Project Data Summary Sheet¹⁴⁴

Project Number	AIR 7403 Phase 3
Project Name	Additional KC-30A Multi-role
	Tanker Transport
First Year Reported in the	2015-16
MPR	
Capability Type	New
Acquisition Type	Australianised MOTS
Capability Manager	Chief of Air Force
Government 1st Pass	N/A
Approval	
Government 2nd Pass	Jun 15
Approval	
Total Approved Budget	\$855.5m
(Current)	
2016-17 Budget	\$138.2m
Project Stage	Integration and Test
Complexity	ACAT II



Section 1 – Project Summary

1.1 Project Description

AIR 7403 Phase 3 will acquire two A330-200 aircraft and convert them to KC-30A Multi-role Tanker Transport (MRTT) aircraft and deliver them together with their associated spares and support equipment. This project follows on from AIR 5402 which delivered five MRTT aircraft equipped with both hose and drogue and boom refuelling systems capable of in-flight refuelling of current and future aircraft. The second aircraft, MRTT#7, will undergo further modification to include an enhanced interior and communications suite known as the Government Transport and Communications (GTC) capability.

1.2 Current Status

Cost Performance

In-year

In-year cost performance to 30 June 2017 has resulted in an underspend of \$10.4m. This variance is attributed to savings associated through an enhanced aerial refuelling capability and the procurement of a spare engine, in conjunction with the rescheduling of payments for initial spares and support and test equipment procurements.

Project Financial Assurance Statement

As at 30 June 2017, project AIR 7403 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 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 contingency in the financial year.

Schedule Performance

Aircraft conversion schedule supports achievement of the Final Materiel Release (FMR) / Final Operational Capability (FOC) planned dates.

Major project milestones achieved in 2016-17 include:

- Completion of MRTT#6 Mid Production Review in September 2016;
- Completion of GTC Preliminary Design Review in November 2016;
- Completion of MRTT#7 Mid Production Review in November 2016;
- Completion of GTC Critical Design Review in March 2017;

144 Notice to reader

Forecast dates and Sections: 1.2 (Materiel Capability Delivery Performance), 1.3 (Major Risks and Issues), 4.1 (Measures of Materiel Capability 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-Ceneral in **Part** 3 of this report.

- Additional MRTT Type Acceptance in April 2017; and
- Acceptance of MRTT#6 in June 2017.

Materiel Capability Delivery Performance

The project remains on schedule to deliver the two additional KC-30A MRTT aircraft to Air Force with MRTT#7, being the second additional KC-30A MRTT aircraft, modified to include GTC capability.

Forecast dates and capability assessments are excluded from the scope of the review.

1.3 Project Context

Background

AIR 7403 Phase 3 is an extension of the original AIR 5402 acquisition contract that provided the Australian Defence Force with five KC-30A MRTT aircraft. The KC-30A MRTT aircraft design was previously accepted under AIR 5402.

Government provided a combined first and second pass approval in June 2015 for the purchase of two additional Airbus A330-200 aircraft for conversion to KC-30A MRTT aircraft.

In February 2016, the project received interim Government approval for a scope increase to further modify the second MRTT aircraft to provide an enhanced communications capability in support of long-range international government transport (the GTC).

In accordance with Government approval, AIR 7403 Phase 3 is scoped to provide two additional KC-30A MRTT aircraft that meet the same configuration to the maximum extent possible to the Air Force fleet of five KC-30A MRTT aircraft. To meet these requirements there is a need to Australianise the MRTT aircraft as provided by Airbus Defence and Space. In August 2016, Defence signed a contract with Airbus Defence and Space for the MRTT#7 GTC Capability.

Uniqueness

The two aircraft were previously operated under lease by Qantas and originally assembled between the first two Royal Australian Air Force (RAAF) MRTT aircraft that are the basis of the KC-30A design. Being the same overall civil build status provides an opportunity to maintain close commonality with the configuration of the existing RAAF KC-30A fleet.

