Proposal. In 2009, Defence joined the US JLTV Program Development Group funding.

First to Interim Pass funding was provided in November 2009 following approval of Materiel Acquisition Agreement (MAA) V2.0, where Government agreed that LAND121 Phase 4 would return to Government for an Interim Pass decision on which option was to be pursued to Second Pass.

In May 2010, Government agreed that the MSA (Option Three) be further investigated prior to Interim Pass through the conduct of initial prototyping activities. Stage One MSA funding was provided in July 2011 to assess six developmental Line of Departure vehicles, two from each of the three companies - Force Protection Europe Ltd, General Dynamics Land Systems-Australia and Thales Australia Ltd. The procurement process determined that there were no off-the-shelf options available that met all ADF requirements. Government refined its direction in December 2011 that:

- Directed Defence to cease active participation in the US JLTV Program but continue to monitor the US JLTV Program, given its potential to provide an alternative at Second Pass.
- Selected Thales Australia Ltd's PMV-L as the preferred vehicle for further development and testing under Stage Two of the MSA (Option Three).

MSA Stage Two funding was provided in April 2012 that enabled Thales Australia Ltd to carry out further development of their PMV-L, culminating in a program of trials and testing of the prototypes in late 2013. A risk reduction activity aimed at reducing residual technical risk to an acceptable level was carried out in 2014.

In August 2015, Government provided Second Pass Approval for LAND121 Phase 4 to acquire the Thales Australia Ltd PMV-L. LAND121 Phase 4 contract was established in October 2015 for 1,100 Hawkei vehicles and 1,058 trailers based on a minimum 50 percent of the production or manufacturing costs to be incurred in Australia.

Support requirements for the Hawkei have been incorporated into the existing Protected Mobility Vehicle-Medium (Bushmaster) TLS Contract. It is anticipated that integrating the support arrangements for both fleets will reduce the overall cost of ownership of the vehicle systems by approximately $270.0m over the 15-year life of the vehicle systems. In October 2021, Government approved a reduction to project scope of two Hawkei vehicles for buy-back by Thales Australia Ltd to support a potential export opportunity. The reduction in the total quantity of vehicles to be delivered to the CoA from 1,100 to 1,098 has been formalised in an acquisition contract change and will be reflected through an update to the MAA.

On 21 July 2023, LAND121 Phase 4 was elevated to a Project of Interest (POI), due to Thales Australia Ltd's inability to resolve the brake issue and lift the operating restrictions across the wider ADF fleet. This has created significant risk to the achievement of FOC. A remediation plan was approved on 11 October 2023 for the resolution of the issues, which elevated the Project to a POI. This plan was subsequently updated on 25 September 2024.

In September 2023, a commercial arrangement was entered into with Thales Australia Ltd, which provided the CoA with goods, and services in kind as liquidated damages, reduced the total contract value, added scope and a Performance Framework for several remaining milestones under the contract. The events, which triggered the liquidated damages, have been recorded in the Liquidated Damages register and they were not utilised within FY 2023-24 or FY 2024-25.

Uniqueness

LAND121 Phase 4 is a developmental project specifically designed to meet the ADF's requirements. The uniqueness of PMV-L stems from the combination of the following in a single vehicle:

- A high level of blast, ballistic and fragmentation protection, enabling greater deploy-ability within high risk operational environments.
- A next-generation Generic Vehicle Architecture based Command, Control, Communications, Computers and Intelligence (C4I) solution – ICS.

Utilise a modular armour system to enable enhanced protection based on mission specific roles.

Major Risks, Emergent Risks and Issues

The project currently has no high rated major risks, emergent risks or issues (pre-mitigation rating).

The following high rated risk and issues were retired or downgraded to medium in FY 2024-25:

- There is a risk that delays to the rollout of vehicles may increase storage requirements and cost, subject the vehicles to degradation due to lack of use, and impact the ability of the project to meet FMR and FOC.
- The acceptance and rollout of the Hawkei have been impacted by the prime contractor's inability to resolve the ABS modulator braking issue in a timely manner resulting in vehicles degradation due to lack of use, and delay in the achievement of FMR and FOC.
- Use of the Hawkei capability has been impacted by delays to implementation of the Support System due to a deficient/or incomplete Interactive Electronic Technical Publication (IETP) update being supplied resulting in impacts to Capability, Health and Safety, and Schedule.

Other Current Related Projects/Phases

LAND200 Tranche 2 – Battlefield Command Systems. This project seeks to expand and evolve the Battle Management System – Command and Control (BMS-C2) and supporting Tactical Communications Network (TCN) from Battle Group (BG) to Brigade Headquarters. LAND200 Tranche 2 was also scoped to enhance data interoperability and information exchange with other

government agencies and Coalition partners by integrating the BMS-C2 onto the Mission Partner Environment. BMS and TCN elements of LAND200 Tranche 2 that will not be delivered have been defined with certainty against the original project scope. Refer to Section 2.3 for further information relating to the contractual arrangements between LAND200 Tranche 2, LAND121 Phase 4 and Thales Australia Ltd.

LAND154 Phase 4 – Joint Counter Improvised Explosive Device Capability. This project replaces the ADF's existing Force Protection Electronic Counter Measures (FPECM) capability through improved military off-the-shelf technology, procured via the US Foreign Military Sales program. FPECM mission systems will include both a Dismounted System and a Vehicle Mounted System (VMS). The VMS will be integrated onto a range of ADF mobility platforms, including the Hawkei.

LAND19 Phase 7B – Short Range Ground Base Air Defence. This project will acquire a new Short Range Ground Based Air Defence capability, replacing Army's existing RBS-70 system. Under the scope of LAND19 Phase 7B, the tactical radar and high mobility launcher system will be integrated onto the Hawkei mission system.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
May 08	Original Approval (Government First Pass Approval)	1.8		
Nov 09	Real Variation – Scope	5.7		1
Jul 11	Real Variation – Scope	31.5		2
Apr 12	Real Variation – Scope	48.4		3
Sep 15	Government Second Pass Approval	1,857.6		
	Total at Second Pass Approval		**1,944.9**	4
Jul 10	Price Indexation		0.4	5
Jun 25	Exchange Variation		30.3	
Jun 25	**Total Budget**		**1,975.5**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Thales Australia Ltd (Prime Contract)	(1,500.1)		6
	Contract Expenditure – Thales Australia Ltd prototyping activities (MSA Stage One and Stage Two Contract)	(58.7)		7
	Other Contract Payments/Internal Expenses	(136.4)		6, 8
			(1,695.2)	
FY to Jun 25	Contract Expenditure – Thales Australia Ltd (Prime Contract)	(1.7)		9, 10
	Other Contract Payments/Internal Expenses	(13.2)		11
			(14.9)	
Jun 25	**Total Expenditure**		**(1,710.1)**	
Jun 25	**Remaining Budget**		**265.4**	

Notes	
1	This amount reflects funding approval at Government First Pass Approval.
2	This amount reflects approval to undertake MSA Stage One prototyping.
3	This amount reflects funding approval at Interim Pass for MSA Stage Two prototyping.
4	The Budget and Expenditure amounts do not reflect the $43.0m paid in 2009. Due to the payment being provided by Capability Development Group and was not part of the LAND121 Phase 4 project budget.
5	Up until July 2010, indexation was applied to project budgets on a periodic basis. The cumulative impact of this approach was $0.3m. In addition to this amount, the impact on the project budget as a result of out-turning was a further $0.1m having been applied to the remaining life of the project.
6	$0.5m has moved from Other Contract Payments/Internal Expenses to Contract Expenditure – Thales Australia Ltd (Prime Contract). There was no change to the total expenditure prior to July 2023 and this change was to correctly reflect the spread of expenditure.
7	These expenditures relate to pre-Second Pass costs associated with exploring the Government initiated MSA Option (Option Three) and the contracts are now closed.
8	Other Contract Payment/Internal Expenses comprise of: External Service Providers ($46.2m), Non-Prime contracts ($44.8m), MAV prototyping activities ($17.7m), Support Contract Phase-In Payments ($8.3m), costs related to testing/trials ($8.0m), project administrative costs ($7.4m), legal costs ($2.2m), and US JLTV Program ($1.8m).
9	In September 2023, Thales Australia Ltd and the CoA entered into a commercial arrangement to provide the CoA with Liquidated Damages. This arrangement did not impact FY 2023-24 expenditure.

[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.

10	The Liquidated Damages commercial arrangement execution and Foreign Exchange (FOREX) adjustments resulted in reductions to the FY 2023-24 accrual values, which created a positive contract expenditure for the Thales Australia Ltd Prime Contract this FY 2024-25 (FOREX accounts for $3.9m of the accrual reduction).
11	Other Contact Payment/Internal Expenses comprise External Service Providers ($7.5m), Non-Prime contracts ($4.8m), admin and legal costs ($0.5m), and cost related to testing/trials ($0.4m).

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
9.8	18.1	18.1	Portfolio Budget Statement (PBS) to Portfolio Additional Estimates Statements (PAES): The variation is primarily due to the reprogramming of the underspend from FY 2023-24 into the FY 2024-25 due to the Hawkei safety brake issue. PAES to In-year Budget: Nil variance.
Variance $m	8.3	0.0	Total Variance ($m): 8.3
Variance %	84.7	0.1	Total Variance (%): 84.8

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(0.8)	Australian Industry	The variation of ($3.2m) was due to three factors, savings in IIS training and a cable procurement ($1.6m), an underspend due to the delay of IIS rollout activities ($0.8m) and an underspend on an engineering design package due to delays entering into contract ($0.8m).
		-	Foreign Industry	
		-	Early Processes	
		(0.8)	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		(1.6)	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
18.1	14.9	**(3.2)**	**Total Variance**	
		(17.6)	**% Variance**	

2.3A Details of Project Major Contractors – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 25 $m			
Thales Australia Ltd	Jul 10	9.0	58.7	Firm or Fixed	Standard Defence Contract	3
Thales Australia Ltd	Oct 15	1,328.5	1,566.7	Firm or Fixed	Standard Defence Contract	1, 2, 3, 4, 5 6, 7

Notes	
1	Price variation from Contract Signature is due to approved Contract Change Proposals (CCP), predominantly to progress the development and integration of ICS.
2	Contract value as at 30 June 2025 is based on actual expenditure to 30 June 2025, remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).
3	Price variation from contract signature was to exercise the MSA Stage Two option.
4	The contract has been re-evaluated as being a 'fixed' price because the contract value is 'fixed', plus price escalation.
5	The contract price and scope were increased under CCP078 and CCP107 to incorporate the LAND200 Tranche 2 design work.
6	Costs related to the LAND200 Tranche 2 design, procurement and installation will be funded by LAND200 $12.5m, while this project contributes $2.0m primarily for the design, development and installation of the vehicle, installation harnesses for Royal Australian Air Force and Protected Mobility Integrated Capability Assurance vehicles.
7	The contract incorporates liquidated damages from CCP executed in FY 2020-21 (CCP086) and FY 2023-24 (CCP105).

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Thales Australia Ltd	2 PMV-L	8 PMV-L	Design, develop and demonstrate prototype vehicles.	-
Thales Australia Ltd	1,100 PMV-L 1,058 Trailers	1,098 PMV-L 1,058 Trailers	Thales Australia Ltd is contracted to deliver 1,098 PMV-L (633 4-Door and 465 2-door vehicles) and 1,058 Trailers.	1, 2, 3

Major equipment accepted and quantities to 30 Jun 25
Defence received 10 pre-production baseline vehicles and five trailers from Thales Australia Ltd on schedule for the purpose of various test and evaluation activities under Stage One (Engineering and Manufacturing Development) of the LAND121 Phase 4 Acquisition Contract. Defence received an additional six pre-production baseline vehicles and four trailers for reliability testing, and V&V activities in Stage Two. The CoA has accepted 1058 vehicles and 1,058 trailers as at 30 June 2025, which includes the 138 Hawkei and 138 trailers required for IMR.

Notes	
1	The 16 test vehicles and nine test trailers for development and testing activities are in addition to the 1,098 Hawkei and 1,058 trailers.
2	In October 2021, Government approved a reduction to project scope of two Hawkei vehicles for buy-back by Thales Australia Ltd to support a potential export opportunity. The reduction in the total quantity of vehicles to be delivered to the CoA from 1,100 to 1,098 has been formalised in an acquisition contract change and will be reflected through an update to the MAA.
3	The contract incorporates goods and services to be received as liquidated damages from a CCP executed in FY 2023-24 (CCP105).

2.4 Australian Industry Capability

Summary
The project has a contracted Australian Industry Capability (AIC) schedule to meet MSA requirements that is in Thales Australia Ltd's AIC Plan across the areas of manufacturing and production.
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
Detailed Design Review (DDR)	PMV-L and Trailer	Mar 16	N/A	Apr 16	1	1
	ICS	Jan 17	N/A	Dec 16	(1)	2
Preliminary Design Review (PDR)	ICS	Sep 16	N/A	Sep 16	0	-
Critical Design Review (CDR)	PMV-L, Trailer and ICS	Apr 17	Aug 17	Oct 17	6	3
Support System Detailed Design Review (SSDDR) (Operator)	Support System	Jun 17	Jun 18	Aug 18	14	4, 5
SSDDR (Maintainer)	Support System	Jun 17	Jan 19	Jun 20	36	5, 6

Notes	
1	The variance is due to the Contractors delay in closing out the action items.
2	The Contractor and the project agreed to conduct the review early, thus the early achievement. The CoA approval of ICS DDR Minutes of Meeting was achieved on 19 December 2016.
3	The variance is due to the vehicle performance exceeding the number of critical failures allowable under Reliability Growth Trial (RGT). Stage One (Engineering and Manufacturing Development) was extended by a four-month period via CCP032 (executed 5 April 2017) to allow Thales Australia Ltd to remediate the critical failures and to undertake an additional RGT in order to fulfil the contractual requirements under Stage Two.
4	The variance of SSDDR of 14 months is due to the LRIP baseline not being ready for review until CDR exit in October 2017 and the contractor failed to meet the entry criteria in the SSDDR Checklist.
5	The SSDDR was split into separate 'Operator' and 'Maintainer' reviews after the execution of CCP055 in November 2018 to align the training deliverables with the IIS of the capability.
6	An additional eight-month delay to SSDDR (Maintainer) occurred due to delays in finalising the Hawkei Reliability Program, which impacted the finalisation of the FRP vehicle baseline. The CoA confirmed formal exit of SSDDR to Thales Australia Ltd on 19 June 2020.

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
Maintenance Demonstration	PMV-L, Trailer and ICS	Dec 16	Dec 16	Jul 17	7	1
Reliability Growth Trial (RGT)	PMV-L and Trailer	Mar 17	Jul 17	N/A	N/A	2
Reliability Demonstration Test (RDT)	PMV-L and Trailer	Feb 18	N/A	Nov 18	9	3
Development Test & Evaluation (DT&E)	PMV-L, Trailer and ICS	Mar 17	Sep 17	Sep 17	6	4

Initial Maintenance Evaluation (ME)	PMV-L, Trailer and ICS	Oct 17	Jan 18	Jun 18	8	5
Final Maintenance Evaluation	PMV-L, Trailer and ICS	Jul 25	Jul 25	NFP	NFP	5, 6, 11
Acceptance Verification and Validation (AV&V)	PMV-L, Trailer and ICS	Jun 18	Jan 19	Jul 20	25	7, 8
Production Reliability Acceptance Test (PRAT)	PMV-L and Trailer	Jun 18	Jan 19	Jun 20	24	9
Low Rate Initial Production (LRIP) Acceptance Last Batch	PMV-L, Trailer and ICS	Jun 18	Jan 19	Oct 19	16	7, 8
FRP Acceptance Last Batch	PMV-L, Trailer and ICS	Oct 20	Oct 22	Jul 25	57	7, 8, 10, 12

Notes	
1	The variance is due to the CoA rejecting the first two versions of the Maintenance Demonstration Acceptance Verification Reports (AVR) submitted on 24 January 2017 and 30 March 2017. The approved version of the report was submitted to the CoA on 1 June 2017, with the Notice of Approval signed on 3 July 2017.
2	RGT was separated into the following three activities: • RGT Number One was conducted over the period July to December 2016 and provided Thales Australia Ltd with the opportunity to resolve any issues with the vehicles ahead of the formal trial activities that commenced under RGT Number Two. • RGT Number Two commenced in November 2016. In January 2017, the pilot Hawkei vehicles had exceeded the seven allowable critical failures under the contract. Identified key root causes include supplier quality issues and immature components affecting hardware and software integration. A six-week corrective action period was implemented to allow Thales Australia Ltd to undertake engineering upgrades. • RGT Number Three (May to July 2017) followed this, which demonstrated reliability improvements on a number of sub-systems, but a number of recurring failures were evident.
3	Thales Australia Ltd was granted exit of Stage One (Engineering and Manufacturing Development) on 5 September 2017, with the caveat that Thales Australia Ltd continued to address the reliability issues. The RDT was introduced as CCP to confirm that failures identified during the RGT had been rectified before entering into the Production Readiness Acceptance Test. The nine month delay in completing RDT is due to the delay in remediating the outstanding reliability issues.
4	As part of the extension of Stage One (Engineering and Manufacturing Development), DT&E was extended to facilitate further development testing and to mitigate against the AV&V activities required under Stage Two (LRIP).
5	The approval of AVR for the initial ME was delayed by seven months due to the initial submission of the report being rejected by the CoA, primarily due to the incompleteness of the IETP presented by Thales Australia Ltd.
6	Thales Australia Ltd's compliance against the deficiencies identified in the initial ME were addressed in the second ME. Subsequent MEs have been conducted to address engineering changes as the vehicles design developed. The Final ME will be scheduled following the completion of a CCP to incorporate it into the prime contract.
7	AV&V was delayed by 25 months due to the requirement to extend reliability testing, which impacted on the date that the LRIP vehicle build state was established between the CoA and Thales Australia Ltd. The delay in establishing the vehicle build state impacted on vehicle availability to conduct AV&V activities. The reliability issues, design maturity and production delays further impacted the completion of AV&V. Sea, air and rail V&V activities were previously delayed by COVID-19 movement restrictions, but were completed prior to the declaration of IOC. External Airlift of a Hawkei (under a CH-47) did not receive certification and will not be achieved.
8	As part of the extension of Stage One (Engineering and Manufacturing Development), the start dates of some Stage Two LRIP and Stage Three FRP activities were delayed. Between December 2022 and December 2024 The ABS Breaking issue did not allow for acceptance of FRP vehicles due to non-conformance of supplies.
9	PRAT was finalised on 10 June 2020 with the CoA's approval of the Integrated Reliability Maintainability and Testability Report from Thales Australia Ltd.
10	Defence has conducted a detailed assessment of the revised vehicle delivery schedule from Thales Australia Ltd against the projects milestones. The revised schedule factors in delays due to Thales Australia Ltd's production capacity, the requirement to uplift early production vehicles to the contracted product baseline, the November 2022 vehicle braking safety issue, and COVID-19 global supply chain challenges. Thales Australia Ltd implemented an interim solution on the in-service fleet to allow for unrestricted use until the implementation and qualification of an enduring solution addresses the root cause.
11	The final ME has been incorporated into the contract via an executed CCP101.
12	CCP097 was executed in November 2021 and included an adjustment to the contracted completion date for Milestone 57 from May 2021 to October 2022.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Dec 18	May 20	17	1, 2
Initial Operational Capability (IOC)	Dec 19	May 21	17	1
Final Materiel Release (FMR)	Dec 21	NFP	NFP	3, 4, 5, 6, 7
Final Operational Capability (FOC)	Jun 23	NFP	NFP	3, 4, 5, 6, 7

Notes	
1	IMR was initially deferred by five months to enable the conduct of an additional vehicle reliability demonstration activity (four months) and the extension of IIS Training and the associated increase in vehicle deliveries (one month). IMR and IOC were re-scheduled by 12 months to May 2020 and December 2020 respectively, due to Hawkei reliability issues, design maturity and production delays caused by Steyr Motors Australia Pty Ltd entering voluntary administration. IOC was further deferred until June 2021, pending resolution of the vehicle safety incident. IOC was declared on 20 May 2021.
2	IMR was declared with caveats in May 2020. These caveats have now been resolved.
3	On 4 August 2022 the CM (Army) advised Government that the FOC of the Hawkei will be delayed from June 2023 to June 2024 due to COVID-19 related disruptions, design issues and delays to Thales Australia Ltd's FRP and uplift capacity. The revised FMR and FOC dates of December 2023 and June 2024 were formalised during the October 2022 IIP PBS Biannual Update and will be reflected in the next MAA update.
4	Thales Australia Ltd has provided a root cause of the ABS Modulator fault and Remediation Plan. The implementation of the remediation required will impact the achievement of FMR and FOC. Defence is working closely with Thales Australia Ltd to confirm the schedule and anticipates being in a position to provide an update as part of the mid-year biannual update.
5	Through the MYEFO 2023 Bi-Annual IIP Update, Defence advised the Government of the safety concern with the Hawkei ABS and critical spare parts deficiencies, which would likely delay the achievement of FOC.
6	Defence formally advised the Government that FOC would not be achieved by June 2024, as it is contingent on Thales Australia Ltd's remediation of the current ABS Modulator and Support System issues and subsequent completion of other IIS activities.
7	Defence conducted a detailed schedule review to incorporate recent developments and based on this a revised FMR/FOC was advised to the CM. This was subsequently endorsed by the CM and advised to Government in the November 2024 Bi-Annual IIP Update.

Schedule Status at 30 June 2025

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project expects to meet the materiel capability requirements as expressed in the MAA less the External Air Transport requirement, in accordance with the requirements of the Technical Regulatory Authorities.
	Amber: N/A
	Red: The Hawkei has not achieved External Air Transport certification due to a combination of factors relating to: vehicle weight, load instability when underslung, and CH-47F lift capacity when operationally configured.

Note
This Traffic Light Diagram represents Defence's expected capability delivery.

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	The capability delivered at IMR: • 108 x Hawkei and 108 x Trailers to be delivered in accordance with the Force Generation Cycle; 22 x Hawkei and 22 x Trailers for IIS Training (increased from 14 x Hawkei and 14 Trailers). • Eight x Hawkei and eight Trailers for the conduct of V&V, and PRAT. • Logistics support arrangements, including Training, Supply and Maintenance Systems. IMR was achieved with caveats in May 2020. As at 30 June 2021, all of these caveats have been resolved.	Achieved
Initial Operational Capability (IOC)	Declaration of IOC was made by the CM following the conduct of a BG sized OT&E activity to validate the Hawkei Fundamental Inputs to Capability (FIC) components. IOC was declared in May 2021.	Achieved
Final Materiel Release (FMR)	By FMR, the following will be delivered: • 1,098 x Hawkei and 1,058 x Trailers. • IIS Training and transfer of IIS training packages. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	Declaration of FOC will be made by the CM supported by the results of OT&E and confirmation by the Capability Acquisition and Sustainment Group (CASG) that the FIC components have been delivered as agreed. The FOC criteria are to be defined by the CM. Forecast dates for FOC are 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	Delays to the rollout of vehicles may increase storage requirements & cost, subject the vehicles to degradation due to lack of use, and impact the ability of the project to meet FMR and FOC.	Optimisation of storage at staging facility. Engaging resources to meet projected staging requirements. Undertake fleet management activities at staging facility to reduce storage degradation. This risk was downgraded to medium in FY 2024-25 as a revised FOC date was confirmed. This risk 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	The acceptance and rollout of the Hawkei have been impacted by Thales Australia Ltd's inability to resolve the ABS modulator braking issue in a timely manner.	The ABS Modulator Remediation plan developed and implemented. Implementation of an interim solution. Regular engagement between the CoA and Thales Australia Ltd to discuss remediation. Contractual Latent Defect provisions. This issue was downgraded to medium in FY 2024-25 as an enduring ABS Modulator solution was developed and a revised FOC date was confirmed. This risk will be removed from next year's MPR.

2	Use of the Hawkei capability has been impacted by delays to implementation of the Support System.	Clearly defined criteria to publish technical publications. The Technical Publication remediation plan developed and implemented. Regular engagement between the CoA and Thales Australia Ltd to discuss remediation. This issue was downgraded to medium in FY 2024-25 as the prime contractor was able to deliver a publishable IETP and a revised FOC date was confirmed. This risk 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 32 lessons. The three strategic lessons and the two project level lessons (non-strategic) are listed below.

Strategic Lessons Description	Categories of Systemic Lessons
Strategic Lesson Type – Insight. Developmental Capability. The Hawkei is a technically complex development project that requires active engagement with the contractor, multiple interagency stakeholders and projects from other domains. Maintaining close collaboration and communication with all stakeholders is critical for understanding the technical requirements for a first-of-type capability, and facilitating proactive risk management and contingency planning.	Commercial Management
Strategic Lesson Type – Observation. Vehicle Acceptance Resourcing and Planning. The early planning and generation of dedicated CoA Production Liaison and Vehicle Acceptance staff (and processes) enables improved planning in conjunction with the original equipment manufacturer for vehicle acceptance and quality assurance processes. This improves transition from design into the production and Vehicle Acceptance stage of the program.	Program, Project & Product Management
Strategic Lesson Type – Insight. Hawkei Reliability Growth. Reliability programs must incorporate sufficient schedule for reliability growth of the capability to set the conditions for a successful outcome. Reliability fixes must be supported by objective quality evidence before proceeding to the next reliability test.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	**Categories of Systemic Lessons**
Project level lesson. For first of type developmental Capability Projects, the CoA must ensure industry are aware of the requirements and level of effort required for the development of artefacts. Early contractual measures such as tailoring Data Item Descriptions templates, providing clearer guidance, interrogation of tender cost models, introducing incentives and indemnities and ensuring standards are in line with industry best-practice would help to mitigate this issue.	Program, Project & Product Management
Project level lesson. Organisational structures should be carefully reviewed and defined when combining existing sustainment products and projects to create new System Program Offices.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Land Systems Division
Branch	Land Vehicle Systems Branch

Project Data Summary Sheet

Project Number	**LAND200 Tranche 2**
Project Name	**BATTLEFIELD COMMAND SYSTEM**
First Year Reported in the MPR	2019-20
Capability Type	Upgrade
Capability Manager	Chief of Army
Government 1st Pass Approval	Aug 13
Government 2nd Pass Approval	Sep 17
Budget at 2nd Pass Approval	$930.0m
Total Approved Budget (Current)	$972.7m
2024–25 In-year Budget	$31.3m
Complexity	ACAT I

Section 1 – Project Summary

1.1 Project Description

LAND200 is delivering a Battlefield Command System (BCS) capability that provides Army with a Battle Management System (BMS) and an integrated Tactical Communications Network (TCN) that is transforming command and control of Land Forces into a modern networked system. The BCS provides fast, accurate, secure and reliable digital communications that would enable tactical Land Forces to make better informed decisions, by distributing the right information to the right people at the right time, increasing the likelihood of operational success and soldier safety via friendly force tracking.

LAND200 Tranche 2 (LAND200-2) was contracted to expand and evolve the LAND200 Tranche 1 (LAND200-1) capability across Army with new collaborative planning, control and monitoring tools for Brigade and Divisional-level headquarters. Integrating the BCS into an additional 540 platforms including; M1A1 Tank, M88 Armoured Recovery Vehicle, Hawkei, Bushmaster and Medium Heavy Cargo trucks. The Program was scoped to embed BCS training into Army's training institutions, to evolve from paper based to a digital based learning capability.

The Commonwealth is the LAND200-2 Program's Prime System Integrator (PSI), previously supported by two prime contractors; Elbit Systems Ltd – contractor for the BMS and L3 Harris Communications Australia – contractor for the TCN.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $24.8m against FY 2024-25 budget of $31.3m. The variance is due to the later than planned delivery of the final hardware shipment and subsequent final project payments.

Project Financial Assurance Statement

As at 30 June 2025, LAND200-2, 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

LAND200-2 established contracts with Elbit Systems Ltd for delivery of the BMS and a current contract with L3 Harris Communications Australia for delivery of the TCN. Having played a critical role in digitising Army, Elbit Systems Ltd has completed the integration and installation of Tranche 1 components onto the Medium Heavy Cargo trucks and has delivered BMS training systems and other artefacts including Release 1 (R1) of current configuration of the BMS software.

In June 2021, Elbit Systems Ltd advised that completion of the BMS Contract's Final Acceptance milestone would occur no earlier than February 2024. Subsequently Elbit Systems Ltd and the Commonwealth of Australia (CoA) agreed to reduce the scope of LAND200-2, so as to exclude the scope that was undeliverable for reasons of schedule, Government Furnished Equipment (GFE) availability and continued CoA priority.

For the TCN, L3 Harris Communications Australia completed Preliminary Design and Detailed Design, however, a Stop Payment was invoked in April 2022, due to an inability to achieve System Acceptance. This Stop Payment was in force until 9 May 2024 when it was lifted as part of the conditions associated with signing the Contract Change Proposal (CCP) 040 that collaboratively resolved issues that were preventing the project moving forward.

To achieve that resolution the CoA and L3 Harris Communications Australia stepped through a number of stages of dispute resolution. Initially the inability to resolve the matters surrounding the Stop Payment led the CoA to issue L3 Harris Communications Australia a Default Notice in March 2023 and a Dispute Notice in August of the same year for not achieving Milestones 13b and 13c of the contract. These Milestones were for successful conduct of Test Readiness. L3 Harris Communications Australia, while disputing the Default Notice, maintained relationships with the CoA and worked to address the key issues at the highest level.

Early in 2024 collaboration between the CoA and L3 Harris Communications Australia supported resolution of the issues in Dispute and a negotiated way forward for the project.

The resolution of the matter was formalised in May 2024 via a Deed of Reduction and Release and CCP040. This has enabled the definition of the remaining TCN deliverables and an agreed schedule to work towards achieving contract closure within FY 2024-25 for the project.

Post that agreement the updated Materiel Acquisition Agreement (MAA) (November 2024) was endorsed and the project schedule is now aligned to the delivery of the remaining agreed scope elements. Initial Materiel Release (IMR) and Initial Operating Capability (IOC) was declared in November 2024 as planned. Final Materiel Release (FMR) was achieved in March 2025, with Final Operating Capability (FOC) being declared in June 2025.

There is no scheduled Independent Assurance Review for the project this year.

Materiel Capability/Scope Delivery Performance

LAND200-2 has delivered:

- 150 Medium Heavy Cargo trucks fitted with the Tranche 1 BCS node, Foundation Training Classroom requirements, and new and retrofitted BMS Training Assemblages, BMS – Command and Control (BMS-C2) Software Release 0 and BMS-C2 Software R1, M1A1 tank TCN 'lite' and M88 armoured recovery vehicle installations.
- 772 TCN radios and ancillaries introduced into Army service as a precondition to the provision of BCS node integration and installations.

Under the updated 2024 MAA LAND200-2 is contracted to deliver:

- TCN Training Systems.
- Vehicle platform TCN communication nodes installed into designated Bushmaster and Hawkei vehicles.

1.3 Project Context

Background

The LAND200-2 program is a core program that fundamentally influences the way Land Forces plan, command and control operations from frontline soldiers and combat vehicles up to and including deployed Joint Force Headquarters. LAND200-2 systems provide war-fighters with common battlefield awareness and information superiority through a highly capable, mobile and secure networked environment.

In August 2013, LAND200-2 (combining JP2072 Phase 3 and LAND75 Phase 4) received Government Combined First Approval and built upon the LAND200 Tranche 1 (LAND200-1) and LAND75 Phase 4 Battle Group and Below Command, Control and Communications System (BGC3) delivered to approximately one-third of the Land Force. The BGC3 prime contractor was Elbit Systems Ltd, which integrated Raytheon Australia Pty Ltd and L3 Harris Communications Australia radios acquired by JP2072 Phases 1 and 2.

LAND200-2 scope focused on further development of the BMS that commenced under LAND75. No Military Off-The-Shelf (MOTS) BMS product was available that provided all of the Army requirements.

In September 2017, Second Pass Government Approval was provided for LAND200-2 that both projects (JP2072 Phase 3 and LAND75 Phase 4) formulate under the name LAND200-2 BCS. LAND200-2 intended to deliver integrated BMS-C2 with a supporting TCN into new vehicle platforms as part of the digitised Land Force. In addition to this, a modernised TCN with a new vehicle mounted communications system solution to be acquired by current and future LAND200 platforms programs.

The BCS project was listed as a Project of Interest in September 2018 due to issues associated with vehicle integration and realisation of risks resulting in the request to access contingency funding.

Other deliveries included BMS-C2 and TCN training and simulation across land forces and expanded functionality of the BMS-C2 to incorporate additional decision and planning tools for use at the Joint Task Force and Brigade Headquarters level. The Elbit Systems Ltd BMS was concluded in March 2023 and no longer forms part of the BCS Project, leaving the L3 Harris Communications Australia delivered TCN as the remaining contract.

Negotiations between L3 Harris Communications Australia and the CoA resolved the issues that caused the underperformance of the TCN project and established an agreed way forward to deliver the remaining required elements of the scope for the project. With endorsement of the updated MAA the new schedule milestones were defined for the delivery of the remaining hardware elements of the project milestones. These milestones have been met, and the project is in the process of closing.

Uniqueness

The intent of LAND200-2 is to deliver the core of Army's digital Command, Control and Communications capability. It is a highly complex project in part due to the integration of new leading edge technologies but also of programmatic interdependencies associated with the BCS being integrated into all the Land Forces deployable headquarters from Platoon to the Division and nearly all of Army's Land platforms and several Naval amphibious capabilities.

Major Risks, Emergent Risks and Issues

The current delivery risks for the project relate to the integration and installation of the TCN System into a number of platforms.

The project is managing the following major risk:

- Vehicle Platform availability for installation of the TCN communications nodes.

The project retired the following risks during the reporting period:

- Protected Mobility Vehicles-Light (PMV-L) installation budget.
- Protected Mobility Vehicles-Medium (PMV-M) installation budget.

There are no emerging risks or issues and the project has retired the two financial risks included in the 2023-24 Major Project Report (MPR) during this audit reporting period.
Other Current Related Projects/Phases LAND200-2 has direct BCS integration interdependencies with several other Defence Projects and Products, including: **LAND121 Phase 4 – Protected Mobility Vehicles Light.** The PMV-L Hawkei within Protected Mobility Systems Program Office (PMSPO) (Product CA-04 PMV-L – Hawkei, PMSPO Product CA-04 PMV-M – Bushmaster). While LAND200-2 has no direct dependencies (other than with LAND121 Phase 4) with other projects, it has informed the communications fit out for the new LAND400 Phase 2 Combat Reconnaissance Vehicle and the new LAND400 Phase 3 Close Combat Vehicle.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Sep 17	Original Approval (Government Second Pass Approval)	930.0		1
	Total at Second Pass Approval		**930.0**	
Jun 25	Exchange Variation		42.7	
Jun 25	**Total Budget**		**972.7**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Elbit Systems Ltd	(370.1)		
	Contract Expenditure – L3 Harris Communications Australia	(326.5)		2
	Contract Expenditure – Downer EDI Engineering Power Pty Ltd	(46.2)		
	Contract Expenditure – Thales Australia Ltd	(13.0)		
	Other Contract Payments / Internal Expenses	(33.5)		3
			(789.4)	
FY to Jun 25	Contract Expenditure – L3 Harris Communications Australia	(20.0)		
	Contract Expenditure – Downer EDI Engineering Power Pty Ltd	(4.2)		4
	Contract Expenditure – Thales Australia Ltd	0.0		
	Other Contract Payments / Internal Expenses	(0.6)		5
			(24.8)	
Jun 25	**Total Expenditure**		**(814.2)**	
Jun 25	**Remaining Budget**		**158.5**	6

Notes	
1	The Second Pass budget excludes First to Second Pass Approval funding for Work Packages B, C and D (these prices were combined with the Combined Pass Approval for Work Package A captured within the JP2072 Phase 3 and LAND75 Phase 4 projects).
2	Stop Payment was invoked with L3 Harris Communications Australia in April 2022, due to an inability to achieve System Acceptance. This Stop Payment was in force for all of FY 2022-23 and lifted as part of the March 2024 Deed of Reduction and Release and CCP040.
3	Other Contract Payments/Internal Expenses for prior year includes: ($15.6m) for Technical Services, ($6.9m) for Specialist Military Equipment, ($4.4m) for Miscellaneous, ($3.1m) for Operational Plant & Equipment, ($1.8m) for Travel and ($1.6m) for Software Licenses.
4	This is the provision of a multi-discipline workforce to deliver the Land Command, Control, Communications and Computer Systems (LC4S) Branch Integrated Works Package (IWP).
5	Other Contract Payments/Internal Expenses includes: Technical Services, Project related travel, and non-capital purchases required to provide Project Office Support ($0.6m).
6	Funding for the work associated with the transfer of the 38 PMV-M Gateway (GW) vehicles to LAND4111 from LAND200-2 has yet to be finalised.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
35.5	30.8	31.3	Portfolio Budget Statements (PBS) to Portfolio Additional Estimate Statements (PAES): This underspend is driven by a difference in planned contract delivery dates near end of financial year to actual contract delivery

[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.

			dates tendered as part of the Platform System IWP. This pushed part of the contract deliverables into FY 2025-26. This, in conjunction with the delay in the Thales Australia Ltd deliverables under CCP to the LAND121 Phase 4 contract has required rephasing of the forecast into the current FY 2024-25. PAES to In-year Budget: Minor variance due to foreign exchange differences.
Variance $m	(4.7)	0.5	Total Variance ($m): (4.2)
Variance %	(13.3)	1.7	Total Variance (%): (11.8)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(6.5)	Australian Industry	The variance is due to the later than planned delivery of the final hardware shipment and subsequent final payments.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
31.3	24.8	**(6.5)**	**Total Variance**	
		(20.8)	**% 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			
Elbit Systems Ltd	Sep 17	365.2	370.1	Firm or Fixed	Standard Defence Contract	1
L3 Harris Communications Australia	Sept 17	330.0	346.4	Firm or Fixed	Standard Defence Contract	2
Downer EDI Engineering Power Pty Ltd	Aug 19	17.7	51.0	Variable	Standard Defence Contract	3
Thales Australia Ltd	May 21	12.7	14.1	Firm or Fixed	Standard Defence Contract	4

Notes	
1	Price variation from Contract Signature is due to approved CCP030 where Elbit Systems Ltd's contract was concluded.
2	The contract is for the provision of TCN systems. Price variation is due to the resolution of the commercial issues and approval of CCP040.
3	LAND200-2 pays for its share of the workforce provided for the provision of above the-line professional services via this Major Service Provider (MSP) contract. The variance in contract value is due to the time elapsed since contract signature, which was August 2019 and the ongoing workforce required to deliver the project.
4	Installation of the LAND200-2 BCS within Hawkei vehicles is now part of a separate procurement with the Thales Australia Ltd component related to supporting TCN node design.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Elbit Systems Ltd	N/A	N/A	Development of BMS software and integration and installation of systems into the M1A1, M88 and PMV-M.	1
L3 Harris Communications Australia	N/A	N/A	Development TCN software and provision of Army, Navy/ Portable, Radio, Communication – (AN/PRC)-158 radios.	2
Downer EDI Engineering Power Pty Ltd	N/A	N/A	Provision of multi-discipline workforce to deliver the LC4S Branch IWP via the Capability Acquisition and Sustainment Group (CASG) MSP Arrangement.	3
Thales Australia Ltd	N/A	N/A	Delivery of the design solution for integration of the LAND200-2 BCS within Hawkei vehicles.	4

Major equipment accepted and quantities to 30 Jun 25
L3 Harris Communications Australia delivery of 772 AN/PRC-158 radios, supporting ancillaries and Training Assemblages have been delivered up to 30 June 2024. Remaining TCN deliveries are now planned for Quarter 1, 2025 concluding the TCN deliverables from the contractor for the project.

Notes	
1	With the BMS contract closed in March 2023 there is no remaining elements of the BMS scope in the BCS project.

2	TCN systems include the following communication nodes: Manoeuvre (MNV) Node M1A1 x 59, MNV Node M88 x 13, MNV Node PMV-L x 234, MHC x 150, Command and Control Variant Node Protected Mobility Command Vehicle (PMCV) - Medium x 15.
3	As a project within LC4S Branch, LAND200-2 pays for its share of the workforce provided via this arrangement for the provision of above the-line professional services.
4	Installation of LAND200-2 deliverables for Thales Australia Ltd Hawkei vehicles was subject to a separate procurement. The contract has been awarded to a different company for this work. This cost relates to design work supported by L200-2 into the LAND121 Phase 4 project.

2.4 Australian Industry Capability

Summary
The project has no contracted Australian Industry Capability (AIC) Plan for L3 Harris Communications Australia, or previously for the now concluded contract with Elbit Systems Ltd. Thales Australia Ltd, is supporting the BCS project under a separate procurement, their contracted public plans indicate opportunity for local industry involvement for software development, network simulation, logistics support, design modification and modelling services and proposed future opportunities available through Professional Networks and State Government Industry activities. There is no AIC Plan for Downer EDI Engineering Power Pty Ltd as they are one of several contractors under the CASG-wide MSP contract that provides above the line work force to projects.
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	PMV-M – Preliminary Design Review (PDR) (Vehicle1 approval)	Feb 25	Feb 25	Feb 25	0	1
Detail Design	PMV-M – Detailed Design Review (DDR) (Production) – CoA internal	Mar 25	Mar 25	Mar 25	0	2

Notes	
1	PDR will be conducted after a Bushmaster PMCV prototyping activity. The prototyping activity confirmed the design provided by the CoA, allowed the development of the final draft installation instructions, and enabled CoA approval of the First of Type to finalise Bushmaster PMCV installation activities.
2	DDR approved the manufacture and production of the Bushmaster PMCV Vehicle Installation Kit (VIK) hardware prior to the installation activity.

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
Acceptance	Installation Readiness Review (IRR) - Prototype	Feb 25	Feb 25	Feb 25	0	1
	PCA/IRR-2 – Installation Readiness Review – Production	Apr 25	Apr 25	Apr 25	0	1
	Platform Installations Complete	May 25	May 25	May 25	0	1
	Production Readiness Review	Jan 25	Jan 25	Jan 25	0	1
	IRR Production	Feb 25	Feb 25	Feb 25	0	1
	Installation Batch 1 Complete	Apr 25	May 25	May 25	0	1
	Installation Batch 2 Complete	Jun 25	Jun 25	Jun 25	0	1
	Installation Batch 3 Complete	Jun 25	Jun 25	Jun 25	0	1
	Installation Batch 4 Complete	Aug 25	Jul 25	Jul 25	0	1
	Installation Batch 5 Complete	Aug 25	Aug 25	Aug 25	0	1
	Installation Batch 6 Complete	NFP	NFP	NFP	NFP	1
	Installation Batch 7 Complete	NFP	NFP	NFP	NFP	1
	Installation Batch 8 Complete	NFP	NFP	NFP	NFP	1
	Installation Batch 9 Complete	NFP	NFP	NFP	NFP	1
	Installation Batch 10 Complete	NFP	NFP	NFP	NFP	1
	Ancillary Mission Kit (AMK) Installations Complete	NFP	NFP	NFP	NFP	1

Notes	
1	Test and Evaluation milestones support installation of hardware into designated platforms in accordance with the updated MAA. Previous system Test and Evaluation milestones reflected a broader system than has been delivered under the refined scope of the project.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Nov 24	Nov 24	0	1
Initial Operational Capability (IOC)	Dec 24	Nov 24	(1)	1, 2
Final Materiel Release (FMR)	Mar 25	Mar 25	0	1
Final Operational Capability (FOC)	Jun 25	Jun 25	0	1

Notes	
1	Milestone Dates were updated based on the new schedule milestones that were agreed with by the Capability Manager. This was for the remaining hardware elements of the project milestones.
2	The project met the conditions for IMR in November 2024, with Capability Manager Representative endorsement in December 2024. The Chief of Army subsequently declared IOC being achieved on 15 November 2024.

Schedule Status at 30 June 2025

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project expects to fully meet a number of Capability Materiel Releases as expressed in the MAA with the exception of the items referred to in the Red section below. Elbit Systems Ltd and the CoA agreed to reduce the scope of LAND200-2 to exclude items that were undeliverable for reasons of schedule, GFE availability and continued CoA priority. The collaborative finalisation of the commercial matters with L3 Harris Communications Australia now enables the update of the graphic representation of capability delivery with certainty against the original approved scope of the BCS (inclusive of the scoped Hawkei and Bushmaster platform installations, which is now contracted).
	Amber: N/A
	Red: BMS and TCN elements of the BCS capability that will not be delivered have now been defined with certainty and reflect 23.9% of the original project scope for the BCS. The project will not deliver the Weapons Integrated BMS capability. 38 of the PMV-M GW vehicles originally within the project's scope will now be delivered by the LAND4111 Project.

