

## Project Data Summary Sheet<sup>154</sup>

Project Number	LAND 400 Phase 2
Project Name	MOUNTED COMBAT RECONNAISSANCE CAPABILITY
First Year Reported in the MPR	2019-20
Capability Type	Replacement
Acquisition Type	MOTS Plus
Capability Manager	Chief of Army
Government 1st Pass Approval	December 2014
Government 2nd Pass Approval (or key Government pre-Second Pass Approval)	March 2018
Budget at 2 <sup>nd</sup> Pass Approval (or key Government pre-Second Pass Approval)	\$5,762.7m
Total Approved Budget (Current)	\$5,761.7m
2019-20 Budget	\$173.6m
Project Stage	Preliminary Design Review
Complexity	ACAT I



### Section 1 – Project Summary

#### 1.1 Project Description

LAND 400 Phase 2 (L400-2) will introduce the Mounted Combat Reconnaissance Capability (MCRC) through the acquisition of the Boxer 8x8 Combat Reconnaissance Vehicle (Boxer CRV). This capability seeks to meet Army's land combat reconnaissance requirements. The Project is approved to acquire 211 vehicles, additional modules, and training and support systems to replace the in-service capability provided by the Australian Light Armoured Vehicle (ASLAV).

#### 1.2 Current Status

##### Cost Performance

###### In-year

As at 30 June 2020, financial year 2019-20 expenditure was \$173.2m against a Year End (YE) budget of \$173.6m. The YE variance is primarily due to less than anticipated expenditure for Contractor Support and Remote Weapons Stations (Block II).

###### Project Financial Assurance Statement

As at 30 June 2020, project L400-2 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 applied contingency in the financial year.

##### Schedule Performance

Initial Operating Capability remains on track for June 2022.

The Project is currently taking delivery of the first batch of 25 vehicles, whilst concurrently contributing towards the design of Block II vehicles. In the two years since contract signature, the project has undertaken a series of complex changes including the incorporation of a new electronic architecture. Verification and validation testing of the first Boxer 8x8 CRV has commenced at Monegetta Proving Ground and will continue until early 2021.

##### Material Capability Delivery Performance

As at 30 June 2020, Rheinmetall Defence Australia (RDA) has delivered 3 of 25 of Block I Boxer CRVs – the remaining vehicles are expected to be complete by mid-2021. Assembly of the Block II Boxer CRVs is scheduled to commence at the Military Vehicle Centre of Excellence (MILVEHCOE) in May 2022 and is expected to be complete by Oct 2026.

###### Note

Forecast dates and capability assessments are excluded from the scope of the Auditor-General's Independent Assurance Report.

<sup>154</sup> Notice to reader

Forecast dates and Sections: 1.2 (Material 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 Review Report by the Auditor-General* in Part 3 of this report.

1.3 Project Context

<p><b>Background</b></p> <p>The ASLAV supports the Australian Defence Force's current mounted combat reconnaissance capability and has seen extensive operational service, including in East Timor, Iraq and Afghanistan. Introduced in 1992, the ASLAV fleet will reach the end of its life around 2021.</p> <p>Government First Pass Approval for a replacement Mounted Combat Reconnaissance Capability (MCRC) was provided in December 2014. An assessment prior to First Pass Approval identified that current Military-Off-The-Shelf (MOTS) solutions would be unlikely to be capable of meeting all of Army's capability requirements. In response to the Request For Tender, tenderers were required to submit a MOTS solution, and were also provided the option of submitting a 'MOTS Plus' solution (defined as a MOTS baseline vehicle reconfigured with a single package of upgrades in order to deliver an increased level of compliance with the technical, functional and performance requirements). In March 2018, Government announced RDA as the preferred tenderer for the delivery of an Australianised Boxer 8x8 CRV to fulfil the MCRC for the ADF.</p> <p>RDA tendered the Boxer 8x8 Multi Role Armoured Vehicle integrated with the Rheinmetall Lance turret as the Boxer CRV to replace the ASLAV, this vehicle was subsequently selected by Government as the preferred solution, and an acquisition contract was signed with RDA in August 2018 for the provision and initial support of 211 Boxer CRVs.</p> <p>For the first 25 Boxer CRVs, referred to as Block I, manufacture and assembly will occur in Germany, with final integration and acceptance testing undertaken in Australia. After this initial phase, a gradual transition will occur for the assembly of the vehicles (Block II) from Germany to Australia. This will be via a coordinated ramp down in Germany and ramp up in Australia, thereby maximising the effect of technology transfer and reflecting the growing skill base in Australia.</p> <p>There will remain some vehicle subsystems for which the transfer of manufacture or assembly from Europe to Australia would not be cost effective and they will continue to be supplied from Germany (e.g. welded drive module hulls, 30mm cannons, power packs, etc.). Final assembly, integration, set to work and testing of those elements would, however, still occur in Australia. Selected low-volume variants will continue to be assembled in Germany.</p> <p>Delivery of the 211 vehicles will be via two deliberate Blocks (I and II). Of the 25 vehicles in Block I, the 13 Multi-Purpose Variant Boxer CRVs are a 'MOTS' solution, whilst the remaining 12 Block I Reconnaissance and 186 Block II Boxer CRV variants are classified as a 'MOTS Plus' solution. Block II consists of 121 Reconnaissance, 15 Command and Control, 29 Joint Fires and Surveillance, 10 Repair and 11 Recovery variants.</p> <p>The Boxer CRV will form part of Army's modernised Armoured Fighting Vehicle capability, until its life of type (approximately 2055).</p> <p>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 L400-2 had approached the market, it was not feasible to implement it within the timeframe available.</p> <p>One Stop Payment has previously been invoked on RDA in response to the delayed achievement of a contract milestone (July to September 2019) – this Stop Payment has now been lifted.</p>
<p><b>Uniqueness</b></p> <p>L400-2 is unique in that Australia is the first nation to acquire a Boxer vehicle with a manned turret, a variant that other countries have expressed an interest in buying. Additionally, L400-2 is acquiring a Reconfigurable Driver Training Simulator – an innovative Australian-developed simulator that uniquely, can be reconfigured for a variety of different vehicles. The simulator is attracting global interest for follow on sales and has been shortlisted for an Essington-Lewis Award for excellence in defence and industry collaboration.</p>
<p><b>Major Risks and Issues</b></p> <p>The following risks and issues are being managed by the Project:</p> <ul style="list-style-type: none"> <li>• Failure of Boxer CRV to meet the contracted specifications;</li> <li>• Failure to meet scheduled delivery and operational milestones;</li> <li>• Failure to integrate LAND 200 (Battlefield Command Systems) onto the CRV;</li> <li>• RDA COVID-19 Impacts;</li> <li>• Delay in Production of Block I Boxer CRV;</li> <li>• C4I System Software and Equipment Availability; and</li> <li>• L400-2 Training System External Interfaces.</li> </ul>
<p><b>Other Current Related Projects/Phases</b></p> <p>L200 is delivering two major subsystems which will be integrated into the CRV. These include a:</p> <ul style="list-style-type: none"> <li>• Battle Management System (BMS) — that enables commanders to monitor, direct and review operations with electronic displays of maps and combat data; and a</li> <li>• Tactical Communications Network — comprising secure, mobile infrastructure (such as radios) to support the distribution of the BMS and other combat systems used by Army.</li> </ul>
<p><b>Note</b></p> <p>Major risks and issues are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>