The enhanced communications capability in support of long-range international government transport installed on a KC-30A MRTT aircraft will be the first of type for Air Force.

Major Risks and Issues

Early identification of baseline configuration differences between the Airbus A330-200 aircraft and Air Force KC-30A fleet may lead to integration issues during conversion to MRTT as well as introduce increased supportability costs. Defence is also re-assessing previously accrued civil flight hours on both A330-200 aircraft to determine the impact of the significantly increased in-service utilisation on the Planned withdrawal Date of the KC-30A.

Principal challenges associated with the modification of MRTT#7 to introduce a GTC capability include:

- Accreditation and certification of the suite of Information, Technology and Communications (ITC) equipment to be installed in the GTC aircraft; and
- Availability at aircraft acceptance of the suite of logistics products required to support introduction into service of the GTC capability.

Other Current Sub-Projects

N/A

Note

Major risks and issues are excluded from the scope of the review.

Section 2 – Financial Performance

Date	Description	\$I	n	Notes
	Project Budget			
Jun 15	Original Approved		681.9	
Mar 16	Real Variation – Scope	187.7		1
Mar 16	Real Variation – Budgetary Adjustment	(4.8)		2
			183.0	
lup 17	Exphanae Variation		(0.2)	
Jun 17			(9.3)	
Jun I/	i otal Budget		600.0	
	Project Expenditure			
Prior to Jul 16	Contract Expenditure – Airbus Defence and Space	(308.7)		3 4
	Other Contract Payments / Internal Expenses	(10.6)		4
			(319.3)	
FY to Jun 17	Contract Expenditure – Airbus Defence and Space	(99.8)		3
	Other Contract Payments / Internal Expenses	(28.0)		4
			(407.7)	4
lum 47	To to I Francisco di terre		(127.7)	
Jun 17	i otal Expenditure		(447.1)	
=			400.4	
Jun 17	Remaining Budget		408.4	
Notes				
1 The approved	scope increase associated with interim pass approval has	been incorporated	I into the budget,	increasing the

2.1 Project Budget (out-turned) and Expenditure History

 project approval by \$187.7m, for the Government Transport and Communications modification.

 2
 Budgetary adjustment was to correct an error in the price basis immediately following guidance transfer;

 3
 The scope of this contract is explained in Section 2.3 – Details of Project Major Contracts.

4 Other expenditure comprises of Spare Engine Procurement (\$19.6m), contractor, legal support, salaries, other capital

expenditure including Discrete Tasking Orders and travel.

2.2A In-year Budget	Estimate Variance		
Estimate	Estimate	Estimate	Explanation of Material Movements
PBS \$m	PAES \$m	Final Plan \$m	
169.6	145.8	138.2	PBS to PAES: The second aircraft is scheduled to complete MRTT conversion by third quarter 2017 after which it will enter a GTC modification program. The variance is due to reprogramming of the second aircrafts MRTT modification schedule to align with the additional GTC modification. PAES to Final Plan: The variation is primarily the result of
			budgeted exchange rate adjustments to the final budget plan.
Variance \$m	(23.8)	(7.6)	Total Variance (\$m): (31.4)
Variance %	(14.1)	(5.2)	Total Variance (%): (18.5)

2.2B In-year Budget/Expenditure Variance

	300			
Estimate	Actual	Variance	Variance Factor	Explanation
Final Plan \$m	\$m	\$m		
		(0.3)	Australian Industry	Variance is due to savings
		(1.1)	Foreign Industry	associated with an enhanced aerial
	Early Processes		refuelling capability and spare	
		(10.4) Defence Processes 1.4 Foreign Government		engine procurement. The variance
				was further driven by rescheduling
			Negotiations/Payments	of payments associated with spares
			Cost Saving	/ S&TE and the spare engine
			Effort in Support of Operations	including higher than planned
			Additional Government Approvals	Foreign Military Sales (FMS)
138.2	127.7	(10.4)	Total Variance	payments.
		(7.5)	% Variance	