Note
This Traffic Light Diagram represents Defence's expected capability delivery. These assessments reflect achievement of the original approved scope and are not reviewed against the updated MAA.
With the Elbit Systems Ltd contract concluded and commercial matters resolved with L3 Harris Communications Australia the overall outcome for capability delivered is included in the assessment above. The measures of Materiel Capability/Scope Delivery Performance comprise the combined BMS and TCN capabilities against the original MAA. The materiel capability and scope as at 30 June 2024 is reflective of the contractual arrangements that have defined the Materiel Release deliverables from the original MAA.

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	IMR comprises the delivery of: Heavy Armour Fleet • 59 x M1A1 TCN Lite. • 13 x M88A2 TCN Lite. Training System • 3 x Learning Management Package. • 14 TCN Training Assemblages (TTA). • 100 x Student Stations. • 6 x Instructor Stations. Platform Integration Designs • PMCV GW. • PMV-L MNV. Radios and Ancillaries • 772 x AN/PRC-158 Combat Net Radios and ancillaries. IMR Achieved in November 2024.	Achieved
Initial Operational Capability (IOC)	IOC incorporates: • The components of Fundamental Inputs to Capability were established sufficiently to constitute an initial operational capability for Land. IOC Achieved in November 2024.	Achieved
Final Materiel Release (FMR)	FMR comprises the delivery of the final TCN Hardware deliveries. FMR Achieved in March 2025.	Achieved

Final Operational Capability (FOC)	FOC install the TCN hardware into the following platforms:
	PMV-M
	• 15 x PMCV GW.
	PMV-L
	• 3 x PMV-L MNV variants consisting of:
	  ○ 1 x Command.
	  ○ 1 x Reconnaissance.
	  ○ 1 x Liaison.
	• 231 x PMV-L MNV provisioned for fitment.
	FOC Achieved in June 2025.
		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	There is a risk that installation of the LAND200-2 scope on PMV-M GW vehicles will be beyond the project's remaining uncommitted budget availability, with the result that a call on contingency will be necessary to fund this work.	Budget activities for FY 2023-24 governance will address funds for this task. A separate procurement activity has been conducted. As a result, this risk was not realised and has been retired. This risk will be removed from next year's Major Projects Report (MPR).
2	There is a risk that installation of the LAND200-2 scope on PMV-L vehicles will be beyond the Project's remaining uncommitted budget availability, with the result that a call on contingency will be necessary to fund this work.	Budget activities for FY 2023-24 governance will address funds for this task. A separate procurement activity has been conducted. As a result, this risk was not realised and has been retired. This risk will be removed from next year's MPR.
3	There is a risk that LAND200-2 TCN FOC will be affected by an inability to have the installation of the LAND200-2 VIKs completed due to unavailability of the platforms.	Remediation through formal task authority for the release of designated vehicle platforms has occurred to address this risk before it is realised.

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
N/A	N/A	N/A

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 41 lessons. The three project strategic lessons and five project level lessons (non-strategic) are listed below.

Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Projects and Programs involving multiple contracts for delivery of capability must establish clear strategies and alignment for integration requirements across the complete scope of work. Contractual mechanisms to align obligations between parties is essential where integrated solutions to deliver Defence capability is necessary.	Commercial Management
Strategic Lesson Type – Insight. Project and Program performance must be proactively managed through application of valid data to address performance. A clear understanding of the importance of performance data to the effective management of scope delivery is essential between parties. Data quality and schedule integrity enhances project predictability, reduces risks, and improves the likelihood of delivering defence capability.	Program, Project & Product Management
Strategic Lesson Type – Observation. Options to 'off ramp' scope elements that display unrecoverable deviation from the approved baseline must be unambiguously articulated within a 'risk sharing' partnership. A culture that encourages acceptable capability solutions to be delivered at the time they are required is essential for timely delivery of Minimum Viable Capability to the Capability Manager.	Commercial Management
Project Level Lessons (non-strategic) Description	**Categories of Systemic Lessons**
Project level lesson. Australian Standard for Defence Contracting Templates and Firm Fixed Price contracts for developmental deliverables in combination with Commercial Off-The-Shelf/MOTS products creates adversarial positions as soon as work packages are delayed.	Program, Project & Product Management
Project level lesson. Agile procurement through existing panels, where appropriate, led to engaging an Australian Small and Medium Enterprise (SME) with a track record of dynamic delivery on the scoped vehicle platforms. The SME demonstrated exceptional standards in the preparation and manufacturing of vehicle kits, showcasing high-quality processes, robust quality assurance mechanisms and precise delivery management. Their professionalism and commitment to excellence have been instrumental in meeting the project's vehicle installation milestones.	Commercial Management
Project level lesson. During contract negotiations the GFE list was specified and the project confirmed availability of required items in accordance with the project schedule. The items were also costed where it was necessary to procure these items from the project budget. Upon contract execution some items from the list became immediately problematic to source within the specified times resulting in pressure to deliver contracted outcomes on time.	Commercial Management
Project level lesson. Introduction of changes to the Mission and Support Systems post Detailed Design Review through the development process introduced delay and uncertainly for ability to deliver refined system scope.	Commercial Management
Project level lesson. Some documents are more complex than others and whilst they are often inter-related a more stringent application of the level of assurance required needs to inform the management of review periods and endorsements.	Engineering & Technical

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Joint Systems Division
Branch	Land Command, Control, Communications and Computer Systems Branch

Project Data Summary Sheet

Project Number	**LAND400 Phase 2**
Project Name	**MOUNTED COMBAT RECONNAISSANCE CAPABILITY**
First Year Reported in the MPR	2019-20
Capability Type	Replacement
Capability Manager	Chief of Army
Government 1st Pass Approval	Dec 14
Government 2nd Pass Approval	Mar 18
Budget at 2nd Pass Approval	$5,762.7m
Total Approved Budget (Current)	$5,775.6m
2024–25 In-year Budget	$382.4m
Complexity	ACAT I

Section 1 – Project Summary

1.1 Project Description

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

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $351.5m against FY 2024-25 budget of $382.4m. The year-end underspend is primarily due to a delay in explosive ordnance delivery and is partially offset by the delay to the execution of the Contract Change Proposal (CCP) for the Refund on Development Costs (RODC).

Project Financial Assurance Statement

As at 30 June 2025, LAND400 Phase 2 has reviewed the project's approved scope and budget for those elements required to be delivered by Defence. Having reviewed the current financial 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 project has successfully achieved both Initial Materiel Release (IMR) (with exceptions) and Initial Operational Capability (IOC). The project schedule was adjusted on 16 December 2024 through an Integrated Baseline Review (IBR) to incorporate a series of contractual changes, principally focused on incorporating capability improvements and addressing supply chain delays and workforce availability. The project experienced delays in the exit of some design reviews and is working intensively with Rheinmetall Defence Australia Pty Ltd to ensure the achievement of Final Operational Capability (FOC), however this achievement is at very high risk. A revised and approved Materiel Acquisition Agreement (MAA) with forecasted dates is expected in Quarter 4, 2025 aligned with the outcomes of the Defence Strategic Review.

On the 21 March 2024, the Heavy Weapon Carrier Procurement Agreement was signed and through the negotiation process, the legal and commercial arrangements between Australia and Germany included relevant conditions to ensure that LAND400 Phase 2 will have schedule priority over, and not be negatively impacted by the production of the German Heavy Weapon Carrier vehicles.

Materiel Capability/Scope Delivery Performance

The project achieved IMR with exceptions in June 2021 and achieved IOC in June 2022.

Final Materiel Release (FMR) and FOC scope has had no materiel change.

1.3 Project Context

Background

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

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

In June 2022, Defence, through acceptance of the Block I Boxer CRV achieved IOC on schedule. The Block II Boxer CRVs will be substantially built and assembled in Australia consistent with the transition of technology, manufacturing techniques and assembly line production to Australia. There will remain some vehicle subsystems for which the transfer of manufacture or assembly from Europe to Australia is not cost-effective and will continue to be sourced from Europe. Final assembly, integration, set to work, and testing of these elements will occur in Australia.

In June 2023, the project was elevated to the Capability Acquisition and Sustainment Group (CASG) Group Watch List due to project complexity and the growing risk to schedule for the delivery of Block II vehicles.

On the 14 December 2023, Defence advised via letter that the stop payment related to Recovery Detailed Design Review (DDR) was released with the formal submission of the DDR entry criteria assessment.

A new stop payment was enacted in June 2025 for the late delivery of Reconnaissance Vehicle (RECON) 28 and is expected to be lifted in early August 2025.

On 27 June 2024, the project was elevated to a Project of Interest (POI) due to the complexity associated with the parallel delivery of LAND400 Phase 2 and the German Boxer Heavy Weapon Carrier Procurement agreement, together with ongoing schedule pressure on LAND400 Phase 2 to achieve its FOC milestone.

The criteria that the POI status will be assessed against:

- Rheinmetall Defence Australia Pty Ltd must achieve Commonwealth of Australia (CoA) approval of an assured baseline through the conduct of an IBR by December 2024. (Complete).
- Rheinmetall Defence Australia Pty Ltd must meet all key milestones in the revised schedule throughout calendar year 2025.
- Rheinmetall Defence Australia Pty Ltd must achieve delivery of 20 Heavy Weapon Carrier vehicles in calendar year 2025 while prioritizing LAND 400 Phase 2 vehicles.
- Rheinmetall Defence Australia Pty Ltd to address LAND 400 Phase 2 supply chain shortages through an approved Supply Chain Remediation Plan.

On the 20 August 2024, Defence advised via letter to invoke a stop payment due to the delayed delivery of the vehicle known as RECON 18.

On 16 December 2024, the project completed the IBR negotiations with Rheinmetall Defence Australia Pty Ltd providing a measurable Contract Master Schedule (CMS). The “Stop Payment” was lifted when the CoA accepted the second Block II Boxer CRV RECON 18 on 18 December 2024 as well as receiving a CMS detailing an achievable program and related artefacts to the satisfactory to the CoA.

The Boxer CRV will form part of Army’s modernised Armoured Fighting Vehicle capability, until its life-of-type.

Uniqueness

LAND400 Phase 2 is unique for two reasons. Firstly, Australia is the first nation acquiring a Boxer vehicle with a manned-turret, a variant that other countries have expressed an interest in. Secondly, the project is acquiring a uniquely designed Reconfigurable Driver Training Simulator – a system that was designed in Australia, won an Essington-Lewis Award for the best minor acquisition under $50.0m in 2020, and is attracting global interest for follow-on sales.

Major Risks, Emergent Risks and Issues

The project is currently managing the following Major Project Risks:

- Failure to achieve FOC on schedule.
- The Repair variant fails to Enter Preliminary Design Review (PDR) on Schedule.
- The Reconnaissance variant fails to meet reliability requirements.
- The integration of Active Protection System (APS) causes schedule delay.

The project is currently managing the following Emergent Risks:

- The Remote Weapon Station full rate production fails to meet schedule.
- CoA failure to provide Remote Weapon Station to meet contract requirements.
- Availability of Suitable Documentation to Enable CRV Training.
- CRV Support System Fit for Purpose.

The project is currently managing the following issues:

- The Recovery Variant fails to Exit DDR on schedule.
- The integration of the Digital Terminal Control System into the Joint Fires variant.
- The availability of permanent facilities for the CRV training equipment.
- The Verification and Validation (V&V) Program delays impact Reconnaissance Block II Training readiness Review.
- The project is managing a small quantity of residual issues associated with IMR exceptions. Block I Technical issues.
- Delivery of Reconnaissance Block II vehicles is delayed.
- The concurrent V&V activities overlap for Recovery, Command and Control and Joint Fires/Surveillance variants.

Other Current Related Projects/Phases

LAND200 Tranche 2 - Battlefield Command Systems. LAND400 Phase 2 is funding and delivering an interim Battlefield Management System (BMS) and Tactical Communications Network (TCN) capabilities that are required to be interoperable with the LAND200 Tranche 2 system. The LAND200 Tranche 2 project preceded LAND400 Phase 2 project approval. As a result, the LAND200 Tranche 2 scope related to the delivery of Army's BMS and TCN capabilities did not include the funding of LAND200 Tranche 2 equipment into the LAND400 Phase 2 CRV Boxer platform. The LAND200 Tranche 2 project is listed as a dependency from the perspective that the LAND400 Phase 2 interim BMS and TCN capabilities need to be interoperable with the final LAND200 BMS and TCN solution. LAND400 Phase 2 has not been notified of the date for the delivery of the final LAND200 BMS and TCN solution.

LAND154 Phase 2 - Joint Counter Improvised Explosive Device Capability. Force Protection Electronic Counter Measures solution integrated into the CRV as Government Furnished Equipment.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Dec 14	Original Approved (Government First Pass Approval)	116.7		
Mar 18	Government Second Pass Approval	5,646.0		
	Total at Second Pass Approval		**5,762.7**	
Jan 25	Real Variation - Transfer		(4.5)	4
Jun 25	Exchange Variation		17.4	4
Jun 25	**Total Budget**		**5,775.6**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Rheinmetall Defence Australia Pty Ltd	(2,345.7)		2
	Contract Expenditure – NIOA Pty Ltd	(96.2)		
	Contract Expenditure – Universal Motion Simulator Pty Ltd	(32.1)		
	Contract Expenditure – EOS Defence Systems Pty Limited	(14.7)		
	Contract Expenditure – RSA Rafael Systems of Australia Pty Ltd	(1.9)		
	Other Contract Payments/Internal Expenses	(299.3)		1
			(2,789.9)	
FY to Jun 25	Contract Expenditure – Rheinmetall Defence Australia Pty Ltd	(288.2)		6
	Contract Expenditure – NIOA Pty Ltd	(3.9)		
	Contract Expenditure – EOS Defence Systems Pty Limited	(0.5)		
	Contract Expenditure – RSA Rafael Systems of Australia Pty Ltd	(0.3)		
	Contract Expenditure – Universal Motion Simulator Pty Ltd	-		5
	Other Contract Payments/Internal Expenses	(58.6)		3
			(351.5)	
Jun 25	**Total Expenditure**		**(3,141.4)**	
Jun 25	**Remaining Budget**		**2,634.2**	

Notes	
1	Other Expenses ($299.3m) are for Project Office Administration ($98.5m), Command, Control, Communications, Computers and Intelligence (C4I) ($94.8m), Risk Mitigation Activity Contracts with Rheinmetall Defence Australia Pty Ltd Landsystem GmbH and BAE Systems Australia Pty Ltd ($50.0m), Extended Payment Terms Finance Charge ($24.3m), Anti-Tank Guided Missile ($6.8m), German Quality Assurance ($4.5m), Test and Evaluation ($4.2m), Support ($4.0m), Support Contract ($3.6m), APS ($3.1m), Other ($1.1m), Customs Duty ($0.9m), Risk Mitigation Activity – Other ($0.9m), and Remote Weapon Station – Block I ($0.6m), Training ($0.6m), Trailers ($0.6m), Integrated Logistics Support (ILS) Equipment ($0.2m) and Explosive Ordnance ($0.1m).
2	Milestone 070 was not achieved by 14 May 2023, and the CoA invoked a Stop Payment on 7 June 2023. The Stop Payment had no impact to expenditure for 30 June 2024 as it was lifted on 14 December 2023, only affecting payments to Rheinmetall Defence Australia Pty Ltd contract, over that period.
3	Other Expenses ($58.6m) are for C4I ($20.4m), Project Office Administration ($19.8m), ILS Equipment ($8.5m), APS ($3.9m), Trailers ($1.8m), Anti-Tank Guided Missile ($1.4m), Customs Duty ($0.9m), Other ($0.6m), Support ($0.5m), Training ($0.4m), Remote Weapon Station – Block II ($0.3m).
4	Real Variation – Transfer ($4.5m) The funding transfer was required to enable Directorate of Land Training Capability to facilitate delivery of Land Simulation (LS) Core 2.0 between FY 2024-25 and FY 2025-26.
5	No financial impact in FY 2024-25 however Universal Motion Simulator Pty Ltd will have future commitments.

[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.

6	On 29 August 2024, a stop payment was enacted due to the delayed delivery of RECON 18 and was lifted in December 2024. A new stop payment was enacted in June 2025 for the late delivery of RECON 28 and is expected to be lifted in August 2025.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
636.2	385.0	382.4	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variation from PBS to PAES is primarily due to the rescheduling of contract milestones and deliveries. PAES to In-year Budget: The variation from PAES to In-year budget is primarily due to the FY 2025-26 PBS budgeted exchange rate update and the budget transfer out of the FY 2024-25 budget to supplement the LS Core V.02 activities which resulted in the net variance of PAES and the In-year budget.
Variance $m	(251.3)	(2.6)	Total Variance ($m): (253.8)
Variance %	(39.5)	(0.7)	Total Variance (%): (39.9)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		5.7	Australian Industry	The Year-to-Date under achievement is primarily due to a delay to explosive ordnance delivery and partially offset by the delay to the execution of the CCP for the RODC.
		(33.9)	Foreign Industry	
		-	Early Processes	
		(2.8)	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
382.4	351.5	**(30.9)**	**Total Variance**	
		(8.1)	**% Variance**	

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 25 $m			
NIOA Pty Ltd	Jul 18	47.3	101.5	Firm or Fixed	Standard Defence Contract	4
Rheinmetall Defence Australia Pty Ltd	Aug 18	3,890.2	3,930.4	Firm or Fixed	Standard Defence Contract	1, 3
Universal Motion Simulator Pty Ltd	Dec 18	29.1	32.1	Firm or Fixed	Standard Defence Contract	-
EOS Defence Systems Pty Limited	Dec 19	50.2	62.6	Firm or Fixed	Standard Defence Contract	2, 3
RSA Rafael Systems of Australia Pty Ltd	May 23	45.7	48.7	Firm or Fixed	Standard Defence Contract	5

Notes	
1	Contract value as at signature is based on PBS FY 2018-19 budgeted exchange rates. The commitment value included price escalation estimates.
2	Contract value as at signature is based on Mid-Year Economic and Fiscal Outlook FY 2019-20 budgeted exchange rates. The commitment value included price escalation estimates.
3	The price at 30 June 2025 is $40.2m higher than the price at Rheinmetall Defence Australia Pty Ltd contract signature due to contract changes, exchange rate variation and price escalation. The price at 30 June 2025 is $12.4m higher than the price at EOS Defence Systems Pty Limited contract signature due to contract changes, exchange rate variation and price escalation.
4	Contract value as at signature reflects initial order quantity only not current value including additional purchase orders.
5	Contract value as at signature is based on PBS FY 2023-24 budgeted exchange rates.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
NIOA Pty Ltd	Classified	Classified	Explosive Ordnance.	-
Rheinmetall Defence Australia Pty Ltd	211	211	CRV, 12 Mission Modules, Support and Test Equipment and Training Equipment.	1
Universal Motion Simulator Pty Ltd	6 1	6 1	Reconfigurable Driver Simulator – Fixed Part Task Trainer – Reconfigurable Driver Simulator.	-

EOS Defence Systems Pty Limited	82	82	Remote Weapon Station.	-
RSA Rafael Systems of Australia Pty Ltd	Classified	Classified	Explosive Ordnance.	-

Major equipment accepted and quantities to 30 Jun 25

As at 30 June 2025:

- 25 x CRV Block I and 8 x CRV Block II have been accepted.
- A classified quantity and variety of Explosive Ordnance has been accepted.
- 6 x Reconfigurable Driver Simulators and 1 x Trainer have been accepted.

Notes

1	In FY 2019-20, the quantity reported at contract signature was 223 – this figure included 211 CRV and the 12 additional Mission Modules. This figure has been updated to 211 to more correctly define the number of complete CRV.

2.4 Australian Industry Capability

Summary

The project has no contracted Australian Industry Capability (AIC) Plan with NIOA Pty Ltd as the contract is managed by Land Explosive Ordnance. NIOA Pty Ltd has an AIC Plan that maximises Australian Industry involvement across Design Development, Production Activities, ILS and Contractor Data Requirement Lists.

The project has a contracted AIC Plan based on opportunities to maximise internationally competitive Australian industry involvement which is captured in Rheinmetall Defence Australia Pty Ltd AIC Plans in the support of their design, manufacturing, integration, ILS and Project Management activities.

The project has a contracted AIC Plan with Universal Motion Simulator Pty Ltd. Universal Motion Simulator Pty Ltd has an AIC Plan that maximise Australian Industry involvement across Design Development, Production Activities, ILS, Contractor Data Requirement Lists and Project Management Office activities.

The project has a contracted AIC Plan with EOS Defence Systems Pty Limited. EOS Defence Systems Pty Limited has an AIC Plan that maximise Australian Industry involvement across the Design Development, Production, Contractor Data Requirement Lists and Project Management Office activities.

The project has no contracted AIC Plan with RSA Rafael Systems of Australia Pty Ltd as the contract is managed by Land Explosive Ordnance. RSA Rafael Systems of Australia Pty Ltd has an AIC Plan that maximises Australian Industry involvement across Design Development, Production Activities, ILS and Contractor Data Requirement Lists.

Note

AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	Block I – Multi Purpose Vehicle	N/A	N/A	Nov 18	N/A	1, 2
	Block I – Reconnaissance	Nov 18	N/A	Nov 18	0	1
	Block II – Joint Fires and Surveillance	Jul 19	N/A	Jul 19	0	1
	Block II – Command and Control	Jun 19	N/A	Jul 19	1	1
	Block II – Reconnaissance	Jan 19	N/A	Feb 19	1	1
	Block II – Repair	Aug 19	Oct 19	Sep 19	1	1
	Block II – Recovery	Feb 19	N/A	Feb 19	0	1
Preliminary Design	Block I – Multi Purpose Vehicle	N/A	N/A	Jan 19	N/A	1, 2
	Block I – Reconnaissance	May 19	N/A	May 19	0	1
	Block II – Joint Fires and Surveillance	Dec 20	Jan 23	May 23	30	1, 3, 9
	Block II – Command and Control	Jul 20	Jan 23	May 23	34	1, 4, 9
	Block II – Reconnaissance	Jul 19	N/A	Sep 19	2	1, 3, 5
	Block II – Repair	Dec 21	Sep-25	Feb 26	50	1, 9, 10, 11
	Block II – Recovery	Feb 20	Sep 22	Aug 22	30	1, 6, 9
Critical Design	Block I – Multi Purpose Vehicle	Jan 19	N/A	Aug 19	7	1, 2, 7
	Block I – Reconnaissance	Oct 19	N/A	Nov 19	1	1
	Block II – Joint Fires and Surveillance	Nov 21	Feb 25	Dec 24	37	1, 3, 9, 10, 11
	Block II – Command and Control	Apr 21	Jan 25	Dec 24	44	1, 4, 9, 10, 11
	Block II – Reconnaissance	May 20	May 22	Aug 22	27	1, 8, 9
	Block II – Repair	Sep 22	NFP	NFP	NFP	1, 9, 10, 11

	Block II – Recovery	Mar 21	May 23	Dec 24	45	1, 9, 10

Notes	
1	The date represents the exit of the Design Review.
2	The Multi-Purpose Vehicle was only required to conduct a DDR.
3	Delay was due to the introduction of the Electronic Architecture and COVID-19 CCPs, uncertainty with the load list, and delays associated with the Command and Control variant.
4	Delay was due to a combination of the introduction of the Electronic Architecture and COVID-19 CCPs, and uncertainty with the load list.
5	Delay was due to a failure to satisfy all PDR requirements which resulted in Defence invoking a Stop Payment in July 2019 – this has now been lifted.
6	Delay was due to a CoA request for a risk reduction activity (in the form of a capability demonstration) to be incorporated into the review.
7	Delay was due to the late achievement of PDR and an underestimation of the time required to implement the design changes following the fitment exercise.
8	Delay was due to a combination of the Stop Payment (in July 2019) – Note 5 refers; the introduction of the Electronic Architecture and COVID-19 CCPs; the entry criteria for this activity not being met; and failure to exit the design review on schedule.
9	The additional variance is due to the execution of CCP026 which incorporated a series of capability improvements and addressed further COVID-19 delays.
10	The variance for FY 2023-24 was due to supply chain issues and also the ability of the main contractor to adequately resource the program with appropriately skilled resources.
11	The contract date changes are from the exit of the IBR, which was achieved by the approval of a CCP with Rheinmetall Defence Australia on 16 December 2024.

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Integration and Acceptance	Block I – Multi Purpose Vehicle	Oct 20	N/A	Dec 20	2	1, 2
	Block I – Reconnaissance	Oct 20	N/A	Jun 21	8	1, 2
	Block II – Joint Fires and Surveillance	NFP	NFP	NFP	NFP	1, 3, 4, 5, 6, 7
	Block II – Command and Control	NFP	NFP	NFP	NFP	1, 3, 5, 6, 7
	Block II – Reconnaissance	NFP	NFP	NFP	NFP	1, 3, 4, 5, 6,7
	Block II – Repair	NFP	NFP	NFP	NFP	1, 3, 5, 6, 7
	Block II – Recovery	NFP	NFP	NFP	NFP	1, 3, 4, 5, 6, 7

Notes	
1	Dates specified are based on acceptance of the final delivery for each variant.
2	Delivery was delayed due to a combination of production and manufacturing delays in Europe and the impact of COVID-19 in both Europe and Australia.
3	The variance is due to a combination of technical changes made to all variants and the impact of COVID-19 in both Europe and Australia.
4	While the forecasts are earlier than currently contracted, the milestones have still slipped overall compared to the previously reported forecasts.
5	The variance for FY 2023-24 relates to supply chain issues and the ability of Rheinmetall Defence Australia Pty Ltd to adequately resource the program with appropriately skilled resources.
6	The forecast dates are from Rheinmetall Defence Australia Pty Ltd CMS V36.2 (June 2025), which is the basis of the approved baseline.
7	The contract date changes are from the exit of the IBR, which was achieved by the approval of a CCP with Rheinmetall Defence Australia Pty Ltd on the 16 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 20	Jun 21	8	1, 2, 3
Initial Operational Capability (IOC)	Jun 22	Jun 22	0	1, 4
Final Materiel Release (FMR)	NFP	NFP	NFP	1, 6
Final Operational Capability (FOC)	NFP	NFP	NFP	1, 5, 6

Notes	
1	Refer to Section 4.2 for definitions of these milestones.
2	The variance is due to a combination of production and manufacturing delays in Europe and the impact of COVID-19 in both Europe and Australia.
3	IMR was met with the delivery of 21 vehicles to the 7th Brigade in June 2021. IMR was declared with three exceptions which are further explained in Section 5.3.

4	IOC was declared on 29 June 2022, when the first operationally-deployable CRV element (the first Mounted Combat Squadron) including mission, support and training systems, and facilities, if required, was delivered to the first Combat Brigade and support organisations, and accepted into service. The Block I vehicles experienced some technical issues during Operational Test and Evaluation activities, however these were not impediments to an IOC declaration, these are explained further in Section 5.3.
5	The project is working intensively with Rheinmetall Defence Australia Pty Ltd to ensure FOC is achieved on schedule, however is considered at very high risk.
6	The outcomes of the update to the MAA and the approval of CCP will have an impact on the forecasted dates for FMR and FOC. The revision and approved Version 3 of the MAA is not expected until later.

Schedule Status at 30 June 2025

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project expects to meet the Materiel Capability Requirements as expressed in the MAA.
	Amber: N/A
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	IMR occurred in June 2021 when 21 CRV mission systems were delivered to 7th Brigade, Brisbane and the initial contractor-provided logistics support arrangements were established. These included: user documentation, technical data, maintenance support, logistics instructions, engineering support, spares, and training systems.	Achieved with Exceptions
Initial Operational Capability (IOC)	IOC occurred on schedule in June 2022 when the first operationally deployable CRV element, including mission support, training systems and facilities, if required, were delivered to one Combat Brigade and support organisations, and accepted into operational service.	Achieved
Final Materiel Release (FMR)	FMR will occur with final delivery of the CRV capability. It includes: • Delivery of all vehicles, spares and attrition, and simulation training enablers for the CRV capability to all gaining units.	Not yet Achieved

	• Logistics support arrangements, including: user documentation, technical data, maintenance support, logistics instruction, engineering support, spares, training systems and facilities. Forecast dates for FMR are NFP.	
Final Operational Capability (FOC)	FOC will occur when: • The full scope of LAND400 Phase 2, including mission, support and training systems, and facilities (if required), has been delivered to the three Combat Brigades and support organisations, and accepted into operational service. • Support arrangements are finalised in accordance with the ILS Plan. • The three Armoured Cavalry Regiments are declared operationally ready by the Capability Manager (including training fleets, and spares and attrition stock vehicles). Forecast dates for FOC are 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	Failure to achieve FOC on schedule. There is a risk that FOC will not be achieved on schedule due to the combined impacts of COVID-19, technical difficulties, global supply chain disruption, and problems faced by Rheinmetall Defence Australia Pty Ltd.	The CoA has worked intensively with Rheinmetall Defence Australia Pty Ltd to reduce delays. Despite this, the project assesses that achievement of FOC is currently a Very High risk and is being actively managed by CoA and Industry senior leadership.
2	Block II – The Repair variant fails to Enter PDR on Schedule. There is a risk that Repair Variant design maturity level will impact PDR entry milestone dates.	The CoA is working closely with Rheinmetall Defence Australia Pty Ltd to actively manage any delays to PDR during fortnightly Program Management Review meetings. The CoA is supporting Rheinmetall Defence Australia Pty Ltd to provide review and acceptance of PDR activities.
3	The Reconnaissance variant fails to meet reliability requirements. There is a risk that the Boxer CRV may fail to meet the contracted minimum reliability requirements, leading to an impact on the schedule.	The CoA is working closely with Rheinmetall Defence Australia Pty Ltd to actively manage the Acceptance V&V activities designed to provide the required Reliability Availability Maintainability requirements.
4	The integration of APS causes schedule delay. There is a risk that Rheinmetall Defence Australia Pty Ltd is unable to integrate the Army-preferred APS onto the CRV as it is not sufficiently mature.	The CoA is working with Rheinmetall Defence Australia Pty Ltd to assess the cost, schedule, risk and capability impacts of integrating APS into all Block II Boxer CRV variants to inform considerations leading to a future solution.

5.2 Emergent Risks

Emergent Risks (risk not previously identified, or has increased in rating, which have emerged during 2024–25)		
Ref#	Description	Remedial Action
1	The Remote Weapon Station fails to meet full rate production on schedule.	The CoA continues to work with Electro Optic Systems to actively manage any delays to the full rate production of the Remote Weapon Station to align with the delivery of the Non Turreted CRV. This risk has been resolved and will be removed from next year's Major Projects Report (MPR).
2	CoA failure to provide Remote Weapon Station as Government Furnished Equipment to meet contract requirements.	The CoA continues to work with Rheinmetall Defence Australia Pty Ltd with the design and integration of the Remote Weapon System in preparedness for the delivery of the production units. This risk is classified as medium and will be removed from next year's MPR.
3	Availability of Suitable Documentation to Enable CRV Training.	The CoA continues to work with Rheinmetall Defence Australia Pty Ltd to ensure interim training packages are delivered in line with Army's schedule to conduct practical training and qualification.
4	CRV Support System Fit for Purpose.	The CoA continues to work with Rheinmetall Defence Australia Pty Ltd on a supply chain remediation plan.

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	The Recovery Variant fails to Exit DDR on Schedule. There is an issue that Recovery Variant design maturity level will impact achievement of DDR Exit.	Rheinmetall Defence Australia Pty Ltd has achieved the exit criteria for the Recovery DDR. This is has now been resolved and will be removed from next year's MPR.
2	The integration of the Digital Terminal Control System into the Joint Fires variant. There is an issue that the Joint Fires & Surveillance variant is unable to effectively conduct Joint Fires missions using a mounted or hosted NextGen Digital Terminal Control System leading to an impact on performance.	Evidence in testing suggests that the risk assessment is reduced with minor cost implications and low schedule impacts. This issue has now been resolved and will be removed from next year's MPR.
3	The availability of permanent facilities for the CRV training equipment. There is an issue of additional costs to the project in order to relocate training systems from interim facilities at Brisbane and Adelaide that are to be used while the permanent facilities are built.	The Training Facilities at Puckapunyal are now complete. This issue has been resolved and will be removed from next year's MPR.
4	The V&V Program delays impact Reconnaissance Block II Training readiness Review. There is an issue that the Boxer CRV will fail to meet the contracted blast protection requirements, which may impact on cost, schedule, performance and safety.	Rheinmetall Defence Australia Pty Ltd completed Mobility V&V activities in support of the safety case report. The completion of this activity downgraded the issue to medium. The issue has now been resolved and will be removed from next year's MPR.
5	IMR Exceptions. IMR was declared with three exceptions relating to: • The completion of Functional Configuration Audit and Physical Configuration Audit. • The integration of electronic counter measures. • Transportability studies including air transportability and integration with other Army vehicles.	The Physical Configuration Audit was completed on the 7 December 2022 and the Functional Configuration Audit was completed on the 23 February 2024. The project has completed remediation work to address the integration of electronic counter measures. The Project retained the Air Transportability task indicated for closure. This issue has now been retired and will be removed from next year's MPR.
6	Block I Technical Issues. There is an issue that the Block I vehicles experienced some minor technical issues during introduction into use – issues like these are to be expected in a project of this size and complexity. Whilst the issues did result in increased risk being accepted by the Capability Manager, none were impediments to the declaration of IOC. The issues were associated with human factors, towing, and air transportability.	The project is working intensively with Rheinmetall Defence Australia Pty Ltd to address these and is expected to be resolved in 2023 within the timeframes required by Army. The issue for the Block I towing has been resolved with the approval of the acceptance test report and approval of the Engineering Change Proposal. The human factors issues have been addressed with the approval of the Engineering Change for the Turret Software Upgrade. For the air transportability issue there is agreed way forward to resolve the issue. This issue has now been retired and will be removed from next year's MPR.
7	Delivery of Block II Reconnaissance vehicles is delayed.	The CoA continues to work intensively with Rheinmetall Defence Australia Pty Ltd to mitigate the associated risk to continued delays to the schedule.
8	The concurrent V&V activities overlap for Recovery, Command and Control and Joint Fires / Surveillance variants. The current schedule highlights the risk of concurrent V&V activities across all non-turreted vehicles. This could see a delay in V&V activities due to lack of staffing resources, facilities and external providers all being available concurrently.	The CoA continues to work intensively with Rheinmetall Defence Australia Pty Ltd to provide an assured project baseline in order to mitigate potential risk to concurrent activities.

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 49 lessons. The three project strategic lessons and the five project level lessons (non-strategic) are listed below.	
Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Whole of capability focus – The project should establish and maintain a 'whole of capability' focus in delivering the Boxer CRV, including management of all fundamental inputs to capability and commonality and alignment across the support and training systems to retain its effectiveness in rapidly changing threat and technology environments.	Engineering & Technical
Strategic Lesson Type – Observation. Capability Manager and stakeholder engagement are an essential part of the tender governance – arrangements should be established for regular participation of the 3-star Capability Manager and Deputy Secretary CASG in senior governance arrangements. It is recommended that each major acquisition program invite participation from Contestability Division, Joint Force Design, Industry Division and Defence Science and Technology at all levels of the Tender Evaluation Organisation.	Program, Project & Product Management
Strategic Lesson Type – Observation. Industry engagement – Early engagement of 'Industry' (as one of the fundamental inputs to capability) is required to maximise Australian industry participation in delivering the capability. The requirements, guidance and parameters for industry involvement should be included in the tender documentation and facilitated industry engagement should be a standard part of any major acquisition project.	Engineering & Technical
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
Project Level Lesson. The Integrated Project Management Team to provide direction for the Capability Manager and Delivery Group to move forward for project delivery.	Program, Project & Product Management
Project Level Lesson. Communication in the transition phase to Enterprise Resource Planning has enabled improved project outcomes.	Program, Project & Product Management
Project Level Lesson. A collaborative approach to risk based activities when accepting vehicles will ensure increased efficiencies and speed to capability.	Engineering & Technical
Project Level Lesson. Improved management of vehicles to support V&V activities and Introduction Into Service courses.	Engineering & Technical
Project Level Lesson. Routine collaboration between the CoA and Rheinmetall Defence Australia Pty Ltd engineering and project management teams.	Engineering & Technical

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Land Systems Division
Branch	Armoured Fighting Vehicles Branch

Project Data Summary Sheet[1]

Project Number	**LAND907**
Project Name	**ARMOURED COMBAT**
First Year Reported in the MPR	2022-23
Capability Type	Upgrade by Replacement & New
Capability Manager	Chief of Army
Government 1st Pass Approval	Oct 19
Government 2nd Pass Approval	Dec 21
Budget at 2nd Pass Approval	$2,065.7m
Total Approved Budget (Current)	$2,388.4m
2024–25 In-year Budget	$518.6m
Complexity	ACAT II

M1A2 Abrams SEPv3 Main Battle Tank

M1150 Assault Breacher Vehicle

M1110 Joint Assault Bridge

M88A2 Armoured Recovery Vehicle

Section 1 – Project Summary

1.1 Project Description

LAND907 (the Project) will upgrade the M1A1 Abrams Main Battle Tank (MBT) to M1A2 Abrams System Enhancement Package version 3 (SEPv3) MBT. The Project will deliver 75 SEPv3 MBTs to Army. The upgrade will be by replacement so that Army's MBT capability is maintained throughout the life of the Project. LAND907 will also deliver Combat Engineering Vehicles (CEV) and Armoured Recovery Vehicles (ARV):

- 29 new M1150 Assault Breacher Vehicles (ABV) for breaching minefields and other battlefield obstacles, and undertaking minor earthworks, all while the crew are protected inside the vehicle.
- 17 new M1110 Joint Assault Bridges (JAB) to enable gap crossing.
- Six additional M88A2 ARV for repair and recovery of vehicles on the battlefield.

The Project will deliver training and simulation systems for their vehicles. The Immersive Tactical Trainer (ITT) is an SEPv3 MBT crew trainer that will be delivered in both a containerised version (ITT-C) for deployment to the field and a fixed version (ITT-F) for installation in buildings.

The SEPv3 MBT, CEV and ARV will be acquired through the United States Government (USG) Foreign Military Sales (FMS) program and the training and simulation systems are being developed by Australian industry.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $731.1m against FY 2024-25 budget of $518.6m, which resulted in an overspend. The in-year variance is primarily due to higher than forecast FMS disbursements, and the unpredictable nature of the FMS disbursements associated with the CEVs, MBTs, Advance Multi-Purpose Round (AM-PR), Mine Clearing Line Charge (MICLIC) and the United States (US) Australian Management Office. Lower than planned Project Office expenses, Introduction into Service expenses and delayed deliveries of Platform Equipment also contributed to this variance.

Project Financial Assurance Statement

As at 30 June 2025, LAND907 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 Project achieved Government First Pass Approval in October 2019 and Government Second Pass Approval in December 2021. A Materiel Acquisition Agreement (MAA) was approved in December 2022 between the Australian Army and Capability Acquisition and Sustainment Group (CASG) to document key milestones for the delivery and introduction into service of the MBT, CEV, ARV and training and simulation systems in line with government approval. As at 30 June 2025, 75 MBT, 14 ABV, eight JAB and six ARV achieved production acceptance in the US. 58 MBT, seven ABV, and four JAB have achieved System Integration, and eight ITT-C have achieved Acceptance.

[1]Notice to reader

In the 2024 Integrated Investment Program LAND907 Phase 2/LAND8116 Phase 1 Main Battle Tank Upgrade Combat Engineering Vehicle Acquisition was renamed to LAND907 Armoured Combat. The remainder of the report will refer to the Project as LAND907 Armoured Combat.

The USG FMS materiel delivery program remains on schedule to deliver the MBT, CEV and ARV to achieve all MAA milestones. A three-month excusable delay to the delivery of the ITT has been agreed, due to circumstances beyond the control of the project and the contractor. This delay will neither affect the introduction into service training schedule, nor the achievement of any MAA milestones.

During FY 2025-26, the remaining MBT and the ARV are expected to achieve System Integration. The remaining JAB and the ABV are expected to achieve Acceptance and System Integration, and the remaining ITT-C and the ITT-F are expected to achieve Acceptance. The Project continues to work closely with its government partners in the US and its Australian Industry partners to monitor progress and identify any risk to schedule.

Overall, the Project is on track to deliver all vehicles and training systems against all MAA milestones and government approval, with the Project currently working towards Initial Operational Capability (IOC).

Materiel Capability/Scope Delivery Performance

As at 30 June 2025, the Project has delivered 58 SEPv3 MBT, seven ABV, four JAB and eight ITT-C. The Project is on track to deliver its full scope of 75 SEPv3 MBT, 46 CEV, six ARV and simulation and training systems in accordance with Government approval and the agreed MAA.

1.3 Project Context

Background

LAND907 will acquire 75 upgraded, by replacement, SEPv3 MBT through the USG FMS program and associated training and simulation systems. LAND907 will also introduce into service new CEV and additional M88A2 ARV and the associated training and simulation systems.

A Smart Buyer workshop was conducted in February 2017 to identify the risks and drivers for the Project Execution Strategy (PES), which identified integration, finance and in-service support as key drivers. At Gate 0 in June 2017, it was directed that the two Projects (LAND8116 Phase 1 and LAND907 Phase 2) be progressed jointly as the Heavy Armour Capability System (now LAND907 Armoured Combat). Smart Buyer workshops were conducted in May 2018 to support the development of a combined PES for these projects in the lead up to First Pass consideration. These workshops identified schedule, finance and in-service support as key focus areas for the PES and Business Case. The Projects achieved First Pass Government Approval in October 2019.

In November 2020, Government Approval was given through the Defence biannual update to down select to a single MBT variant (M1A2 SEPv3 Abrams) and to procure 160 M1 Abrams vehicles, previously withdrawn from service in the US, for use as seed stock to be converted into SEPv3 MBT, ABV and JAB as they share a common M1 chassis. 160 base vehicles are required to produce 75 SEPv3 MBT, 29 ABV and 17 JAB as some attrition was expected during the re-build process.

This approach supports Army meeting enduring MBT preparedness requirements with the in-service fleet, whilst the upgraded MBT are built. It also achieves best value for money due to the high cost of transporting Australian MBT to the US for upgrade.

A Smart Buyer Environmental Scan Workshop was held in December 2020 to assist development of one element of the PES. A full Smart Buyer process was not conducted as it was agreed by the program sponsor (Army) and program manager (CASG) that the previously approved strategies remained sound and provided an adequate basis for execution of the Projects.

The Projects received Second Pass Approval from Government in December 2021.

In response to the National Defence Strategy in 2024, the Integrated Investment Program was updated and the two Projects were renamed as LAND907 Armoured Combat.

Uniqueness

The new generation of SEPv3 MBT variant includes enhancements to survivability, lethality, mobility and communications. Introducing a new capability to the Australian Defence Force, the CEV will deliver an armoured engineering capability that addresses capability roles for assault breaching, armoured bridging and armoured engineering. Unique training simulators will be delivered by Australian industry through the acquisition of a Reconfigurable-Driver Simulator (R-DS), SEPv3 MBT ITT and Reconfigurable-Desktop Tactical Trainer (R-DTT).

Major Risks, Emergent Risks and Issues

The Project is not currently managing any High or Very High Risks, Emergent Risks or Issues.

Other Current Related Projects/Phases

LAND907 Phase 1 – Tank Replacement Project. LAND907 Armoured Combat is the successor to the LAND907 Phase 1 Tank Replacement Project, which delivered the M1A1 Abrams Integrated Management, Situational Awareness Abrams MBT.

Section 2 – Financial Performance[2]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m	Notes
	Project Budget		
Oct 19	Original Approved (Government First Pass Approval)	29.0	
Jan 21	Real Variation – Subsequent Government Approval	24.0	1

[2]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.

Dec 21	Government Second Pass Approval	2,012.7		
	Total at Second Pass Approval		**2,065.7**	
Jun 25	Exchange Variation		322.6	
Jun 25	**Total Budget**		**2,388.4**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – FMS Case AT-B-ULU	(563.1)		
	Contract Expenditure – FMS Case AT-B-ULX	(90.8)		
	Contract Expenditure – Thomas Global Systems Australia	(30.3)		
	Contract Expenditure – FMS Case AT-B-UKX	(19.9)		
	Contract Expenditure – FMS Case AT-B-UKQ	(9.0)		
	Other Contract Payments/Internal Expenses	(68.9)		2
			(782.0)	
FY to Jun 25	Contract Expenditure – FMS Case AT-B-ULU	(482.8)		
	Contract Expenditure – FMS Case AT-B-ULX	(182.7)		
	Contract Expenditure – FMS Case AT-B-UKX	(8.1)		
	Contract Expenditure – Thomas Global Systems Australia	(6.8)		
	Contract Expenditure – FMS Case AT-B-UKQ	0.1		4
	Other Contract Payments/Internal Expenses	(50.7)		3
			(731.1)	
Jun 25	**Total Expenditure**		**(1,513.1)**	
Jun 25	**Remaining Budget**		**875.2**	

Notes	
1	Early release of Government Gate 2 funding.
2	Other Contract Payments/Internal Expenses comprises of: Project Office Support ($34.6m), Platforms Equipment ($11.2m), Interim Services Contract ($10.4m), R-DS ($5.9m), MICLIC ($4.5m), R-DTT ($2.1m) and AM-PR ($0.1m).
3	Other Contract Payments/Internal Expenses comprises of: Project Office Support ($14.6m), MICLIC ($11.8m), R-DTT ($8.5m), AM-PR ($5.4m), Introduction into Service ($3.8m), R-DS ($3.2m), Platforms Equipment ($2.1m), and Interim Services Contract ($1.3m).
4	FMS Case AT-B-UKQ currently going through FMS case closure.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
609.7	504.0	518.6	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variance in Estimate PBS and Estimate PAES is due to a change in FMS disbursements and re-programming in forward estimates. PAES to In-Year Budget: The variance relates to foreign exchange movements.
Variance $m	(105.7)	14.6	Total Variance ($m): (91.1)
Variance %	(17.3)	2.9	Total Variance (%): (14.9)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(7.9)	Australian Industry	The in-year overspend is primarily due to higher than forecast FMS disbursements, and the unpredictable nature of the FMS program, associated with the CEV, MBT, AM-PR, MICLIC and the US Australian Management Office. Lower than planned Project Office expenses, Introduction into Service expenses and delayed deliveries of Platform Equipment also contributed to this variance.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		220.4	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
518.6	731.1	**212.5**	**Total Variance**	
		41.0	**% 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			
FMS Case – AT-B-UKX	Sep 20	4.3	38.1	Reimbursement (for FMS)	FMS	1, 2
FMS Case – AT-B-UKQ	Jan 20	13.9	9.6	Reimbursement (for FMS)	FMS	2
FMS Case – AT-B-ULU	Dec 21	1,114.1	1,232.6	Reimbursement (for FMS)	FMS	2, 3, 6
FMS Case – AT-B-ULX	Dec 21	490.1	628.8	Reimbursement (for FMS)	FMS	2
Thomas Global Systems Australia	Jan 22	37.3	42.6	Firm or Fixed	Standard Defence Contract	4, 5

Notes	
1	Price increase is a result of additional resources to support the establishment of the Major FMS cases.
2	Variations on MBT upgrade, CEV, and USG Technical Assistance and Unique Armour Design FMS cases are due to exchange rate fluctuations. The amendment to FMS case AT-B-UKX is included.
3	FMS case AT-B-ULU was signed in December 2020 for seed stock acquisition for $18.8m (including GST). The contract details above detail Amendment #1, which incorporated the production of the M1A2 Abrams SEPv3 MBT.
4	The contract price has increased due to an agreed three-month delay, due to factors outside both parties control.
5	Contract Change Proposal (CCP) #003 M1A2 ITT - Excusable Delay.
6	FMS Case AT-B-ULU Amendment #5 was signed in December 2024, which reduced the total case value for the procurement of the M1A2 Abrams SEPv3 MBT.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
FMS Case – AT-B-ULU	75	75	FMS Case AT-B-ULU includes the acquisition and management of the 160 seed stock vehicles, preparation of seed stock vehicles for production (as MBT, ABV and JAB) and production of the SEPv3 MBT. In addition, the provision of initial spare parts, technical manuals and publications and the fielding of the tanks in Australia and initial training conducted by US personnel.	1, 2, 3, 4
FMS Case – AT-B-ULX	52	52	FMS Case AT-B-ULX includes the production and delivery of 29 M1150 ABV, 17 M1110 JAB and six M88A2 ARV. In addition, the provision of initial spare parts, technical manuals and publications and the fielding of the MBT in Australia and initial training conducted by US personnel.	5
FMS Case – AT-B-UKX	N/A	N/A	FMS Case AT-B-UKX Technical Assistance case includes the engagement of an Australia Management Office within the USG to manage the FMS Program as part of the PES.	7
FMS Case – AT-B-UKQ	N/A	N/A	FMS Case AT-B-UKQ includes the development and production of the Australian armour package.	-
Thomas Global Systems Australia	16	16	Acquisition of the ITT simulators to address the Training needs for the MBT capability.	6

Major equipment accepted and quantities to 30 Jun 25
75 SEPv3 MBT achieved production Acceptance in the US and 58 SEPv3 MBT have been delivered to Australia and achieved System Integration. Eight JAB and 14 ABV achieved production Acceptance in the US. Four JAB and seven ABV have been delivered to Australia and achieved System Integration. Six ARV achieved production Acceptance in the US. Eight ITT-C have achieved Acceptance.

Notes	
1	Seed Stock Background. In November 2020, Government Approval was given through the Defence biannual update to down select to a single MBT variant (SEPv3 MBT) and to procure 160 M1 Abrams vehicles, previously withdrawn from service in the US, for use as seed stock to be converted into MBT, ABV and JAB as they share a common M1 chassis. The seed stock of 160 base vehicles are production inputs, which will be used to produce 75 SEPv3 MBT, 29 ABV and 17 JAB as some attrition is expected during the production-build process.
2	Amendment #3 to FMS case AT-B-ULU, approved on 27 February 2024. Amendment #3 changed the scope and capability for acquisition. It included the provision of Joint Battle Command-Platform sub-system, and the change in transportation coding to be the responsibility from Australia to the US. The overall case value did not change.
3	Amendment #4 to FMS case AT-B-ULU, approved on 4 August 2024. Amendment #4 included amendments to the transportation and delivery term codes, confirmation of shipping dates and a re-allocation of funds within the case. The overall case value did not change.
4	Amendment #5 to FMS case AT-B-ULU, approved on 18 December 2024. Amendment #5 included a reduction in the total case value for the procurement of the SEPv3 MBT, facility storage and basic technical services for SEPv3 MBT, and a re-allocation of funds within the case, procure vehicle installation kits and supporting equipment and the update of software.

5	Amendment #2 to FMS case AT-B-ULX, approved on 29 January 2025 for the CEV and ARV and included the 70-tonne track on the ARV, and a re-allocation of funds within the case without a change to the overall case value.
6	CCP #10 M1A2 ITT – contracted delivery locations changed and advancing ITT-C delivery without a change to the overall acquisition contract value.
7	Amendment #5 to FMS case AT-B-UKX extended the total timeframe for the completion of the case without a change to the overall case value.

2.4 Australian Industry Capability

Summary
The Project has no contracted Australian Industry Capability (AIC) Plans for US Government FMS acquisition, as there are no required AIC activities. The Project has contracted AIC Plan with Thomas Global Systems Australia based on opportunities to maximise internationally competitive Australian industry involvement in the support of their management of the ITT contract for design, development, training, project management office support, Integrated Logistics Support management, logistics support, and the development and maintenance of contract deliverables.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	M1A2 Abrams SEPv3 MBT (AT-B-ULU)	Dec 22	N/A	Dec 22	0	1
	M1150 Assault Breacher Vehicle (AT-B-ULX)	Oct 22	N/A	Oct 22	0	2
	M1110 Joint Assault Bridge (AT-B-ULX)	Aug 22	N/A	Aug 22	0	2
	M88A2 Hercules Armoured Recovery Vehicle (AT-B-ULX)	Sep 22	N/A	May 23	8	2
	Immersive Tactical Trainer	May 22	May 22	May 22	0	3
Preliminary Design	M1A2 Abrams SEPv3 MBT (AT-B-ULU)	May 23	N/A	May 23	0	1
	M1150 Assault Breacher Vehicle (AT-B-ULX)	Dec 22	N/A	Dec 22	0	2
	M1110 Joint Assault Bridge (AT-B-ULX)	Oct 22	N/A	Aug 22	(2)	2
	M88A2 Hercules Armoured Recovery Vehicle (AT-B-ULX)	Dec 22	N/A	Jul 23	7	2
	Immersive Tactical Trainer	Jul 22	Oct 22	Oct 22	3	4
Critical Design	M1A2 Abrams SEPv3 MBT (AT-B-ULU)	Jun 23	N/A	Oct 23	4	1
	M1150 Assault Breacher Vehicle (AT-B-ULX)	Mar 23	N/A	Mar 23	0	2
	M1110 Joint Assault Bridge (AT-B-ULX)	Dec 22	N/A	Dec 22	0	2
	M88A2 Hercules Armoured Recovery Vehicle (AT-B-ULX)	Jun 23	N/A	Jul 23	1	2
	Immersive Tactical Trainer	Apr 23	Jul 23	Sep 23	5	5

Notes	
1	The Commonwealth of Australia (CoA) is not in contract for the above major reviews, nor similar reviews with the US Army due to being an FMS Case arrangement under (FMS Case AT-B-ULU). The US Army has contractual arrangements in place with subcontractors that does include similar major reviews. The CoA is not privy to these contractual arrangements.
2	The CoA is not in contract for the above major reviews, nor similar reviews with the US Army due to being an FMS Case arrangement under (FMS Case AT-B-ULX). The US Army has contractual arrangements in place with subcontractors that does include similar major reviews. The CoA is not privy to these contractual arrangements.
3	The ITT System Requirements Review was completed on schedule.
4	The ITT Preliminary Design Review was completed with an agreed three-month delay, due to factors outside both parties control.
5	The ITT Critical (Detailed) Design Review experienced an agreed delay due to factors beyond the control of both parties.

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	M1A2 Abrams SEPv3 MBT (AT-B-ULU)	Dec 24	N/A	NFP	NFP	1, 6
	M1150 Assault Breacher Vehicle (AT-B-ULX)	NFP	N/A	NFP	NFP	2, 5
	M1110 Joint Assault Bridge (AT-B-ULX)	Jun 25	N/A	NFP	NFP	2, 5
	M88A2 Hercules Armoured Recovery Vehicle (AT-B-ULX)	Jan 25	N/A	NFP	NFP	2
	Immersive Tactical Trainer – Fixed (ITT-F)	Apr 24	NFP	NFP	NFP	3, 4
	Immersive Tactical Trainer – Containerised (ITT-C)	Mar 25	Jun 25	Jun 25	3	3, 4
Acceptance	M1A2 Abrams SEPv3 MBT (AT-B-ULU)	Oct 24	N/A	May 25	7	1, 6
	M1150 Assault Breacher Vehicle (AT-B-ULX)	NFP	N/A	NFP	NFP	2, 5
	M1110 Joint Assault Bridge (AT-B-ULX)	May 25	N/A	NFP	NFP	2, 5
	M88A2 Hercules Armoured Recovery Vehicle (AT-B-ULX)	Aug 24	N/A	Apr 25	8	2
	Immersive Tactical Trainer – Fixed (ITT-F)	May 24	NFP	NFP	NFP	3, 4
	Immersive Tactical Trainer – Containerised (ITT-C)	Apr 25	Jul 25	Jul 25	3	3, 4

Notes	
1	The CoA is not in contract for the above major reviews, nor similar reviews with the US Army due to being an FMS Case arrangement under (FMS Case AT-B-ULU). The US Army has contractual arrangements in place with subcontractors that does include similar major reviews. However, the CoA is not privy to these contractual arrangements. There are no contractual obligations to meet proposed milestones. Acceptance is defined as factory production acceptance completed in the US and System Integration occurs in Australia as part of US led Introduction into Service activities.
2	The CoA is not in contract for the above major reviews, nor similar reviews with the US Army due to being an FMS Case arrangement under (FMS Case AT-B-ULX). The US Army has contractual arrangements in place with subcontractors that does include similar major reviews. However, the CoA is not privy to these contractual arrangements. There are no contractual obligations to meet proposed milestones. Acceptance is defined as factory production acceptance completed in the US and System Integration occurs in Australia as part of US led Introduction into Service.
3	Both Projects will conduct test and evaluation, acceptance and then delivery of training and simulation systems for their respective vehicles. The ITT is an M1A2 Abrams SEPv3 MBT crew trainer that will be delivered both in a containerised version (ITT-C) for deployment to the field and a fixed version (ITT-F) for installation in buildings.
4	The schedule for ITT-F System Integration and Acceptance has been adversely impacted by factors beyond the control of both parties and will be renegotiated in FY 2024-25. The schedule for ITT-F System Integration and Acceptance has been changed to align with interdependent facilities.
5	The schedule for the M1150 Assault Breacher and M1110 JAB System Integration and Acceptance has been impacted by production delays. The schedule for the M1150 Assault Breacher and M1110 JAB System Integration and Acceptance has been changed in accordance with advice from the USG. The delay has no impact to capability delivery or Materiel Release and Operational Capability Milestones.
6	The schedule for the M1A2 Abrams SEPv3 MBT System Integration and Acceptance has been impacted by production delays. The schedule for the M1A2 Abrams SEPv3 MBT System Integration and Acceptance has been changed in accordance with advice from the USG. The delay affected arrival of the final four SEPv3 MBT which has no impact to capability delivery or Materiel Release and Operational Capability Milestones.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Apr 25	Apr 25	0	2
Initial Operational Capability (IOC)	NFP	NFP	NFP	1, 2
Final Materiel Release (FMR)	NFP	NFP	NFP	1
Final Operational Capability (FOC)	NFP	NFP	NFP	1

Notes	
1	Dates associated with capability realisation are not for public release.
2	The information listed above in Table 3.2 relate to the last vehicle achieving System Integration and Acceptance, and does not impact IMR and IOC achievement.

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: LAND907 expects to provide deliverables and capability requirements as per the agreement with Government.
	Amber: N/A
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	IMR will occur when the required missions systems for commencement of introduction into service training have been delivered to Army. Initial logistics support arrangements are in place including: • User documentation. • Technical data. • Maintenance support. • Logistics instruction. • Engineering support. • Spares. • Training systems. IMR was achieved April 2025.	Achieved
Initial Operational Capability (IOC)	IOC will occur with the provision of sufficient equipment and trained and qualified personnel to sustain the MBTs and CEVs on operations (or equivalent) in a land environment. Forecast dates for IOC are NFP.	Not yet Achieved
Final Materiel Release (FMR)	FMR will occur when the final mission systems have been delivered. Delivery of simulation training systems and enablers. Logistics support arrangements are in place to support Force Generation (develop and provide forces to enable military effects across operating environments) exercises and operational deployments, including: • User documentation. • Technical data. • Maintenance support. • Logistics instruction.	Not yet Achieved

	• Engineering support. • Spares. • Training systems facilities. Forecast dates for FMR are NFP.	
Final Operational Capability (FOC)	FOC will occur when all major and support system elements have been delivered with the capability having been fully certified within the Combat Brigades and training schools. Contractual arrangements, stable through life support and facilities are functional to enable Force Generation and an enduring operational deployment of the capability. Forecast dates for FOC are 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
N/A	N/A	N/A

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
N/A	N/A	N/A

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 42 lessons. The nine project strategic lessons and three project level (non-strategic) lessons are listed below.

Strategic Lessons Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Close Government-to-Government relationships are required to ensure synchronisation and alignment of programs. The establishment of a Resident Project Office (Australian Project Staff collocated with the USG Project Office) has achieved this.	Commercial Management
Strategic Lesson Type – Observation. Subject Matter Expert advice was received regarding the quantity of consumables required for manufacture of the upgraded platforms. This advice was accepted by the United States Program Office and provided to the United States based Original Equipment Manufacturer. Later in the build of the platforms it was found that the quantity of resources was inadequate. Being a long lead time item an alternative course of action was developed which resulted in a financial impact to the Project. This circumstance highlights that work practices between nations may be different and that early engagement and understanding of these work practices are key foundations to prevention of these situations.	Program, Project & Product Management
Strategic Lesson Type – Observation. Over the reporting period, members from the respective Program Offices for the SEPv3 and CEVs travelled Australia to participate in the bi-annual program review and focussed working groups. This enabled constructive program discussions, more timely resolution of issues and more effective planning activities between the partner nations. These activities also reinforced the importance of face-to-face engagement to significantly reduce the number of issues, requirement for rework and subsequent costs.	Program, Project & Product Management
Strategic Lesson Type – Observation. The Projects have leveraged formal Australian Standard for Defence Contracting (ASDEFCON) suite of contracts from development, release, evaluation, negotiation and execution for both the ITT and Support contracts. This has provided a number of Lessons that have aggregated into a Key Lesson in how to navigate the ASDEFCON suite from the CoA perspective.	Program, Project & Product Management
Strategic Lesson Type – Observation. The Projects has knowledge of managing US Export controlled data, conduct of audits and recording of Key Decisions. These Lessons have aggregated into a Key Lesson Learned for the routine management and control of Key Decisions and information tracing.	Program, Project & Product Management

Strategic Lesson Type – Observation. The System Program Office have experience with the sustainment of Heavy Armour platforms through the M1A1 MBT. These have aggregated to a Key Insight that routine modifications and Deep Level maintenance are essential to ensure that capability availability to Army is maintained through-life.	Materiel Logistics
Strategic Lesson Type – Observation. The Project has responsibility for contracted personnel both above and below the line that require additional management overheads, especially regarding US Export controls. A robust Technology Control Plan is essential to maintaining compliance to US Export controls throughout the life of the Projects.	Program, Project & Product Management
Strategic Lesson Type – Observation. Review of the most current U.S. Army Security Assistance Command Booklet for parts acquired through FMS procurements may enhance our understanding of price movements prior to order fulfilment.	Commercial Management
Strategic Lesson Type – Observation. To support improvements to the forecasting of FMS disbursements an increase to the frequency of analysis could be considered. That analysis could include the regular comparison of information from the United States and Australia to assist with the identification of trends and improve visibility of future disbursements.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
Project Level Lesson. MBT De-processing expectation was that a supplier would install the communications suite and the C4I team may need to conduct minimal quality assurance. The reality was that the C4I team had to make multiple corrections to work done by the supplier and significant resources are spent to date to ensure that the installation was correct, troubleshoot for errors to where the vehicles operate as intended for Operator New Equipment Training and Live Fire Accuracy Screening Test.	Engineering & Technical
Project Level Lesson. This MBT M1A2 ITT project contains several requirements to integrate with other parallel initiatives. However, recognising the potential risk of delays or failures in those external projects, the project team prioritised delivering a product that could function independently with core features fully operational. This approach ensured that the project delivers capability that meets the Army's needs even if external components did not materialise as planned.	Program, Project & Product Management
Project Level Lesson. The Major Projects Report has set guidelines for the preparation of a Project Data Summary Sheet (PDSS). The guidelines are very specific as to the type of information, type of evidence and how to prepare and evidence the PDSS. For the FY 2024-25 PDSS preparation, core key persons with knowledge across select areas of the document (especially finance and schedule) ensured the correct information is gathered and used in the audit. Further, having the key select people from the areas of the document update the PDSS ensured the correct format is used throughout the word document, limits crashing (which increases as more comments are added), and maintains the integrity of the document.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Land Systems Division
Branch	Armoured Fighting Vehicles Branch

Project Data Summary Sheet[1]

Project Number	**LAND4503**
Project Name	**AH-64E APACHE ATTACK HELICOPTER**
First Year Reported in the MPR	2023-24
Capability Type	Replacement
Capability Manager	Chief of Army
Government 1st Pass Approval	Dec 20
Government 2nd Pass Approval	Mar 22
Budget at 2nd Pass Approval	$3,875.0m
Total Approved Budget (Current)	$4,685.0m
2024–25 In-year Budget	$572.5m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

LAND4503 Phase 1 Armed Reconnaissance Helicopter (ARH) Replacement, now known as LAND4503 AH-64E Apache Attack Helicopter (referred to as LAND4503 throughout this document); will acquire the AH-64E Apache - a crewed, proven, mature and Off-the-Shelf armed helicopter that replaces the current ARH Tiger. The AH-64E Apache will provide an attack aviation effect, consisting of aviation reconnaissance, communications and networking, firepower and offensive support in a combined, integrated and interagency environment. The project will deliver 29 AH-64E Apache, ground support equipment, spares, ammunition, two Longbow Crew Trainers (LCT) (simulators), two high-fidelity maintenance/ground crew trainers and multiple other training devices and courseware. Two years of United States (US) Government Post-Production Support Services sourced through Foreign Military Sales (FMS) will enable initial sustainment activities and generation of the rate of effort required to achieve Initial Operational Capability (IOC). Workforce will primarily be transferred from the incumbent capability, utilising overseas and domestic training courses, until such time that all trades can be trained through sovereign solutions.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $502.6m against FY 2024-25 budget of $572.5m. The underspend is predominately due to lower than projected FMS disbursements.

Project Financial Assurance Statement

As at 30 June 2025, project LAND4503 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 project conducted ship handling trials with a US Army AH-64E Apache in February 2023.

The project conducted product demonstration, test and user trials using a US Army AH-64E Apache in March 2025.

Achievement of Initial Materiel Release (IMR) remains on schedule, as does achievement of supporting certification activities.

The project is on track to achieve 2024 National Defence Strategy (NDS) informed IOC and Final Operational Capability (FOC) dates.

The project is acquiring a proven, mature and Off-The-Shelf helicopter and is not subject to Design Review.

The project is on track to receive deliveries of the first four AH-64E Apache helicopters. Subsequent deliveries are subject to production capacity and allocation by the US Government. At the time of this report, the US Government has not communicated a formal delivery schedule for 2026 and beyond.

[1]Notice to reader

In the 2024 Defence Integrated Investment Program LAND4503 Phase 1 Armed Reconnaissance Helicopter (ARH) Replacement was renamed to LAND4503 AH-64E Apache Attack Helicopter. The remainder of the report will refer to the project as LAND4503 AH-64E Apache Attack Helicopter.

Materiel Capability/Scope Delivery Performance

LAND4503 will acquire 29 AH-64E Apaches with associated mission systems, support systems, ground support equipment, spares, training, technical data and publications, ammunition, technical assistance and field service representatives via a FMS Case with US Government. The project expects to meet the materiel capability requirements as expressed in the Materiel Acquisition Agreement (MAA) and in accordance with the requirements of the Technical Regulatory Authorities.

1.3 Project Context

Background

LAND4503 will replace the ARH Tiger with the AH-64E Apache helicopter. The AH-64E Apache will deliver an integrated, more lethal and more effective attack aviation capability, as well as many new advanced capabilities for the Integrated Force.

Pursuant to the Defence White Paper 2016, Defence directed LAND4503 in November 2018 to investigate options to present to Government to replace the ARH Tiger. LAND4503 sought expressions of interest from the market and conducted a thorough analysis on a number of options to modernise Australia's attack aviation capability. Defence informed the Government that the AH-64E Apache was the only platform that satisfied all of the evaluation criteria, was low risk, and available for delivery in the mid-2020s.

In December 2020, Government granted First Pass approval for LAND4503. This approval directed Defence to return to Government for Second Pass approval for the AH-64E Apache to replace the ARH Tiger.

Government Second Pass approval was granted in March 2022 for the acquisition of the AH-64E Apache from the US Army via FMS. In a subsequent submission to Government (July 2023), Defence was approved to relocate the 1st Aviation Regiment from Darwin to Townsville to coincide with the introduction of the AH-64E Apache, and to concentrate the Apache capability into a single operating node.

A Smart Buyer workshop was completed for Gate 1 considerations in October 2019 to support development of the Project Execution Strategy in the lead up to Gate 1 Investment Committee. Guiding principles for the project were defined as proven, mature and Off-The-Shelf, and interoperability with the US Army. Environmental Scan and Strategic Development workshops considered key strategic drivers, and recommended a two-pass approval pathway. A Smart Buyer workshop was not completed for Gate 2 based on the compressed timeframe between Gate 1 and Gate 2 and the down-select to Apache at First Pass.

Uniqueness

The AH-64E Apache will replace and build upon the attack aviation capabilities currently provided by the ARH Tiger. The new capabilities include advanced electronic systems, such as the Modernised Radar Frequency Interferometer, Fire Control Radar, Manned-Unmanned Teaming, command and control systems, and advanced aircraft survivability systems. LAND4503 will include Australian based Special Repair Activities to sustain the pilotage sensor, targeting sensor and radar.

Major Risks, Emergent Risks and Issues

The project has retired the following risk in the last FY 2024-25:

- Disrupted Fundamental Inputs to Capability (FIC) for Apache Capability.

The project is not managing any Very High or High emergent risks or issues.

Other Current Related Projects/Phases

LAND 8111 - Artillery and Digital Terminal Control System. Will deliver enhanced targeting and fire control capability across the battlespace through a technical refresh on software and hardware of which Apache will be a recipient weapon system.

LAND4507 Phase 1 - UH-60M Black Hawk Utility Helicopter. Has replaced the MRH90 Taipan with the UH-60M Black Hawk. The UH-60M Black Hawk and AH-64E Apache have an important linkage as they will form, along with CH-47F, the Army Aviation Task Group for the Integrated Force.

LAND4502 Phase 1 and 2 CH-47F - Helicopter Program. Funded the acquisition of additional CH-47 (Phase 1 and Phase 2) and construction of new facilities (Phase 2) for the CH-47F Chinook at RAAF Base Townsville. The AH-64E Apache will share these facilities when co-located at RAAF Base Townsville.

DEF129 - Uncrewed Aerial Vehicles. Will fund ongoing technical advancements/enhancements to replace and upgrade the Australian Defence Forces Uncrewed Aerial Systems to deliver and maintain an enhanced intelligence, surveillance and reconnaissance capability to the close combat force.

SEA2048 - Amphibious Assault Ship (LHD). LHD Capability Assurance Program will modify and modernise Royal Australian Navy LHD. Any modification to the LHD required to support AH-64E, its support, weapons or ammunition may need to be addressed through this project.

LAND4140 - Land Command Systems. LAND Command, Control, Communication and Computer (C4) modernisation will deliver the integrated, focussed force, land C4 capabilities required to realise directed long-range fires, littoral manoeuvre, and close combat tasks. The AH-64E will operate on the solutions delivered under LAND4140.

Section 2 – Financial Performance[2]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Dec 20	Original Approval (Government First Pass Approval)	22.0		1
Mar 22	Government Second Pass Approval	3,853.0		
	Total at Second Pass Approval		**3,875.0**	
Jun 25	Exchange Variation		810.0	
Jun 25	**Total Budget**		**4,685.0**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – FMS Case AT-B-ULV	(314.4)		
	Other Contract Payments/Internal Expenses	(34.5)		2
			(348.9)	
FY to Jun 25	Contract Expenditure – FMS Case AT-B-ULV	(490.7)		
	Other Contract Payments/Internal Expenses	(11.9)		3
			(502.6)	
Jun 25	**Total Expenditure**		**(851.5)**	
Jun 25	**Remaining Budget**		**3,833.5**	

Notes	
1	This amount reflects funding approval at Government First Pass Approval.
2	Other Contract Payment/Internal Expenses comprise of: External Service Providers ($14.2m), purchase of maintenance training donor airframe – L7 training device ($6.3m), purchase of ground training donor airframe – ground system training device ($6.1m): risk reduction activities ($4.6m), project administrative costs ($1.4m), Apache training program costs ($1.0m), legal costs ($0.5m), and FMS Technical Assistance Case AT-B-ULL ($0.4m).
3	Other Contract Payment/Internal Expenses comprise of: External Service Providers ($7.5m), Apache training program costs ($2.4m), project administrative costs ($1.0m), Direct Commercial Sales ($0.6m) and Risk Reduction Activities ($0.4m).

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
268.6	555.2	572.5	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): During FY 2024-25, the project is focussed on the induction of initial spare parts into the local supply chain, establishing local Apache support provisions, airworthiness certification and the implementation of sustainment FMS cases with the US Army. The variation is due to FMS activity forecast for FY 2024-25. PAES to In-year Budget: The variation is due to FY 2025-26 PBS Foreign Exchange Rate update that occurred within the month of June 2025.
Variance $m	286.6	17.3	Total Variance ($m): 303.9
Variance %	106.7	3.1	Total Variance (%): 113.1

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(0.2)	Australian Industry	The variation is predominately due to lower than projected FMS disbursements. However, it is expected that the disbursements will catch up to the forecast over the next five FMS reporting periods.
		-	Foreign Industry	
		-	Early Processes	
		(1.4)	Defence Processes	
		(68.7)	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
572.5	502.6	**(69.9)**	**Total Variance**	
		(12.2)	**% Variance**	

[2]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.

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			
FMS Case – AT-B-ULV	Apr 2022	3,363.7	4,072.1	Reimbursement (for FMS)	FMS	1

Notes	
1	Contract value at 30 June 2025 is based on actual expenditure as at 30 June 2025 and remaining US Dollar commitment is converted to Australian Dollars, using the current budget exchange rates, and includes adjustments for indexation (where applicable).

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
FMS Case – AT-B-ULV	29	29	The project will deliver 29 Apache attack helicopters in the AH-64E Version 6 common configuration.	-

Major equipment accepted and quantities to 30 Jun 25
No major equipment has been delivered nor accepted prior to 30 June 2025, as planned.

Notes	
N/A	N/A

2.4 Australian Industry Capability

Summary
The project has no contracted Australian Industry Capability (AIC) Plan/Schedule for its US Government FMS acquisition as the US Government arrangement does not include the contractual provisions or obligations for Australian Industry Content. However, the US Federal Acquisition Regulation mechanism of Customer Directed Sourcing has been sponsored by LAND4503, to facilitate a number of Australian businesses being awarded supply contracts for production parts. These components will be included in the assembly of Australia's Apache Helicopters under The Boeing Company Multi-Year II contract, and set conditions for Australian businesses to compete for global production opportunities.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.
The Boeing Company was incorrectly referred to as Boeing Defence Australia Ltd in the 2023-24 report. LAND4503 is not in contract with Boeing Defence Australia Ltd but through an FMS agreement with The Boeing Company. Any mention of Boeing Defence Australia in this Project Data Summary Sheet (PDSS) has been updated to The Boeing Company.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
N/A	N/A	N/A	N/A	N/A	N/A	1

Notes	
1	The project is acquiring a proven, mature and Off-The-Shelf helicopter and is not subject to Design Review.

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
Ship handling trials	US Army AH-64E Apache – preview test and evaluation	Dec 21	Feb 23	Feb 23	14	1
Maintenance training device acceptance	L7 training device and ground system training device – Acceptance Test and Evaluation (AT&E)	NFP	NFP	NFP	NFP	2
Longbow Crew Trainers acceptance (LCT)	LCT – AT&E	NFP	NFP	NFP	NFP	3
Capability Realisation and Validation Campaign (CRVC) 1	Demonstrate Apache in Land Environment	NFP	N/A	NFP	NFP	-
CRVC 2	Demonstrate Apache in Land Environment	NFP	N/A	NFP	NFP	-
First of class flight trials (FOCFT)	Australian AH-64E Apache – developmental test and evaluation	NFP	N/A	NFP	NFP	-

CRVC 3	Demonstrate Apache in Joint Air Environment	NFP	N/A	NFP	NFP	-
CRVC 4	Demonstrate Apache in Maritime Environment	NFP	N/A	NFP	NFP	-

Notes	
1	LAND4503 used US Army AH-64E Apache to conduct initial ship helicopter integration trials. This will support the schedule for FOCFT with Australian Apache. Original planned date cancelled due COVID-19 and associated travel restrictions.
2	Maintenance training device production required a donor AH-64 airframe and sub-components. As Australia had not previously operated the AH-64, donor aircraft had to be sourced through a Government-to-Government agreement with the United Kingdom (UK) Ministry of Defence (MoD). This activity incurred a delay to the forecast production of the training devices as offered in the FMS case.
3	The Boeing Company has indicated that they are experiencing supply chain challenges that increases their risk to construct and deliver Australia's AH-64E Apache and LCT in line with the agreed production schedule. At the time of this report, The Boeing Company has communicated a delay to the LCT production.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	NFP	NFP	NFP	1
Initial Operational Capability (IOC)	NFP	NFP	NFP	1, 2
Final Materiel Release (FMR)	NFP	NFP	NFP	1
Final Operational Capability (FOC)	NFP	NFP	NFP	1, 2

Notes	
1	The Boeing Company has indicated that they are experiencing supply chain challenges that increases their risk to construct and deliver Australia's AH-64E Apaches in line with the agreed production schedule. At the time of this report, The Boeing Company has not communicated a revised production schedule. This may incur schedule delay to these milestones.
2	The 2024 NDS review approved changes to IOC and FOC.

Schedule Status at 30 June 2025
Dates associated with capability realisation are NFP

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project expects to meet the materiel capability requirements as expressed in the MAA and in accordance with the requirements of the Technical Regulatory Authorities.
	Amber: N/A
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	All of the materiel to support collective training to achieve IOC. The major components include: minimum of four, up to six AH-64E Apache aircraft, one LCT, aircraft ammunition, aircraft support equipment, ground support equipment, aircraft spares and fly away maintenance kits. Forecast date for IMR are NFP.	Not yet Achieved
Initial Operational Capability (IOC)	Land-based deployable Apache troop including all FIC in place with trained and qualified aircrew, maintenance, and ground crew support staff, including Industry to support a deployment of AH-64E. Forecast date for IOC are NFP.	Not yet Achieved
Final Materiel Release (FMR)	All of the materiel for collective training to achieve FOC. The major components include: 29 AH-64E Apaches, two LCT, two maintenance training devices, aircraft ammunition, aircraft support equipment, ground support equipment, aircraft spares, fly away maintenance kits, Special Repair Activities, purpose built facilities in Townsville and a mature Australian based Apache training system. Forecast date for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	FOC is defined as a deployable Apache Squadron that can support combat operations for the Integrated Force. The Apache Squadron is able to be based from, and operate within the land and maritime domain. The Apache Regiment can form a deployable headquarters to control an Aviation Task Group. Forecast date for FOC are 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	An aggregation of multiple medium and low risks that relates to LAND4503 united being unable to deliver the fusion of FIC elements necessary to support the introduction into service and allow for enduring sustainment of the AH-64E Apache capability. The main themes are facilities, personnel, major systems and support. If these subordinate risks become issues, they will impact collective training, industry and, command and management FIC and result in delayed operational milestones.	Sufficient work has been done to strengthen the identification and management of subordinate child risks such that the aggregated risk is not required. The project has retired this risk in the last FY 2024-25. This risk will be removed from next year's Major Projects Report.

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
N/A	N/A	N/A

Section 6 – Lessons

6.1 Key Lessons

In line with Defence Instructions and Capability Acquisition and Sustainment Group (CASG) Lessons policy, the project conducts scheduled reviews of its captured lessons information (including any observations, insights and/or lessons identified) as well as lessons information contained within the Defence Lessons Repository. The project has captured four lessons. The two project strategic lessons and the two project level lessons (non-strategic) are listed below.

Strategic Lessons Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. LAND4503 sought to build FMS knowledge by seeking briefings and mentoring from previous CASG projects that acquired similar major systems. LAND4503 received the most comprehensive brief from AIR9000 Phase 8, as it had recently acquired a US helicopter (MH-60R) through a FMS case. Though similar, the US Navy acquisition system has nuanced differences to the US Army system. As such, there were FMS actions that were not required for AIR 9000 Phase 8 but were critical steps for LAND4503. It was also subsequently identified by	Program, Project & Product Management

the Project Team that the US Air Force acquisition system is more aligned to the US Army system. LAND4503 should have invested more time seeking briefings and insights from other projects that acquired major systems from the US Army via FMS.	
Strategic Lesson Type – Observation. LAND4503 is acquiring the AH-64E Apache from the US Army through FMS. To support this, the Project has a Residential Project Team in Huntsville, Alabama, in the vicinity of key US Army stakeholders. Over time, the Project has developed links with the UK MoD, which is well into the process of acquiring the AH-64E Apache, to provide additional feedback on some elements of FIC – mainly individual training, industry support, organisation and some material. Similarly, The Netherlands AH-64E Apache Project is approximately three years ahead of LAND4503, and has become an excellent source of information and insights. Although the Australian Army has placed embeds in British Army Apache units, and the Project has embedded an Executive Level 1 member in the UK Apache Delivery Team, there is a lack of liaison and direct reporting back to the Project. CASG should consider placing additional liaison personnel into other customer nations acquiring the same equipment, particularly those who are three to five years ahead of our own projects.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
Project level lesson. Improve future FMS projects by creating multiple small FMS cases.	Program, Project & Product Management
Project level lesson. Conduct cost profile deep dive for CASG FMS projects.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

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

Project Data Summary Sheet

Project Number	**LAND8113 Phase 1**
Project Name	**LONG RANGE FIRES**
First Year Reported in the MPR	2024-25
Capability Type	New
Capability Manager	Chief of Army
Government 1st Pass Approval	November 2022 (Combined 1st/2nd Pass)
Government 2nd Pass Approval	November 2023 (Combined 1st/2nd Pass)
Budget at 2nd Pass Approval	$2,290.8m
Total Approved Budget (Current)	$2,388.5m
2024–25 In-year Budget	$165.5m
Complexity	ACAT II

Section 1 – Project Summary brief

1.1 Project Description

LAND8113 Phase 1 will deliver the accelerated and expanded acquisition of a land based Long-Range Fires (LRF) capability. LAND8113 Phase 1 will establish Army's first LRF regiment that will be equipped with the M142 High Mobility Artillery Rocket Systems (HIMARS) armed with Precision Strike Missile (PrSM) and Guided Multiple Launch Rocket System (GMLRS) munitions. This regiment will provide enhanced land and maritime strike capability and strengthen Army's ability to prevent an adversary's forces from entering an operational area.

This capability will deliver an integrated, scalable, rapidly deployable, persistent and potent land-based multi-domain strike system for the Australian Defence Force (ADF). The first LRF regiment will be a significant contribution to the ADF integrated, focused force to achieve the Government's Strategy of Denial. HIMARS and PrSM deliver impactful projection, range and lethality providing a credible capability that will complicate the calculus of any potential adversary.

LAND8113 Phase 1 LRF capability is an acquisition and initial sustainment via Foreign Military Sales (FMS) with the United States (US) Government for the HIMARS launchers, GMLRS, Resupply Vehicles (RSV) and Resupply Trailers (RST). Acquisition of PrSM is via the Production, Sustainment and Future Development Memorandum of Understanding (MOU) with the US PrSM Program.

The LRF HIMARS based capability mission systems being delivered by LAND8113 Phase 1 includes:

- 42 x HIMARS Launchers.
- 54 x RSVs and RSTs.
- Introduction in service of GMLRS and PrSM.

The FMS vehicles are to maintain commonality with US systems except where modifications are required to comply with Functional Performance Specification Essential requirements.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $214.5m against FY 2024-25 budget of $165.5m. Project overspend due to higher than planned FMS case disbursement first delivery of platform, contract payments to Australian Industry and Defence Processes.

Project Financial Assurance Statement

As at 30 June 2025, LAND8113 Phase 1 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

In February and March 2025, the first batch of HIMARS launchers, RSVs and RSTs were handed over from the manufacturer and received by the US Government on behalf of the ADF, before delivery to Australia. Once in Australia, the launchers will undergo further Introduction into Service activities, and training will commence for Army's first operators.

The project is on track to achieve significant milestones as outlined in the Materiel Acquisition Agreement (MAA), namely, Initial Materiel Release (IMR) Initial Operational Capability (IOC), Final Materiel Release (FMR) and Final Operational Capability (FOC).

Materiel Capability/Scope Delivery Performance

The project is on track to deliver against all agreed capability outcomes for IOC and FOC. To date we have received the first batch of HIMARS launchers, RSVs and RSTs.

1.3 Project Context

Background

The Defence White Paper 2016 included provision for a new long range rocket artillery system to be acquired by the mid-2020s. This was confirmed in the Defence Strategic Update (DSU) 2020 and the Force Structure Plan (FSP) 2020.

The 2020 DSU and 2020 FSP expanded this procurement from a single battery of long range rocket artillery and missile systems, to include additional units to enable expansion into a regiment of up to four batteries. Additionally, funding was allocated to include upgrades to the range of these systems to enable a land-based operational strike capability.

The HIMARS launcher is a wheeled vehicle with a protected cabin. Integrated with the vehicle is the missile launcher system, consisting of the missile pod system on the tray of the vehicle and the fire control system inside the cabin.

LAND8113 Phase 1 Tranche 1 LRF received Government approval in November 2022.

The Commonwealth of Australia (CoA) formally accepted the FMS Case with the US Government for the acquisition of the initial HIMARS based capability on 21 November 2022. This was for 20 HIMARS, munitions and support.

A priority under the National Defence Strategy (NDS), the Government committed $1.6 billion to enhance and expand Army's LRF capability, and accelerated the acquisition of the launchers.

In November 2023, LAND8113 Phase 1B Long Range Fires received Government Combined Pass (CP) approval for the acquisition of additional HIMARS and PrSM.

The CoA formally accepted the FMS Case with the US Government for the acquisition of the additional HIMARS based capability on 4 December 2023. This was for 22 HIMARS, RSV, munitions and support.

The combined LAND8113 Tranche 1 and LAND8113 Phase 1B are now referred as LAND8113 Phase 1 - First LRF Regiment.

The acquisition of a LRF capability has been based on the independent analysis of proposals relating specifically to the capability.

The PrSM family of munitions is the critical element of the LRF capability and the HIMARS launcher will be able to employ the full suite of this family of munitions.

Australia and the US Government have agreed to cooperatively develop the PrSM with a co-development MOU, signed in April 2021.

In June 2025, the Deputy Prime Minister announced the signing of the Production, Sustainment, and Follow-on Development MOU for PrSM. The PSFD MOU provides the ADF access to PrSM munitions and formally establishes the PrSM Cooperative Program between Australia and the US.

Army will progressively introduce increments of PrSM to extend the range and variety of targets that land-based LRF are capable of striking.

PrSM is in production for the US Army. It is expected that next increment will commence production from 2028.

LAND8113 Phase 1 was consistent with the application of the Smart Buyer Framework, an outcome of which was the accelerated approval pathway approach, compressing the schedule to meet Government direction for the acceleration of the LRF capability being considered and confirmed. Other main outcomes included, update documentation with outcomes from the Investment Committee and plan for a CP approach; return to Government no later than November 2022 for CP approval, in order to secure production slots in the US HIMARS Full Rate Production 14; and reduce financial risks by resolving in-year affordability and funding shortfall through FY 2021-22 Integrated Investment Program (IIP) Mid-Year Economic Fiscal Outlook Annual Update.

Uniqueness

LRF is a new and transformational capability for the ADF. LRF contributes to the Integrated Force, which will hold at risk any potential adversary forces through the ability to precisely strike targets at longer-range and deter any attempts to project power against Australia. LAND8113 Phase 1 will deliver an accelerated and expanded acquisition of deployable and persistent long-range land and maritime strike platforms and munitions.

Major Risks, Emergent Risks and Issues

The project is currently managing the following high rated emergent risks:

- Engineering (ENG) - Equipment Damage during Testing/Training - IOC.
- Project Management (PM) - Battery Workforce – IOC/FOC.
- Finance - Budget phasing at risk due to FMS disbursements.
- PM - Major System Delivery Delay - FOC.
- Logistics - Transport Availability - IOC.

The project is not currently managing any very high or high issues.

Other Current Related Projects/Phases

AIR6500 Phase 1 – Integrated Air and Missile Defence Command and Control Joint Air Battle Management System. This project provides the sensor and command and control (C2) networks for the Integrated Air and Missile Defence. The LRF capability is to be capable of feeding into and operating within such a system. This requires the C2 systems, including sensors or firing platforms, to be digitally interoperable.

LAND19 Phase 7B – Short Range Ground Based Air Defence (SRGBAD). This project will introduce into service for Army an integrated SRGBAD capability, to achieve an enhanced ground based surface to missile system with compatible support dependencies. The LRF system will be enhanced by access to the sensor information and protection provided by LAND19 Phase 7B.