2.3 Details of Project Major Contracts

		Pr	ice at		Type (Price						
Contractor	Signature Date	Signature \$m	30 Jun 1 \$m	17	Basis)	Form of Contract	Notes				
Airbus Defence and Space	Jun 15	408.8	573.2	2 Variable		ASDEFCON	1, 2				
US Government	Mar 16 11.1		9.2		Fixed	FMS	1				
Notes											
1 Contract Value as at 30 June 2017 is based on actual expenditure to 30 June 2017 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).											
2 Price at 30 June 2017 includes the addition of Contract Change Proposals (CCPs) 133, 134, 136, 137, 138, 139 and 140.											
Contractor	Qua	antities as at		Scope							
Contractor	Signature	30 Jun	17	Scope		Notes					
Airbus Defence and Space	2	2	F	Purchas conversi modifica to inclue							
US Government	2	2			This FMS case value is to fund Large Aircraft Infra-Red Counter Measure (LAIRCM) kits.						
Major equipment re	ceived and quantities	to 30 Jun 17		•							

Two additional Airbus A330-200 aircraft were accepted in July and November 2015 respectively. Both aircraft were immediately transferred to Airbus Defence and Space, Madrid Spain for conversion to MRTT aircraft. MRTT#6, the first additional KC-30A MRTT aircraft was accepted in June 2017.

Section 3 – Schedule Performance

3.1 Design Review Progress

0.11	Jesign Review	1 1091033					
Revi	ew	Major System/Platform Variant	Original Planned	Current Planned	Achieved/Forecast	Variance (Months)	Notes
Syst	em	MRTT Aircraft	N/A	N/A	N/A	0	1
Req	uirements						
Preli	minary	MRTT Aircraft	N/A	N/A	N/A	0	1
Desi	gn	MRTT# 7 - GTC Aircraft	Oct 16	N/A	Nov 16	1	2, 3
Critic	cal Design	MRTT Aircraft	N/A	N/A	N/A	0	1
		MRTT# 7 - GTC Aircraft	Dec 16	N/A	Mar 17	3	2, 4
Proc	luction	MRTT Aircraft	Dec 15	N/A	Mar 16	3	5
Rea	diness	MRTT# 7 - GTC Aircraft	Jun 17	N/A	Aug 17	2	2
Revi	ew						
Test	Readiness	MRTT# 7 - GTC Aircraft	Sep 18	N/A	Oct 18	1	2
Rev	iew						
Note	s						
1	MRTT aircraf	t system requirements and design re	eviews not red	quired as the	design was previously app	roved under th	e original
	acquisition co	ontract, project AIR 5402 Air to Air R	efuelling Capa	ability.			
2	Additional D	esign Review milestones have be	en added for	developmen	t of the MRTT GTC modif	ication.	
3	MRTT# 7 GT	C aircraft Preliminary Design Rev	iew (PDR) wa	as completed	i in October 2016 with PI	OR milestone a	achieved
	in November	[•] 2016.					
4	MRTT# 7 GT	C aircraft Critical Design Review	(CDR) was o	completed in	January 2017 with CDR	milestone acl	nieved in
	March 2017.						
5	The Additiona	al MRTT Aircraft Production Readin	ness Review	(PRR) was co	ompleted in December 20	15 with PRR I	milestone
	achieved in M	larch 2016					