LAND121 – Project Overlander. LRF capability needs sufficient vehicles to transport the LRF capability, appropriate host platforms to integrate with the Weapon Locating Radar (WLR) system, and ammunition resupply requirements. The Capability Manager will direct the allocation of vehicles for these LAND 8113 Phase 1 logistic elements.

LAND200 Tranche 2 – Battlefield Command System (BCS). LRF must be capable of communicating with Land Forces. LAND 200 will provide modem communication hardware to LRF vehicles, including the BCS and battlefield communications network, whilst effecting interface requirements.

LAND8116 Phase 1 – Protected Mobile Fires (PMF). Protected Mobile Fires will provide the ADF with the mobility, lethality and protection to support armoured vehicles and other ground forces in mid to high-intensity warfare. It will also provide a potent counter-battery capability to engage, neutralise and destroy enemy artillery systems before they can be effectively employed against friendly land forces. Delivers a PMF capability providing a mobile close combat layer of Army's indirect fires capability. LAND8116 Phase 1 and LAND8113 will undertake a programmatic approval process for the WLR, noting both projects have a requirement for a WLR capability.

LAND4111 Phase 1 – Protected Mobility Modernisation. In April 2023, Government approved a New Policy proposal for the acquisition of 78 new build bushmasters to address fleet deficiencies, following Government directed gifting and sales activities to other nations. This acquisition is now included in the LAND4111 Project. The Australian Government announced a requirement for 15 additional Bushmaster Command Variant vehicles to support to LAND8113 Phase 1.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Nov 22	Original Approval (Government Combined First and Second Pass Approval)	658.6		1
Nov 23	Real Variation – Transfer	1,108.7		2
Mar 24	Real Variation – Transfer	(1,100.7)		2
Apr 24	Real Variation – Transfer	1,545.0		2
Apr 24	Real Variation – Transfer	(376.3)		3
Jan 25	Government Combined Pass Approval	455.5		4
	Total at Second Pass Approval		**2,290.8**	
Jun 25	Exchange Variation		97.7	
Jun 25	**Total Budget**		**2,388.5**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure - FMS Case AT-B-UMK	(13.5)		
	Contract Expenditure - FMS Case AT-B-UNP	(8.6)		
	Contract Expenditure - PrSM MOU	-		5
	Other Contract Payments/Internal Expenses	(9.3)		6
			(31.4)	
FY to Jun 25	Contract Expenditure - FMS Case AT-B-UMK	(145.7)		
	Contract Expenditure - PrSM MOU	-		5
	Contract Expenditure - Thales Australia Ltd – Protected Mobility Vehicle	(20.5)		7
	Contract Expenditure - FMS Case AT-B-UNP	(19.3)		
	Other Contract Payments/Internal Expenses	(29.1)		8
			(214.5)	
Jun 25	**Total Expenditure**		**(245.9)**	
Jun 25	**Remaining Budget**		**2,142.6**	

Notes	
1	Initial project budget at Combined First and Second Pass Approval.
2	IIP Rebuild - Transfer funds for the entire Approved Acquisition program inclusive estate components – total budget for LAND8113 Phase 1B as approved by government.
3	NDS IIP Rebuild - Transfer of funds to ESTL8113PH1, consolidation of budget for the Estate component of the capability.
4	Government/Executive Decisions – CP Approval LAND8113 Phase 1.
5	Price and expenditure related to missile procurement is classified. This expenditure has been reported as part of Other Contract Payments/Internal Expenses.
6	Other contract payments/Internal Expenses comprise of: Ancillaries/Communication Equipment and Project Office Support.
7	Thales Australia Ltd have been contracted via LAND4111 Phase 1 to provide additional Protected Mobility Combat Vehicle to support LAND8113 Phase 1.

[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.

8	Other Contract Payments/Internal Expenses comprises of: Project Office Support and Freight/Transport.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
162.9	140.5	165.5	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variance is primarily due to revised FMS Disbursements. PAES to In-year Budget: The variance is due to additional budget allocation related to funding for munitions acquisition, Guided Weapons and Explosive Ordnance, and Foreign Exchange Adjustments.
Variance $m	(22.5)	25.1	Total Variance ($m): 2.6
Variance %	(13.8)	17.8	Total Variance (%): 1.6

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		4.5	Australian Industry	Project overspend due to higher than planned FMS case disbursement first delivery of platform, contract payments to Australian Industry and Defence Processes.
		-	Foreign Industry	
		-	Early Processes	
		1.7	Defence Processes	
		42.7	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
165.5	214.5	**48.9**	**Total Variance**	
		29.6	**% Variance**	

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 25 $m			
FMS Case AT-B-UMK	Nov 22	474.3	497.4	Reimbursement (for FMS)	FMS	-
FMS Case AT-B-UNP	Nov 23	812.2	823.4	Reimbursement (for FMS)	FMS	-
US Government PrSM	Feb 24	-	-	Variable	MOU	1
Notes						
1	Pricing related to missile procurement is classified.					

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
FMS Case AT-B-UMK	See Scope	See Scope	20x M142 HIMARS with Increased Crew Protection Cab 30x M31A2 GMLRS, Unitary High Explosive (HE) Pods with Insensitive Munitions Propulsion System (IMPS) 30x M30A2 GMLRS, Alternative Warhead (AW) Pods with IMPS 30x Reduced Range Practice Rocket (RRPR) Pods Training Aids/Devices/Spare Parts	-
FMS Case AT-B-UNP	See Scope	See Scope	22x M142 HIMARS with Increased Crew Protection Cab 24x M31A2 GMLRS HE Pods with IMPS 60x M30A2 GMLRS AW Pods with IMPS 150x RRPR Pods Training Aids/Devices/Spare Parts	-
US Government PrSM	Classified	-	Missiles	1
Major equipment accepted and quantities to 30 Jun 25				
First batch of HIMARS, RSVs and RSTs.				
Notes				
1	Quantity of Missiles procured is classified.			

2.4 Australian Industry Capability

Summary
The project has no contracted Australian Industry Capability (AIC) Plans for its US Government FMS acquisition, as the US Foreign Government arrangement does not include the contractual provision for AIC.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	HIMARS (AT-B-UMK)	N/A	N/A	N/A	N/A	1
	HIMARS (AT-B-UNP)	N/A	N/A	N/A	N/A	
Preliminary Design	HIMARS (AT-B-UMK)	N/A	N/A	N/A	N/A	1
	HIMARS (AT-B-UNP)	N/A	N/A	N/A	N/A	
Critical Design	HIMARS (AT-B-UMK)	N/A	N/A	N/A	N/A	1
	HIMARS (AT-B-UNP)	N/A	N/A	N/A	N/A	

Notes	
1	The CoA is not in contract for the above major reviews due to being an FMS case arrangement under (FMS case AT-B-UMK and FMS case AT-B-UNP).

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	HIMARS	N/A	N/A	NFP	NFP	1
	RSV	N/A	N/A	NFP	NFP	
Acceptance	HIMARS	N/A	N/A	NFP	NFP	1
	RSV	N/A	N/A	NFP	NFP	

Notes	
1	The CoA is not in contract for the above major reviews due to being an FMS case arrangement under (FMS case AT-B-UMK and FMS case AT-B-UNP).

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	NFP	NFP	NFP	-
Initial Operational Capability (IOC)	NFP	NFP	NFP	-
Final Materiel Release (FMR)	NFP	NFP	NFP	-
Final Operational Capability (FOC)	NFP	NFP	NFP	-

Notes	
N/A	N/A

Schedule Status at 30 June 2025
Dates associated with capability realisation are NFP

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project expects to meet the materiel capability requirements as expressed in the MAA as per the agreement with government.
	Amber: N/A
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	Equipment for one LRF Battery (Bty) and initial munitions are delivered to the Capability Manager (CM). This equipment delivery will be: • HIMARS. • M1084A2 HIMARS RSV without Winch. • Trailer, Cargo, Family of Medium Tactical Vehicle (FMTV), 5 Ton M1095 with RSV Kit. • Initial RRPR pods. • Initial M30 GMLRS AW. • Initial M31 GMLRS Unitary Warhead (UW). Minimum essential Support and Test Equipment (S&TE) to support LRF Bty operational deployment. Sufficient spares, S&TE, maintenance tooling to support an LRF Bty Group. Published draft LRF Operator & Maintainer manuals. Achieving IMR requires the following conditions to be met: • Verification & validation, testing and certification completed in accordance with approved plans. • Release in compliance with the relevant Technical Regulatory Framework (TRF). • Training Requirement Specification (TRS) endorsed and pilot Learning Management Plan (LMP) approved by CM. • Capability Acquisition and Sustainment Group (CASG) IMR Report. • CM notified of IMR. Forecast dates for IMR are NFP.	Not yet Achieved
Initial Operational Capability (IOC)	One operationally deployable LRF Bty as the minimum viable unit, comprising materiel elements defined in IMR. Delivered to CM and accepted into operational service, plus: • One LRF Bty of Operators and Maintainers trained on IMR Mission Systems. • An established Support System via FMS. • Initial LRF doctrine endorsed by sponsor. • Training System is established for Sustainment Training. Achieving IOC requires the following conditions to be met:	Not yet Achieved

	• Minimum Support arrangements for the LRF Bty In Accordance With (IAW) Integrated Logistics Support Plan (ILSP). • Minimum Material Sustainment arrangements are in place to maintain the LRF Bty Group capability. • LRF Bty have sufficient qualified Operators and Maintainers trained to meet IOC. • Approved Minimum Sustainment Training System in place for Operator & Maintainer training for LRF Bty sized capability by the CM. • LRF Bty Group certified for sea and airlift limited at IOC only to C-17A Globemasters Fixed Wing Aircraft. • Completion of Initial Operational Test and Evaluation by Army IAW Test and Evaluation Master Plan (TEMP). • LRF Bty Group declared operational ready by the CM. • CM sign-off of IOC. Forecast dates for IOC are NFP.	
Final Materiel Release (FMR)	Equipment for LRF Regiment, and final munitions are delivered to the CM. This equipment includes: • 42 x HIMARS. • 54 x M1084A2 HIMARS RSV without Winch. • 54 x Trailers, Cargo, FMTV, 5 Ton M1095 w RSV Kit. • RRPR pods. • M30 GMLRS AW. • M31 GMLRS UW. • PrSM. Minimum essential S&TE to support LRF Regiment operational deployment. Sufficient spares, S&TE, maintenance tooling to support a LRF Regiment. Achieving FMR requires the following conditions to be met: • Verification and validation, testing and certification completed on FMR equipment in accordance with approved plans. • FMR in compliance with the relevant TRF. • TRS reviewed and endorsed and LMP approved by CM. • CASG FMR Report. • CM notified of FMR. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	One operationally deployable complete LRF Regiment, comprising material elements defined in FMR is accepted into operational service, plus: • LRF doctrine published. • Support System in place IAW ILSP (comprising operating, engineering, maintenance, supply, training support, facilities, user documentation, technical data, logistics instruction, spare and attrition, support and test equipment) for the LRF Regiment. • Sufficient Operators and Maintainers trained on FMR Mission Systems. For planning purposes, there is an expectation that the Multi-Mission Phased Array Radar capability will be available at FOC. This is dependent on the LAND8113 Phase 1 Programmatic approval and acquisition schedule. Achieving FOC requires the following conditions to be met: • Completion of final Operational Test and Evaluation by Army IAW TEMP. • Support arrangements for the LRF Regiment finalised IAW ILSP. • LRF Regiment have sufficient qualified Operators and	Not yet Achieved

	Maintainers trained to meet FOC. • All design acceptance certification, accreditation and authority to use is in place for FOC. • Approved Sustainment Training System in place for Operator & Maintainer training for LRF Regiment sized capability by the CM. • Minimum Material Sustainment arrangements are in place to maintain the LRF Regiment capability. • The LRF Regiment declared operational ready by the CM (including training fleets and spare and attrition vehicles). • CM sign-off of FOC. Forecast dates for FOC are NFP.	

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
N/A	N/A	N/A

5.2 Emergent Risks

Emergent Risks (risk not previously identified, or has increased in rating, which have emerged during 2024–25)		
Ref#	Description	Remedial Action
1	Equipment Damage during Testing/Training – IOC There is a risk that the M142, RSV or RST will be damaged during shipping/transit, testing activities or driver training leading to an impact on availability for Talisman Sabre 2025 and/or additional cost for corrective maintenance.	HIMARS are required for Talisman Sabre and will be utilised for training only. The remainder of the first batch will be used as required for training and validation. Any damage or degradation that causes impact to operation will be assessed immediately and a recovery plan put in place. Additional Spares Parts procurement is being pursued as a partial mitigation. Field Service Representatives will be in place ready to support. Any high risk testing will be risk assessed for possible damage to vehicles and test mitigations will be put in place where feasible. Talisman Sabre fire was completed successfully in mid-July 2025. This risk was reduced to Medium, and will be removed from next year's Major Projects Report (MPR).
2	Workforce - IOC/FOC There is a risk that the first battery of the LRF Regiment will be understaffed, being manned to approximately 60% of the target size at this stage. Posting orders for 2026 are due at the start of July and may alleviate this manning shortfall by 'catching up' the positions not filled in 2025. Career Management Cycle (CMC) will inform for IOC, CMC will inform for FOC.	Extend training outside of 14 Regiment to provide a qualified pool of workforce external to the unit. This approach would provide Army options for Operations Generation of capability at short notice.
3	Budget phasing at risk due to FMS disbursements – Finance There is a risk of significant underspend or overspend each FY resulting from inaccurate FMS forecasts. FMS requests for payment can be affected by factors outside of the program's control.	CASG Finance are kept informed of any requests for payment and accrue for future payments or bring forward program budget if required.
4	Major System Delivery Delay – FOC There is a risk of delay to the availability of HIMARS launchers to establish the 2nd and 3rd Batteries.	Risk has been escalated with the US Government/ Lockheed Martin Pty Ltd through a formal request to accelerate the production schedule. The US Government has responded and agreed to bring forward the requested HIMARS production. This risk was reduced to Medium, and will be removed from next year's MPR.
5	Transport Availability – IOC There is a risk that the transport of materiel, including Explosive Ordnance, is impacted by lack of access to transport assets (Pandemic or otherwise), leading to an impact on schedule and cost.	Risk timing sensitivity passed and the risk was reduced to Medium, and will be removed from next year's MPR.

5.3 Major Project Issues

Ref#	Description	Remedial Action
N/A	N/A	N/A

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 30 lessons. The six project strategic lessons and the five project level lessons (non-strategic) are listed below.

Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Project Governance policies should offer greater clarity tailored to each contracting model to support easier interpretation and application. Given the complexity of FMS structure, access to Subject Matter Experts is also essential for addressing specific questions.	Program, Project & Product Management
Strategic Lesson Type – Observation. Whilst the Lessons and Opportunities Framework is defined in the Integrated Project Management Plan, there is an opportunity for a more regular battle rhythm. Lessons are required to be reviewed at key program gateways or milestones, but these can be spaced quite some time apart. There is an opportunity to schedule lessons into a shorter review timeframe, say every six months, to ensure they are captured in the moment and before staff change outs mean they may be lost.	Corporate Performance
Strategic Lesson Type – Observation. There was a potential lack in knowledge of the FMS delivery system when procuring materiel via Defined Order or Cooperative Logistics Supply Support Arrangement/Blanket Order cases. Key lessons from other projects is the use of the Mark for Code and acknowledging what the code represents, the importance of keeping delivery locations limited and how to track. This is needed at the point of Letter of Offer and Acceptance (LOA) signature and placed on the front page by the US Government.	Program, Project & Product Management
Strategic Lesson Type – Observation. The cost model on a number of projects sustainment budget have many times been inaccurate. When projects develop cost models they have little visibility outside their project. While this may not result in any problems with the overall adequacy of logistic support products and sustainment arrangements, the financial risk becomes apparent for those who inherit the project. If there was a centralised system or database with the whole of organisation pooling information, Sustainment could be modelled and simulated much more effectively.	Program, Project & Product Management
Strategic Lesson Type – Observation. There have been preceding programs that have had similar challenges and learnings. However, the visibility of those lessons and lessons knowledge being transferred to future programs has been limited. It would be ideal that as part of the Capability Lifecycle, to ensure "lessons learnt" workshops are included as "touch points" that incorporate lessons and observations applicable to a particular project such at each major milestone of the Capability Lifecycle i.e. Smart Buyer, Pre-Gate 0, Gate 1 & 2 etc.	Program, Project & Product Management
Strategic Lesson Type – Observation. Program Third Party Re-transfer (TPR) – TPR's need to be drafted for submission in parallel with the LOA process for initial FMS cases, otherwise delays and impairments will impact the ability of contractors to engage within defence to complete program work or collaborate with the project on wider capability deliverables.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	**Categories of Systemic Lessons**
Project level lesson. Complexities of Customised Military Off the Shelf Projects - LAND8113 Phase 1 is a primarily a Military Off-The-Shelf (MOTS) project, with customisation for ADF needs such as fire safety, personal armament and communications. However, the Communications implementation and integration is complex, with the need to achieve voice and data and Fires integration. This configuration had not been implemented before and so the risks are higher. Understanding these complexities are difficult prior to detailed analysis and design, and necessarily reduce the chance of a successful MOTS application.	Program, Project & Product Management
Project level lesson. The effort involved in managing spare parts may be underestimated initially by a project. Whilst there is estimated spares usage data available for planning initial spares purchases, actual usage once the capability has been released must be closely monitored and reacted to promptly. Spares usage has varied significantly in some cases and some spare parts lead times are long.	Materiel Logistics
Project level lesson. The Program schedules regular PMR's with the US Government and key contract providers to deep dive the FMS contract, key deliverables, and challenges to be overcome. By holding these PMR's alternately in the US and Australia, it allows many project members to attend and co-ordinate the key activities.	Program, Project & Product Management

In addition, side key working groups meet at the PMR's to probe technical detail and challenges. This enables constructive program discussions, more timely resolution of issues and more effective planning activities between the partner nations. Reinforcing the importance of face-to-face engagement to significantly reduce the number of issues, requirement for rework and subsequent costs.	
Project level lesson. The project has responsibility for contracted personnel both above and below the line that require additional management overheads especially regarding US Export Controls. A robust Technology Control Plan is essential to maintaining compliance to US Export Controls throughout the life of the projects. More dedicated human resources is required to manage the administrative and governance requirements with regards to Export Control information.	Program, Project & Product Management
Project level lesson. The FMS contracting model lacks detailed specifications regarding the technical requirements to be delivered. While this approach offers a degree of flexibility, it also creates challenges when the necessary technical information is not readily provided.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Land Systems Division
Branch	Land Manoeuvre Systems Branch

Project Data Summary Sheet[1]

Project Number	**AIR555**
Project Name	**MC-55A PEREGRINE**
First Year Reported in the MPR	2021-22
Capability Type	New
Capability Manager	Chief of Air Force
Government 1st Pass Approval	Dec 15
Government 2nd Pass Approval	Sep 17
Budget at 2nd Pass Approval	$2,166.3m
Total Approved Budget (Current)	$2,399.4m
2024–25 In-year Budget	$170.3m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

AIR555 Phase 1, now known as AIR555 MC-55A Peregrine (referred to as AIR555 throughout the document) will deliver a fleet of first-of-type (FoT) MC-55A Peregrine aircraft, based on a modified Gulfstream Aerospace Corporation (GAC) G550 aircraft. The aircraft will incorporate the next evolution of an operationally proven Airborne Intelligence, Surveillance, Reconnaissance and Electronic Warfare (ISREW) capability.

The capability will be a critical enabler for the Australian Defence Force (ADF) fifth generation war fighting platforms and will conduct routine and rapid surveillance in order to provide real time threat warning and intelligence support to the ADF, and will be a primary contributor of information to support Intelligence Mission Data production.

AIR555 is predominately a Foreign Military Sales (FMS) program through the United States Air Force (USAF). The USAF Prime Contractor for the acquisition of AIR555 is L3Harris Technologies, Inc.

Three domestic delivery agencies are involved in the major systems and Fundamental Inputs to Capability: Capability Acquisition and Sustainment Group (CASG), Security and Estate Group (SEG), and Defence Digital Group (DDG), with CASG acting as the Integrated Project Manager.

AIR555 facilities will be located at four locations. The main operating base facilities will be built as a component of the ISREW Precinct at Royal Australian Air Force (RAAF) Base Edinburgh. Construction of the facilities commenced at RAAF Base Edinburgh in 2020. Facilities at three forward operating bases will also be delivered.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $116.1m against FY 2024-25 budget of $170.3m. The variation was primarily due to adjustments to FMS Case apportionment across acquisition and sustainment funding sources, as well as an underspend in FMS Case disbursements.

Project Financial Assurance Statement

As at 30 June 2025, AIR555 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 FMS materiel delivery schedule has been impacted by risks realised through the Phase 1 engineering at the GAC facility, workforce challenges, global supply issues, and flight testing.

AIR555 provided a re-baselined schedule for sponsor and Government approval in November 2021. This resulted in an adjustment to project schedule for Initial Operational Capability (IOC) from June 2023 to June 2024.

Subsequent to this Materiel Acquisition Agreement (MAA) update, in October 2022 the USAF advised of delays to aircraft delivery. Government has been advised that this delay has impacted the IOC and Final Operational Capability (FOC) dates.

Additional notification was received from USAF in June and December 2023 and in January 2025 of further delays to aircraft delivery. Completion of Information and Communications Technology (ICT) Integration is impacted by delays to aircraft delivery.

[1]Notice to reader

In the 2024 Integrated Investment Program AIR555 Phase 1 was renamed to AIR555 MC-55A Peregrine. The remainder of the report will refer to the project as AIR555.

The forecast for IOC was updated in December 2023.

Key achievements over FY 2024-25 include:

- Completion of Ground System #1A ICT Integration in March 2025 (24 months later than planned).
- Two forward operating bases completed in Quarters 1 and 2, 2025.

The project anticipates materiel delivery of two MC-55A aircraft and three installed and integrated ground systems.

The program has engineering, integration and flight test activities yet to be completed, that have the potential to result in further schedule delays. The completion of an initial series of flight test activities are critical milestone events, that will inform the project on the residual risks associated with achieving the IOC and FOC milestones.

Materiel Capability/Scope Delivery Performance

As at 30 June 2025, this project has delivered materiel capability, being completion and delivery-in-place of Ground System 1A in March 2025.

The AIR555 facilities built at RAAF Base Edinburgh are being managed with consideration of the existing Intelligence, Surveillance and Reconnaissance (ISR) Enterprise. The Interim Operating Facility, the first facility to be delivered through SEG, was completed in Quarter 4, 2022. The simulator facility was completed in Quarter 1, 2023. The Main Operating Base was completed in Quarter 2, 2024. Two forward operating bases were completed in Quarters 1 and 2, 2025.

The project anticipates materiel delivery of two MC-55A aircraft and three installed and integrated ground systems.

1.3 Project Context

Background

AIR555 will deliver an ISREW capability to Defence through a FMS acquisition. Government provided initial (Government Gate 0) project approval in July 2014. The Capability Gate Review Board, in November 2014, delayed the progression of AIR555 until the Force Structure Review and Defence Capability Plan 2015 were released.

Government Gate 1 (First Pass) approval occurred in December 2015. AIR555 First to Second Pass activity included development of a detailed acquisition schedule, High Quality Cost Estimate (HQCE) and technical Risk Reduction Activities (RRA). These were conducted under FMS Cases through the USAF Big Safari ISREW program managed by the 645th Aeronautical Systems Group, with L3Harris Technologies, Inc. as the USAF Prime Contractor.

The costs developed through the HQCE, when combined with the inability to change the AIR555 Integrated Investment Program allocation and phasings, necessitated a further review of the project by the Capability Manager Gate Review (CMGR) and Investment Committee (IC). This resulted in a review of the number of aircraft and revised IOC and FOC dates. The CMGR and IC also agreed to purchase two unmodified G550 aircraft during First Pass activities, which in turn were to be delivered to L3Harris Technologies, Inc.

Gate 2 (Second Pass) Government approval was provided in September 2017. Government approved the production of four MC-55A Peregrine aircraft, two Aircraft Capability Extension Systems (ACES), two secure access control systems, one mission crew training system and one ground data processing system. CASG was also to arrange for four ACES crews, training and standardisation staff, maintenance crews, operational test and equipment, an accredited main operating base and forward operating bases, achieve airworthiness requirements and establish a System Program Office (SPO).

The Smart Buyer Process was introduced to Defence during 2016 and became a mandatory requirement for Defence projects during 2017 and onwards. As Defence's approach to market activity had commenced in 2016 the project did not undergo a Smart Buyer risk assessment or review.

AIR555 was elevated to a Project of Interest on 26 September 2023, due to a decline in schedule forecasts. Remediation activities include increased engagement with the USAF, a rebaselining of schedule, a subsequent revision of spending profile, and more detailed monitoring of flight test programs.

Uniqueness

AIR555 is a FMS acquisition program from the USAF however, it is not a traditional FMS program. AIR555 will deliver a FoT, complex, developmental program integrating new ISR systems, antennae, power system modifications, communications systems and extensive modifications to a commercial GAC G550 outer mold line.

The program will incorporate multiple phases of the major modification at the aircraft manufacturer (GAC), followed by a comprehensive mission system integration and test program at L3Harris Technologies, Inc. Both of these activities will require Federal Aviation Authority airworthiness certification (Supplemental Type Certification). In addition, there will be a military certification process to follow for specialist military equipment installed during the modification program.

AIR555 design changes to the outer mold line will require significant engineering to be compliant with the AIR555 design requirements (size, weight, weight distribution and power). These extensive modifications include additional power within the aircraft and a modification of the Rolls Royce Australia Services Pty Ltd engine, cooling and an increase of maximum zero fuel weight for the airframe.

Major Risks, Emergent Risks and Issues

The project is a developmental program with engineering, integration and flight test activities yet to be completed. These high-risk activities have the potential to result in delays to initial product delivery, with a high likelihood that scope reduction or contingency will be required.

The project is managing the following major risks:

- MC-55A Phase 2 modifications and flight-test schedule (downgraded).
- ICT Integration.
- Ground Mission System (GMS).
- Manuals and Technical Data.

- Pilot Proficiency.

The following is an emergent risk in FY 2024-25:

- Ground Support Equipment (GSE).

The project is managing the following major issues:

- Communications System Design.
- Mission System data.
- Air Vehicle Delivery.

Other Current Related Projects/Phases

DEF2289 - Joint Information Environment – description is classified.

Section 2 – Financial Performance[2]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Aug 14	Original Approved (Government Interim Approval)	3.2		
Apr 15	Real Variation – Real Cost Increase	3.4		1
Jan 16	Government First Pass Approval	102.1		2
Jan 16	Real Variation – Real Cost Increase	149.7		2
Feb 18	Government Second Pass Approval	1,907.9		
	Total at Second Pass Approval		**2,166.3**	
May 19	Real Variation – Budgetary Adjustment	(2.9)		3
Aug 21	Real Variation – Transfer	0.4		4
Sep 21	Real Variation – Transfer	2.0		5
Sep 22	Real Variation – Transfer	43.7		6
Oct 23	Real Variation – Transfer	4.0		7
May 24	Real Variation – Transfer	12.0		8
Oct 24	Real Variation – Transfer	(2.4)		9
			56.8	
Jun 25	Exchange Variation		176.3	
Jun 25	**Total Budget**		**2,399.4**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – FMS Case AT-D-QCS	(1,010.6)		
	Contract Expenditure – FMS Case AT-D-SAB	(562.1)		
	Contract Expenditure – FMS Case AT-D-SAA	(132.9)		
	Contract Expenditure – FMS Case AT-D-GCA	(78.3)		
	Contract Expenditure – Rolls Royce Australia Services Pty Ltd	(19.2)		
	Other Contract Payments/Internal Expenses	(32.0)		
			(1,835.1)	
FY to Jun 25	Contract Expenditure – FMS Case AT-D-SAB	(67.1)		
	Contract Expenditure – FMS Case AT-D-QCS	(41.1)		
	Contract Expenditure – FMS Case AT-D-GCA	(0.1)		
	Other Contract Payments/Internal Expenses	(7.7)		10
			(116.1)	
Jun 25	**Total Expenditure**		**(1,951.2)**	
Jun 25	**Remaining Budget**		**448.3**	

Notes	
1	Update to Pre-First Pass Project Development Fund to progress the project through continued engagement with stakeholders.
2	Post- First Pass guidance transfer to procure two aircraft and conduct RRA to inform Second Pass. This amount is inclusive of the First Pass approval amount.
3	Budgetary adjustment correction to re-profile journal.

[2]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.

4	Transfer of Air Force Head Quarters (AFHQ) project administrative contingency budget to CASG to manage.
5	Transfer of AFHQ project administrative budget to CASG to manage.
6	Transfer of SEG budget to CASG to manage.
7	Transfer of funds between Approved Acquisition Projects – Return of SEG remaining unspent funding.
8	Transfer of funds across Key Internal Categories within Group and/or Bill Split – Return of Enterprise Estate and Infrastructure Program unspent Delivery Phase funding.
9	Transfer of ($3.1m) to SEG was for ISREW capability related facility works and return of $0.7m from Defence Science and Technology Group back to Project to support Innovation Science and Technology activities.
10	Other Contract Payments/Internal Expenses: Includes Ground Systems ($2.6m), above the line contractor support ($2.0m), Training ($1.6m), ad hoc expenditure ($1.0m), and travel ($0.5m).

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
224.2	165.2	170.3	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variation is due to rescheduling of aircraft modification and flight testing activities. PAES to In-year Budget: The increase in estimate from PAES to In-year budget is due to exchange fluctuations.
Variance $m	(59.0)	5.1	Total Variance ($m): (53.9)
Variance %	(26.3)	3.1	Total Variance (%): (24.0)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		-	Australian Industry	FY 2024-25 expenditure was $116.1m against the budget of $170.3m. The variation was primarily due to adjustments to FMS Case apportionment across acquisition and sustainment funding sources, as well as an underspend in FMS Case disbursements.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		(54.2)	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
170.3	116.1	**(54.2)**	**Total Variance**	
		(31.8)	**% 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			
FMS Case – AT-D-GCA	Dec 15	81.8	79.5	Reimbursement (for FMS)	FMS	1
FMS Case – AT-D-SAA	Dec 15	134.4	133.0	Reimbursement (for FMS)	FMS	1
FMS Case – AT-D-QCS	Aug 17	0.4	1,111.7	Reimbursement (for FMS)	FMS	1, 2
FMS Case – AT-D-SAB	Jan 18	546.5	741.1	Reimbursement (for FMS)	FMS	1, 3
Rolls Royce Australia Services Pty Ltd – Spare Engine	Aug 21	18.3	21.1	Firm or Fixed	Standard Defence Contract	1, 4

Notes	
1	Variations due to exchange rate fluctuations.
2	Original FMS Case $0.4m to engage USAF contractors to commence contractual documentation in anticipation of executable contract at AIR555 Second Pass Approval. Amendment 1 $1,032.0m update included modification and delivery of the first two MC-55A aircraft, associated ground systems, long lead items and period of performance extensions. Amendments 2 and 3 were administrative changes to the contract with nil increase in value. Amendment 4 $41.4m was to account for a Flight Simulator Training Device (FSTD); however $40.8m of this was funded from sustainment. Modification 2 was an administrative movement of funds between FMS case lines to facilitate USAF execution with nil change to overall cost or scope. Modification 3 was an administrative increase in Period of Service to enable USAF contracting, with nil change to overall cost or scope.
3	Original FMS Case $546.5m to procure, modify and deliver remaining two MC-55A aircraft, also delivery of remaining ground systems and integrated logistics support (ILS) to meet FOC requirements. Amendment 1 $222.1m for spares, support and test equipment, Fly Away Kits (FAK) and initial training for airborne and ground based operator crews, however $87.5m of this was funded from sustainment. Amendment 2 $84.0m for spares and workforce elements, however $76.1m of this was funded from sustainment. Amendment 3 was an administrative change to extend several Periods of Service,

	with FMS funding reallocated to enable subsequent changes to USAF contracting. The amendment did not change the overall cost of the FMS case.
4	Direct Commercial Sale for the procurement of a Rolls Royce Australia Services Pty Ltd BR710 spare engine.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
FMS Case - AT-D-GCA	N/A	N/A	To provide First to Second Pass program management, technical and engineering services to support AIR555 schedule and technical RRA.	-
FMS Case - AT-D-SAA	2	2	Procure two green unmodified GAC G550 aircraft.	-
FMS Case - AT-D-QCS	2	2	Modification of two aircraft and associated support equipment, associated ground systems, long lead items period of performance extensions, a FSTD, and administrative changes.	-
FMS Case - AT-D-SAB	2	2	Procure, modify and deliver two green unmodified GAC G550 aircraft including remaining GMS, ILS to support FOC. Amendments to initial contract increased contract scope to include spares, support and test equipment, flyaway kits, initial training for airborne and ground based operator crews, and workforce elements.	1
Rolls Royce Australia Services Pty Ltd	1	1	Procurement of Spare Engine.	-
Major equipment accepted and quantities to 30 Jun 25				
Nil				
Notes				
1	A FSTD is procured under this FMS Case but funded and accounted for within the Sustainment Budget and therefore is not included in this table.			

2.4 Australian Industry Capability

Summary
The project has no contracted Australian Industry Capability (AIC) Plan/Schedule for its United States (US) Government FMS acquisition as the US Foreign Government arrangement does not include the contractual provision or obligations for AIC. The project has no contracted AIC Plan/Schedule for Rolls Royce Australia Services Pty Ltd as this was a direct sole source procurement from Rolls Royce (Australia) sourced from Rolls Royce (Germany) as the Original Equipment Manufacturer.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	Aircraft Phase 1	N/A	N/A	Oct 16	N/A	1
	Aircraft Phase 2	N/A	N/A	Dec 16	N/A	1
Preliminary Design	Aircraft Phase 1	N/A	N/A	Jun 17	N/A	1
	Aircraft Phase 2	N/A	N/A	Jun 19	N/A	1
Critical Design	Aircraft Phase 1	N/A	N/A	Nov 17	N/A	1
	Aircraft Phase 2	N/A	N/A	Sep 20	N/A	1
Notes						
1	The Commonwealth of Australia (CoA) is not in contract for the above major reviews, nor similar reviews with the USAF due to being a FMS Case arrangement. The USAF (Prime) and L3Harris Technologies, Inc. (USAF Prime Contractor) have contractual arrangements in place with each other that does include similar major reviews. However, the CoA is not privy to these contractual arrangements.					

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	Completion of Ground System #2 ICT Integration in Australia	Oct 22	N/A	NFP	NFP	1, 3, 4, 5, 6
	Completion of Ground System #1A ICT Integration	Apr 23	N/A	Mar 25	23	1, 3, 4, 7
	Completion of Ground System #3 ICT Integration in Australia	Jan 24	N/A	NFP	NFP	1, 4, 5
	Completion of Ground System	NFP	N/A	NFP	NFP	1, 4, 6

	#1B ICT Integration in Australia					
Acceptance	Completion of DDG Acceptance Test and Evaluation (AT&E)	Dec 23	N/A	NFP	NFP	1, 2, 5

Notes	
1	Future dates for capability realisation are not for public release.
2	AT&E acceptance by DDG is an internal Defence milestone, with no associated contract.
3	Delays associated with Phase 1 engineering and COVID-19 workforce have impacted forecast completion milestones.
4	N/A - The CoA does not have a commercial relationship with contractors under the FMS acquisition arrangement.
5	Notifications were received from USAF in October 2022, June 2023, December 2023 and January 2025 of additional delays to aircraft delivery (with the project moderating the forecasted delays), impacting flight test and certification requirements). Completion of ICT Integration is also impacted by delays to aircraft delivery.
6	Delay associated with a reorganisation of materiel delivery schedule.
7	Reduction associated with decision to retain equipment in United States of America rather than integrate into Australia.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Feb 23	NFP	NFP	1, 2, 4, 5
Initial Operational Capability (IOC)	Jun 23	NFP	NFP	2, 4, 5
Final Materiel Release (FMR)	NFP	NFP	NFP	3, 4, 6
Final Operational Capability (FOC)	NFP	NFP	NFP	4, 5

Notes	
1	IMR definition was expanded from only being arrival of Aircraft #1, to end of ADF integration and include initial operating ground systems and a Forward Operating Base (FOB), which resulted in a forecast variance required to achieve the milestone.
2	IMR and IOC have been re-baselined due to Phase 1 engineering and COVID-19 workforce issues. An updated MAA was approved by the Capability Sponsor in April 2022.
3	FMR definition was expanded from only being arrival of Aircraft #4, to include operating ground systems, three forward operating bases, one deployable system and completion of Operational Test and Evaluation (OT&E), which resulted in a forecast variance required to achieve the milestone.
4	Future dates for capability realisation are not for public release.
5	Notification was received from USAF in October 2022, June 2023, December 2023 and January 2025 of additional delays to aircraft delivery (with the project moderating the forecasted delays), impacting flight test and certification requirements.
6	Government guidance has reduced schedule for achievement of FMR.

Schedule Status at 30 June 2025

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The AIR555 Project Office (PO) expects to substantially deliver all deliverables and capability requirements as per agreement with Government.
	Amber: The Project's approach to stay within budget will defer the delivery of FAK and additional spares. This will be reflected in next year's Project Data Summary Sheet (PDSS).
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	• One MC-55A Peregrine aircraft available for training and operations. • Ground Systems installed, integrated, and available to support one MC-55A. • One FOB sufficient to support operations. Forecast dates for IMR are NFP.	Not yet Achieved
Initial Operational Capability (IOC)	• Two MC-55A crews. • One ground based mission crew. • Two maintenance Crews. • In-service support available to support operation of one MC-55A. • Established SPO. • One MC-55A FSTD 'Stage 1' Available for Training. Forecast dates for IOC are NFP.	Not yet Achieved
Final Materiel Release (FMR)	• A fleet of MC-55A Peregrine aircraft available for training and operations. • Ground Systems installed, integrated, and available to support one MC-55A. • Accredited FOB facilities. • One Modular Processing System available to deploy from the Main Operating Base. • Completion of OT&E. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	• MC-55A crews available to support operation. • ACES crews available to support operation of one MC-55A. • Maintenance crews available to support operation. • Training and standardisation staff. • Achievement of all airworthiness requirements to support scope of intended operations. • Establishment of all initial operational support, logistics and commercial maintenance arrangements to support the scope of intended operations. • Established SPO to support the full capability. • MC-55A FSTD upgrade to 'Stage 2' available for training. Forecast dates for FOC are 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	There is a risk that the MC-55A Phase 2 modification will be impacted by unforeseen design and integration complications, leading to an impact on cost and schedule.	The AIR555 Resident Project Team (RPT) will conduct a review of the L3Harris Technologies, Inc. design against the AIR555 Functional Performance Specification and will monitor system performance through insight into laboratory test activities.
2	There is a risk that the AIR555 ICT integration will be affected by differences between the US and Australian Certification and Accreditation (C&A) standards, leading to schedule delays in approvals.	The AIR555 PO has initiated a C&A Working Group with L3Harris Technologies, Inc./Military Platform Integration (MPI)/CASG/Australian Signals Directorate to work through the differences. Also, DDG-MPI are developing C&A timelines and resourcing requirements. DDG-MPI are also engaging with certification agencies at senior levels to improve engagement and response.
3	There is a risk that the AIR555 GMS operation will be affected by inadequate design information, leading to delayed integration with Australian networks.	The AIR555 PO has re-established Technical Interchange Meetings to increase data exchange between the US Government and DDG to ensure CoA has access to the required design information. This risk has been retitled due to completion of Phase 1 testing and resolution of some design risks.
4	There is a risk that the MC-55 publications manuals and technical data will contain some deficiencies during initial in-service, leading to an impact on capability and aircraft delivery.	The AIR555 RPT is working with L3Harris Technologies, Inc. on the content, look and feel of the Aircraft's Flight Manuals to ensure an adequate solution is delivered. The RPT is also working to ensure that any L3Harris Technologies, Inc. Publication Management System meet CoA requirements. During the training period in 2023, Australian staff reviewed the manuals and procedures to ensure they were fit for purpose. This risk has been downgraded due to maturing development of publications manuals and will be removed from next year's Major Projects Report (MPR).
5	There is a risk that the MC-55 Pilot Proficiency will be affected by insufficient/reduced/compressed Aircraft #1 flying program leading to an impact on OT&E and IOC.	A second airframe and flying window will be utilised to conduct dedicated pilot training in order to achieve the required competencies and proficiencies needed. Generating additional opportunities for more flying hours will reduced the risks to schedule leading up to IOC. By achieving both pilot proficiency requirements and crew training requirements prior to in-service delivery, the risk to the OT&E program schedule will be reduced, which further minimises risk to IOC.

5.2 Emergent Risks

Emergent Risks (risk not previously identified, or has increased in rating, which have emerged during 2024–25)		
Ref#	Description	Remedial Action
1	There is a risk that sufficient GSE will not be available upon delivery of Aircraft #1, resulting in a reduction of aircraft capability and a delay to IOC.	Multiple procurements to run simultaneously, using Australian suppliers where appropriate/possible. Identify items with delivery schedule outside of scoped delivery window for IOC to become standalone procurements.

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	There is a risk that the communications design will not meet operational needs, leading to an impact on sustainment costs in order to achieve the capability.	The AIR555 RPT is engaging with USAF to understand current system design limitations, with a design review to be completed to inform future decisions. The RPT will review Phase 2 flight test data to understand any additional DDG support requirements. This issue has been retired as it will be addressed through system upgrades, and will be removed from next year's MPR.
2	Some platform elements have been impacted by inadequate mission system data and replication, leading to a reduction in accuracy of some sub systems.	The AIR555 PO is developing opportunities to improve data sets in future capability upgrades. This was a risk that has now been realised.

3	The Air Vehicle delivery has been affected by critical dependencies between various modification Phases of the Program, leading to an impact to cost and schedule.	The AIR555 PO will risk manage the Flight Test program in order to recover/hold schedule. This was a risk that has now been realised. This issue has been retired and 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 five lessons. The four project strategic lessons and the one project level lesson (non-strategic) are listed below.

Strategic Lessons Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Have a well-established Workforce Plan (based on the resourced schedule scope) in place for current and future demands depending on the stage of the Capability Life Cycle and project requirements. Allow for contingencies in your plan in the event that the specified resources are unavailable within the Australian Public Service or ADF. These contingencies can include reservists, contractors, shared resources with similar organisations, etc. Additional funding within the budget should be factored in for some of these contingencies, such as contractors.	Program, Project & Product Management
Strategic Lesson Type – Observation. Ensure the project scope is represented by a well maintained Work Breakdown Structure. Improving the maturity of project management artefacts (Work Breakdown Structure, schedule, risk register), and maintaining consistent tracking and reporting against these. Layers of analysis of the schedule and risk register has allowed a consistent forecasting and reporting framework.	Program, Project & Product Management
Strategic Lesson Type – Observation. Maintain a robust, consistent configuration management system to ensure project activities remain within project scope, including cost and schedule.	Engineering and Technical[1]
Strategic Lesson Type – Observation. Maintaining collaboration, transparent communication and disciplined engagement with all stakeholders is critical for managing technical requirements and facilitating risk management across the program.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	**Categories of Systemic Lessons**
Project level lesson. The project is subject to a significant workforce risk that anecdotally repeats across ISR capability programs in relation to specialist high demand skill sets for ISR and intelligence processing, exploitation and dissemination (Portable Electronic Device) work, which appears to be a systemic risk.	Program, Project & Product Management

Notes	
1	Category was updated from last year's PDSS to correctly align with Defence Lessons categories.

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Aerospace Systems Division
Branch	Aerospace Surveillance and Response Branch

Project Data Summary Sheet

Project Number	**AIR2025 Phase 6**
Project Name	**JINDALEE OPERATIONAL RADAR NETWORK (JORN) MID-LIFE UPGRADE**
First Year Reported in the MPR	2020-21
Capability Type	Upgrade
Capability Manager	Chief of Air Force
Government 1st Pass Approval	Dec 15
Government 2nd Pass Approval	Dec 17
Budget at 2nd Pass Approval	$1,117.9m
Total Approved Budget (Current)	$1,250.4m
2024–25 In-year Budget	$92.4m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

Australia's Jindalee Operational Radar Network (JORN) is a long-range Over the Horizon Radar (OTHR) that supports the Australian Defence Force's (ADF) air and maritime operations, strategic surveillance and search and rescue operations. Project AIR2025 Phase 6 delivers a major mid-life redesign and upgrade by modernising JORN, including the command and control system operated from the Battlespace Surveillance Centre at Royal Australian Air Force (RAAF) Base Edinburgh and the three radar sites located at Longreach in Queensland, Laverton in Western Australia and Alice Springs in the Northern Territory. Other vital supporting infrastructure including the extensive Ionospheric sounder network will also be upgraded.

The project addresses obsolescence, improves system performance, provides a more contemporary system architecture and upgrades to infrastructure, will reduce the total cost of ownership. The tranches in execution are systems engineering and design including the upgrade of the first radar and delivery of a new command and control system (Initial Operational Capability (IOC) Tranche, formally Tranche 2) and serial upgrade of the remaining two radars (Tranches 3 and 4).

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $87.9m against FY 2024-25 budget of $92.4m. The variation is due to BAE Systems Australia Ltd being behind in their forecasted costs and due to re-phasing of BAE Systems Australia Ltd direct costs and survey and quote activities into FY 2025-26, leading to the under achievement against budget of $4.5m.

Project Financial Assurance Statement

As at 30 June 2025, AIR2025 Phase 6 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

Since implementing an Alternate Delivery Strategy (ADS) in late 2021, the project has been delivering ahead of contracted dates within the revised schedule to IOC and retains project float against major contracted capability milestones to IOC. Key achievements over FY 2024-25 include:

- Achievement of systems engineering milestones.
- Commenced incremental upgrades of Radar sites.

BAE Systems Australia Ltd and Defence continue to work collaboratively to improve the delivery performance of the JORN Phase 6 program. This includes evaluating opportunities to improve the efficiency of delivery through tailoring of the Australian Standard for Defence Contracting to better align to a 'continuous capability delivery' model.

Materiel Capability/Scope Delivery Performance

This project has started delivering materiel capability.

The current JORN capability remains operational while the project is progressing. As part of the ADS, elements of the system will be introduced incrementally, designed to accelerate the delivery of upgraded capability to Air Force. This strategy has resulted in the successful deployment of a new Operations Centre demonstrator at the JORN Battlespace Surveillance Centre located at RAAF Base Edinburgh. The AIR2025 Phase 6 Operations Centre demonstrator has been provided to Air Force. The project is now focused on the incremental delivery of upgrading radar sites and associated infrastructure.

1.3 Project Context

Background

AIR2025 Phase 6 is a complex sovereign development program leveraging Defence Science and Technology Group (DSTG) developed technology. A collaborative relationship between Defence and the prime contractor, BAE Systems Australia Ltd, has been critical to success. Despite the ongoing positive client-supplier relationship, the project has experienced significant schedule challenges during the initial three years of the project, particularly within the systems engineering program (other key streams of activity including hardware and software development remain on track). As a result of the persistent delays, AIR2025 Phase 6 became a Project of Interest (POI) in September 2019.

Following completion of a bottom-up re-baseline of the schedule in late 2019 which indicated a potential significant delay to IOC, Defence and BAE Systems Australia Ltd agreed to collaboratively undertake an analysis to understand the cause of additional effort estimates and identify a new approach to deliver the project. This resulted in developing an ADS, which utilised the mature and proven product development, completed to date, with the intent of rolling out elements of the system as they were developed to progressively retire risk.

In April 2021, BAE Systems Australia Ltd delivered a costed Contract Change Proposal (CCP) to incorporate the ADS as the new program performance measurement baseline into the contract up to the IOC milestone. Defence conducted a detailed evaluation and negotiation that resulted in BAE Systems Australia Ltd submitting a revised CCP in September 2021, which was assessed by Defence and executed in December 2021.

Since execution of the CCP in December 2021, BAE Systems Australia Ltd has implemented the ADS[1] against the contracted deliverables, with a view to delivering hardware and software to Defence as early as possible. A second Integrated Baseline Review was conducted in June 2022 (completed in early July 2023) against the revised contracted performance baseline and has demonstrated the project schedule to IOC is achievable.

To date BAE Systems Australia Ltd has been performing well and delivering ahead of the revised contracted milestone dates. BAE Systems Australia Ltd and the Commonwealth of Australia (CoA) are working collaboratively to identify efficiencies to reduce risk to ensure agreed contract delivery dates are met.

In December 2023, the Project met all agreed POI exit criteria. AIR2025 Phase 6 was removed as a POI in August 2024. The Project was added to the Deputy Secretary Capability Acquisition and Sustainment Group (CASG) Watchlist to ensure appropriate oversight of extant cost risks as detailed below.

Uniqueness

With initial experimentation and development commencing over 50 years ago within the DSTG, a world-leading OTHR capability has been established in collaboration with Australian Industry, providing significant Defence capability and economic value to the nation. Project AIR2025 Phase 6 relies on a highly skilled and specialised workforce to design and develop High-Frequency Radar technology. The ability to attract and retain a skilled Industry and Defence workforce is a key enabler to successful project delivery.

Defence, rather than BAE Systems Australia Ltd, retains responsibility for key aspects of the JORN system-level performance under the project arrangement due to Defence providing to BAE Systems Australia Ltd specific software elements as mandated Government Furnished Material, which directly impact performance of the JORN System, such as signal processing software.

Major Risks, Emergent Risks and Issues

The current major project risks and issues subject to remedial action are:

- Cost pressures are being experienced within elements of the project (the upgrading and replacement of key components).
- Other project factors (e.g. scope changes, inexperienced resources, supply chain issues etc.) will result in cost increases to the project.
- Cost increases associated with the upgrade of the second and third radars post IOC.

Decision made to consolidate the scope of inflation impacts on the project, hence the following risk is now retired:

- The project budget might be insufficient due to the impact of inflation as the budget at project approval was out-turned against a fixed inflation rate.

Other Current Related Projects/Phases

AIR2025 Phase 8 - JORN Enhancement. Delivering an enhancement to JORN Capability.

Note

[1]The removal of the term Iterative Delivery Strategy is a correction from the 2023-2024 Project Data Summary Sheet (PDSS).

Section 2 – Financial Performance[2]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Jan 16	Original Approval (Government First Pass Approval)	49.4		1
Dec 17	Government Second Pass Approval	1,068.5		
	Total at Second Pass Approval		**1,117.9**	
Apr 20	Real Variation – Transfer from Security & Estate Group (SEG)	2.5		2
Jun 20	Real Variation – Scope JORN Enhancement	8.2		3
Sep 21	Real Variation – Budgetary Adjustment	9.5		4
Nov 21	Real Variation – Budgetary Adjustment (Contingency)	2.0		4
Apr 22	Real Variation – Budgetary Adjustment	6.1		3
Apr 23	Real Variation – Budgetary Adjustment (High Powered Amplifiers (HPA))	141.9		5
Feb 24	Real Variation – Transfer to Security & Estate Group (SEG)	(2.5)		6
Feb 25	Real Variation – Transfer to Security & Estate Group (SEG)	(35.1)		7
			132.6	
Jun 25	Exchange Variation		0.0	8
Jun 25	**Total Budget**		**1,250.4**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – BAE Systems Australia Ltd (Prime)	(339.8)		
	Contract Expenditure – Amentum Pty Ltd (formerly Jacobs Australia Pty Ltd) (Integrated Work Package (IWP))	(59.4)		
	Contract Expenditure – Lockheed Martin Australia Pty Ltd Engineering Services Contract (ESC)	(35.4)		
	Other Contract Payments/Internal Expenses	(16.3)		9
			(450.9)	
FY to Jun 25	Contract Expenditure – BAE Systems Australia Ltd (Prime)	(71.3)		
	Contract Expenditure – Amentum Pty Ltd (formerly Jacobs Australia Pty Ltd) (IWP)	(9.1)		
	Contract Expenditure – Lockheed Martin Australia Pty Ltd (ESC)	(6.7)		
	Other Contract Payments/Internal Expenses	(0.8)		10
			(87.9)	
Jun 25	**Total Expenditure**		**(538.8)**	
Jun 25	**Remaining Budget**		**711.6**	

Notes	
1	Government Second Pass Approval includes an $18.3m adjustment to be funded from the unspent portion of the previously approved First Pass funding.
2	SEG received funding to support AIR2025 Phase 6, which included replacing a facility at Radar 3 Transmit site. It was agreed that the replacement facility is best delivered by the JORN Prime Contractor, as it involves specialist fit-out and coordinated delivery within JORN operational constraints.
3	Early access to funding to enable early capability planning and de-risking activities for the JORN Enhancement scope.
4	In FY 2021-22, Air Force transferred all related project operating budgets into the respective CASG - controlled project budget.
5	HPA replacement project funding transfer from Chief of Air Force 13 to AIR2025 Phase 6.
6	Transfer of funds to SEG to start the design process for Transmit Building project.
7	Transfer of funds to SEG to start construction of the Transmit Building project.
8	The zero value is due to rounding of exchange variation as the majority of the contracts are in Australian Dollars.
9	Other Contract Payments/Internal Expenses comprises of: ($9.9m) for AIR2025 Phase 6A (now known as Phase 8), ($2.5m) for the JORN Priority Industry Capability Support Program, ($2.0m) for other operating expenditure including minor contract expenditure and ($1.9m) for CoA management costs.
10	Other Contract Payments/Internal Expenses comprises of: ($0.8m) for other operating expenditure including minor contract expenditure.

[2] 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.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
95.3	92.9	92.4	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): Variation primarily due to BAE Systems Australia Ltd Direct Cost, HPA movements and other minor variances. PAES to In-year Budget: Variation due to SEG budget transfer.
Variance $m	(2.5)	(0.5)	Total Variance ($m): (3.0)
Variance %	(2.6)	(0.5)	Total Variance (%):(3.1)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(0.1)	Australian Industry	The project has an end of FY variance due to a combination of the following factors: • BAE Systems Australia Ltd being behind their forecasted costs. • Re-phasing of BAE Systems Australia Ltd direct costs and survey and quote activities into FY 2025-26.
		-	Foreign Industry	
		-	Early Processes	
		(4.4)	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
92.4	87.9	**(4.5)**	**Total Variance**	
		(4.8)	**% 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			
Lockheed Martin Australia Pty Ltd	Mar 18	15.1	78.3	Variable	Standard Defence Contract	1, 2
BAE Systems Australia Ltd	Mar 18	455.9	662.1	Variable	Standard Defence Contract	2, 3
Amentum Australia Pty Ltd (formerly Jacobs Australia Pty Ltd) – IWP	Dec 18	25.0	67.0	Variable	Standard Defence Contract	2, 4

Notes	
1	The price at 30 June 2025 has increased from the initial contract price of $15.1m to $78.3. This change is due to an increase in required contractor personnel to support the program, an increase to the contract term from three years to nine years and the application of an annual price adjustment to the contract.
2	Contract value as at 30 June 2025 is based on actual expenditure to 30 June 2025 and remaining commitment at current budgeted exchange rates and includes adjustments for indexation (where applicable).
3	The Contract Value at the previous PDSS at 30 June 2024 was $661.4m. The Contract Value as at 30 June 2025 is $662.1m due to minor CCPs $0.7m.
4	Contract value is the estimated project share of the Branch IWP contract and is based on the estimate of project expenditure to the end of December 2025. This contract is expected to increase as further work packages are agreed.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Lockheed Martin Australia Pty Ltd	N/A	N/A	Provide specialist engineering resources to facilitate Defence's execution of AIR2025 Phase 6.	-
BAE Systems Australia Ltd	N/A	N/A	AIR2025 Phase 6 Prime Contract includes (but is not limited to) the replacement of obsolescent systems, a new human-machine interface and new diagnosis and management systems.	-
Amentum Australia Pty Ltd (formerly Jacobs Australia Pty Ltd) – IWP	N/A	N/A	Service based IWP.	-

Major equipment accepted and quantities to 30 Jun 25
Nil

Notes	
N/A	N/A

2.4 Australian Industry Capability

Summary
The project has a contracted Australian Industry Capability (AIC) Plan based on opportunities to maximise internationally competitive Australian industry involvement, which is captured in Lockheed Martin Australia Pty Ltd's AIC Plan in support of engineering services. The project has a contracted AIC Plan based on opportunities to maximise internationally competitive Australian industry involvement, which is captured in BAE Systems Australia Ltd's AIC Plan in the support of their design, manufacturing, and integration activities. The project has no contracted AIC Plan for Amentum Pty Ltd (formerly Jacobs Australia Pty Ltd) as they are one of several contractors under the CASG-wide Major Service Provider contract that provides above the line work force to projects.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	JORN Mission and Support System	Jan 19	N/A	Sep 19	8	1, 2
System Definition	JORN Mission and Support System	Jan 19	N/A	Jun 20	17	1, 2
Preliminary Design	JORN Mission and Support System	Oct 19	Oct 23	Sep 23	47	3
Detailed Design	JORN Mission and Support System	Jun 20	NFP	NFP	NFP	3
Support System Detailed Design	JORN Mission and Support System	Dec 20	NFP	NFP	NFP	3

Notes	
1	The original schedule included a Combined System Requirements Review and System Definition Review scheduled for January 2019. These were agreed to be de-coupled in December 2018 and finalised through a CCP.
2	The project experienced persistent delays in execution of the systems engineering program. Key drivers for the delays are predominantly attributed to the underestimation of JORN systems engineering complexity and required design effort.
3	A CCP to reflect the ADS was executed in December 2021 reflecting revised schedule dates. Forecast dates for capability realisation are Not For Publication (NFP).

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
Modification Readiness Review 1	Radar 1 & Operations Centre	Sep 21	Jan 25	Nov 24	38	1
System Acceptance	Radar 1 & Operations Centre	Jan 24	NFP	NFP	NFP	1
Modification Readiness Review 2	Radar 2	May 24	NFP	NFP	NFP	1
System Acceptance	Radar 2	NFP	NFP	NFP	NFP	1
Modification Readiness Review 3	Radar 3	NFP	NFP	NFP	NFP	1
System Acceptance	Radar 3	NFP	NFP	NFP	NFP	1

Notes	
1	A CCP to reflect the ADS was executed in December 2021 reflecting revised schedule dates. Forecast dates for capability realisation are NFP.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Jan 24	NFP	NFP	1
Initial Operational Capability (IOC)	Apr 24	NFP	NFP	1

Materiel Release 2 (MR2)	NFP	NFP	NFP	1
Operational Capability 2 (OC2)	NFP	NFP	NFP	1
Final Materiel Release (FMR)	NFP	NFP	NFP	1
Final Operational Capability (FOC)	NFP	NFP	NFP	1

Notes	
1	A CCP to reflect the ADS was executed in December 2021 reflecting revised schedule dates. Forecast dates for capability realisation are NFP.

Schedule Status at 30 June 2025

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

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

Note
This Traffic Light Diagram represents Defence's expected capability delivery.

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	• The first JORN radar and supporting systems upgraded with new hardware and software. • New Operations Centre that supports operation of the upgraded radar and legacy systems. Forecast dates for IMR are NFP.	Not yet Achieved
Initial Operational Capability (IOC)	• The first JORN radar and supporting systems upgraded with new hardware and software. • New Operations Centre that supports operation of the upgraded radar and legacy systems. • Training to enable sufficient personnel to conduct operations has been provided. • Sufficient sparing and support arrangements are in place to sustain operations. • Support contracts are established for all upgraded and existing JORN systems, radar sites and the JORN Battlespace Surveillance Centre. Forecast dates for IOC are NFP.	Not yet Achieved

Materiel Release 2 (MR2)	• The second JORN radar and supporting systems upgraded with the new hardware and software. Forecast dates for MR2 are NFP.	Not yet Achieved
Operational Capability 2 (OC2)	• The second JORN radar and supporting systems upgraded with new hardware and software. • Training to enable sufficient personnel to conduct operations has been provided. • Sufficient sparing and support arrangements. • Support contracts are established for all upgraded and existing JORN systems, radar sites and the JORN Battlespace Surveillance Centre. Forecast dates for OC2 are NFP.	Not yet Achieved
Final Materiel Release (FMR)	• The third JORN radar and supporting systems upgraded with new hardware and software. • Ionospheric sounder network is upgraded. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	• The third JORN radar and supporting systems upgraded. • Achievement of all Capability Enhancement Elements. • Achievement of the operational parameters as defined in the Operational Concept Document. • Training to enable sufficient personnel to conduct operations in accordance with the defined level of capability and preparedness requirements is provided. • Sufficient sparing and support arrangements are in place to sustain operations in accordance with the defined level of capability and preparedness requirements. • Support contracts are established for all upgraded and existing JORN systems, radar sites and the JORN Battlespace Surveillance Centre. Forecast dates for FOC are 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	There is a risk that the budget for the upgrade of some components is insufficient.	Current funding was based on early estimates and may not be sufficient to deliver replacement components. The project may propose use of project contingency for any shortfalls. Risk has been downgraded to Medium in accordance with HPA Upgrade Strategy implementation as programmed in Additional Estimates. This risk will be removed from next year's Major Projects Report (MPR).
2	There is a risk that other project factors (e.g. scope changes, inexperienced resources, supply chain issues etc.) will result in cost increases to the project.	Defence has implemented a tiered approach to project governance to ensure that changes to project costs are managed and potential opportunities to offset cost are explored, including changes to delivery and assurance activities.
3	There is a risk of cost increases associated with the upgrade of the second and third radars post IOC.	A technical contingency allocation has been identified for mitigation strategies that relate to design costs and manufacture. Effective use of a competitive supply chain approach to reduce cost risk for future tranches.
4	There is risk that the project budget might be insufficient due to the impact of inflation as the budget at project approval was out-turned against a fixed inflation rate.	The project will continue to explore and realise opportunities to reduce delivery schedule; early reduction in project duration will decrease the impact of this risk. The project may need to access contingency funding if current funds prove to be insufficient to deliver project outcomes. Decision made to consolidate the scope of inflation impacts on the project, hence risk is now retired and will be removed from next year's 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
N/A	N/A	N/A

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 13 lessons. The three project strategic lessons and the five project level lessons (non-strategic) are listed below.

Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Maintaining collaboration, transparent communication and disciplined engagement with all stakeholders is critical for managing technical requirements and effective risk management.	Program, Project & Product Management
Strategic Lesson Type – Lesson Identified. Adopting a holistic 'enterprise' approach to sustaining existing capability, delivering approved projects, approving future projects, and export opportunities, ensures that allocation of limited 'enterprise' resources across Defence and industry are optimised to minimise risks to delivery.	Program, Project & Product Management
Strategic Lesson Type – Observation. Traditional waterfall approaches rely on a single 'big bang' integration event close to the IMR milestone which is difficult to mitigate using sequential top-down design phase analysis. More agile approaches to program delivery allow the parties to learn together, adjust to overcome emergent technical issues within schedule and cost parameters, and deliver capability faster to the warfighter.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	**Categories of Systemic Lessons**
Project Level Lesson. Defining individual roles and responsibilities is essential. This ensures individuals understand their authority, accountability and boundaries. The project have created Responsible, Accountable, Consulted and Informed charts to assist with clarifying these roles and assigning specific responsibilities. Organisational Charts have been created with each team being aligned to specific outputs and outcomes whilst clearly delineating reporting lines.	Program, Project & Product Management
Project Level Lesson. Ensure delineation of disposal responsibilities and contractual obligations between acquisition and sustainment organisations, where a product is being both upgraded and supported in parallel. The project has aligned disposal responsibilities to the acquisition organisation where they are directly related to upgrade activities. Routine disposal responsibilities are maintained by the sustainment organisation.	Materiel Logistics
Project Level Lesson. By adopting agile delivery methodologies, the project has been able to realise programmatic efficiencies in collaboration with its industry partner. The project has adopted a continuous capability delivery strategy including incremental product releases, with a focus on ensuring the appropriate level of assurance for each release while reducing administrative overhead common to waterfall delivery methodologies. This will have a long term positive effect on the schedule and the cost of the project without a reduction in scope or product delivery.	Program, Project & Product Management
Project Level Lesson. The incremental product release concepts must extend to Support System and Integrated Logistic System design documentation and clearly define sustainment concepts. The project has adapted traditional waterfall support system development to fit the continuous capability delivery strategy.	Materiel Logistics
Project Level Lesson. By implementing the JORN Enterprise Governance Framework clear escalation protocols have been established to ensure that risks are addressed promptly and at the appropriate level. Staff are empowered to make risk based decisions for the project at the lowest possible delegation level. Project reporting follows a regular drumbeat ensuring stakeholders including the industry partner are well informed with progress, risks, issues and financials. This framework has improved responsiveness, empowered staff to make decisions and increased stakeholder engagement.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

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

Project Data Summary Sheet

Project Number	**AIR5349 Phase 6**
Project Name	**ADVANCED GROWLER – AIRBORNE ELECTRONIC ATTACK UPGRADE**
First Year Reported in the MPR	2022-23
Capability Type	Upgrade
Capability Manager	Chief of Air Force
Government 1st Pass Approval	Dec 16
Government 2nd Pass Approval	Dec 22
Budget at 2nd Pass Approval	$3,218.5m
Total Approved Budget (Current)	$3,287.0m
2024–25 In-year Budget	$259.8m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

Project AIR5349 Bridging Air Combat Capability was initiated to maintain an air combat capability during transition from F/A-18A/B and F-111 to F-35A. Phases 1 and 2 led to the introduction of 24 F/A-18F aircraft and related weapons respectively. AIR5349 Phase 3 acquired an Airborne Electronic Attack Capability (AEAC), including 12 EA-18G Growler and related mission and support systems such as the Mobile Threat Training Emitter System (MTTES). Project AIR5349 Phase 6 was initiated to support the next series of major Royal Australian Air Force (RAAF) EA-18G Growler upgrades and associated Fundamental Inputs to Capability (FIC) elements, required to ensure AEAC remains effective through to the Planned Withdrawal Date.

AIR5349 Phase 6 comprises the following:

- Next Generation Jammers (NGJ) and associated aircraft integration – NGJ is being developed and acquired by the United States Navy (USN) in three increments, namely: NGJ Mid Band (NGJ-MB), NGJ Low Band (NGJ-LB) and NGJ High Band (NGJ-HB).
- Aircraft modifications including sensor upgrades.
- Anti-Radiation Missile (ARM) variants.
- Electronic Warfare (EW) training range upgrades.
- Other Jammers.
- FIC elements including personnel, facilities, spares, support and training devices.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $244.1m against FY 2024-25 budget of $259.8m. The variance is primarily due to lower than forecast End of Financial Year (EOFY) accruals, as a result of adjustments in accounting treatment for NGJ costs.

Project Financial Assurance Statement

As at 30 June 2025, AIR5349 Phase 6 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

In response to the 2024 Integrated Investment Program (IIP) and associated program sponsor direction, elements of the project are being re-planned to meet IIP funding allocation. A revised schedule baseline will be established in a new Materiel Acquisition Agreement (MAA). Consistent with Government direction, the new MAA will include the merge of AIR5349 Phase 3 Growler AEAC and AIR5349 Phase 6 Growler AEAC projects into one AIR5349 EA-18G Growler project.

The project has successfully achieved Materiel Release 1 (MR1) milestone and Government Second Pass Approval for Tranche 1 in accordance with the current MAA.

In accordance with program sponsor direction to delay EW Ranges scope, Materiel Release 2 (MR2) and MTTES Ready for Training 1 (RFT1) schedule dates have been re-forecast.

The project is managing schedule risk associated with several milestones. These are Materiel Release 3 (MR3) against the MAA baseline of June 2025, Materiel Release 4 (MR4), Materiel Release 5 (MR5) and Materiel Release 9 (MR9).

The associated schedule risks to MR3, MR4 and MR5 have impacted forecast dates Tranche 1 Initial Operational Capability (IOC).

Delays associated with USN Advanced Anti-Radiation Guided Missile – Extended Range (AARGM-ER) program for MR9 have impacted forecast dates Tranche 1 Operational Capability (OC2).

The impacts of the project risks are applicable to Section 3.3 Progress Towards Materiel Release and Operational Capability Milestones.

Materiel Capability/Scope Delivery Performance

The project has successfully achieved MR1 milestone in December 2022. The project expects to achieve delivery of all agreed scope in accordance with the MAA, inclusive of all elements of FIC.

Subsequent Materiel Release milestones yet to be achieved, will include the following scope, in accordance with the MAA:

- Jammers. Procurement of NGJ tactical jammers and other pods, and associated aircraft integration. The NGJ is being developed and acquired by the USN in three increments, namely: NGJ-MB, NGJ-LB, and NGJ-HB. Australia has entered into a Cooperative Project (CP) with USN for this capability.
- Platform. Aircraft modifications including Growler Block II upgrade and sensor upgrades.
- Weapons. Procurement of AGM-88 ARM variants, including an extended range capability AGM-88G AARGM-ER.
- EW Ranges. Upgrades to the MTTES training ranges.
- FIC. All FIC associated elements.

1.3 Project Context

Background

AIR5349 Phase 6 will introduce a number of enhancements to the AEAC, centred on the EA-18G Growler. Enhancements to the aircraft will follow the USN upgrade pathway ('flight plan') to maintain commonality between the Australian and USN EA-18G Growler. This meets the intent of the Defence White Paper 2016, enabling the Australian Growler to remain fully capable and fully interoperable, at all security levels, ensuring ongoing operational relevance and the successful conduct of combined Airborne Electronic Attack (AEA) operations.

In 2014, the United States (US) invited Australia to participate in the CP for the development of the NGJ Weapon System. In December 2016, the Government through First Pass Approval agreed for Australia to enter into CP with the USN through Engineering, Manufacture and Development (EMD) Memorandum of Understanding (MOU) for NGJ-MB capability development, and Second Pass Approval for the procurement of the operational ARM variants via a Foreign Military Sales (FMS) arrangement. In 2017, the project performed Smart Buyer profiling that supported the AIR5349 Phase 6 project to build on existing EA-18G Growler FIC and remain USN-common. This was considered to refine the project scope and associated execution strategy.

In August 2019, the Government through Interim Pass Approval agreed for Australia to continue further participation in future cooperative efforts for NGJ-MB with the USN through Production, Sustainment and Follow-on Development (PSFD) MOU, and NGJ-LB capability development through a subordinate Project Arrangement (PA).

In 2021, an additional Smart Buyer activity was undertaken to revalidate the project's execution strategy. As a result of the Smart Buyer considerations, the project will approach Government on three separate occasions as a minimum, for approval of each of the major tranches aligned against USN NGJ Program (i.e. Low, Mid and High Band). Such an approach will provide the flexibility necessary to respond to changes in the threat environment and US programs and maintain commonality with the USN aircraft.

The Government Second Pass Approval for Tranche 1 was received in December 2022.

Uniqueness

AIR5349 Phase 6 is unique as Australia entered into a bilateral arrangement with the US for co-development of NGJ. Acquiring NGJ-MB through a CP enables Defence to gain insights on design and development that reduces risks associated with transition into service, and promotes interoperability with the USN.

Major Risks, Emergent Risks and Issues

The project is managing the following major risk:

- Delays to delivery impacting achievement of Materiel Releases.

The project is managing the following emergent risks:

- Delays to delivery/certification impacting achievement of Materiel Release.
- Delays to delivery impacting achievement of Materiel Releases.

The project is not tracking any major issues.

Other Current Related Projects/Phases

AIR5349 Phase 3 – Growler AEAC. Project AIR5349 Phase 3 acquired 12 EA-18G Growler AEA aircraft, ALQ-99 Tactical Jamming System and associated weapons, training system, and through-life aircraft upgrades and support.

JP2093 – Guided Weapons and Explosive Ordnance Storage Program. Undertake the required scope of work associated with the weapons storage facilities, with AIR5349 Phase 6 contributing towards informing weapons storage requirements and associated funding.

ESTA5349 Phase 6 – Phase 6 Advanced Growler. Included within AIR5349 Phase 6 Gate 2 approval for construction of NGJ maintenance and storage facilities at RAAF Base Amberley and EW range and range support facilities at Delamere Training Area and Amberley.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Sep 17	Original Approval (Government First Pass Approval)	271.1		1
Aug 19	Government Interim Pass Approval	279.2		2
Aug 21	Real Variation – Transfer	0.8		3
Sep 21	Real Variation – Transfer	2.4		3
Apr 22	Real Variation – Transfer	(6.6)		3
Mar 23	Government Second Pass Approval	2,671.7		4
	Total at Second Pass Approval		**3,218.5**	
Jun 23	Real Variation – Transfer	(69.1)		5
Jun 25	Exchange Variation		137.5	
Jun 25	**Total Budget**		**3,287.0**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – US Government (NGJ Increment One Development MOU)	(308.0)		
	Contract Expenditure – US Government (NGJ-MB Prime Contracts)	(130.0)		
	Contract Expenditure – US Government (NGJ PSFD MOU)	(120.3)		
	Contract Expenditure – CEA Technologies Pty Ltd	(75.0)		
	Contract Expenditure – US Government (NGJ-LB Capability PA)	(72.1)		
	Contract Expenditure – FMS Case AT-P-AQP	(16.8)		
	Contract Expenditure – FMS Case AT-P-ASA	(5.4)		
	Other Contract Payments/Internal Expenses	(25.2)		
			(752.8)	
FY to Jun 25	Contract Expenditure – US Government (NGJ-MB Prime Contracts)	(115.7)		
	Contract Expenditure – US Government (NGJ-MB Increment One Development MOU)	(66.4)		
	Contract Expenditure – CEA Technologies Pty Ltd	(39.8)		
	Contract Expenditure – FMS Case AT-P-ASA	(0.9)		
	Other Contract Payments/Internal Expenses	(21.3)		6
			(244.1)	
Jun 25	**Total Expenditure**		**(996.9)**	
Jun 25	**Remaining Budget**		**2,290.1**	

Notes	
1	Government First Pass Approval to initiate the project, enter NGJ Increment One Development MOU with the USN and Government Second Pass Approval to progress FMS Case AT-P-AQP. Allocation of funding occurred in September 2017, following Government First Pass in December 2016.
2	Government Interim Pass Approval to enter into the NGJ PSFD MOU, NGJ-LB Capability PA and continue development of the NGJ capability.
3	Transfer of funds due to RAAF contingency and unallocated budget movements and transfer of funds to Security and Estate Group (SEG) Capability.
4	Government Second Pass Approval of Tranche 1 funding. Tranche 1 approval to fund NGJ-MB shipsets and associated spares and support equipment; AGM-88G acquisition; EW Ranges upgrades, including upgrades to the MTTES and acquisition of Mobile Electronic Warfare Threat Emitter System (MEWTES); development of aircraft upgrades, cooperative development of the NGJ-LB and NGJ-HB with the USN; and FIC element upgrades and sustainment associated with Tranche 1 acquisition. Allocation of funding occurred in March 2023, following Government Second Pass in December 2022.
5	Transfer of $69.1m to SEG to fund the Minimum Level of Operational Capability facilities option presented at Conceptual Design Review.
6	Other Contract Payments/Internal Expenses to 30 June 2025 were comprised of contractor support, travel and project management expenses.

[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.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
251.1	252.4	259.8	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): Variation is due to foreign exchange rate variance. PAES to In-year Budget: Variation is due to foreign exchange rate variances.
Variance $m	1.3	7.4	Total Variance ($m): 8.6
Variance %	0.5	2.9	Total Variance (%): 3.4

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		33.7	Australian Industry	The variance in spending was primarily due to lower than forecast EOFY accruals, as a result of adjustments in accounting treatment for NGJ costs.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		(49.4)	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
259.8	244.1	**(15.7)**	**Total Variance**	
		(6.0)	**% 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 (FMS Case AT-P-AQP)	Sep 17	19.4	17.2	Reimbursement (for FMS)	FMS	-
US Government (NGJ Increment One Development MOU)	Oct 17	199.4	308.0	Cost Ceiling (Capped)	MOU	1, 2, 3
US Government (NGJ PSFD MOU)	May 20	109.1	120.3	Cost Ceiling (Capped)	MOU	1, 4, 5
US Government (NGJ-LB Capability PA)	Jul 20	80.7	72.1	Cost Ceiling (Capped)	MOU	1, 6
CEA Technologies Pty Ltd	Dec 22	278.4	279.5	Firm or Fixed	Standard Defence Contract	7, 8
US Government (NGJ-MB Prime Contract)	Mar 23	284.4	741.7	Variable	MOU	9
US Government (FMS Case AT-P-ASA)	Jul 23	433.0	433.0	Reimbursement (for FMS)	FMS	10
US Government (NGJ-MB Extended Upgrade)	Jun 24	67.3	66.4	Cost Ceiling (Capped)	MOU	11

Notes	
1	This agreement has fully expended all funding to the US Government.
2	An agreement to enable shared contributions to EMD of NGJ-MB with some discussion of follow-on developments. Funding is limited to a cost ceiling, which can only be changed upon mutual written consent of the Participants. Australia is responsible for paying a proportion of the total costs.
3	Increase in Contract Price is due to an increase in the overall NGJ-MB EMD including the Research, Development, Test and Evaluation activities. The increase represents the Australian Department of Defence (DoD) equitable share in accordance with the US Government NGJ Increment One Development MOU.
4	An 'umbrella' agreement to enable shared contributions to PSFD of the NGJ Weapon System (including Production and Sustainment of NGJ-MB), with subordinate PAs for additional AEA capabilities. The PSFD MOU provides scope for production, sustainment, and follow-on development of AEA capabilities. Funding is limited to a cost ceiling, which can only be changed upon mutual written consent of the participants. Australia is responsible for paying a proportion of the total costs.
5	The Exchange of Letters agreed an increase to the price ceiling of the PSFD MOU for the follow-on development of the NGJ-MB capability.
6	PA under the PSFD MOU to design, develop, test and integrate NGJ-LB capability into the EA-18G Growler. Australia is responsible for paying a proportion of the total costs.
7	The scope of the contract includes eight MEWTES, four Advanced MTTES (ADVM) and associated support system elements.

8	Signature value reflects the out-turned contract value (ex GST). The price variance is due to foreign exchange as at 30 June 2025.
9	The scope of the contract includes initial quantity of NGJ-MB shipsets, spares, support equipment and training system. The price variance is due to the award of Lot 4 and Lot 5 Production Contracts.
10	Establishment of new FMS Case for AARGM-ER.
11	Establishment of PA under the PSFD MOU to enable the cooperative design, development, and testing of the NGJ-MB Extended Upgrade (NGJ-MBX) for NGJ-MB weapon system and integrate upgraded capability into the EA-18G Growler. The price variance is due to different foreign exchange rates at time of Section 23 approval documented in 2023-24 Project Data Summary Sheet (PDSS) and the actual payment in July 2024.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
US Government (FMS Case AT-P-AQP)	Classified	Classified	AGM-88 variants and support.	-
US Government (NGJ Increment One Development MOU)	N/A	N/A	Australia's contribution to shared costs from FY 2017-18 to FY 2022-23, includes contribution to project overhead and administration costs, as well as EMD common efforts for NGJ-MB, including associated science and technology activities; and the development of mission systems, training, production plans and support equipment and technologies.	1
US Government (NGJ PSFD MOU)	N/A	N/A	Australia's contribution to shared costs from FY 2020-21 to FY 2022-23, includes contribution to PSFD common efforts of NGJ-MB, and project overhead and administration costs.	1
US Government (NGJ-LB Capability PA)	N/A	N/A	Australia's contribution to shared costs from FY 2021-22, includes contribution to project overhead and administration costs, as well as EMD common efforts, including associated science and technology activities; and the development of mission systems, training, production plans and support equipment and technologies.	1
CEA Technologies Pty Ltd	Various	Various	Eight MEWTES, four ADVM, publications, manuals, training, transition, integration and support services.	2
US Government (NGJ-MB Prime Contract)	Various	Various	Quantity of NGJ-MB shipsets, spares, training system and support equipment.	-
US Government (FMS Case AT-P-ASA)	Classified	Classified	AGM-88G variants and support.	-
US Government (NGJ-MB Extended Upgrade)	N/A	N/A	Procurement of flight test planning and qualification, detailed design and integration and testing for the NGJ MBX capability.	1

Major equipment accepted and quantities to 30 Jun 25	
All contracted supplies under FMS Case AT-P-AQP have been delivered.	
Notes	
1	No equipment delivered as part of the MOU or PA.
2	This Contract is an Official Order under the Active Electronically Scanned Array Head Deed for additional emitter systems.

2.4 Australian Industry Capability

Summary
The project has contracted Australian Industry Capability (AIC) Plans based on opportunities to maximise internationally competitive Australian Industry involvement, which is captured in the CEA Technologies Pty Ltd AIC Plan in support of applicable Sovereign Industrial Capability Priorities. The project has no contracted AIC Plan for its US Government FMS acquisition, as the US Foreign Government arrangement does not include the contractual provision or obligations for Australian Industry Content. The project has no contracted AIC Plan for its US Government CP, however has provisions to encourage competitive participation of Australian Industry without the contractual obligations for Australian Industry Content.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	ADVM7	N/A	N/A	N/A	N/A	1
	ADVM8	N/A	N/A	N/A	N/A	1
	ADVM9	N/A	N/A	N/A	N/A	1
	ADVM11	N/A	N/A	N/A	N/A	1
	MEWTES	Dec 23	N/A	Jan 25	13	2, 3, 7
Preliminary Design	ADVM7	N/A	N/A	N/A	N/A	1
	ADVM8	N/A	N/A	N/A	N/A	1
	ADVM9	N/A	N/A	N/A	N/A	1
	ADVM11	N/A	N/A	N/A	N/A	1
	MEWTES	N/A	N/A	N/A	N/A	2
Critical Design	NGJ-MB	N/A	N/A	Apr 17	N/A	4
	AGM-88G	N/A	N/A	Feb 20	N/A	5
	ADVM7	N/A	N/A	N/A	N/A	1
	ADVM8	N/A	N/A	N/A	N/A	1
	ADVM9	N/A	N/A	N/A	N/A	1
	ADVM11	N/A	N/A	N/A	N/A	1
	MEWTES	Jan 24	N/A	Jun 25	17	2, 6

Notes	
1	ADVM7, ADVM8, ADVM9 and ADVM11 systems are off-the-shelf CEA Technologies Pty Ltd products without any development required.
2	The CEA Technologies Pty Ltd contract does not use System Requirements, Preliminary Design or Critical Design Mandated System Reviews. Rather, CEA Technologies Pty Ltd's approach is to use Technical Progress Reviews (TPR) to progressively iterate the design throughout the design phase then monitor production throughout the contract.
3	MEWTES System Requirements review is aligned with delivery of the final System Performance Specification (SPS). The Commonwealth of Australia (CoA) has conditionally accepted Revision 1 of the delivered SPS and continues to work with the supplier to reach a finalised version of the SPS. The variance has impacted Critical Design Review (CDR) but has not impacted system delivery and acceptance dates.
4	Per the US DoD Acquisition Life Cycle, CDR for NGJ-MB was achieved April 2017.
5	Per the US DoD Acquisition Life Cycle, CDR for AGM-88G was achieved in February 2020.
6	The equivalent of a CDR was planned to be conducted at TPR #8. The delays to the SPS delivery has created a corresponding delay in Critical Design progress. The CoA has conducted TPR #9, considered the equivalent of CDR. The variance has not impact system delivery and acceptance dates.
7	The Achieved/Forecast Date and Variance for MEWTES Systems Requirements was incorrectly published in 2023-24 Major Projects Report (MPR) due to an editorial error. This has been updated to reflect correct dates in 2024-25 MPR.

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	NGJ-MB A46 Type Certification	Mar 25	N/A	Dec 24	(3)	1
	AGM-88G A46 Type Certification	NFP	N/A	NFP	NFP	1
	ADVM11	NFP	NFP	NFP	NFP	2
	ADVM8	NFP	NFP	NFP	NFP	2
	MEWTES #1	NFP	NFP	NFP	NFP	2
	MEWTES #2	NFP	NFP	NFP	NFP	2
	ADVM7	NFP	NFP	NFP	NFP	2
	ADVM9	NFP	NFP	NFP	NFP	2
	MEWTES #3	NFP	NFP	NFP	NFP	2
	MEWTES #4	NFP	NFP	NFP	NFP	2 , 3
	MEWTES #5	NFP	NFP	NFP	NFP	2
	MEWTES #6	NFP	NFP	NFP	NFP	2
	MEWTES #7	NFP	NFP	NFP	NFP	2
	MEWTES #8	NFP	NFP	NFP	NFP	2
Acceptance	NGJ-MB A46 OT&E	NFP	N/A	NFP	NFP	4
	AGM-88G A46 OT&E	NFP	N/A	NFP	NFP	4
	Acceptance of MEWTES #1	NFP	NFP	NFP	NFP	5
	Acceptance of MEWTES #2	NFP	NFP	NFP	NFP	5
	Acceptance of MEWTES #3	NFP	NFP	NFP	NFP	5

	Acceptance of MEWTES #4	NFP	NFP	NFP	NFP	5
	Acceptance of ADVM7	NFP	NFP	NFP	NFP	5
	Acceptance of ADVM8	NFP	NFP	NFP	NFP	5
	Acceptance of ADVM9	NFP	NFP	NFP	NFP	5
	Acceptance of ADVM11	NFP	NFP	NFP	NFP	5
	Acceptance of MEWTES #5	NFP	NFP	NFP	NFP	5
	Acceptance of MEWTES #6	NFP	NFP	NFP	NFP	5
	Acceptance of MEWTES #7	NFP	NFP	NFP	NFP	5
	Acceptance of MEWTES #8	NFP	NFP	NFP	NFP	5

Notes	
1	System Integration of AGM-88G and NGJ-MB on the A46 EA-18G Growler is achieved following completion of Commonwealth type certification activities and Defence Aviation Safety Authority approval of the change to type design. This is the original planned date in accordance with the AIR5349 Phase 6 schedule. NGJ-MB Type Certification was achieved in December 2024. Delays to USN AGM-88G Type Certification program have caused a corresponding delay to Australian EA-18G Type Certification.
2	In PDSS FY 2022-23, the System Integration milestones were aligned to Range Acceptance Testing (RAT) of the Major System. In PDSS FY 2023-24, the System Integration was realigned to CoA acceptance of contractor Factory Acceptance Testing of individual Major Systems prior to RAT.
3	The CoA is working with the supplier to identify controls to mitigate schedule risk in order to align forecast dates with corresponding Materiel Release and Operational Capability milestones.
4	CoA acceptance of AGM-88G and NGJ-MB on the A46 EA-18G Growler is determined through Operational Test and Evaluation (OT&E) conducted by Air Force. Delays to delivery schedule for NGJ shipsets has caused a corresponding delay to NGJ-MB OT&E. Delays to USN AGM-88G Program has caused a corresponding delay to Initial Operational Test and Evaluation (IOT&E) achievement.
5	In PDSS FY 2022-23, the Acceptance milestones were aligned to the contracted Supplies Acceptance milestone. In PDSS FY 2023-24, Acceptance was realigned to CoA acceptance of contractor RAT of individual Major Systems prior to contracted Supplies Acceptance.
6	USN AGM-88G and NGJ IOC Milestones and associated notes have been removed from the AIR5349 Phase 6 PDSS as they do not constitute Materiel Release or Operational Capability Milestones.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Materiel Release 1 (MR1)	Oct – Dec 21	Dec 22	12	1,2
Materiel Release 2 (MR2)	Apr – Jun 25	NFP	NFP	2, 3
MTTES RFT1	Apr – Jun 25	NFP	NFP	2, 4
Materiel Release 3 (MR3)	Apr – Jun 25	NFP	NFP	2, 5
Materiel Release 4 (MR4)	NFP	NFP	NFP	2, 6
Materiel Release 5 (MR5) – Initial Materiel Release (IMR)	NFP	NFP	NFP	2, 7
Tranche 1 Initial Operational Capability (IOC)	NFP	NFP	NFP	2, 8
Materiel Release 6 (MR6)	NFP	NFP	NFP	2, 9
MTTES RFT2	NFP	NFP	NFP	2, 10
Materiel Release 7 (MR7)	NFP	NFP	NFP	2, 11
MTTES RFT3	NFP	NFP	NFP	2, 12
Materiel Release 8 (MR8)	NFP	NFP	NFP	2, 13
MTTES RFT4	NFP	NFP	NFP	2, 14
Materiel Release 9 (MR9)	NFP	NFP	NFP	2, 15
Tranche 1 Operational Capability 2 (OC2)	NFP	NFP	NFP	2,16

Notes	
1	Variance due to additional time required for due diligence activities to confirm materiel delivery in support of the milestone.
2	Refer to Section 4.2 for definition of milestones.
3	MR2 forecast delay is associated with NDS 2024 and associated IIP.
4	Variance to RFT1 is associated with preceding delay to MR2, which is required for declaration of RFT1.
5	Original planned date for MR3 forecast based on pre-contract shipset delivery timelines from USN. Shipset delivery schedule at contract award does not support declaration of MR3 at original planned date. Delivery schedule for NGJ shipsets 1 and 2 and associated sparing supports declaration of MR3.
6	MR4 forecast delay is associated with USN AARGM-ER Program delays.
7	Original planned date for MR5 forecast based on pre-contract shipset delivery timelines form USN. Shipset delivery schedule at contract award does not support declaration of MR5 at original planned date. Delivery schedule for NGJ shipsets 3 and 4 and associated sparing supports declaration of MR5. USN AARGM-ER Program delays have also impacted this forecast milestone date.
8	Variance to IOC is associated with preceding delay to MR5, which is required for declaration of IOC.