3.2 Contractor Test and Evaluation Progress

Test and	Major System/Platform Variant	Original	Current	Achieved/Forecast	Variance	Notes
Evaluation		Planned	Planned		(Months)	
Acceptance	Purchase of first additional A330-200 aircraft	Jul 15	N/A	Jul 15	0	
	Purchase of second additional A330- 200 aircraft	Nov 15	N/A	Nov 15	0	
	Acceptance of MRTT# 6	May 17	N/A	Jun 17	1	1
	Completion of MRTT#7 conversion	Aug 17	N/A	2	1, <mark>2</mark>	
	MRTT#7 GTC Fitout Completion	Dec 18	N/A	Feb 19	2	2
	MRTT#7 GTC Final Acceptance	May 19	N/A	Jun 19	1	2
	Contract Final Acceptance	Oct 17	Sep 19	Sep 19	23	3
Notes						
1 The Co	mmonwealth has factored in additional tin	ne to accomm	nodate rework	activities that may be req	uired to close	out these
milesto	nes. This remains within the project's planr	ned delivery w	indow.			
2 The va	riance represents current schedule fore	cast with wo	rk to refine th	ne schedule being undert	aken.	
3 Varian MRTT	ce is directly linked to the inclusion of t GTC aircraft.	he GTC modi	fication and a	acceptance and introduc	tion into servi	ice of the

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3.3 Progress Toward Materiel Release and Operational Capability Milestones

Note

Forecast dates in Section 3 are excluded from the scope of the review.

Section 4 - Materiel Capability Delivery Performance



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	-	-										

4.2 Constitution of Initial Materiel Release	4.2 Constitution of Initial Materiel Release and Final Materiel Release										
Item	Explanation	Achievement									
Initial Materiel Release (IMR)	KC-30A MRTT#6 delivered and accepted including the	Not yet achieved									
	following:										
	Initial MRTT spares.										
	Initial Support equipment.										
	IMR is expected to be achieved in March 2018.										
Final Materiel Release (FMR)	KC-30A MRTT#7 with GTC capability delivered and	Not yet achieved									
	accepted including the following:	-									

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 Final delivery of remaining MRTT spares and support equipment. 	
Delivery of MRTT GTC spares and support equipment	
Delivery of Aircraft Stores Replenishment Vehicle. EMB is expected to be achieved in October 2019	

Section 5 – Major Risks and Issues

5.1 Major Project Risks

Identified Risks (risk identified by standard project risk manager	nent processes)
Description	Remedial Action
Differences between the baseline configuration of the two Airbus A330-200 aircraft and Air Force KC-30A fleet may affect spares and support and lead to integration issues during conversion of the aircraft to MRTT, that may require deviation to specification or replacement of components.	Actively engage with Airbus Defence and Space to undertake configuration analysis of both aircraft, documenting results to ensure the Commonwealth has a full understanding of any differences in configuration to support sustainment modelling and to address any supportability issues.
integration of the modification and or acceptance into service may not be synchronised with the aircraft delivery schedule.	prime contractor and external agencies to develop plans to secure adequate resources and or procurement of spares and support equipment for introduction into service of the additional two MRTT aircraft.
The two additional A330-200 aircraft may not achieve the KC- 30A fleet Planned withdrawal Date (PwD) of 2041 due to previously accrued flight hours and the significantly increased usage planned by Air Force.	Early engagement with Defence Technical Airworthiness Authority to assess previous commercial operations and their impact to KC- 30A PwD.
Airbus Defence and Space may not have fully scoped the requirements of equipment options contracted under CCP- 133 (additional aircraft configuration options) impacting the ability to achieve closer KC-30A fleet configuration commonality.	Maintain close communications with the Prime contractor to clarify and agree on a finite set of requirements to ensure a common configuration of the KC-30A fleet whilst not affecting safety, operations and airworthiness. Risk Retired. CCP-133 options fitted to both additional aircraft. Acceptance of MRTT#6, the first additional KC-30A MRTT aircraft, was achieved in June 2017.
Emergent Risks (risk not previously identified but has emerged	during 2016-17)
Description	Remedial Action
The additional suite of Logistics products required to support both integration of the modification and or acceptance into service to support the MRTT#7 GTC configuration may not be synchronised with the aircraft delivery schedule.	Early identification of potential shortfalls and engagement with prime contractor, their partnering contractors and external agencies to develop plans to secure adequate resources and or procurement of spares and support equipment for introduction into service of MRTT#7 in GTC configuration.
Accreditation and certification of the suite of Information, Technology and Communications (ITC) equipment to be installed as part of MRTT#7 GTC fitout may not be achieved due to conflict with Airworthiness and security accreditation design requirements and deficiencies in the ITC design solution.	Early engagement with contractor and other Commonwealth agencies including airworthiness and accreditation authorities to verify and validate design, including conduct of formal verification testing in Europe prior to delivery and acceptance of MRTT#7 GTC aircraft in Australia.
5.2 Major Project Issues	
Description	Remedial Action
N/A	N/A