9	Original planned date for MR6 forecast was based on expected acceptance dates for MEWTES #1 to #4. MR6 forecast delay is associated with NDS 2024 and associated IIP.
10	Variance to RFT2 is associated with preceding delay to MR6, which is required for declaration of RFT2.
11	MR7 forecast delay is associated with NDS 2024 and associated IIP.
12	Variance to RFT3 is associated with preceding delay to MR7, which is required for declaration of RFT3.
13	MR8 forecast delay is associated with NDS 2024 and associated IIP.
14	Variance to RFT4 is associated with preceding delay to MR8, which is required for declaration of RFT4.
15	MR9 is the equivalent of Final Materiel Release and OC2 is the equivalent of Final Operational Capability (FOC) for Tranche 1. USN AARGM-ER production delays have impacted forecast dates for MR9 and subsequently Tranche 1 OC2.
16	Variance to OC2 is associated with preceding delay to MR9, which is required for declaration of OC2.
17	Tranche 2 Investment Committee and Tranche 2 Second Pass Approval have been removed from the AIR5349 Phase 6 PDSS, as they do not constitute Materiel Release or Operational Capability Milestones.

Schedule Status at 30 June 2025
Dates associated with capability realisation are NFP

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project expects to achieve the following milestones in accordance with the MAA: • MR2 - Complete delivery of Tranche 1 materiel and services supporting transition to MTTES RFT 1 milestone. • MTTES RFT1 milestone. • MR3 - Complete delivery of materiel, services and provisions to support the commencement of Australian IOT&E Program. • MR4 - Complete delivery of materiel, services and provisions to support Australian IOT&E AARGM-ER Live-Fire activity. • MR5 - Complete delivery of all Tranche 1 materiel and services supporting transition to Tranche 1 IOC milestone. • Tranche 1 IOC milestone. • MR6 - Complete delivery of Tranche 1 materiel and services supporting transition to MTTES RFT2 milestone. • MTTES RFT2 milestone. • MR7 - Complete delivery of Tranche 1 materiel and services supporting transition to MTTES RFT3 milestone. • MTTES RFT3 milestone. • MR8 - Complete delivery of Tranche 1 materiel and services supporting transition to MTTES RFT4 milestone. • MTTES RFT4 milestone. • MR9 - Complete delivery of Tranche 1 materiel and services supporting transition to Tranche 1 OC2 milestone. • Tranche 1 OC2 milestone.
	Amber: N/A
	Red: N/A

Note
This Traffic Light Diagram represents Defence's expected capability delivery. Tranche 2 Investment Committee and Tranche 2 Second Pass Approval have been removed from the AIR5349 Phase 6 PDSS, as they do not constitute Materiel Release or Operational Capability Milestones.

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Materiel Release 1 (MR1)	Delivery of AGM-88 variants war stock into Australian Defence Force inventory. MR1 was achieved in December 2022.	Achieved
Materiel Release 2 (MR2)	Contracts awarded, sustainment arrangement established and materiel delivered to support transition to MTTES RFT1. Forecast dates for MR2 are NFP.	Not Yet Achieved
MTTES RFT1	Capable of conducting MTTES operations in an additional single training area and having achieved increased MTTES training capability and capacity. MTTES RFT1 achievement is reliant on the successful delivery of MR2. Forecast dates for MTTES RFT1 are NFP.	Not Yet Achieved
Materiel Release 3 (MR3)	Delivery of NGJ-MB shipsets, associated sustainment arrangements established and Type Certification completed to support the commencement of Australian IOT&E Program. Forecast dates for MR3 are NFP.	Not Yet Achieved
Materiel Release 4 (MR4)	Delivery of AGM-88G Telemetry Rounds, associated certification, permits and training to support Australian IOT&E AARGM-ER Live Fire Activity. Forecast dates for MR4 are NFP.	Not Yet Achieved
Materiel Release 5 (MR5) – IMR	Delivery of AGM-88G war stock and NGJ-MB shipsets, associated sustainment arrangements established, Type Certification completed and applicable facilities completed to support transition to Tranche 1 IOC. Forecast dates for MR5 are NFP.	Not Yet Achieved
Tranche 1 Initial Operational Capability (IOC)	IOC of NGJ-MB and AGM-88G integrated on RAAF EA-18G Growler, having completed the required level of test and evaluation and trained the necessary workforce. Achievement of Tranche 1 IOC achievement is reliant on the successful delivery of MR3, MR4 and MR5. Forecast dates for IOC are NFP.	Not Yet Achieved
Materiel Release 6 (MR6)	Delivery of MEWTES and associated materiel, sustainment arrangements established to support RTF2 Operational Test and Evaluation, training, support and transition activities. Forecast dates for MR6 are NFP.	Not Yet Achieved
MTTES RFT2	Initial MEWTES capability, and capable of conducting MTTES operations in additional training areas, having completed the required level of test and evaluation and achieved increased MEWTES training capability and capacity. MTTES RFT2 achievement is reliant on the successful delivery of MR6. Forecast dates for MTTES RFT2 are NFP.	Not Yet Achieved
Materiel Release 7 (MR7)	Delivery of ADVM 7, 8, 9 and 11, sustainment arrangements established, associated facilities completed to support the transition to MTTES RFT3. Forecast dates for MR7 are NFP.	Not Yet Achieved
MTTES RFT3	ADVM7, ADVM8, ADVM9 and ADVM11 capability and associated through-life support, upgraded Mission Control Centre, having completed the required level of test and evaluation and achieved increased MTTES training capability and capacity. MTTES RFT3 achievement is reliant on the successful delivery of MR7. Forecast dates for MTTES RFT3 are NFP.	Not Yet Achieved
Materiel Release 8 (MR8)	Delivery of MEWTES, associated integration with MTTES and sustainment arrangements established to support transition to MTTES RFT4. Forecast dates for MR8 are NFP.	Not Yet Achieved

MTTES RFT4	Mature MEWTES capability and associated through-life support, having completed the required level of test and evaluation. MTTES RFT4 achievement is reliant on the successful delivery of MR8. Forecast dates for MTTES RFT4 are NFP.	Not Yet Achieved
Materiel Release 9 (MR9) – equivalent of FMR for Tranche 1	Delivery of AGN-88G war stock and NGJ shipsets, associated sustainment arrangements established including support for capability development and enhancements and the ability to conduct NGJ-MB Intermediate and Depot level maintenance functions in Australia to support Tranche 1 OC2. Forecast dates for MR9 are NFP.	Not Yet Achieved
Tranche 1 Operational Capability 2 (OC2) – equivalent of FOC for Tranche 1	Mature NGJ-MB and AGM-88G capability integrated on RAAF EA-18G Growler, including associated through-life support. Tranche 1 OC2 achievement is reliant on the successful delivery of MR9. Forecast dates for Tranche 1 OC2 are NFP.	Not Yet Achieved
Note		
Tranche 2 Investment Committee and Tranche 2 Second Pass Approval have been removed from the AIR5349 Phase 6 PDSS, as they do not constitute Materiel Release or Operational Capability Milestones.		

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	Delay to the introduction of the NGJ-MB on the A46 EA-18G Growler due to late delivery of key enablers to complete integration on type leading to an impact on achievement of MR3.	The project continues to work closely with the materiel system providers to refine design and production timelines in support of the applicable MR milestone.
2	Delay to the introduction of MEWTES into MTTES due to late delivery of key enablers leading to an impact on achievement of MR6.	The project continues to work closely with the materiel system providers to refine design and production timelines in support of the applicable MR milestone. This risk has been re-assessed to low due to NDS 2024, IIP and associated program sponsor direction. The scope schedule direction reduces the likelihood that this milestone will not be met. This risk will be removed from next year's 2025-26 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
1	Delays to AARGM-ER delivery/certification impacting achievement of MR4.	The project continues to work closely with the USN for schedule clarification and the associated impacts on the MR milestone.
2	Delays to AARGM-ER delivery impacting achievement of MR5.	The project continues to work closely with the USN for schedule clarification and the associated impacts on the MR milestone.
3	Delays to the USN program delivery of AARGM-ER due to production issues leading to an impact on achievement of MR9.	The project continues to work closely with the USN for schedule clarification and the associated impacts on the MR milestone.

5.3 Major Project Issues

Ref#	Description	Remedial Action
N/A	N/A	N/A

Section 6 – Lessons

6.1 Key Lessons

In line with Defence Instructions and Capability Acquisition and Sustainment Group 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 five lessons. The three project strategic lessons are listed below. No project level lessons (non-strategic) were identified.	
Strategic Lessons Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Funding for CP set-up costs. A FMS case is required to be in place as a foreign disclosure vehicle to allow information exchange and to provide funding for setup costs associated with establishing a CP.	Commercial Management
Strategic Lesson Type – Observation. One Defence Strategic Risk Management (SRM) Framework. A One Defence SRM framework should be developed and aligned with the Defence harmonised risk management framework that is prescribed in Defence policy. This would improve visibility and communication of risks across Defence and Government.	Commercial Management
Strategic Lesson Type – Observation. Promotion of effective and efficient communication of risks across multiple organisations. The project management plan should be utilised to promote effective and efficient communication of risks across multiple organisations to ensure compliance with Work Health and Safety legislations and Defence safety management frameworks.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
No Project level lessons were identified in current MPR reporting period.	N/A

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Aerospace Systems Division
Branch	Aerospace Combat Systems Branch

Project Data Summary Sheet

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

Section 1 – Project Summary

1.1 Project Description

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

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

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

1.2 Current Status

Cost Performance

In-year

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

Project Financial Assurance Statement

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

Contingency Statement

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

Schedule Performance

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

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

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

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

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

ahead of the deployment of CMATS and ADOT to sites.

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

Materiel Capability/Scope Delivery Performance

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

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

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

1.3 Project Context

Background

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

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

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

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

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

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

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

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

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

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

Uniqueness

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

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

Major Risks and Issues

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

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

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

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

The key issues impacting Defence and requiring active management include:

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

Other Current Related Projects/Phases

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

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

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

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

[1]Notice to reader

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

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

2.2A In-year Budget Estimate Variance

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

2.2B In-year Budget/Expenditure Variance

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

2.3A Details of Project Major Contracts – Price

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

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

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

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

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

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

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

2.4 Australian Industry Capability

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

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

Section 3 – Schedule Performance

3.1 Design Review Progress

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

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

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

3.2 Contractor Test and Evaluation Progress

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

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

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

3.3 Progress Toward Materiel Release and Operational Capability Milestones

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

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

Schedule Status at 30 June 2025

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

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

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	The first Defence CMATS site and the first ADOT site transitioned from ADATS. Expected Achievement Quarter 4, 2028.	Not yet Achieved
Initial Operational Capability (IOC)	The first Defence CMATS site, the first ADOT site, the Defence Ab-Initio Simulation and Training System and Operational-level Maintenance Trainer and the Joint Software Support Facility have been accepted into operational service. Expected Achievement Quarter 2, 2029.	Not yet Achieved
Final Materiel Release (FMR)	Delivery of all materiel system elements configured to the final system build for both ADOT and CMATS mission systems. Expected Achievement Quarter 3, 2030.	Not yet Achieved
Final Operational Capability (FOC)	All Defence sites have been accepted into operational service. Expected Achievement Quarter 1, 2031.	Not yet Achieved

Section 5 – Major Risks and Issues

5.1 Major Project Risks

Identified Risks (risk identified by standard project risk management processes)		
Ref#	Description	Remedial Action
1	Poor provision of, or delays to Customer Furnished Materials, Supplies and Services including non-compliance of, deficiencies in, or functional availability third-party systems and infrastructure, or a misalignment of network availability targets, may impact achievement of certification, and result in the customer impacting the schedule and require remediation.	Treatment involves close coordination with the Sponsor, S&C SPO, Airservices Australia Pty Ltd Integration team and the contractor to manage timely provision of fit for purpose Customer Furnished Material.
2	Divergent organisational goals, misalignment of governance structures and conflicting objectives and priorities, may impact delivery and result in a failure to satisfy customer capability expectations.	This risk is being addressed through the update of joint strategic plans, ongoing enhancements to the joint governance arrangements and alignment on stakeholder communications and engagement.
3	Delivery of ADOT may be affected by a lack of documented scope, disconnects in the allocation of scope between contractors, and poor integration, governance and resourcing, leading to a delayed ADOT that is not fit for purpose.	Defence staff embedded in the Joint Project Team ensure Defence requirements for ADOT are achieved in accordance with the ADOT Functional Performance Requirements Specification and OSA.

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

5.2 Emergent Risks

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

5.3 Major Project Issues

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

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

Section 6 – Lessons

6.1 Key Lessons

In line with Defence Instructions and CASG Lessons policy, the project conducts scheduled reviews of its captured lessons information (including any observations, insights and/or lessons identified) as well as lessons Information contained within the Defence Lessons Repository. The project has captured 17 lessons. The three project strategic lessons and the two project level lessons (non-strategic) are listed below.

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

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

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

Project Data Summary Sheet

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 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. 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. 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. (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. 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: 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. 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: N/A
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	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. 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. 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. 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. 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. Finalising all post FOC Materiel milestones will not be achieved until later. 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. 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. 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. 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. 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

Project Data Summary Sheet

Project Number	**AIR6500**
Project Name	**INTEGRATED AIR AND MISSILE DEFENCE COMMAND AND CONTROL**
First Year Reported in the MPR	2024-25
Capability Type	Replacement and New
Capability Manager	Chief of Air Force
Government 1st Pass Approval	Oct 21 (Tranche 1) (Combined Government Approval) Oct 21 (Tranche 2A)
Government 2nd Pass Approval	Aug 23 (Tranche 2A)
Budget at 2nd Pass Approval	$1,086.5m
Total Approved Budget (Current)	$1,097.2m
2024–25 In-year Budget	$244.6m
Complexity	ACAT I

Section 1 – Project Summary

1.1 Project Description

The AIR6500 Phase 1, now known as AIR6500 Integrated Air and Missile Defence Command and Control (IAMD C2) project will deliver a Joint Air Battle Management System (JABMS). The JABMS comprises a foundational systems architecture for the Australian Defence Force (ADF) Integrated Air and Missile Defence (IAMD) capability, command and control systems, and sensors that will be employed to develop situational awareness of the air and space domains, manage the joint air domain, coordinate fires, and control air, ground-based air defence assets. It will create a Common Tactical Picture (CTP) that will detect, identify and coordinate the defeat of air and missile threats to the integrated, focussed force.

AIR6500 is also delivering four High Power Phased Array Radars (HPAR) to integrate with JABMS and replace current sensors. The HPAR acquisition activity is being executed as AIR6500 Tranche 1 (approved in 2021) and is broken into three key milestones: Initial Materiel Release (IMR), Operational Release 1 (OR1) and Operational Release 2 (OR2).

JABMS Minimum Viable Capability (MVC) is being delivered through AIR6500 Tranche 2A (approved in 2023) utilising an agile delivery method. System development and delivery occurs on a fixed cadence of incremental releases and scope is planned and adjusted within the releases as the project progresses. The agile delivery method allows for quicker delivery of incremental capability, whilst managing the major risks associated with high complexity integration and rapidly evolving technology and threats.

JABMS full capability and ongoing upgrades will be progressively considered for approval as a series of future ‘capability target states’.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $231.4m against FY 2024-25 budget of $244.6m. The underspend variance is predominantly due to delivery delays of Tranche 1 HPAR.

Project Financial Assurance Statement

As at 30 June 2025, AIR6500 has reviewed the project’s agreed 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 approved scope.

Contingency Statement

During FY 2023-24 AIR6500 progressed a call on contingency, which was approved in April 2024 for 'Price Escalation'. During FY 2024-25, the project has made payments associated with the approved call on contingency. No further calls on contingency have been progressed or are considered necessary for FY 2024-25.

Schedule Performance

AIR6500 Tranche 1 IMR, delivery of the first radar, is delayed due to radar production and delivery delays and currently remains at risk of further delays. Tranche 1 IMR is delayed from April 2024. Tranche 1 OR1, that provides an initial integrated operational capability, is consequently delayed from November 2024. Tranche 1 OR2, that provides additional operational capability, is delayed.

AIR6500 Tranche 2A is utilising an agile project delivery method with fixed cadence of incremental releases.

Materiel Release 1 (MR1) was delivered in December 2024 as scheduled. Planned delivery of MR2 and MR3 remain in accordance with the schedule, subject to high risks being managed including in relation to integration and certification.

The project is scheduled to deliver an agreed MVC, noting the major risks inherent with high complexity integration continue to be managed. Defence intends to define Initial Operational Capability (IOC) and Final Operational Capability (FOC) and agile delivery

of AIR6500 will continue in order to achieve IOC and FOC.

A submission for delivery of a further capability target state is under development for Government consideration.

Materiel Capability/Scope Delivery Performance

Tranche 1 (approved 2021) is delivering four CEA Technologies Pty Ltd supplied HPAR to replace existing air defence radars, integrated with the existing Air Battle Management System. These systems have not yet been delivered.

Tranche 2A (approved 2023) is delivering JABMS MVC noting the major risks inherent with high complexity integration continue to be managed. The agile delivery method is utilised to manage scope amongst the fixed schedule releases, ensuring the highest value capability is delivered to Defence as a priority. As of 30 June 2025 the project has delivered MR1.

1.3 Project Context

Background

The AIR6500 IAMD C2 project will deliver a JABMS. The JABMS comprises a foundational systems architecture for the ADF's IAMD capability, command and control systems, and sensors that will be employed to develop situational awareness in the air and space domains, manage the joint air domain, coordinate fires, and control air and ground-based air defence assets. It will create a CTP that will detect, identify and coordinate the defeat of air and missile threats to the integrated, focussed force.

Project name has changed from AIR6500 Phase 1 Joint Air Battle Management System, to AIR6500 Integrated Air and Missile Defence Command and Control as an outcome of the 2024 Integrated Investment Program.

As highlighted within the 2024 National Defence Strategy, the strategic and technological environment in which JABMS will operate is changing rapidly as the IAMD threat evolves. As such, the JABMS is being designed with an open extensible design and a development process that is optimised to respond to the changing threat and operating environment.

In October 2020, Government approved the AIR6500 Competitive Evaluation Process (CEP) to select a Strategic Partner (including Prime System Integrator (PSI)) for delivery of the JABMS. The CEP Stage 1 proceeded with four Australian subsidiaries of United States (US) Primes: Lockheed Martin Australia Pty Ltd, Northrop Grumman Australia Pty Ltd, Boeing Defence Australia Pty Ltd and Raytheon Australia Pty Ltd. In August 2021, the Commonwealth of Australia (CoA) announced the selection of Lockheed Martin Australia Pty Ltd and Northrop Grumman Australia Pty Ltd to proceed to CEP Stage 2. CEP Stage 2 consisted of a series of risk reduction activities and a tender evaluation, culminating in the recommendation for selection of a single Strategic Partner.

In October 2021, Government provided Combined Pass Approval of the acquisition of four HPAR sensors from CEA Technologies Pty Ltd to replace the current Tactical Air Defence Radar System. AIR6500 is executing the HPAR acquisition activity as Tranche 1, broken into three key delivery milestones; IMR, OR1 and OR2.

In August 2023, Government announced selection of Lockheed Martin Australia Pty Ltd as the AIR6500 Strategic Partner and funding approval for delivery of Tranche 2A.

Tranche 2A will deliver improved network architecture, deployable air-battle management systems and initial integration with priority in-service Joint Force capabilities.

In September 2023, the CoA executed an Advanced Work Arrangement (AWA) with Lockheed Martin Australia Pty Ltd. This contract successfully allowed the CoA and Lockheed Martin Australia Pty Ltd to collaboratively develop the JABMS Capability Delivery Roadmap (CDRM), mobilise Lockheed Martin Australia Pty Ltd in preparation for the Head Contract, negotiate the terms of the Head Contract, and deliver an Operational Evaluation System (OES) to enable operational feedback to the JABMS development environment.

In March 2024, the CoA executed a Head Contract with Lockheed Martin Australia Pty Ltd as the Strategic Partner and PSI for Tranche 2A delivery.

JABMS full capability and ongoing upgrades will be progressively considered for approval as a series of future 'capability target states', the next of which is currently in development.

Uniqueness

The JABMS MVC being delivered in AIR6500 Tranche 2A forms the foundation of the future ADF IAMD capability to allow accelerated insertion of new capability to counter emerging and future threats.

The JABMS is a novel approach to multi-domain operations, with no mature global exemplars directly related to the Australian context. The core JABMS architecture is not available off-the-shelf and is being developed within Australia, with reach back to US expertise and technology allowing Australia to control how and when it integrates new functions and capability. Capability needs and schedule are driving the following project management and execution principles:

- Adoption of an agile (rather than waterfall) system development and capability delivery methodology that is viewed as best practice for software intensive development, allowing incremental capability upgrades sooner.
- Lockheed Martin Australia Pty Ltd as the Australian Industry Strategic Partner acts as both the PSI, working with other suppliers to deliver and integrate JABMS, and as an enterprise partner. Together with Defence, Lockheed Martin Australia Pty Ltd uses its IAMD and project execution expertise to plan and deliver best-for-Defence JABMS capability cognisant of broader IAMD capability program needs.
- Implementation of an open approach to mission and support systems, to maximise opportunities for technological enhancement, sovereignty and avoid vendor lock in.

The agile delivery method means system development and delivery occurs on a fixed cadence of incremental releases and scope is planned and adjusted within the releases as the project progresses. The agile delivery method allows for quicker delivery of incremental capability, whilst managing the major risks associated with high complexity integration and rapidly evolving technology and threats.

Major Risks, Emergent Risks and Issues

Project is not managing any High or Very High Risks.

The project is managing the following High or Very High emergent risks:

- Insufficient expertise and workforce capacity available.
- Integration across all project elements.
- Supply Chain issues impacting delivery.

The project is managing the following High or Very High issues:

- On-time delivery of interdependencies.

Other Current Related Projects/Phases

The AIR6500 has dependencies on ADF projects across the integrated force due to the projects role as a Command and Control (C2) system. Other related project dependencies include integrated force IAMD capabilities, C2 systems, and communications systems, network capabilities, targeting enterprise, surveillance capabilities and space-based capabilities. Critical Dependencies include:

JP9347 – Joint Data Network. JP9347 will deliver capability that enhances command and control and shared situational awareness of the ADF by enabling the assured exchange of tactical data across the integrated force, allies and partners.

AIR2025 – Jindalee Operational Radar Network (JORN) (all Phases). AIR2025 will deliver a major redesign and enhancement to the JORN and extend the Life of Type.

Section 2 – Financial Performance[1]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Apr 20	Early Access Funding	43.9		
Mar 21	Early Access Funding Supplementation	16.7		
Sep 21	Real Variation – Transfer	6.0		1
Oct 21	Original Approval (Government First Pass Approval)	286.5		2
Apr 22	Real Variation – Transfer	(15.4)		3
Apr 23	Real Variation – Transfer	30.0		4
Aug 23	Government Second Pass Approval	718.8		
	Total at Second Pass Approval		**1,086.5**	
Jun 25	Exchange Variation		10.7	
Jun 25	**Total Budget**		**1,097.2**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Lockheed Martin Australia Pty Ltd	(113.8)		5
	Contract Expenditure – Competitive Evaluation Process (CEP)	(95.5)		6
	Contract Expenditure – CEA Technologies Pty Ltd	(91.1)		
	Contract Expenditure – Amentum Australia Pty Ltd (Integrated Work Package [IWP]).	(45.4)		
	Other Contract Payments/Internal Expenses	(22.1)		
			(367.9)	
FY to Jun 25	Contract Expenditure – Lockheed Martin Australia Pty Ltd	(196.7)		
	Contract Expenditure – Amentum Australia Pty Ltd (IWP)	(11.6)		7
	Contract Expenditure – CEA Technologies Pty Ltd	(7.2)		
	Other Contract Payments/Internal Expenses	(15.9)		
			(231.4)	
Jun 25	**Total Expenditure**		**(599.3)**	
Jun 25	**Remaining Budget**		**497.9**	

Notes	
1	Transfer of Air Force Headquarters project administrative budget to Capability Acquisition and Sustainment Group (CASG) to manage.
2	Government Approval in October 2021 provided Tranche 1 Combined Pass Approval and Tranche 2A – First Pass Approval.
3	Transfer of CASG budget to Security and Estate Group to manage.
4	Transfer of Defence Digital Group budget to CASG to manage.

[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.

5	Includes both the AWA Contract and Head Contract as Strategic Partner.
6	The CEP consisted of shortlisting from four contenders to two, prior to selecting the Strategic Partner, to inform Government Second Pass Approval. The four companies were Lockheed Martin Australia Pty Ltd, Northrop Grumman Australia Pty Ltd , Boeing Defence Australia Pty Ltd and Raytheon Australia Pty Ltd.
7	During FY 2024-25, Jacobs Australia Pty Ltd merged with Amentum Australia Pty Ltd to continue the IWP arrangements for AIR6500.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
235.4	243.3	244.6	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variation is due to a combination of additional Government Furnished Material requirements, increased Lockheed Martin Australia Pty Ltd head contract costs, and increased costs associated with Tranche 2B facilities planning within FY 2024-25. PAES to In-year Budget: Increase of $1.3m between PAES and In-year Budget was due to updates from the Mid-Year Economic and Fiscal Outlook FY 2024-25 price basis to the PBS FY 2025-26 price basis.
Variance $m	7.9	1.3	Total Variance ($m): 9.2
Variance %	3.3	0.5	Total Variance (%) 3.9

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(12.2)	Australian Industry	Australian Industry: • Predominantly due to delays with Tranche 1 Radar deliveries. • Changes to planned Industry Advisory Team activities. Defence Processes: • Delays in tasking under US Foreign Military Sales activities.
			Foreign Industry	
			Early Processes	
		(1.0)	Defence Processes	
			Foreign Government Negotiations/Payments	
			Cost Saving	
			Effort in Support of Operations	
			Additional Government Approvals	
244.6	231.4	**(13.2)**	**Total Variance**	
		(5.4)	**% 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			
Amentum Australia Pty Ltd	Jun 20	21.0	58.5	Variable	Standard Defence Contract	1
Competitive Evaluation Process (CEP)	Jul 20	96.6	95.5	Firm (or Fixed)	Standard Defence Contract	2
CEA Technologies Pty Ltd	Nov 21	102.8	129.0	Firm (or Fixed)	Standard Defence Contract	-
Lockheed Martin Australia Pty Ltd – Advanced Work Arrangement (AWA)	Sep 23	101.3	101.3	Cost Ceiling (capped)	Standard Defence Contract	3
Lockheed Martin Australia Pty Ltd – Strategic Partner - Head Contract	Mar 24	624.6	624.6	Cost Ceiling (capped)	Standard Defence Contract	4

Notes	
1	During FY 2024-25, Jacobs Australia Pty Ltd merged with Amentum Australia Pty Ltd. Contract value is the estimated project share of the Branch IWP Contract and is based on the estimate of project expenditure to 30 June 2025 and remaining commitment. This contract is expected to increase as further work packages are agreed.
2	The CEP consisted of shortlisting from four contenders to two, prior to selecting the Strategic Partner, to inform Government Second Pass Approval. The four companies were Lockheed Martin Australia Pty Ltd, Northrop Grumman Australia Pty Ltd, Boeing Defence Australia Pty Ltd and Raytheon Australia Pty Ltd.
3	Lockheed Martin Australia Pty Ltd was awarded the AWA prior to undertaking Contract negotiation for the Strategic Partner Head Contract that ran from September 2023 to March 2024.
4	Defence engaged Lockheed Martin Australia Pty Ltd under the Head Contract in March 2024 as Strategic Partner for the development of the JABMS under Tranche 2.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Amentum Australia Pty Ltd	N/A	N/A	Service based IWP.	-
CEA Technologies Pty Ltd	4	4	4 x HPAR-64SG radar systems.	-
Lockheed Martin Australia Pty Ltd - Strategic Partner – Head Contract	N/A	N/A	Delivery of all elements of the project CDRM, including Tranche 2A delivery. Including incremental delivery of Joint Tactical Operations Centre capabilities, communication, integration with sensors, persistent operations equipment, power supply, transport, training & maintenance support, and facilities. MVC as defined by the Capability Manager.	-
Lockheed Martin Australia Pty Ltd – Advanced Work Arrangement (AWA)	N/A	N/A	Development and delivery of the planning baseline for the Tranche 2A Operational Capability in preparation for the Head Contract. Conduct of early work to support timely delivery of the Tranche 2A Operational Capability. Planning and reduction of technical debt for potential future Tranches.	-

Major equipment accepted and quantities to 30 Jun 25

Tranche 1 – These systems have not yet been delivered.

Tranche 2A – MR1 (delivered December 2024) comprising the first configuration of JABMS, which is a series of hardware and software components, to the CASG. This included the first elements of the first increment of the modular Joint Tactical Operations Centres on initial hardware running the initial software configuration, persistent operations equipment and software, support and training. Interim Operational and Test Evaluation of MR1 will commence in 2025.

Notes

N/A	N/A

2.4 Australian Industry Capability

Summary

The project has no contracted Australian Industry Capability (AIC) Plan with Amentum Australia Pty Ltd however indirectly has an AIC Plan for CEA Technologies Pty Ltd and directly a contracted AIC Plan with Lockheed Martin Australia Pty Ltd.

Amentum Australia Pty Ltd are one of several contractors under the Defence CASG wide Major Service Provider contract that only provides an above the line 100% Australian work force to projects through discreet work packages.

CEA Technologies Pty Ltd is an Australian designer and manufacturer of sovereign advanced phased array radars. CEA Technologies Pty Ltd do have an AIC Plan which is managed outside the project within another part of CASG.

CEA Technologies Pty Ltd key AIC Plan commitment is to deliver four identically configured HPAR-64SG.

Lockheed Martin Australia Pty Ltd's AIC Plan includes an Australian Contract Expenditure percentage commitment of 60% for the initial contract period. In part they are achieving this through four pillars namely:

- Sovereign Capability to maximise sovereign content and applying the best Australian technologies and Intellectual Property.
- Co-Development of Joint Technologies with the U.S. to embed Australian Industry into Next Generation IAMD capability development.
- Australian Industry Engagement including with Subject Matter Experts and research organisations in key areas to maximise opportunities for Australian Industry.
- Skilling, Industry Development and Science, Technology, Engineering and Mathematics engagement to strengthen the IAMD workforce pipeline in Australia to deliver enduring competitive, sustainable industry capabilities for the future.

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
SCT2A.02 Technical Review	T2A JABMS System Configuration Tranche 2A.02 (SCT2A.02)	Aug 24	Aug 24	Aug 24	0	1
SCT2A.02 Test Readiness Review	T2A JABMS SCT2A.02	Nov 24	Nov 24	Nov 24	0	1
SCT2A.02 Physical Configuration Audit	T2A JABMS SCT2A.02	Dec 24	Dec 24	Dec 24	0	1

T2A System Acceptance Audit	T2A JABMS	NFP	NFP	NFP	NFP	1

Notes	
1	AIR6500 T2A utilises a continuous approach to design reviews. The design review process is implemented against smaller capability work packages, called Epics, which are assessed for design maturity through Technical Reviews. Technical Reviews combined with other activities achieve the purpose of design reviews on an Epic-by-Epic basis. Technical Reviews occur at regular intervals in every Program Increment. Program Increments (PIs) are three month blocks of time. Each System Configuration, which results from a collection of Epics, undergoes Physical Configuration Audit, Test Readiness Review and System Acceptance Audit prior to delivery, which occur at the end of each Program Increment.

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	T2A-MR1	Dec 24	Dec 24	Dec 24	0	1
System Integration	T2A-MR2	NFP	NFP	NFP	NFP	1
System Integration	T2A-MR3	NFP	NFP	NFP	NFP	1
First of Type Factory Acceptance Test (FAT)	HPAR 64SG	Nov 23	Nov 23	Oct 24	11	2
Factory Release Test (FRT) Unit No.2	HPAR 64SF No.2	Nov 23	Nov 23	NFP	NFP	2
Factory Release Test (FRT) Unit No.3	HPAR 64SF No.3	May 24	May 24	NFP	NFP	2
Factory Release Test (FRT) Unit No.4	HPAR 64SF No.4	Jun 24	Jun 24	NFP	NFP	2
Acceptance	T2A-MVC	NFP	NFP	NFP	NFP	3

Notes	
1	The AIR6500 Tranche 2 JABMS Test and Evaluation Master Plan details the test and evaluation lifecycle.
2	System defects identified in radar construction delayed the production run of the CEA Technologies Pty Ltd radars, resulting in the subsequent delay to all FAT milestones.
3	Achievement of Tranche 2A MVC constitutes Materiel System Acceptance.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Tranche 1 Initial Materiel Release (T1-IMR)	Apr 24	NFP	NFP	7
Tranche 1 Operational Release 1 AIR 6500 Tranche 1 (T1- OR1)	Nov 24	NFP	NFP	8
Tranche 1 Operational Release 2 AIR 6500 Tranche 1 (T1-OR2)	Apr 25	NFP	NFP	9
Materiel Release Zero AIR 6500 Tranche 2A (Operational Evaluation System) (T2A-MR0)	Mar 24	Mar 24	0	-
Materiel Release One AIR 6500 Tranche 2A (T2A-MR1)	Dec 24	Dec 24	0	1
Materiel Release Two AIR 6500 Tranche 2A (T2A-MR2)	NFP	NFP	NFP	6
Materiel Release Three AIR 6500 Tranche 2A (T2A-MR3)	NFP	NFP	NFP	-
Minimum Viable Capability (T2A-MVC)	NFP	NFP	NFP	2
Initial Operational Capability (IOC)	NFP	NFP	NFP	3
Final Operational Capability (FOC)	NFP	NFP	NFP	4, 5

Notes	
1	MR1 was defined as System Configuration T2A.02.
2	At Government 2nd Pass Approval in August 2023, Government agreed to the project delivering a MVC in lieu of IOC.
3	At Government 2nd Pass Approval in August 2023, Government agreed to the project delivering a MVC in lieu of IOC. Defence intends to define IOC and FOC for the project.

4	At Government 2nd Pass Approval in August 2023, Government agreed to an FOC to be delivered by a future Tranche.
5	An IMR and FMR Milestones are not part of approved AIR6500 project scope.
6	MR1 is defined as System Configuration T2A.05.
7	IMR has been delayed. The delay is attributed to production issues and ongoing issues with documentation to support product acceptance and introduction into service.
8	OR1 has been delayed. The delay is attributed to delays in IMR achievement and associated integration design delays.
9	OR2 has been delayed from April 2025. The delay is attributed to delays in IMR achievement and associated integration design delays.

Schedule Status at 30 June 2025
Dates associated with capability realisation are NFP

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: All Tranche 1 capability is expected to be delivered. The project has delivered 18/19 Epics planned as part of the T2A-MR1 milestone. The T2A-MR2 and T2A-MVC activities are currently underway and are planned to be met within the milestone timeframes, subject to the high risks being managed, including related to integration and certification.
	Amber: Delivering the JABMS at speed is a difficult task with high risks being managed, including in relation to integration and certification. Whilst T2A-MVC is planned to be met within the milestone timeframe, an estimated 13% of the scope is at risk within that period. The agile delivery methodology is being used to ensure the highest value capability and support elements are delivered for operations, incrementally and as quickly as possible.
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Tranche 1 Initial Materiel Release (T1-IMR)	IMR is a transition milestone and marks the delivery and release of project supplies. Forecast date for TR1 IMR is NFP.	Not yet Achieved
Tranche 1 Operational Release 1 AIR 6500 Tranche 1 (T1- OR1)	OR1 is the capability state relating to the in-service realisation of the first subset of HPAR integration. Forecast date for TR1 OR1 is NFP.	Not yet Achieved
Tranche 1 Operational Release 2 AIR 6500 Tranche 1 (T1-OR2)	OR2 is the capability state relating to the in-service realisation of the final subset of HPAR integration. Forecast date for TR1 OR2 is NFP.	Not yet Achieved
Materiel Release Zero AIR 6500 Tranche 2A (Operational Evaluation System) (T2A-MR0)	Release Zero incorporates the following elements: • CoA onboarding into Lockheed Martin Australia Pty Ltd systems. • Delivery to the CoA of an approvable CDRM.	Achieved

	• Delivery of a functioning OES, to support operator feedback into Lockheed Martin Australia Pty Ltd development environment. *Note that T2A-MR0 is delivered as a milestone of the AWA Contract. TR2A MR0 was achieved in March 2024.	
Materiel Release One AIR 6500 Tranche 2A (T2A-MR1)	MR1 represents the first JABMS deliverable to CASG under the Head Contract. It represents a subset of the JABMS that the contractor has deemed ready for integration with other Fundamental Inputs to Capability elements. Operational evaluation of MR1 has commenced. MR1 is the milestone that marks the delivery and release of project supplies comprising the total output of Release 1 (R1) of the Head Contract. R1 is comprised of a number of PIs and subordinate sprints. MR1 is defined by the CDRM and Project Increment Plan (PGIP) managed in contract. High-level limitation was the system requiring additional security by design development (cyber security) to enable obtaining further Authorities To Operate in order to integrate with other Defence systems.	Achieved
Materiel Release Two AIR 6500 Tranche 2A (T2A-MR2)	MR2 represents the second JABMS deliverable under the Head Contract. It represents a subset of the JABMS that the contractor has deemed ready for integration with other FIC elements. MR2 is the milestone that marks the delivery and release of project supplies comprising the total output of Release 2 (R2) of the Head Contract. R2 is comprised of a number of PIs and subordinate sprints. MR2 is defined by the CDRM and PGIP managed in contract. Forecast date for TR2A MR2 is NFP.	Not yet Achieved
Materiel Release Three AIR 6500 Tranche 2A (T2A-MR3)	As the final deliverable, MR3 will mark the delivery and release of all project supplies needed to realise MVC under Tranche 2A. Delivery and release of all materiel required by the contract to deliver MVC is a milestone payment under the Head Contract. MR3 represents the final JABMS deliverable under the Head Contract. It represents a subset of the JABMS that the contractor has deemed ready for integration with other FIC elements. MR3 is the milestone that marks the delivery and release of project supplies comprising the remaining output of Tranche 2A delivered under the Head Contract. R3 is comprised of a number of PIs and subordinate sprints. MR3 is defined by the CDRM and PGIP managed in contract. Forecast date for TR2A MR3 is NFP.	Not yet Achieved
Minimum Viable Capability (T2A-MVC)	Tranche 2A will deliver an MVC that addresses obsolescence issues of deployable elements of the current Air Battle Management System and integrates priority IAMD capabilities. TR2A MVC is forecast to be achieved noting the major risks inherent with high complexity integration continue to be managed. Forecast date for TR2A MVC is NFP.	Not yet Achieved
Initial Materiel Release (IMR)	Not part of project scope.	Not Applicable
Initial Operational Capability (IOC)	Defence intends to define IOC.	Not yet Achieved
Final Materiel Release (FMR)	Not part of project scope.	Not Applicable
Final Operational Capability (FOC)	Defence intends to define FOC.	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	N/A	N/A

5.2 Emergent Risks

Emergent Risks (risk not previously identified, or has increased in rating, which have emerged during 2024–25)		
Ref#	Description	Remedial Action
1	Insufficient expertise and workforce capacity available. There is a risk that obtaining and maintaining sufficient expertise and workforce capacity is affected by finite resources within the market able to support level of complexity and required system capability, leading to an impact on the timely delivery of the required IAMD C2.	CoA will maintain oversight and glean insight into workforce capability levels through ongoing communications with Lockheed Martin Australia Pty Ltd as per the Strategic Partnership, supported by the Head Contract. The agreed use of Agile delivery and execution further support this through the ability to focus resources on priorities, and utilise the appropriate level of Governance. The project has an Industry Advisory Team available and will maintain situational awareness and be able to engage stakeholders to assist with forward resource planning. The underlying risks are managed in accordance with the Integrated Project Risk Management Plan, whereby Very High risks are reviewed on a weekly basis, and High risks on a monthly basis. The same are routinely reported to governance Boards at working and senior levels.
2	Integration across all project elements. There is a risk that IAMD C2 achieving required levels of integration is affected by technical, security and certification complexity, workforce capacity and unknown unknowns within external systems and interfaces, leading to an impact on ability to deliver MVC within agreed timeframes.	The project will work closely with Lockheed Martin Australia Pty Ltd via the mechanisms of Strategic Partnership and Head contract, such that the level of integration risk is understood and is able to be mitigated to the appropriate extent. The iterative and incremental nature of agile project management and governance methodology supports mitigation of complexity through scope sequencing. The project will deliver capability incrementally, allowing for iterative reduction of unknowns. The underlying risks are managed in accordance with the Integrated Project Risk Management Plan, whereby Very High risks are reviewed on a weekly basis, and High risks on a monthly basis. The same are routinely reported to governance Boards at working and senior levels.
3	Supply Chain issues impact delivery. There is a risk that delivery of IAMD C2 within the capability timeframes is affected by supply chain issues such as International Traffic and Arms Regulators considerations and long lead-time items, leading to impacts on capability outcomes.	The project will work closely with Lockheed Martin Australia Pty Ltd via the mechanisms of Strategic Partnership and Head contract, such that the level of integration and supply chain risk is understood and is able to be mitigated to the appropriate extent. The Strategic Partner is able to reach back into their parent company and utilise relationships with the US Government to assist with prioritisation of JABMS. The project has identified Stakeholders and will continue to actively and deliberately manage those to support delivery. The project will utilise established means to diversify supply chains and maximise participation of local manufacturers. The underlying risks are managed in accordance with the Integrated Project Risk Management Plan, whereby Very High risks are reviewed on a weekly basis, and High risks on a monthly basis. The same are routinely reported to governance Boards at working and senior levels.

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	On-time delivery of interdependencies. Some project interdependencies have been delayed, but the consequences have been managed so far to still achieve MVC within agreed timeframes.	The Project will continue to work with stakeholders to ensure visibility is maintained at the highest appropriate level to reduce impact of dependency issues. The iterative and incremental nature of agile project management and governance methodology supports mitigation of complexity through scope sequencing. Contracts will be leveraged to support fit for purpose and on-time delivery where possible. The underlying risks are managed in accordance with the Integrated Project Risk Management Plan, whereby Very High risks are reviewed on a weekly basis, and High risks on a monthly basis. The same are routinely reported to governance Boards at working and senior levels.

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 45 lessons. The three project strategic lessons and the five project level lessons (non-strategic) are listed below.	
Strategic Lessons Description	**Categories of Systemic Lessons**
Strategic Lesson Type – Observation. CASG project team's ability to embrace Agile project management methodology. CASG project teams must be ready to be agile (be trained, competent, have the right leadership team in place, and be supported by a local organisation that includes end user stakeholders [Capability Manager representatives] prepared to support the project team execute in an agile manner). Agile project delivery necessitates a different mindset and culture to be cultivated, compared to traditional project delivery.	Program, Project & Product Management
Strategic Lesson Type – Observation. CoA ability to support Agile delivery. The iterative nature and speed of agile development requires a different approach to project approval and certification processes to ensure the project has flexibility in delivery to respond to changing capability needs and technical opportunities. The CASG Quality Management System and Defence organisations and associated processes are aligned to traditional project delivery supporting 'waterfall' based acquisitions with fixed capability scope that is defined in the early stages of the One Defence Capability System. Continuous delivery of materiel (capability) may be delayed by CoA processes that are not optimised or able to be adjusted to support Agile delivery. CASG and Defence acquisition reform is underway, with AIR6500 and similar projects providing an example and focus for the reform.	Program, Project & Product Management
Strategic Lesson Type – Observation. Clearer definitions of the scope (Epics) being delivered, the roles and responsibilities and prioritisation across the Epics is required to inform system design, early identification of Government Furnished Materiel (Long Lead and Export Controlled Items), and delivery of Epics and system capability. This is intended to be improved through the Engineering processes being refined between the CoA and the Strategic Partner.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	**Categories of Systemic Lessons**
Project level lesson. Epic Prioritisation framework to be identified.	Engineering & Technical
Project level lesson. Improved Contractor understanding of Royal Australian Air Force specific processes and quality expectations required for delivery.	Commercial Management
Project level lesson. Contractors' limited exposure to Defence specific processes.	Program, Project & Product Management
Project level lesson. Innovative project assurance and governance requirements are necessary due to the uniqueness of the AIR6500 agile delivery.	Corporate Performance
Project level lesson. Appropriately resourcing Government Furnished Equipment team/deliverables.	Materiel Logistics

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Air Defence and Space Systems Division
Branch	Air Defence Systems Branch

Project Data Summary Sheet[1]

Project Number	**AIR7001**
Project Name	**MQ-4C TRITON**
First Year Reported in the MPR	2019-20
Capability Type	New
Capability Manager	Chief of Air Force
Government 1st Pass Approval	Jul 06
Government 2nd Pass Approval	Jun 18 (Tranche 1) Mar 19 (Tranche 2) May 20 (Tranche 3) Nov 20 (Tranche 4)
Budget at 2nd Pass Approval	$2,071.4m
Total Approved Budget (Current)	$2,444.3m
2024–25 In-year Budget	$291.4m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

AIR7000 Phase 1B, now known as AIR7001 (referred to as AIR7001 throughout this document), will acquire four MQ-4C Triton aircraft and support systems through a Cooperative Program with the United States Navy (USN). The MQ-4C Triton is a High Altitude Long Endurance (HALE) Remotely Piloted Aircraft System (RPAS) that will complement the P-8A Poseidon to deliver the Maritime Patrol and Response capability. Government approval for the acquisition of four MQ-4C Triton Air Vehicles (AV) and associated support systems was provided through a series of tranche approvals from 2018 through 2023.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $293.1m against the FY 2024-25 budget of $291.4m. The overspend was primarily driven by larger than anticipated spends for Production Engineering, Future Logistics Procurement, Government Furnished Equipment (GFE), offset by underspends against procurement costs for AV 01-04, the Interim Sustainment Support Contract (ISSC), and Air Force Headquarters (AFHQ) expenditure.

Project Financial Assurance Statement

As at 30 June 2025, AIR7001 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

In February 2020, the United States (US) Federal Defense budget proposed a pause in production funding for the USN MQ-4C Triton project for two years (US Fiscal Years 2021 and 2022). US Congressional approved budget reduced the impact of the proposed budget cuts, however, uncertainty in the US Program initiated a delay in the decision to proceed with the facilities program for AIR7001. Production funding has been lifted and USN has confirmed its funding commitment to the Triton program.

To balance the developmental technology risk, emerging capabilities and the needs of the joint force, the Government approved an incremental approach to acquisition, which has extended the timeline for Final Operational Capability (FOC).

The Royal Australian Air Force (RAAF) took possession of the first MQ-4C Triton in July 2024 followed by the second and third in May 2025. The first three AV have been delivered by the planned Initial Operational Capability (IOC) date. A fourth aircraft was approved by the Government in April 2023. AIR7001 MQ-4C Triton achieved In-Service Date (ISD) on 19 June 2025 and is on track to achieve Initial Materiel Release (IMR) and IOC.

In September 2024, the Un-crewed Aircraft System Operating Permit (UASOP) was issued for the MQ-4C Triton.

Australia's fourth and final MQ-4C Triton is in production, and is on schedule to be delivered.

[1]Notice to reader

In the 2024 Integrated Investment Program AIR7000 Phase 1B MQ-4C Triton Remotely Piloted Aircraft System was renamed to AIR7001 MQ-4C Triton. The remainder of this report will refer to the project as AIR7001 MQ-4C Triton.

The flow-on effect of a one-year delay was detailed in the May 2020 Cabinet Submission and accepted by Government. Post resumption of the production funding by the US, Public Works Committee (PWC) Approval was received for the construction of the Triton Facilities in November 2022.

Materiel Capability/Scope Delivery Performance

The project is expected to achieve the current approved capability scope of four AV and systems.

The USN delivery of Integrated Functional Capability (IFC-4.0) has been split into two increments. The capabilities included in IFC-4.0 Increment 1 are all required to meet Australia's IOC and will be included in the baseline configuration for Australia's first three aircraft. It is expected that IOC will be achieved with the delivery of Increment 1. Increment 2 will deliver new and upgraded capabilities to the MQ-4C Triton Intelligence (MULTI-INT) platform. Elements of the funded developmental capabilities are not expected to be progressed into the platform due to prioritising other capabilities. Further refinement of the requirements have commenced to ensure the intent of Sense and Avoid (SAA) could still be met.

1.3 Project Context

Background

The AIR7001 Program, formerly known as AIR7000 Phase 1B, replaces the Maritime Patrol and Response capability with a complementary mix of crewed P-8A Poseidon (AIR7000 Phase 2B) maritime patrol aircraft and the MQ-4C Triton RPAS (AIR 7001), designed to operate as a 'family of systems'.

In July 2006, the Government agreed to participate with the USN under a Project Agreement to develop the Broad Area Maritime Surveillance (BAMS) capability. In 2008, the Northrop Grumman Global Hawk variant (now designated the MQ-4C Triton) was selected by the USN as the winning tender for the BAMS program. In February 2009, the Government deferred AIR7001 due to delays in the USN BAMS program but continued to monitor Triton performance in the USN program.

In February 2014, Government agreed that Defence continue development of a single capability option for AIR7001 for up to seven MQ-4C Triton. The approved acquisition strategy for the MQ-4C Triton was procurement via Foreign Military Sales (FMS). However, the 2014 submission to Government advised of Defence's intent to investigate the value proposition of entering into a Cooperative Program with the USN.

In June 2018, Government provided Second Pass (Tranche 1) approval to procure the first of six AV, supporting systems and spares, and approval to enter a Triton Development, Production and Sustainment (DPS) Cooperative Program. Second Pass approval (Tranche 2) for the second AV was provided in March 2019.

The Project was declared a Project of Interest (POI) in March 2020, due to the USN announcing a two-year production funding pause, in February 2020, for its Triton program (US Fiscal Years 2021 and 2022). The project was removed from the POI list in August 2022.

During 2020, Government approved a third AV (Tranche 3) and interim support services for the initial seven years of operations (Tranche 4).

In October 2022, the Project updated the Materiel Acquisition Agreement (MAA) to align FOC dates with those approved by Government in 2020.

In November 2021, the US Federal Budget reinstated production and development funding for the USN MQ-4C Triton project which has restored confidence and reduced risk associated with the acquisition strategy.

In April 2023, the Government approved a fourth AV.

In August 2023, the ISSC, with Northrop Grumman Australia was signed, with the ISSC phase-in commencing in September 2023.

In April 2024, the Project updated the MAA to include the fourth AV, and supporting systems, following Government approval.

As an outcome of the 2024 Integrated Investment Program (IIP), the scope and approved IIP funding provision of AIR7000 Phase 1B was removed from AIR7000 and established under a new project named AIR7001 – MQ-4C Triton. The name change was effective as at 1 July 2024.

On 31 July 2024, the Deputy Prime Minister, the Hon. Richard Marles MP, supported by the Chief of the RAAF, Air Marshal Stephen Chappell DSC CSC OAM, announced the RAAF had taken possession of its first MQ-4C Triton. In May 2025, the RAAF took possession of its second and third MQ-4C Tritons following their arrival at RAAF Base Tindal.

Uniqueness

The MQ-4C Triton is the largest RPAS to be operated by the RAAF. It is a HALE-RPAS optimised for use in the maritime environment, and provides far greater on-station endurance at greater ranges when compared to conventionally piloted aircraft.

The MQ-4C Triton is a developmental platform and the IFC configuration is still undergoing flight test activities for the USN. Full engineering and technical documentation for the IFC configuration was delivered in 2024 for Increment 1. The Australian engineering, verification and validation and acceptance planning will remain in development while the USN completes their developmental activities.

Acquiring Triton through a Cooperative Program enables Defence to gain insights and influence on design and development that reduces risks associated with transition into service and promotes interoperability with our major security partner. The RAAF MQ-4C Triton will be identical to the USN MQ-4C Triton, except for minor configuration differences due to national requirements (such as different aircraft marking schemes). Other support elements, such as training devices and spares, will also remain as common as technically possible.

The MQ-4C Triton is categorised as a Specific Type A Un-crewed Aircraft System (UAS) under the Defence Aviation Safety Regulations (DASR). Specific Type A UAS must comply with the DASR initial and continuing airworthiness regulations to an extent that is proportionate to the complexity of the operating environment and the robustness of the UAS design. Safety of design for an Australian Defence Force (ADF) UASOP is based on risk characterisation and control.

Australian airspace is regulated and managed differently to the US. The MQ-4C Triton requires a unique and deliberate program of integration into Australian airspace and the surrounding international airspace zones.

Major Risks, Emergent Risks and Issues

The project is managing the following major risks:

- Single Information Environment (SIE) Integration.
- Support System Readiness. This risk is planned to be transferred to the Sustainment Organisation post achievement of ISD.
- Limited Test and Evaluation Data to inform IOC.
- Information and Communication Technology (ICT) Assessment and Authorisation.
- Spares Availability. This risk is planned to be transferred to the Sustainment Organisation post achievement of ISD.

The project has not identified any emergent major risks in this reporting cycle.
The project is not managing any major issues.

Other Current Related Projects/Phases

AIR7000 Phase 2 – Maritime Patrol and Response Aircraft System. The acquisition of 14 P-8A Poseidon and through Life Support system. Triton and Poseidon will form part of a 'Family of Systems' to replace the AP-3C Orion Capability.

DEF2289 – Joint Information Environment. NFP.

Section 2 – Financial Performance[2]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Jul 06	Original Approval (Government First Pass Approval)	3.9		1
Feb 14	Government Intermediate Consideration	18.4		2
Mar 16	Government Interim Consideration	1.5		3
Jun 18	Government Second Pass Approval – Tranche 1	901.1		4
Jun 18	Real Variation – Transfer	1.0		5
Apr 19	Real Variation – Transfer	0.7		5
Jul 19	Government Second Pass Approval – Tranche 2	320.8		6
Jun 20	Government Second Pass Approval – Tranche 3	626.1		6
Mar 21	Government Second Pass Approval – Tranche 4	197.8		7
	Total at Second Pass Approval		**2,071.4**	
May 09	Price Indexation		0.2	8
Aug 09	Real Variation – Real Cost Decrease	(1.3)		9
Jun 20	Real Variation – Real Cost Decrease	(2.2)		10
Feb 22	Real Variation – Budgetary Adjustment	17.7		11
Apr 23	Subsequent Government Approval – Additional AV	270.1		12
Oct 23	Real Variation – Transfer	(3.9)		13
Sep 24	Real Variation – Transfer	(26.6)		14
			254.1	
Jun 25	Exchange Variation		118.8	15
Jun 25	**Total Budget**		**2,444.3**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – US Government (Triton Prime Contracts)	(418.3)		
	Contract Expenditure – US Government (DPS Memorandum of Understanding (MOU)	(211.3)		
	Contract Expenditure – US Government (AV 4)	(111.7)		
	Contract Expenditure – US Government (USN Production Engineering and Logistics Support)	(64.3)		
	Contract Expenditure – US Government (Project Arrangement 1 (PA-1) Sense and Avoid Capability)	(63.5)		
	Contract Expenditure – US Government (Diminishing Manufacturing Source (DMS) Items)	(31.1)		

[2]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 – Northrop Grumman Australia (ISSC)	(14.8)		
	Other Contract Payments/Internal Expenses	(270.3)		16
			(1,185.2)	
FY to Jun 25	Contract Expenditure – US Government (USN Production Engineering and Logistics Support)	(51.1)		
	Contract Expenditure – Northrop Grumman Australia (ISSC)	(38.4)		
	Contract Expenditure – US Government (Triton Prime Contracts)	(33.7)		
	Contract Expenditure – US Government (AV 4)	(32.6)		
	Contract Expenditure – US Government (DMS Items)	(4.7)		
	Other Contract Payments/Internal Expenses	(132.5)		17
			(293.1)	
Jun 25	**Total Expenditure**		**(1,478.2)**	
Jun 25	**Remaining Budget**		**966.1**	

Notes	
1	Government First Pass Approval to initiate the project and enter a Project Agreement with USN for development of a BAMS capability.
2	Government Intermediate Pass Approval, to continue development of a single capability option for AIR7001 and establishment of a FMS Technical Services Case.
3	Government Interim Pass, to continue project development of submission, including negotiation of a Cooperative Program MOU, for Second Pass approval.
4	Government Second Pass Approval Tranche 1 Funding. Tranche 1 approval to fund one x AV, three x Main Operating Base (MOB) Mission Control Systems (MCS), two x forward Operating Base (FOB) MCS and associated support systems and spares.
5	Funding transfers from Defence Science and Technology Group to Capability Acquisition and Sustainment Group (CASG).
6	Government Second Pass Approval Tranche 2 and 3 to fund a total of two additional AV and associated support systems.
7	Tranche 4 approved initial sustainment funding for the first seven years.
8	Until July 2010, indexation was applied to project budgets on a periodic basis. The cumulative impact of this approach was $0.2m, applied only to the portion of the budget approved at Government First Pass Approval.
9	Government decision to defer the project, excess funds returned to Government after the completion of First Pass approved scope.
10	Force Structure Plan amendment in June 2020.
11	AFHQ budgetary adjustment made to allow for greater flexibility for reprogramming and reduce pressure on the Air Force operating budget.
12	Government approval for an additional AV, increasing project approved budget.
13	October 2023 transfer to Security and Estate Group for RAAF Base Tindal Facilities Construction.
14	September 2024 transfer to Security and Estate Group for RAAF Base Tindal Facilities Construction.
15	Movements in the budget resulting from applying foreign exchange rate updates.
16	Other Contract Payments/Internal expenses comprises of: Project management expenses ($101.2m), GFE ($64.2m), Initial sparing ($36.7m), Initial Support ($21.5m), Mission Systems Trainer (MST) ($18.3m), Chief Information Officer Group ($7.1m), US provided training ($5.5m), AFHQ expenses ($4.9m), FOB trailerisation ($4.7m) Australian Minotaur Integration Capability (AMIC) ($3.8m), and Future Logistics Procurements (previously called "Repair Of Repairable Spares") ($2.3m).
17	Other Contract Payments/Internal expenses comprises of: Initial Sparing ($54.5m), Project management ($31.5m), Future Logistics Procurements (previously called "Repair Of Repairable Spares") ($18.6m), GFE ($17.9m), Initial Support ($4.8m), MST ($2.5m), AFHQ expenses ($1.6m), FOB trailerisation ($0.6m), US provided training ($0.3m) and AMIC ($0.1m).

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
256.4	285.1	291.4	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variation is due to earlier than expected invoicing associated with the initial provision of spares. Since publication of the FY 2024-25 PAES there has been a change to the publically released variation statement. This variation statement aligns with the projects current position. PAES to In-year Budget: Variation can be attributed to a budget transfer for facilities and foreign exchange updates and budget baseline changes.
Variance $m	28.6	6.3	Total Variance ($m): 35.0
Variance %	11.2	2.2	Total Variance (%): 13.6

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		(5.2)	Australian Industry	The overspend was primarily driven by larger than anticipated spends for Production Engineering, Future Logistics Procurement, GFE, offset by underspends against procurement costs for AV 01-04, the ISSC, and AFHQ expenditure.
		-	Foreign Industry	
		-	Early Processes	
		(1.3)	Defence Processes	
		8.1	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
291.4	293.1	**1.7**	**Total Variance**	
		0.6	**% Variance**	

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 25 $m			
US Government (DPS MOU)	Jun 18	200.0	231.8	Cost Ceiling (Capped)	MOU	1
US Government (DMS Items)	Nov 18	0.5	35.3	Variable	MOU	2, 3
US Government (Triton Prime Contracts)	May 19	37.5	576.3	Variable	MOU	3, 4
US Government (USN Production Engineering and Logistics Support)	May 19	0.7	182.3	Variable	MOU	3, 5
US Government (PA-1 Sense and Avoid Capability)	May 19	61.3	68.0	Cost Ceiling (Capped)	MOU	1, 6
US Government (Air Vehicle 4)	Oct 23	200.5	207.8	Variable	MOU	7
Northrop Grumman Australia (ISSC)	Aug 23	214.5	207.4	Cost Ceiling (Capped)	Contract	8

Notes	
1	DPS MOU and PA-1 funding is limited to a cost ceiling (at current budget exchange rates), which can only be changed upon mutual written consent of the Participants. Australia is responsible for paying a proportion of the total costs based on the relative number of Australian aircraft in the overall fleet.
2	DMS Items is a US Government managed program to address availability and obsolescence of components. Additional Australian aircraft and the developmental nature of the program required an uplift to the initial funded amount.
3	Contract value as at 30 June 2025 is based on actual expenditure to 30 June 2025 and remaining commitment at current budget exchange rates. This includes adjustments for indexation (where applicable). The incremental funding of these activities will see a progressive increase to the price.
4	In May 2020, the scope of the contract expanded to include three AV, one MOB MCS and one FOB MCS.
5	Production Engineering and Logistics Support requests are made on an annual basis. The value of this contract will increase annually.
6	All funding for PA-1 SAA capability has been provided to the US Government and expensed. Year-on-year variations to the cost ceiling capped contract costs are a result of converting the US dollar dominated contract into AUD using current foreign exchange rates.
7	Procurement of a fourth MQ-4C Triton AV under the MQ-4C Triton Cooperative Program with the US Government.
8	Reduction in price as at 30 June 25 due to execution of Contract Change Proposal 001.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
US Government (DPS MOU)	N/A	N/A	Australia's contribution to shared costs from FY 2017-18 to FY 2027-28 includes contribution to DPS for common efforts, and project overhead and administration costs.	1
US Government (DMS Items)	Various	Various	DMS is managed through monitor and risk mitigation efforts, life-of-type procurements, design changes to substitute new parts and other treatments. Signature allowed DMS treatments to be applied for Australian supplies within the US DMS program.	2
US Government	Various	Various	For Low Rate Initial Production of three aircraft and	-

(Triton Prime Contracts)			ground system long-lead components. Australian elements of the awarded contract include three x AV, two x MOB MCS and one x FOB MCS.	
US Government (USN Production Engineering and Logistics Support)	N/A	N/A	USN labour and services including, but not limited to, Non-Recurring Engineering efforts in support of aircraft and system production, logistics modelling and forecasting.	-
US Government (PA-1 Sense and Avoid Capability)	N/A	N/A	Australia's contribution to shared costs from FY 2018-19 to FY 2023-24 for the development of the SAA capability (including weather radar) to enable greater access to airspace and environmental conditions.	-
US Government (Air Vehicle 4)	Various	Various	For Low Rate Initial Production of fourth aircraft. Australian elements of the awarded contract includes one AV.	-
Northrop Grumman Australia (ISSC)	N/A	N/A	Northrop Grumman Australia have been engaged by the Commonwealth of Australia to provide engineering, maintenance and supply services for the MQ-4C Triton Weapon System, under the ISSC. The Northrop Grumman Australia support is being provided with close collaboration of the USN to ensure that maximum benefit to Australia can be gained through our ongoing involvement in the MQ-4C Cooperative Program.	3

Major equipment accepted and quantities to 30 Jun 25
3 x Air Vehicles 2 x MOB MCS 1 x FOB MCS

Notes	
1	No equipment delivered as part of this MOU and Project Arrangement.
2	DMS supplies and non-recurring engineering will be incorporated into production aircraft and systems before delivery.
3	Initial term expires 30 June 2027 with a renewal term of up to two, one-year periods.

2.4 Australian Industry Capability

Summary
The project has no contracted Australian Industry Capability (AIC) schedules or plans, for its US Government Cooperative acquisition Program, as the US Cooperative Program arrangement does not include the contractual provision or obligations for Australian Industry Content. Northrop Grumman Australia has an AIC Plan, which aims to maximise Australian Industry involvement whereby Northrop Grumman Corporation engineering, maintenance, and operation subject matter experts will establish operations and transfer their specialist Original Equipment Manufacturer knowledge and expertise to Northrop Grumman Australia personnel.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	Triton MULTI-INT System Requirements Review 2	N/A	N/A	Dec 15	N/A	1
Preliminary Design	Triton MULTI-INT Preliminary Design Review	N/A	N/A	Dec 16	N/A	1
Critical Design	Triton MULTI-INT Critical Design Review	N/A	N/A	Nov 17	N/A	1

Notes	
1	These milestones were achieved by the USN, as part of the developmental program schedule, prior to AIR7001 Second Pass approval and Australia joining the Cooperative Program.

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	IFC-4.0 Initial Operational Test & Evaluation	N/A	N/A	N/A	N/A	1, 4
	IFC-4.0 Increment 1 Operational Assessment to Support IOC	Jun 23	N/A	Nov 24	17	2, 4
	IFC-4.0 Increment 2 Operational Assessment Post IOC	NFP	N/A	NFP	NFP	3, 4

Acceptance	Delivery to Australia of initial Mission Control System	Oct – Dec 21	N/A	Feb 24	26	5
	Commencement of crew training with the USN	Jul – Sep 22	N/A	Dec 22	3	6
	Issue of Airworthiness Instrument (UASOP)	Mar – May 23	N/A	Sep 24	16	7
	Delivery of final MQ-4C AV	NFP	N/A	NFP	NFP	8

Notes	
1	This was a USN and Northrop Grumman Systems Engineering milestone, originally forecast for August 2021, for the IFC-4.0, the baseline configuration for the ADF. IFC-4.0 has now been split into two increments per the revised USN delivery schedule.
2	As a result of the Incremental approach to the delivery of IFC-4.0, the forecast date for achievement of the Operational Assessment changed to account for the revised capability delivery.
3	While Increment Two funding has been approved by the US Government, a US Senate decision reduced development funding in FY 2023-24. Increment 2 will deliver upgraded capabilities along with a SAA functionality to meet the requirements of PA-1.
4	Due to the development nature of this capability, System Integration milestones are being further refined and are expected to be amended.
5	Production funding pause announcement delayed the original schedule preventing PWC referral in March 2020. Facilities works was paused until Government approval in November 2022. The change in basing for aircraft from RAAF Base Edinburgh to RAAF Base Tindal resulted in a redesign which has also contributed to the amendment of dates.
6	Training needs analysis in consultation with the US revealed a change to the training requirements and hence the schedule amendment.
7	At Government Second Pass Approval (Tranche 3) ISD was amended by 12 months (and consequently IMR and IOC by 24 months against the Original Planned) due to the impacts of the USN production funding pause announcement in February 2020, resulting in pause of facilities progression. This had a flow-on effect on Project schedule. As the Operating Permit was required to support activities from first flight to IOC, the date required for the Operating Permit was amended, leading to the identified variance.
8	Maritime Patrol and Response submissions are subject to tranched Government approval. Following each tranche of Government approval, project milestone definitions and the project schedule will be re-baselined through an MAA update.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
In-Service Date (ISD)	Jul 24 - Jun 25	Jun 25	0	1, 2
Initial Materiel Release (IMR)	NFP	NFP	NFP	1, 2
Initial Operational Capability (IOC)	NFP	NFP	NFP	1, 2
Final Materiel Release (FMR)	NFP	NFP	NFP	NFP
Final Operational Capability (FOC)	NFP	NFP	NFP	NFP

Notes	
1	The Original Planned dates approved in the prior Product Data Summary Sheets have been re-approved by the original Approval Authority.
2	At Government Second Pass Approval (Tranche 3), ISD was amended by 12 months (and consequently IMR and IOC against the Original Planned) due to the impacts of the USN production funding pause announcement in February 2020, resulting in pause of facilities progression. ISD was declared 19 June 2025.

Schedule Status at 30 June 2025

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	Green: The project expects to meet the current capability requirements as expressed in the MAA, noting that the full capability is yet to be approved by Government.
	Amber: Elements of the funded developmental capabilities are not expected to be progressed into the platform due to prioritising other capabilities.
	Red: N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
In-Service Date (ISD)	• 1 x MOB MCS Secondary MST installed and ready for use at RAAF Base Edinburgh. • 1 x Trailer FOB MCS installed and ready for limited use at RAAF Base Tindal. • 1 x Mission Avionics System Trainer installed and ready for use at RAAF Base Edinburgh. • 1 x MOB MCS Primary installed and ready for limited use at RAAF Base Edinburgh. • 1 x MQ-4C Triton AV delivered to RAAF Base Tindal. • Establishment of ISSC arrangements. • 4 x US trained crews (to include Operational Test & Evaluation (OT&E) requirements) initial focus will be on Test & Evaluation (T&E) and tactics development. • Sufficient Network Technicians to meet the planned rate of effort. • Operational and Technical Publications. • Initial logistics support systems and support arrangements in place. • Sufficient spares, Ground Support Equipment and Support and Test Equipment to support the Rate of Effort. • Facilities as required to enable commencement of flying operations. ISD Achieved June 2025.	Achieved
Initial Materiel Release (IMR)	In addition to ISD deliveries: • 2 x MQ-4C Triton AV delivered to RAAF Base Tindal. • 3 x US trained crews (to include 292 Squadron (SQN) Instructor requirement). • 1 x MOB MCS Secondary MST installed and ready for limited use at RAAF Base Edinburgh. • 1 x MOB MCS Primary installed and ready for limited use at RAAF Base Edinburgh. • 1 x Remote Quick Look (RQL) installed and ready for limited use at the interim RAAF Base Tindal facility (2 SQN Hangar) (RQL#1). • 1 x RQL installed and ready for limited use at RAAF Base Edinburgh Triton Control Centre (RQL#2). • 1 x RQL delivered to RAAF Base Tindal for storage (RQL#3). Forecast dates for IMR are NFP.	Not yet Achieved
Initial Operational Capability (IOC)	In addition to IMR deliveries: • Establishing Wing, SQN Headquarters and sustainment management organisation including associated	Not yet Achieved

	administrative and support staff. • 1 x line crew trained in Australia. • Initial Training and Standardisation staff. • Completion of T&E for Task 3 (Maritime Surveillance), issues identified and changes implemented or an agreed way forward. • Achievement of sufficient airworthiness requirements to support the scope of intended operations up to FOC. • Accredited operating facilities sufficient to support squadron activities and operation of one orbit. Forecast dates for IOC are NFP.	
Final Materiel Release (FMR)	• All MQ-4C Triton aircraft delivered to RAAF Base Tindal. • All MOB and FOB MCS installed and ready for use. • All MST installed at RAAF Base Edinburgh and ready for individual and collective training. • All 10 crews trained. • All Triton sensors fully operational with back-end access to all databases and systems required for pre-flight, in mission or post flight operations available for use. This includes access to foreign databases and systems that are required for wider Intel dissemination for in flight or post flight additional capability. • Full Distributed Operator functionality enabled and ready for use. • Through life support arrangements are in place. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	In addition to FMR deliveries: • Training and Standardisation crews. • All synthetic training devices for personnel training are operational, certified, and transitional training complete. • Completion of T&E for all roles, issues identified and changes implemented or an agreed way forward. • Establishment of all sustainment support arrangements to support the scope of intended operations. • Achievement of all airworthiness requirements to support the scope of intended operations. • Accredited permanent main operating base facilities at RAAF Base Edinburgh. • Accredited FOB facilities at RAAF Base Tindal. Forecast dates for FOC are 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	SIE Integration. There is a risk that the current network infrastructure, combined with the level of development required to integrate the Triton system into the Defence SIE, will require design and certification effort that may not be achievable by the capability milestone dates.	Defence Digital Group - Military Platform Integration (DDG-MPI) has developed a phased approach to SIE integration in line with capability milestones. This includes reliance on, and support of, other network infrastructure projects. The project and DDG-MPI continue to leverage the USN Cooperative Program to source required technical data, subject matter expert advice and lessons learned from the USN network integration experience. Control and responsibility of the delivery of SIE allocated to DDG-MPI allowing effective control of the relevant deliverables. The project continues to work with DDG-MPI to manage this risk without adversely impacting project outcomes.
2	Support System Readiness. There is a risk that the Support System will not be ready to support Air Force operating requirements post Airworthiness Board, leading to an impact on Capability Outcomes and Schedule.	This risk is managed through workshops and increased understanding of the Support System requirements and potential shortfalls to support requirements under MAA milestones. The Project is working closely with industry and USN to reduce this risk. This risk is planned to be transferred to the Sustainment Organisation post achievement of ISD.
3	Limited T&E Data to inform IOC. There is a risk that the ability declare IOC will be affected by limited T&E data	This risk emerged through workshops and increased understanding of the OT&E requirements and potential

	leading to an impact on capability outcomes schedule and reputation.	shortfalls in availability of T&E data to support requirements under MAA milestones. The team is working closely with Defence stakeholders on the planning of the T&E conduct. Potential opportunities to incorporate Australian specific test serials into the USN test program to obtain efficiencies are being explored. This risk should reduce once ISD is achieved.
4	ICT Assessment and Authorisation. There is a risk that the Triton capability will not meet the necessary ICT Assessment & Authorisation requirements, leading to an impact on Schedule and Capability Outcomes.	The project has developed a phased approach to reduce this risk. Key challenges revolve around the engagement with various government agencies to ensure that the necessary authorisations are obtained to utilise critical ICT infrastructure to enable use of the Triton capability.
5	Spares Availability. There is a risk that the spares available at the retail and wholesale levels at ISD for AV configured in IFC-4.0 will be inadequate to support Initial OT&E and sustainment leading to an impact to Capability Outcomes and Schedule.	This risk has been upgraded since the last Major Projects Report (MPR) due to increased understanding of the spares situation. Triton operations could be affected by the availability of spares. The Project is liaising closely with USN to reduce this risk. This risk is planned to be transferred to the Sustainment Organisation post achievement of ISD.

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
N/A	N/A	N/A

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 six lessons. The three project strategic lessons are listed below. No project level (non-strategic) lessons were identified.

Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Inclusion of resourced schedules for external organisations. Accurate resourced schedules of external organisations that are responsible for program deliverables should be integrated into the project Integrated Master Schedule (IMS) in sufficient detail to track progress against each deliverable. This should be incorporated into the IMS at the early stages of the project and managed throughout the duration of the project.	Program, Project & Product Management
Strategic Lesson Type – Observation. Developmental programs. The resourcing and engagement required to support developmental programs with partner nations is significantly higher than traditional acquisition programs that procure mature platforms. Additionally, regular engagement is required to ensure all stakeholders are aligned on the status of the program.	Program, Project & Product Management
Strategic Lesson Type – Observation. External agency engagement. When establishing a complex project that has interfaces with external agencies who provide a Fundamental Inputs to Capability (FIC), the project should ensure that clear deliverables and lines of communication for each FIC organisation is established. To enable an adequate level of oversight, a dedicated FIC coordination role should be considered for future complex development projects.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	**Categories of Systemic Lessons**
No Project level lessons were identified in current MPR reporting period.	N/A

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Aerospace Systems Division
Branch	Aerospace Surveillance and Response Branch

Part 4. JCPAA 2024–25 Major Projects Report Guidelines

Australian Government
Department of Defence

Australian National Audit Office

2024 – 25 Major Projects Report Guidelines

Endorsed by the Joint Committee of Public Accounts and Audit

22 November 2024

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Purpose

1.1 The objective of the Major Projects Report (MPR) is 'to improve the accountability and transparency of Defence acquisitions for the benefit of Parliament and other stakeholders.'[1] In February 2012 the Joint Committee of Public Accounts and Audit (JCPAA) identified this review as a 'Priority Assurance Review' under subsection 19A(5) of the *Auditor-General Act 1997* (the Act), allowing the Australian National Audit Office (ANAO) full access to the information gathering powers under the Act. Under section 24 of the Act, the Auditor-General sets the relevant auditing standards that are to be complied with in this review.

1.2 The purpose of the Guidelines is to set the criteria for the Department of Defence's (Defence) preparation of Project Data Summary Sheets (PDSSs) for the selected projects. Draft Guidelines are prepared annually by the ANAO, following consultation with Defence, before they are submitted for endorsement by the JCPAA.

1.3 The terms of the review engagement are communicated to Defence through ANAO correspondence prepared in accordance with auditing standards set by the Auditor-General.

Introduction

1.4 The MPR is tabled in the Parliament and has the following parts.

(a) The Auditor-General may choose to include ANAO review and analysis in the report. This has, in the past, been included in Part 1 of the MPR. Part 1 may also include the ANAO's assessment of selected Defence systems and controls, including the governance and oversight in place, to ensure appropriate project management.

(b) Part 2 comprises Defence's commentary, analysis and appendices, also referred to as the Defence MPR (not included within the scope of the Independent Assurance Report by the Auditor-General).

(c) Part 3 incorporates the Independent Assurance Report by the Auditor-General, the Statement by the Secretary of Defence, and the PDSSs prepared by Defence.

(d) Part 4 reproduces the Major Projects Report Guidelines endorsed by the JCPAA, which provide the criteria for Defence's compilation of PDSSs.

1.5 The MPR will include reporting on the performance of selected major Defence equipment acquisition projects (Major Projects) since Second Pass Approval[2], and associated sustainment activities (where applicable), managed by Defence.[3]The summary project data is prepared by Defence and reviewed by the ANAO.

1.6 The Major Projects included within the MPR are selected on the basis of criteria endorsed by the JCPAA and provided to the JCPAA by the ANAO.

1.7 The 2024–25 MPR will report on 21 projects as endorsed by the JCPAA. The number of projects included in the MPR since its inception is shown in Table 1.

[1] Joint Committee of Public Accounts and Audit, Parliament of the Commonwealth of Australia, Report 473: Defence Major Projects Report (2016–17), (2018), Executive Summary, p. 1. Joint Committee of Public Accounts and Audit, Parliament of the Commonwealth of Australia, Report 483: Inquiry into the 2018–19 Defence Major Projects Report and the Future Submarine Project – Transition to Design (Auditor-General's Reports 19 and 22 (2019–20)), (2020), Objective of the Major Projects Report, p. 6.

[2] Projects which are pre-Second Pass Approval but have spent more than $500m may also be considered.

[3] For the purposes of the MPR, a project is defined as the acquisition or upgrade of Specialist Military Equipment, which normally excludes facilities and other Fundamental Inputs to Capability.

Table 1: Number of projects included in the MPR

MPR	Projects	MPR	Projects
2007–08	9	2016–17	27
2008–09	15	2017–18	26
2009–10	22	2018–19	26
2010–11	28	2019–20	25[4]
2011–12	29	2020–21	21
2012–13	29	2021–22	21
2013–14	30	2022–23	20
2014–15	25	2023–24	21
2015–16	26	2024–25	21

1.8 Defence project data is presented in a PDSS prepared for each of the Major Projects. Each PDSS includes information as at 30 June of the reporting year. The ANAO's limited assurance review is designed to enable the ANAO to obtain sufficient appropriate evidence for the Auditor-General to form a conclusion reported in the Auditor-General's Independent Assurance Report.

1.9 These Guidelines:

(a) provide the criteria for project selection and the list of projects for inclusion in the 2024–25 MPR;

(b) outline the roles and responsibilities of Defence in the production and quality assurance of Defence's contribution to the 2024–25 MPR[5];

(c) provide requirements for the preparation of the PDSSs;

(d) provide the PDSS template; and

(e) provide an indicative program schedule in support of a December 2025 tabling.

1.10 The MPR Guidelines are reviewed and amended to reflect lessons learned and the outcomes of JCPAA review of successive MPRs, in order to improve MPR processes and ensure the report meets its objective. At the JCPAA's request, the ANAO has taken administrative responsibility for updating the Guidelines annually and submitting them to the Committee for endorsement with covering advice. These processes occur following consultation with Defence.

Criteria for Project Selection

Criteria for Project Entry

1.11 The inclusion of projects in the MPR is generally based on the projects included in the Defence Integrated Investment Program and is subject to the following criteria:

(a) projects may be admitted one year after receiving government Second Pass Approval[6];

(b) projects may be admitted before receiving Second Pass Approval, but need to have spent > $500m;

[4] The 2019–20 MPR Guidelines, endorsed in September 2019, stated that 30 projects would be included. Five projects exited after the 2019–20 MPR Guidelines were endorsed.
[5] The ANAO's roles and responsibilities are established by the *Auditor-General Act 1997*, other relevant legislation and the ANAO auditing standards, and are communicated to auditees for each engagement.
[6] The Capability Life Cycle (CLC) was redesigned following the First Principles Review, to deliver a risk- based decision-making and capability management process and One Defence Capability System. Not all projects in the 2024–25 MPR will have been approved under the updated process, but will have had at least one Second Pass approval or key government decision.

(c) a project should have a total approved project budget of > $400m;

(d) a project should have at least three years of asset delivery remaining;

(e) a project should have at least 30 per cent of its budget remaining; and

(f) a maximum of five new projects to enter the MPR in any one year.

1.12 Projects approved with tranched or rolling acquisition approaches spanning decades may be considered for a specified period and/or capability acquisition (such as a single tranche or approved work package) provided the above criteria are met. These projects' inclusion in the MPR may be extended by the JCPAA.

1.13 Projects selected for inclusion in the MPR may be proposed by Defence or the ANAO, based on the above criteria. Secondary considerations not limited to the above may include other factors such as parliamentary or public interest, changes in Government policy, coverage of Defence's capital expenditure for major and minor acquisition projects, and distribution across Defence domains. The ANAO provides comments and advice to the JCPAA on such proposals by 31 August.

Criteria for Project Exit

1.14 The removal of projects from the MPR is generally based on the declaration of Final Operational Capability (FOC), or a pre-FOC risk assessment[7] of the timely declaration of FOC where a significant portion of the project's deliverables are complete, and subject to consideration of each of the following matters:

(a) the outstanding deliverables pre-FOC, against the relevant Materiel Acquisition Agreement (MAA) or Product Delivery Agreement (PDA)[8], and/or government approval;

(b) the remaining schedule to FOC[9], against the relevant MAA or PDA and/or government approval;

(c) the remaining budget to FOC, against the relevant MAA or PDA and/or government approval;

(d) the remaining project risks and issues;

(e) Project of Interest or Project of Concern status[10]; and

(f) the Capability Manager's assessment, including the extent to which the assessment relates to the Capability Acquisition and Sustainment Group's (CASG) and/or the Naval Shipbuilding and Sustainment Group's (NSSG) responsibilities.[11]

1.15 Projects selected for removal from the MPR may be proposed by Defence or the ANAO, based on the above criteria. The ANAO provides comments and advice to the JCPAA on such proposals by 31 August.

1.16 Projects that have met the exit criteria and been endorsed for removal by the JCPAA should be removed from the list of projects included in the MPR in the

[7] The pre-FOC risk assessment could be informed by Defence's Independent Assurance Review process.
[8] MAAs are intended to be phased out and gradually replaced by PDAs. A PDA is an agreement between the Project or Product Sponsor (or if not appointed, then the Program Sponsor) and lead Delivery Group which specifies the scope, resourcing, priorities and performance and preparedness requirements for support of a capability system throughout its life, to support performance measurement. Department of Defence, *Product Life Cycle Guidance*, April 2022, Chapter 2 – Project/Product Governance, p. 20.
[9] In general, if a project is within 12 months of declaring FOC, it should be considered for exit, subject to the Capability Manager's risk assessment.
[10] Acquisition projects with issues and risks raised against schedule, cost, and/or capability performance that warrant heightened internal senior management attention are to be managed in accordance with CASG (PM) 007 – *Delivery Group Performance Management and Reporting, and Management Of Projects and Products Of Interest and Concern*, February 2023. Entry to and exit from the Projects/Products of Concern list is decided by the Minister for Defence Industry, the Delivery Group Head or the Capability Manager (or the Group Head alone in cases where both roles reside in one Group).
[11] CASG and NSSG are part of Defence and exist to meet the Australian Defence Force's (ADF) military equipment and supply requirements as identified by Defence and approved by government.

subsequent year. Expenditure and milestone information for these projects will be included in Part 2 of the MPR in the subsequent year.

1.17 Projects that have been removed from the MPR that still have outstanding exceptions to the achievement of significant milestones declared by Defence (Initial Materiel Release, Initial Operational Capability, Final Materiel Release and Final Operational Capability) and/or significant remaining materiel capability to be delivered, are required to report on the status of these activities in the Statement by the Secretary of Defence until their final status is accepted by the Capability Manager.

1.18 MPR projects that have been cancelled will remain in the MPR until project finalisation or a significant portion of the project's finalisation activities are complete. A PDSS for the project will need to be prepared detailing close-out activities—including any contract payments, contingent/trailing liabilities, and decisions to transfer scope as a result of the cancellation of associated contracts—until the JCPAA endorses the project's exit from the MPR. If a cancelled project exits the MPR prior to finalisation, it must report on the status of remaining finalisation activities in the Statement by the Secretary of Defence until the formal closure of the project.

2024–25 Project Selection

1.19 Table 2 lists the projects included in the 2024–25 MPR program in budget order.

Table 2: Projects for the 2024–25 MPR

Project Number	Project Name	Defence Abbreviation
AIR 6000 Phase 2A/2B	New Air Combat Capability	Joint Strike Fighter
SEA 5000 Phase 1	Hunter Class Frigate Design and Construction	Hunter Class Frigate
LAND 400 Phase 2	Combat Reconnaissance Vehicles	Combat Reconnaissance Vehicles
LAND 4503 Phase 1	Armed Reconnaissance Helicopter (ARH) Replacement	ARH Replacement
SEA 1180 Phase 1	Offshore Patrol Vessel	Offshore Patrol Vessel
AIR 5349 Phase 6	Advanced Growler Development	Advanced Growler
AIR 555 Phase 1	Airborne Intelligence, Surveillance, Reconnaissance and Electronic Warfare (ISREW) Capability	Peregrine
LAND 907 Phase 2/ LAND 8160 Phase 1	Main Battle Tank Upgrade, Combat Engineering Vehicles	Heavy Armoured Capability
AIR 7000 Phase 1B	MQ-4C Triton Remotely Piloted Aircraft System	MQ-4C Triton
LAND 121 Phase 4	Protected Mobility Vehicle – Light (PMV-L)	Hawkei
LAND 08113 Phase 1	Long Range Fires	Long Range Fires
SEA 9100 Phase 1	Improved Embarked Logistics Support Helicopter	IE Logistics Support Helicopter
LAND 19 Phase 7B	Short Range Ground Based Air Defence	SRGB Air Defence
AIR 2025 Phase 6	Jindalee Operational Radar Network	JORN Mid-Life Upgrade
AIR 6500 Phase 1	Joint Air Battle Management System	JABMS
AIR 5431 Phase 3	Civil Military Air Management System	CMATS
LAND 200 Tranche 2	Battlefield Command System	Battlefield Command System
SEA 1439 Phase 5B2	Collins Class Communications and Electronic Warfare Improvement Program	Collins Comms and EW
SEA 3036 Phase 1	Pacific Patrol Boat Replacement	Pacific Patrol Boat Repl
SEA 1442 Phase 4	Maritime Communications Modernisation	Maritime Comms
SEA 1448 Phase 4B	ANZAC Air Search Radar Replacement	ANZAC Air Search Radar Repl

Note 1: LAND 08113 Phase 1 Long Range Fires and AIR 6500 Phase 1 Joint Air Battle Management System are included in the MPR Program for the first time in 2024–25.

1.20 For each project removed from the MPR, the lessons learned at both the project

level (systemic) and the whole-of-organisation level should be included as a separate appendix in the following year's Defence chapter of the MPR.

Defence's Roles and Responsibilities

1.21 Defence will provide each project's PDSS for ANAO review. The Secretary of the Department of Defence (Secretary) is responsible for ensuring that the PDSSs are prepared in accordance with these Guidelines and for ensuring that the PDSSs and supporting evidence provided for ANAO review are materially accurate and complete. The Secretary is also responsible for providing to the ANAO: the finalised Defence chapters; the *Statement by the Secretary of Defence*; and the PDSSs for inclusion in the MPR.