Note

Major risks and issues in Section 5 are excluded from the scope of the review.

6.1 Project Maturity Score and Benchmark

							Attr	ibutes											
Maturity Score				Schodulo		Cost		Requirement		Technical	Understanding	Technical Difficulty		Commercial		Operations and Support		Total	
Project Stage	Bench	mark		8		7		8		8	8		8		8			55	
Integration and	Projec	t Stat	us		7		7		7		10	8		7		7			53
Test	•	Sche com conv and Requ the r Tech aircra GTC field Com level Open there 30A	edule pleti versi- reco uiren requi antica aft is desi desi desi ed ci amere of qu ratio	e: Airt ng so on prover so nents reme il Und very v ign is ivil so cial: F uality f ns an challe increa	bus E men n ogran ched : Bas nts fo lersta well u agre for cc d Su sase fr	efence inor i m. AD ule. ed on or the anding nderst ed with n. rving t intract pport: in det om 5 t	e an modi &S a the GTC g: The cood a th the cood a th the cood a th the cood a th the cood a th the cood a th the cood a the cood a the the cood a the cood a the the cood a the the the cood a the cood a the the cood a the the cood a the the cood a the the cood a the the the the the the the the the the	d Space ification nd Alf recent modified to modified to modified t	ce (AD & n activ R7403 a completion fication nical sol based o llite Co on sche s remain gh Life S e suppor and inf	(Construction) (Construction)	formal s durin vorking n of G well u n for the ne exist unicat e while commer port co equirem uction	ly di g M g co TC (inde e ad ting ions mai rciall ntrac of t	isclose RTT #6 Ilabora Critical erstood dditiona RAAF s soluti intainin ly challe ct is op s assoc the GTO	ed sl ative l Des l. l KC-: ion l g the engli erati ciate C ca	ippag 1 #7 ·ly to r ·ingn R -30A N 30A fle based > desir ng. ive; hc d with pabili	e in replan Review, MRTT set. The on a ed wever KC- ty.			
	70										0	63-6	5)	6	67	-(70)			
	60							-	-55	-57-	-60								
	50					42	-45	-50											
	40			0															
	20		_21	<u></u>															
	10 13																		
	0																		
	Enter DCP	Decide Viable Capability Options	1st Pass Approval	Industry Proposals / Offers	2nd Pass Approval	Contract Signature	Preliminary Design Review(s)	Detailed Design Review(s)	Complete Sys. Integ. & Test	Complete Acceptance Testing	Initial Materiel Release (IMR)	Final Materiel Release (FMR)		MAA Closure	Acceptance Into Service	Project Completion			
2	2015-16	MPR	Status									2016-	17 N	/IPR St	atus	<u></u>			

Section 7 – Lessons Learned

7.1 Key Lessons Learned	
Project Lesson	Categories of Systemic Lessons
N/A	N/A

Section 8 – Project Line Management

8.1 Project Line Management in 2016-17	
Position	Name
Division Head	AVM Catherine Roberts
Branch Head	AIRCDRE Phillip Tammen
Project Director	Mr Luke Brown (to Sep 16)
	Mr Wayne Bicket (Acting Sep 16-current)
Project Manager	Mr Wayne Bicket (to Sep 16)
	WGCDR David Mackay (Aug 16–May 17)
	SQNLDR Damien Maldon (May 17–current)

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