1.22 Defence is responsible for ensuring that information of a classified nature is made available to the ANAO for review, as it relates to the data contained within the PDSSs. Defence will provide data for inclusion in the final MPR in a way that allows for unclassified publication. Defence will provide advice to the ANAO on the classification of information in individual PDSSs and the aggregated security classification of information contained across all PDSSs.

1.23 Defence's positions, roles and responsibilities are outlined in Table 3.

Table 3: Defence's Positions, Roles and Responsibilities

Position	Role	Responsibility
Secretary of Defence	Defence accountability	• Primary accountability for the completeness and accuracy of Defence's contributions to the MPR. • Sign off on the *Statement by the Secretary of Defence*, including Significant Events Occurring Post 30 June 2025.
Vice Chief of the Defence Force	Joint Force Authority	• Provision of advice with regards to the overall security classification of the aggregated information contained within the PDSS suite, and suitability for unclassified publication.
Deputy Secretary – Capability Acquisition and Sustainment Group (CASG) / Naval Shipbuilding and Sustainment Group (NSSG)	Business Owner	• Obtain cascading sign offs from Branch and Division Heads on the data and content in the unclassified PDSS suite. • Clearance of the PDSSs and Defence analysis, or delegation as appropriate.
Chief Finance Officer	Financial advice and assurance	• Responsibility for financial advice and information in the Defence contribution to the MPR. • Coordination and provision of corporate budget information. • Quality assurance of all financial data.
First Assistant Secretary Defence Integrity Division	Overall Relationship Management	• Provision of assistance/support when called upon by ANAO or Defence. This may include the provision of advice to, and facilitation of clearance by, the Secretary. • Provision of advice on matters of an audit/assurance nature.
First Assistant Secretary Strategy, Planning and Independent Assurance	MPR management and accountability	• Advice to responsible Deputy Secretaries and the Secretary. • Clearance of the unclassified PDSS suit and Defence MPR. • Liaison with ANAO senior management.

Position	Role	Responsibility
Assistant Secretary Independent Project and Portfolio Management Office	MPR coordination and liaison	• Liaison with the ANAO and facilitating access to information required by the ANAO. • Guidance and direction to project offices. • Manage the MPR Program and schedule with the ANAO. • Development, configuration management and quality assurance of the Defence MPR, PDSS suite and evidence packs to ensure completeness and accuracy.
Project Directors/Managers	PDSS development and generation of evidence packs	• Develop the project's PDSS and associated evidence packs, including the mapping of evidence to disclosures within the PDSS, in compliance with the Guidelines. • Actively engage the Defence MPR team in its review of the project's PDSS. • Actively participate and cooperate with the ANAO in the review of the project's PDSS.
Capability Managers	PDSS confirmation	• Responsibility for confirming the project's status, particularly progress toward the Initial Materiel Release (IMR), Initial Operational Capability (IOC), Final Materiel Release (FMR) and Final Operational Capability (FOC) milestones. • Confirmation that the information contained within the PDSSs is unclassified.

MPR Process

1.24 The JCPAA identified the MPR as a Priority Assurance Review in its Report 429: Review of the 2010–11 Defence Materiel Organisation Major Projects Report. Consequently, the ANAO has full access to the information gathering powers under the *Auditor-General Act 1997* (the Act), pursuant to subsection 19A(5) and section 31 of the Act.

1.25 An indicative schedule for the MPR program has been established (refer to page 28). The schedule provides for a PDSS Review 1 for the ANAO to conduct PDSS and project reviews prior to 30 June. Project data should be prepared for this period at the date selected for the ANAO's review, without anticipating outcomes for after 30 June. A second period will be set aside after the end of the financial year for reviewing PDSS Versions 2 and 3.

1.26 The ANAO will coordinate with Defence on project site visits to review PDSS Version 1 and evidence material. Defence will provide the ANAO with a Defence quality assured copy of the PDSS together with the relevant evidence pack (electronically). The evidence pack will be appropriately structured and mapped to the PDSS by the project for efficient review. Project teams are to ensure that each statement within the PDSS has an identified evidence source.

1.27 In the interests of procedural fairness, contractors named within a PDSS will be consulted before Defence finalises the PDSS. The aim of the consultation is to provide the contractor with an opportunity to comment on relevant PDSS extracts. Defence will request that contractors provide the ANAO with a copy of their comments (including nil returns) in relation to any errors or misstatements in the PDSS. Defence will consider contractors' comments received within specified and reasonable time limits. Defence will also keep the ANAO informed of how it intends to deal with contractor responses to the PDSS suite.

1.28 The ANAO may engage directly with contractors, as necessary, to seek clarification regarding their comments on project data, and will keep Defence informed of feedback and outcomes.

Formatting Requirements for Project Data Summary Sheets

1.29 Each PDSS is part of a public document to be tabled in the Parliament. The following style conventions must be followed to ensure consistency across the PDSS suite.

(a) PDSSs should be kept to an optimum length of 10 pages, focus on key information, and must be updated based on the latest template included in this document (refer to page 22).

(b) Where possible, acronyms and jargon are not to be used. When acronyms or ADF specific terms (or similar) are used, the first use must be spelt out in full and included in the Defence Glossary. Similarly, language describing caveats, exceptions or limitations, or other similar terms, should be explained.

(c) Project names should be written in full or with the approved Defence abbreviation, and should be presented with an initial capital, e.g. Joint Strike Fighter.

(d) All costs should be shown as $m (millions) and be rounded to one decimal place (i.e. to the nearest $100,000), with negative amounts in brackets.

(e) All costs are to be expressed in Australian dollars (AUD) and reported as *Goods and Services Tax (1999)* (GST) exclusive.

(f) Dates in the PDSS narratives should be presented as Month 20yy, and dates in the PDSS tables should be presented as Mmm YY (e.g. Jul 09). Time variations should be shown as full months.

(g) Any cells in a table not containing data should be shown as 'N/A'.

(h) Alignment of data within tables is to be positioned as per the template in this document.

(i) Any data that Defence has advised should not be disclosed publicly in a PDSS is to be noted as Not for Publication (NFP), or "Delayed from" meaning delayed from the Original Planned date or the Forecast date in the 2023–24 PDSS.[12]

(j) Where a date, quantity or scope for any disclosure in the PDSS is not known, choices for this presentation include:

- N/A: Not applicable, used where no longer required or is not applicable. For example, due to a contract change or change to project scope.
- TBA: To be announced, used where under negotiation or is yet to be defined. For example, pending a government decision or awaiting a contract change to delivery date.

1.30 Where a correction has been identified against the information disclosed in the prior year, a note is to be added to the PDSS reflecting the change made to correct the record. Where the issue is of a significant nature, Defence is to consider a disclosure in the Statement by the Secretary of Defence.

[12] Paragraph 1.22 of these guidelines provides that Defence is responsible for ensuring that information of a classified nature is made available to the ANAO for review, as it relates to the data contained within the PDSSs.

Requirements for Preparation of Project Data Summary Sheets

Heading	Data	Information Required
Project Header	Project Number	The number of the project as approved by government. This should be depicted in bold text.
	Project Name	The name of the project as approved by government. This should be depicted in bold upper-case text.
	First Year Reported in the MPR	The year the project was first reported in the MPR, in 20xx–xx date format.
	Capability Type	Either one or a combination of: • New; • Replacement; • Upgrade; • Upgrade and New; • Replacement and New. An alternative descriptor where the above types are not applicable.
	Capability Manager	Either one or a combination of: • Chief of Navy; • Chief of Army; • Chief of Air Force; • Chief of Joint Capability; • Vice Chief of the Defence Force; • Deputy Secretary Strategic Policy and Intelligence; • Chief of Defence Intelligence.
	Government 1st Pass Approval	The date Government First Pass Approval was given.
	Government 2nd Pass Approval / key Government pre Second Pass Approval (*specify one)*	The date Government Second Pass Approval was given (with multiple dates for multiple Government Second Pass Approvals). Where a project has entered the MPR but has not yet achieved Second Pass Approval, the date is a pre-Second Pass Approval date based on a key Government decision.
	Budget at 2nd Pass Approval	The approved project budget in AUD as at the most recent Government Second Pass Approval, excluding price indexation and exchange variation. This amount should equal the sub total of the project budget in Section 2.1 as at the most recent Second Pass Approval. Where a project has entered the MPR but has not yet achieved Second Pass Approval, the amount is a pre-Second Pass Approval budget based on a key Government decision.
	Total Approved Budget (Current)	The current approved project budget in AUD. This amount should equal the Total Budget in Section 2.1 Project Budget (out-turned) and Expenditure History.
	2024–25 In-year Budget	The estimated project expenditure for 2024–25 as per the in-year budget at 30 June 2025. This amount should be equal to the in-year budget in Section 2.2A and Section 2.2B.
	Complexity	The project's Acquisition Categorisation (ACAT) level.

Heading	Data	Information Required
	Project Image	Image of the project to be provided to the ANAO by the Defence MPR team in a separate file as a high-resolution JPG at a minimum resolution of 1600 pixels on the longest edge.
SECTION 1 – PROJECT SUMMARY		
Section 1.1 Project Description	Description	A short description of the project, which summarises capability delivery and, where appropriate, equipment quantities. This information should be consistent with other sections of the PDSS.
Section 1.2 Current Status	Cost Performance	<u>In-year</u> The project's current progress, at a strategic level, against its in-year budget (specifying whether more, or less, was spent than budgeted), and a succinct explanation of causes for variations. This statement should align with the In-year Budget/Expenditure Variance explanation in Section 2.2B and is to be presented in AUD. <u>Project Financial Assurance Statement</u> A statement of whether the budget remaining, together with the estimated future expenditure and current known risks, is sufficient for completing the project. If the budget is sufficient, the statement should be based on the following standard text: *As at 30 June 2025, project [insert project number] has reviewed the project's approved scope and budget for those elements required to be delivered by Defence. Having reviewed the current financial contractual obligations of Defence for this project, current known risks and estimated future expenditure, Defence considers, as at the reporting date, there is sufficient budget remaining for the project to complete against the agreed scope*. If the budget is insufficient, the statement is to be modified accordingly and/or is to describe the project's unique circumstances (such as requiring the use of contingency, or to note cost risks disclosed in Section 5 – Major Risks, Emergent Risks and Issues of the PDSS). Where modified, a description of the actions the project is undertaking to address the insufficiency of the budget is to be included. <u>Contingency Statement</u> A statement of whether the project has/has not spent contingency funds this financial year. The amount of contingency is not required. Standard text: *[positive case]: The project has spent contingency in the financial year primarily for the treatment of [insert a risk description[13]] risk or issue [and where possible include linkage to Section 5 – Major Risks and Issues and specified remediation activities]*; or *[negative case]: The project has not spent contingency in the financial year*. This section must be consistent with the data in Section 2 – Financial Performance.
	Schedule Performance	A brief description, at a strategic level, of key schedule milestones achieved so far and issues

[13] Refer to Department of Defence, *(CP) 005 – Capability Acquisition and Sustainment Risk Manual*, August 2021, p. 23.

Heading	Data	Information Required
		facing the project in achieving future milestones. Milestone achievements or non-achievements in the current year and the variance in months are to be included. Outline Schedule Performance as per following timeline: 1. Overall schedule status – IOC /FOC 2. In year schedule status 3. Next Financial Year key schedule activities This section must be consistent with what is stated in Section 3 – Schedule Performance.
	Materiel Capability/Scope Delivery Performance	A brief update, at a strategic level, on the materiel capability delivered to date, and expected future delivery. Detailed technical performance of systems is to be avoided and classified information is not to be disclosed. This section must be consistent with what is stated in Section 4 – Materiel Capability/Scope Delivery Performance.
Section 1.3 Project Context	Background	A succinct summary level statement that covers Government approvals history and any strategic changes that have occurred since approval. For projects approved under the Capability Life Cycle model, a short description of Defence "Smart Buyer" outcomes considered at Government approval is to be included. If a "Smart Buyer" risk assessment considered at Second Pass was not conducted, a brief description of the reasons why not is to be included. Any decisions resulting in transfers of scope into or out of the project are to be described. This information should be consistent with any transfers of budget presented in Section 2, capability presented in Section 4 and risks and issues presented in Section 5. For projects that have been announced as a Project of Concern (PoC) by the responsible Minister (currently the Minister for Defence Industry), the following information is to be included: • date the project was announced as a PoC; • reason the project was placed on the PoC list; • remediation activities being undertaken; and • date of removal from the PoC list (if applicable). For projects that have been determined to be a Project of Interest (PoI), the following information is to be included: • date the project was made a PoI; • reason the project was placed on the PoI list; • remediation activities being undertaken; and • date of removal from the PoI list (if applicable). Note: stop payments or liquidated damages should be referred to here or elsewhere in Section 1 (disclosure of amounts is not required).

Heading	Data	Information Required
	Uniqueness	A brief explanation of the particular aspects that make this project unique, for example: introducing a new capability to the ADF, replacing obsolete capability with new technology, or is contributing to Australian capability.
	Major Risks, Emergent Risks and Issues	A succinct summary statement of the major risks and issues disclosed in Section 5 – Major Risks and Issues that are rated high or very high at 30 June 2025. Where the project has achieved a milestone with an exception, a brief description of the exception is to be included in the PDSS. Exceptions include 'caveats' and 'deficiencies', which are the Defence mandated terms relating to the declaration of milestones. This should be consistent with the description in Section 5.3.
	Other Current Related Projects/Phases	A list of the current approved projects (i.e. Second Pass has been achieved) listed in the project's Materiel Acquisition Agreement. Statement to include the project/product name, number and phase of the project, and a brief description of the dependency (i.e. one or two short sentences).
SECTION 2 – FINANCIAL PERFORMANCE		
Section 2.1 Project Budget (out-turned) and Expenditure History	**Project Budget**	
	Original Approved	The first budget approved by Government. This could be through an Original, Interim, First or Second pass approval. In brackets, the Approval source is to be disclosed (e.g. Government First or Second Pass Approval). The project budget approvals should be consistent with and traceable to the Defence IIP Broadsheet and CABSUBS budgets.
	Real Variation	All variations to be included are shown below, where they are applicable to the project with an explanation for each variation included within the Notes. After second pass approval, all prior reporting year's budget variations can be presented as a single variation where a Note is added to detail the components of this consolidated variation. All values are to be presented in AUD and negative values in brackets. **"Subsequent Government Approvals"** are the addition of funds via any specific Government Approval after the Original Approved. If the approval is a Government First or Second Pass Approval, it is to be disclosed in bold text. The date of the variation is to be the date the funds were received in the Financial Management Information System (FMIS), and not the date of the Government decision, if different. **"Scope"** changes are attributable to changes in requirements by Defence and government. These generally take the form of changes in quantities of equipment, a change in requirements that result in specification changes in contracts, changes in logistics support requirements or changes to services to be provided which are accompanied by a corresponding budget adjustment. **"Transfers"** occur when a portion of the budget and corresponding scope is transferred to or from another approved project or sustainment product in

Heading	Data	Information Required
		CASG or to another Group in Defence in order to more efficiently manage delivery of an element of project scope and to vest accountability for performance accordingly. **"Budgetary Adjustments"** account for corrections resulting from foreign exchange or indexation accounting estimation errors. Also included under this heading are administrative decisions that result in variations such as efficiency dividends imposed on project budgets or adjustments made to fund Defence initiatives. **"Real Cost Increases"** These funds have been approved by government to increase the Project's budget (generally without a change in scope). **"Real Cost Decreases"** These funds have been handed back to the Defence Portfolio. The elements above are added to form a subtotal for a single amount for all real variations (including Government Second Pass Approvals).
	Total at Second Pass Approval/key Government pre-Second Pass Approval (*specify one)*	A subtotal in the $m column which sums each individual Government approval and real variation, until the most recent Second Pass Approval (or key Government pre- Second Pass Approval). This figure should match the Budget at 2nd Pass Approval (or key Government pre-Second Pass Approval) in the Header section and should be shown in AUD.
	Price Indexation	Variations to the Original Approved project cost due to price indexation and out-turning adjustments, to take account of variations in labour and materiel indices over time. This is disclosed where applicable, i.e. not for projects approved post July 2010 in out- turned prices.
	Exchange Variation	Variations to the Original Approved project cost due to foreign exchange adjustments brought about by changes in foreign exchange rates for payments in foreign currency.
	Total Budget	The sum of the above. This should reconcile with the FMIS as at 30 June. The Total Approved Budget in the Project Header should equal this figure and be presented in AUD.
	Notes	Used to provide additional information as required (e.g. explanation of the reason for each Real Variation).
	Project Expenditure	
	Prior to July 2024	This item comprises all amounts incurred in all periods prior to the current reporting period (i.e. expenditure up to 30 June 2024). All expenditure is to be presented in AUD and in brackets to indicate a negative figure. Reporting of expenditure is to be split into the following: "Contract Expenditure" against each of the top 5 contracts as listed in Section 2.3 Details of Project Major Contracts, restricted to contracts valued at greater than or equal to $10m. For large projects, it may be appropriate to include greater than the top 5 contracts. Contract expenditure should be listed from highest to lowest value. Contracts with nil value should not be disclosed.

Heading	Data	Information Required
		"Other Contract Payments/Internal Expenses" which comprises operating expenditure, contractors, consultants, other capital expenditure not attributable to the aforementioned contracts and minor contract expenditure. It is generally expected that 'other' expenditure will not exceed 10% of total prior period expenditure. However, if 'other' expenditure exceeds this threshold, an additional explanation within the Notes section outlines the key aspects of the expenditure including amounts to bring the amount of unexplained 'other' below 10%. The two expenditure elements above are added to give a subtotal that is a single amount for all prior period expenditure.
	FY to June 2025	This item comprises all amounts incurred in the current reporting period (i.e. contract level expenditure from 1 July 2024 to 30 June 2025). All expenditure is to be presented in AUD and in brackets to indicate a negative figure. Reporting of expenditure is to be split into the following: **"Contract Expenditure"** against each of the top 5 contracts as listed in Section 2.3 Details of Project Major Contracts, restricted to contracts valued at greater than or equal to $10m. For large projects it may be appropriate to include greater than the top 5 contracts. Contract expenditure should be listed from highest to lowest value. Contracts with nil value should not be disclosed. **"Other Contract Payments / Internal Expenses"** which comprises operating expenditure, contractors, consultants, other capital expenditure not attributable to the aforementioned contracts and minor contract expenditure. It is generally expected that 'other' expenditure will not exceed 10% of total expenditure in the current reporting period. However, if 'other' expenditure exceeds this threshold, an additional explanation within the Notes section outlines the key aspects of the expenditure including amounts to bring the amount of unexplained 'other' below 10%. The two expenditure elements above are added to give a subtotal that is a single amount for Financial Year (FY) expenditure. In addition, any stop payments or liquidated damages should be referred to in the Notes (disclosure of amounts is not required).
	Total Expenditure	This item discloses total project expenditure as at the reporting date (i.e. 30 June 2025) and is the sum of prior period and current period expenditure reported above. All expenditure is to be reported in AUD and presented in brackets to indicate a negative figure.
	Remaining Budget	The subtraction of total expenditure from total budget, thus showing the unspent portion of the approved budget, as at 30 June.
	Notes	For additional information as required (e.g. the breakdown of 'Other Contract Payments/Internal Expenses').

Heading	Data	Information Required
Section 2.2A In-year Budget Estimate Variance	Estimate PBS $m	The initial budget estimate for 2024–25, as published in the PBS or Defence budgetary system, if not publicly published.
	Estimate PAES $m	The mid-year revised budget estimate for 2024–25, as published in the PAES or Defence budgetary system, if not publicly published. The variance, as an amount and percentage, should be calculated between the Estimate PAES and Estimate PBS.
	In-year Budget $m	The final revised in-year budget for 2024–25. The variance, as an amount and percentage, should be calculated between the in-year budget and Estimate PAES. This amount should be equal to the 2024–25 Budget figure in the Project Header and the in-year budget in Section 2.2B In-year Budget/Expenditure Variance in AUD.
	Total Variance	Budget estimate variances, and corresponding variance percentages, are to be disaggregated and disclosed separately. The variance, as an amount and percentage, should be calculated between the in-year budget and Estimate PBS.
	Explanation of Material Movements	The explanations for the material variance/s noted above, as published in appropriate supporting documentation (e.g. the PAES).
Section 2.2B In-year Budget/ Expenditure Variance	In-year Budget $m	The estimated project expenditure for 2024–25. The data presents the project's 'Year to Date' performance in financial terms. It must explain the difference between the 'Latest Plan' in the Monthly Reporting Module (MRM) Majors Budget Performance Total report and/or the FMIS and the End of Financial Year Actual Expenditure. This amount should be equal to the 2024–25 Budget figure in the Project Header and the In-year Budget in Section 2.2A In-year Budget Estimate Variance. All values are to be presented in AUD and negative values in brackets.
	Actual $m	The actual project expenditure incurred in the current reporting period (i.e. 2024–25). This amount should be equal to the FY to Jun 25 Total Expenditure in Section 2.1 Project Budget (out-turned) and Expenditure History in AUD.
	Variance $m	Budget expenditure variances are to be disaggregated and disclosed separately as per the variance factors described below. The sum of these should give a total variance equal to the difference between the Estimate and Actual expenditure. The variance percentage should also be calculated between the Estimate and Actual expenditure.
	Variance Factor	This section provides a range of factors attributable to the cause of the variances between the Budget Estimate and Actual expenditure. These are expressed as the standard variance factors of: • Australian Industry; • Foreign Industry; • Early Processes; • Defence Processes; • Foreign Government Negotiations/Payments;

Heading	Data	Information Required
		• Cost Saving; • Effort in Support of Operations; and • Additional Government Approvals.
	Explanation	Explanations must address all the variance factors noted above, where relevant. Material changes following the publication of the PAES may require an explanation. This explanation should be equal to the In-year Cost Performance statement in Section 1.2.
Section 2.3A Details of Project Major Contracts - Price	Contractor[14]	List the contractors for the top 5 contracts valued at greater than or equal to $10m. For large projects it may be appropriate to include more than the top 5 contracts. Contractors should be listed in order of signature date (earliest to most recent). The top five contracts listed should be the same as the contracts listed in Section 2.1 Project Budget (out-turned) and Expenditure History.
	Signature Date	The date the contract was signed.
	Price at Signature $m and 30 Jun 25 $m	Signature $m The value of the contract at signature. 30 Jun 2025 $m The value of the contract at 30 June 2025 (i.e. value spent as per Section 2.1 Project Budget (out-turned) and Expenditure History plus remaining commitment as at the spot exchange rates as recorded in the FMIS at 30 June 2025). All values in AUD and exclusive of GST.
	Type (Price Basis)	Choices for this include: • Firm (or Fixed); • Variable; • Cost Ceiling (capped); or • Reimbursement (for FMS). Further information including templates is in the ASDEFCON Suite of Tendering and Contracting Templates on the Defence intranet.
	Form of contract	Choices for this include: • Standard Defence Contract (for ASDEFCON); • FMS (for Foreign Military Sales); and • MoU (for Memorandum of Understanding). Note: For unique arrangements such as Alliance or Public Private Partnership that would need to be specially treated (noting the key signatories to the arrangement), projects should seek the advice of the Defence MPR team.
	Notes	For additional information as required (e.g. description of new contract or explanation of significant changes in contract value from the prior year).
Section 2.3B Details of Project Major Contracts – Contracted Quantities and Scope	Contractor	The contractors for the top 5 contracts. For large projects it may be appropriate to include more than the top 5 contracts. Contractors should be listed in order of signature date (earliest to most recent), i.e. in same order as above.
	Contracted Quantities as at Signature and 30 Jun 25	The quantity of major equipment under contract as at the date the contract was signed and also as at 30 June 2025. The quantity of contracted equipment should only

[14] The definition of 'contractor' in Section 2.3 Details of Major Project Contracts, includes: contractors from direct commercial sales; and foreign government arrangements such as Memoranda of Understanding, FMS or Cooperative Programs.

Heading	Data	Information Required
		be provided at a summary level.
	Scope	A brief description of the scope of the contract deliverables. Generally only hardware is included in this section at a platform level summary, disclosing only major prime mission and support system elements (e.g. 'Upgraded Collins Class Submarines').
	Major equipment accepted and quantities to 30 Jun 25	Detail the major equipment and quantities the project has accepted to 30 June 2025.
	Notes	For additional information as required, such as (but not limited to), explanation of significant changes in quantities or scope from the prior year or comments related to the delivery of the major contracted equipment.
Section 2.4 Australian Industry Capability	Summary	If there is an AIC Schedule or Plan for any of the contracts disclosed in Section 2.3, a short description of the key commitments of the Schedule or Plan is to be included. Projects are to state whether there are contracted AIC Schedules or Plans. Standard text: *[positive case]: The project has contracted AIC schedules/plans for all contractors identified in Section 2.3 (specifying if there are any exceptions)*; or *[negative case]: The project has no contracted AIC schedules/plans for the contractors identified in Section 2.3.* Where there are no AIC Schedules or Plans relevant to the contracts in Section 2.3, this should be disclosed along with the reason. Standard reasons for no AIC Schedule or Plan may include: contracts with Defence pre-date the AIC program announced in 2016. Note: the disclosure of AIC values is not required.
SECTION 3 – SCHEDULE PERFORMANCE		
Section 3.1 Design Review Progress	Review	Events in the categories shown below as they are applicable to the project: • System Requirements; • Preliminary Design; and • Critical Design. If any of the above events are not applicable, include information on other or alternative reviews (for instance, unique arrangements or redesigns).
	Major System/Platform Variant	The major system that the design review refers to, including significant variants for the major systems.
	Original Planned	The originally planned achievement dates for the events per the contract at execution.
	Current Contracted	Replanned dates as evidenced by a contract amendment.
	Achieved/Forecast	Achieved: the date the event was achieved as supported by evidence; or Forecast: the expected date for achievement supported by the project schedule (e.g. as recorded in Open Plan Professional (OPP) or advice to Government).
	Variance (Months)	The difference between 'Original Planned' and 'Achieved/Forecast'.
	Notes	A top-level description of the reasons for the variance to Achieved/Forecast dates, and any additional background information as required.

Heading	Data	Information Required
Section 3.2 Test and Evaluation Progress	Test and Evaluation	Events in the categories shown below as they are applicable to the project: • System Integration; and • Acceptance. If any of the above events are not applicable, include information on other or alternative test and evaluation activities (for instance, unique arrangements or activities associated with redesign). • This applies to Defence or Contractor related Test and Evaluation activities.
	Major System/Platform Variant	The major system that the Test and Evaluation event refers to. If there are significant variants for the major systems, they are to be stated.
	Original Planned	The originally planned achievement dates for the events per the contract at execution.
	Current Contracted	The revised planned achievement dates as evidenced by a contract amendment.
	Achieved/Forecast	Achieved: the date the event was achieved as supported by evidence; or Forecast: the expected date for achievement supported by the project schedule (e.g. as recorded in OPP).
	Variance (Months)	The difference between 'Original Planned' and 'Achieved/Forecast'.
	Note	A top level description of the reasons for the variance to Achieved/Forecast dates, and any additional background information as required.
Section 3.3 Progress Toward Materiel Release and Operational Capability Milestones	Item	Represented at a whole of capability level unless key milestones are broken out under individual Mission or Support Systems. This could include post FOC key milestones/materiel releases.
	Original Planned	The original date on which the Materiel Release or Operational Capability milestone was scheduled for achievement.
	Achieved/Forecast	Achieved: the date the event was achieved as supported by evidence; or Forecast: the expected date for achievement supported by the project schedule (e.g. as recorded in OPP).
	Variance (Months)	The difference between 'Original Planned' and 'Achieved/Forecast'.
	Notes	A top-level description of the reasons for and implications of the variance to 'Achieved/Forecast' dates. Where the project has achieved a milestone with exceptions, a brief description of the exceptions is to be included. Exceptions include 'caveats' and 'deficiencies', which are the Defence mandated terms relating to the declaration of milestones. This should be consistent with the description in section 5.3.
Schedule Status at 30 June 2025	Graph	A visual representation of: Second Pass Approval, Initial Materiel Release (IMR), Initial Operational Capability (IOC), Final Materiel Release (FMR) and Final Operational Capability (FOC) dates, both Original Planned and Achieved/Forecast. Note: graphs are prepared by the Defence MPR team.
SECTION 4 – MATERIEL CAPABILITY / SCOPE DELIVERY PERFORMANCE		

Heading	Data	Information Required
Section 4.1 Measures of Materiel Capability/Scope Delivery Performance	Traffic Light Diagram: Percentage Breakdown of Materiel Capability Delivery Performance	This section presents a forecast of the materiel capability to be delivered by the acquisition project by FOC and does not represent schedule or budget performance. Materiel capability is assessed as follows. • Green – high level of confidence the capability outcome will be met. • Amber – capability outcome under threat but still considered manageable and able to be met. • Red – at this stage, the capability outcome is unlikely to be fully met or where a project's materiel capability/scope is amended, and the change represents a reduction (including transfers to other Defence projects or capabilities) in materiel capability/scope. • Blue – where a project's materiel capability/scope is amended and the change represents an increase (including transfers from other Defence projects or capabilities) of materiel capability/scope. The Traffic Light Diagram and associated narratives will provide a percentage breakdown of the Measures of Effectiveness and Completion Criteria for the project, as identified in the MAA and/or government approval. The basis for calculating the percentage breakdown should be traceable/aligned to the project's MAA and/or government approval, inclusive of any changes from the prior published PDSS. The detailed breakdown may be based on cost, number of platforms, an estimate of relative system contribution or another factor relevant to capability outcomes. Where materiel deliverable/s is assessed as Amber or Red, the analysis/narrative should describe what deliverable/s is under threat or unlikely to be met, such as where there are known caveats/deficiencies, and what action is being taken to address this. Where there is no data insert 'N/A'. PDSSs in subsequent years will then record the current state as it relates to the revised materiel capability/scope. A narrative should also be included to explain the reason for the amendment. Detailed technical performance of systems is to be avoided, and classified information is not to be disclosed. Where the project has not yet achieved IMR, the statement against the Green traffic light should be expressed in the future tense: i.e. *"The project expects to meet capability requirements as expressed in the Materiel Acquisition Agreement…"*, as opposed to *"The project is currently meeting…"*. Note: the analysis and narrative disclosures should align with information in the MRM. Defence may need to provide alternative evidence to support disclosures which are not able to be supported by MRM.

Heading	Data	Information Required
Section 4.2 Constitution of Materiel Release and Operational Capability Milestones	Item Explanation	Represented at a whole of capability level, i.e. IMR, IOC, FMR and FOC. A description of the materiel release and operational capability elements as stipulated in the MAA, at 30 June 2025, including an indication of whether or not these milestones have been achieved. If the milestone has not been met, include a statement to indicate when the milestone is expected to be achieved. The milestones to be included are shown below as they are applicable to the project: • Initial Materiel Release • Initial Operational Capability • Final Materiel Release • Final Operational Capability. If some or all of the above events are not applicable, other or alternative milestones, for instance operational release milestones, should be included. Note: Where the project has achieved a milestone with caveats or deficiencies, a brief description of the caveats/deficiencies should be added. This should be consistent with the description in Section 5.3.
	Achievement	Insert standard text, i.e.: Achieved; Not yet achieved; or Achieved with caveats.
SECTION 5 – MAJOR RISKS, EMERGENT RISKS AND ISSUES		
Section 5.1 Major Project Risks	Identified Risks – risks identified using standard project risk management categories, including: • Capability • Schedule • Cost • Commercial	Ref: Reference number in the PDSS (not the project Risk ID number). Description: a major project risk is one that is rated high or very high pre-mitigation in accordance with Defence's risk management framework. Note 1: if the risk has been retired or the pre-mitigation rating has been downgraded to medium in the MPR year, this should be documented along with the reason; the risk can then be removed in the subsequent MPR. Note 2: all high and very high risks require disclosure. The disclosures may be aggregated to include multiple risks against one common description. Mapping of all risks from project risk logs to the PDSS is also required. Note 3: where contingency has been applied to treat a risk, the wording should be consistent with Section 1.2 Current Status - Cost Performance - Contingency Statement. Note 4: where an identified risk has been realised as an issue and could be listed in both Sections 5.1 and 5.3, it may only be listed in Section 5.3 with the supporting note: "This was a risk that has now been realised." In this specific circumstance, the guidance in Section 5.1 – Identified Risks, Note 1, is superseded. This will allow for the realised identified risk to be managed as an issue. Note 5: Projects new to the MPR are to list all high and very high risks as emergent risks.
	Remedial Action	The risk mitigation/treatment proposed for the risk identified (these must be actionable measures).

Heading	Data	Information Required
Section 5.2 Emergent Risks	Emergent Risks (risks not previously identified, or has increased in rating, which have emerged during 2024–25)	Ref: Reference number in the PDSS (not the project Risk ID number). Description: a major project risk that was not previously identified in the risk log but has emerged this year, has not been downgraded or retired, and is rated as high or very high pre-mitigation at 30 June. This includes project risks previously rated medium or low pre- mitigation. Note 1: all high and very high emergent risks require disclosure. The disclosures may be aggregated to include multiple risks against one common description. In addition, a mapping of all emergent risks from project risk logs to the PDSS is required. Note 2: where contingency has been applied to treat a risk, the wording should be consistent with Section 1.2 Current Status - Cost Performance - Contingency Statement.
	Remedial Action	The risk mitigation/treatment proposed for the identified risk (these must be actionable measures). The risk becomes an Identified Risk in the subsequent MPR.
Section 5.3 Major Project Issues	Description – issues identified using standard project risk management categories, including: • Capability • Schedule • Cost • Commercial	Ref: Reference number in the PDSS (not the project Risk ID number). Description: issues are high or very high risks that have been realised or issues that have arisen that require management action to address. Note 1: all high and very high issues require disclosure. Mapping of all issues from project issues logs to the PDSS is also required. Note 2: where the project has achieved a milestone with 'caveats' or 'deficiencies', these should be disclosed as separate issues. On removal of the caveat/deficiency, it should also be clear to the reader whether the underlying shortfall/issue has been resolved. (See also Section 1.3 Major Risks and Issues, Section 3.3, and Section 4.2). Note 3: where contingency has been applied to treat an issue, the wording should be consistent with Section 1.2 Current Status - Cost Performance - Contingency Statement.
	Remedial Action	The remediation action proposed for the issue identified. If the issue has been resolved or downgraded to medium, this should be documented along with the reason; the issue can then be removed in the subsequent MPR.
SECTION 6 – LESSONS LEARNED		
Section 6.1 Key Lessons Learned	Description	Describe the project lesson (at the strategic level) that has been learned. Projects are to state whether 'Systemic Lessons' have been identified. Standard text for the negative: *The project did not identify or submit any lessons for inclusion as strategic level "lessons learned"*.
	Categories of Systemic Lessons	Select from the following 'Systemic Lessons' categories where they are applicable to the project: • Program, Project & Product Management • Commercial Management • Engineering & Technical • Materiel Logistics • Decision Support

Heading	Data	Information Required
		• Corporate Performance.
SECTION 7 – PROJECT STRUCTURE		
Section 7.1 Project Structure as at 30 June 2025	Name of the relevant organizational location within CASG/NSSG	The name of the Division and Branch where the project was located at 30 June 2025.

Project Data Summary Sheet Template[15]

Project Number	**XXX XXX**	Project Image. (Minimum 1600px long edge)
Project Name	**XXX XXX**	
First Year Reported in the MPR	20XX–XX	
Capability Type	Choose Capability Type	
Capability Manager	Choose a CM.XXX	
Government 1st Pass Approval	Dec 22	
Government 2nd Pass Approval/ or key Government pre-Second Pass Approval (*specify* one)	2nd Pass mmm yy	
Budget at 2nd Pass Approval/or key Government pre-Second Pass Approval (*specify* one)	$XXX.Xm	
Total Approved Budget (Current)	$XXX.Xm	
2024–25 Budget	$XXX.Xm	
Complexity	ACAT I	

Section 1 – Project Summary

1.1 Project Description

1.2 Current Status

Cost Performance In-year Project Financial Assurance Statement Contingency Statement
Schedule Performance
Materiel Capability/Scope Delivery Performance
Note
Forecast dates and capability assessments are excluded from the scope of the Auditor-General's Independent Assurance Report.

1.3 Project Context

Background

[15] Notice to reader

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

Uniqueness
Major Risks, Emergent Risks and Issues
Other Current Related Projects/Phases
Note
Major risks and issues are excluded from the scope of the Auditor-General's Independent Assurance Report.

Section 2 – Financial Performance

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
mmm YY	Project Budget: Choose an item.	XXX.X		X
	Real Variation – Scope	XXX.X		
	Real Variation – Transfer	XXX.X		
	Total at Second Pass Approval/or key Government pre-Second Pass Approval (specify one)		XXX.X	
	Real Variation – Budgetary Adjustment	XXX.X		
	Real Variation – Real Cost Increase / Decrease	XXX.X		
			XXX.X	
Jul 10	Price Indexation*		XXX.X	
Jun 25	Exchange Variation		XXX.X	
Jun 25	**Total Budget**		**XXX.X**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – Contractor 1	XXX.X		X
	Contract Expenditure – Contractor 2	XXX.X		
	Contract Expenditure – Contractor 3	XXX.X		
	Contract Expenditure – Contractor 4	XXX.X		
	Contract Expenditure – Contractor 5	XXX.X		
	Other Contract Payments / Internal Expenses	XXX.X		
			XXX.X	
FY to Jun 25	Contract Expenditure – Contractor 1	XXX.X		
	Contract Expenditure – Contractor 2	XXX.X		
	Contract Expenditure – Contractor 3	XXX.X		
	Contract Expenditure – Contractor 4	XXX.X		
	Contract Expenditure – Contractor 5	XXX.X		
	Other Contract Payments / Internal Expenses	XXX.X		
			XXX.X	
Jun 25	**Total Expenditure**		**XXX.X**	
Jun 25	**Remaining Budget**		**XXX.X**	X
Notes				

1	XXX
2	XXX
3	XXX
4	XXX

*Note – Those projects approved in 'out- turned' dollars will not contain an entry for 'Price Indexation'. In these instances this line can be removed.

2.2 A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
XXX.X	XXX.X	XXX.X	PBS to PAES: PAES to In-year Budget:
Variance $m	XXX.X	XXX.X	Total Variance ($m): XXX
Variance %	XXX.X	XXX.X	Total Variance (%): XXX

2.2 B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		XXX.X	Australian Industry	
		XXX.X	Foreign Industry	
		XXX.X	Early Processes	
		XXX.X	Defence Processes	
		XXX.X	Foreign Government Negotiations/Payments	
		XXX.X	Cost Saving	
		XXX.X	Effort in Support of Operations	
		XXX.X	Additional Government Approvals	
XXX.X	XXX.X	**XXX.X**	**Total Variance**	
		XXX.X	**% Variance**	

2.3 A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 25 $m			
Contractor 1	XXX	XXX.X	XXX.X	Choose an item.	Choose an item.	X
Contractor 2	XXX	XXX.X	XXX.X	Choose an item.	Choose an item.	X
Contractor 3	XXX	XXX.X	XXX.X	Choose an item.	Choose an item.	X
Contractor 4	XXX	XXX.X	XXX.X	Choose an item.	Choose an item.	X
Contractor 5	XXX	XXX.X	XXX.X	Choose an item.	Choose an item.	X

Notes

1	XXX

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Contractor 1	XXX	XXX	XXX	X
Contractor 2	XXX	XXX	XXX	X
Contractor 3	XXX	XXX	XXX	X
Contractor 4	XXX	XXX	XXX	X
Contractor 5	XXX	XXX	XXX	X

Major equipment accepted and quantities to 30 Jun 25

XXX

Notes

1	XXX

2.4 Australian Industry Capability

Summary
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website. Australian Industry Capability is excluded from the scope of the Auditor-General's Independent Assurance Report.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	XXX	mmm yy	XXX	XXX	XXX	X
	XXX	mmm yy	XXX	XXX	XXX	X
	XXX	mmm yy	XXX	XXX	XXX	X
Preliminary Design	XXX	mmm yy	XXX	XXX	XXX	X
	XXX	mmm yy	XXX	XXX	XXX	X
	XXX	mmm yy	XXX	XXX	XXX	X
Critical Design	XXX	mmm yy	XXX	XXX	XXX	X
	XXX	mmm yy	XXX	XXX	XXX	X
	XXX	mmm yy	XXX	XXX	XXX	X

Notes	
1	XXX
2	
3	
4	

3.2 Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Integration	XXX	mmm yy	XXX	XXX	XXX	X
	XXX	mmm yy	XXX	XXX	XXX	X
	XXX	mmm yy	XXX	XXX	XXX	X
Acceptance	XXX	mmm yy	XXX	XXX	XXX	X
	XXX	mmm yy	XXX	XXX	XXX	X
	XXX	mmm yy	XXX	XXX	XXX	X

Notes	
1	XXX
2	
3	
4	

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	mmm yy	XXX	XXX	X
Initial Operational Capability (IOC)	mmm yy	XXX	XXX	X
Final Materiel Release (FMR)	mmm yy	XXX	XXX	X
Final Operational Capability (FOC)	mmm yy	XXX	XXX	X

Notes	
1	XXX
2	
3	
4	

Schedule Status at 30 June 2025 Defence MPR Team to insert graph

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

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
Defence MPR Team to insert Traffic Light Diagram	Green: XXX
	Amber: XXX
	Red: XXX
	Blue: XXX

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

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	XXX	Choose Achievement.
Initial Operational Capability (IOC)	XXX	Choose Achievement.
Final Materiel Release (FMR)	XXX	Choose Achievement.
Final Operational Capability (FOC)	XXX	Choose Achievement.

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	XXX	XXX
2	XXX	XXX
3	XXX	XXX
4	XXX	XXX

5.2 Emergent Risks

Emergent Risks (risk not previously identified, or has increased in rating, which have emerged during 2024–25)		
Ref#	Description	Remedial Action
1	XXX	XXX
2	XXX	XXX
3	XXX	XXX
4	XXX	XXX

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	XXX	XXX
2	XXX	XXX
3	XXX	XXX
4	XXX	XXX

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

Section 6 – Lessons Learned

6.1 Key Lessons Learned

Description	Categories of Systemic Lessons
XXX	Lessons Categories
XXX	Lessons Categories
XXX	Lessons Categories
XXX	Lessons Categories

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	XXX
Branch	XXX

Indicative 2024–25 MPR Program Schedule

Event	Start Date	End Date
Planning for 2024–25 MPR (including review of outcomes of the 2023–24 program)	Oct 24	Jan 25
Defence and ANAO finalise preparations for 2024–25 MPR program in time for JCPAA Hearing	Jan 25	Mar 25
ANAO provides Engagement Letter and Review Strategy to Secretary of Defence[16]	Feb 25	Jun 25
Defence Corporate meetings with ANAO	Feb 25	Mar 25
Defence MPR team provides program advice to project offices	Feb 25	Feb 25
Defence MPR management finalises preparation with project offices	Feb 25	Feb 25
PDSS Version 1 review conducted by the ANAO	Mar 25	Jun 25
End Of Financial Year data provided to project offices and Military Equipment Acquisition Program Approved data provided to ANAO	Jul 25	Jul 25
PDSS Version 2 and 3 reviews	Jul 25	Oct 25
Consultation with Defence on the 2025–26 MPR Guidelines and Project Selection for the JCPAA	Jun 25	Aug 25
ANAO submits the 2025–26 MPR Guidelines and Project Selection to the JCPAA for endorsement	Aug 25	Aug 25
Development of the Defence 2024–25 MPR	Aug 25	Oct 25
ANAO prepares its Assurance, Review and Analysis, which is provided to Defence Secretary	Aug 25	Oct 25
Defence provides advice to the ANAO regarding the security classification of the aggregated PDSS suite	Oct 25	Oct 25
Defence Secretary submits formal draft Defence section of the 2024–25 MPR to the Auditor-General	Oct 25	Oct 25
Defence provides the Auditor-General with a response to the ANAO Assurance, Review and Analysis sections	Oct 25	Oct 25
ANAO provides Defence with a response to the Defence 2024–25 MPR sections	Oct 25	Oct 25
ANAO internal clearance of the 2024–25 MPR, followed by tabling in Parliament	December 2025	

[16] Timing may depend on JCPAA hearing schedule, to ensure key priorities of the JCPAA are considered.