## Section 2 – Financial Performance

### 2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
<b>Project Budget</b>			
Dec 14	Original Approved (Government First Pass Approval)	116.7	
	Government Second Pass Approval	5,646.0	
Mar 18	<b>Total at Second Pass Approval</b>	<b>5,762.7</b>	
Jun 20	Exchange Variation	(1.0)	
	<b>Total Budget</b>	<b>5,761.7</b>	
<b>Project Expenditure</b>			
Prior to Jul 19	Contract Expenditure – RDA (Prime Contract)	(178.6)	1
	Contract Expenditure – NIOA (Explosive Ordnance)	(20.7)	
	Contract Expenditure – UMS	(7.2)	
	Other Contract Payments / Internal Expenses	(78.8)	
		(285.3)	
FY to Jun 20	Contract Expenditure – RDA (Prime Contract)	(107.9)	2
	Contract Expenditure – NIOA (Explosive Ordnance)	(24.1)	
	Contract Expenditure – UMS	(9.6)	
	Contract Expenditure – EOS	(1.7)	
	Other Contract Payments / Internal Expenses	(29.9)	
		(173.2)	
Jun 20	<b>Total Expenditure</b>	<b>(458.5)</b>	
Jun 20	<b>Remaining Budget</b>	<b>5,303.2</b>	
<b>Notes</b>			
1	Other Expenses (\$78.8m) are for Risk Mitigation Activity Contracts with Rheinmetall Landsysteme GmbH and BAE Systems (\$50.0m), Project Office Administration (\$23.5m), C4I (\$3.8m), Risk Mitigation Activity – Other (\$0.9m), and Remote Weapon Station – Block I (\$0.6m)		
2	Other Expenses (\$29.9m) are for C4I (\$12.3m), Project Office Administration (\$8.3m), Support Contract (\$3.4m), German Quality Assurance (\$2.9m), Test and Evaluation (\$2.7m), and other (\$0.3m).		

\*Note – Those projects approved in 'out- turned' dollars will not contain an entry for 'Price Indexation'. In these instances this line can be removed.

### 2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
200.3	173.7	173.6	The variation from PBS to PAES is primarily due to delays as a result of the inclusion of the Electronic Architecture scope of work and delay of the Active Protection System Feasibility Study. The variation from PAES to Final Plan is due to budget exchange rate updates.
Variance \$m	(26.6)	(0.1)	Total Variance (\$m): (26.7)
Variance %	(13.3)	(0.1)	Total Variance (%): (13.3)

### 2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
173.6	173.2	(0.4)	Australian Industry	The Year End (YE) variance is primarily due to less than anticipated expenditure for Contractor Support and Remote Weapons Stations (Block II).
			Foreign Industry	
			Early Processes	
			Defence Processes	
			Foreign Government Negotiations/Payments	
			Cost Saving	
			Effort in Support of Operations	
			Additional Government Approvals	
	(0.4)	<b>Total Variance</b>		
	(0.2)	<b>% Variance</b>		

2.3 Details of Project Major Contracts

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature \$m	30 Jun 20 \$m			
RDA	Aug 2018	3,890.2	3,741.5	Fixed	ASDEFCON	1,3
UMS	Dec 2018	29.1	30.8	Fixed	ASDEFCON	
NIOA	Jul 2018	47.3	91.7	Fixed	ASDEFCON (Standing Offer)	4
EOS	Dec 2019	50.2	48.9	Fixed	ASDEFCON	2,3
<b>Notes</b>						
1	Contract value as at Signature is based on contract commitment at PBS 2018-19 Budgeted exchange rates. The commitment value included Price escalation estimates.					
2	Contract value as at Signature is based on contract commitment at MYEFO 2019-20 Budgeted exchange rates. The commitment value included Price escalation estimates.					
3	The price at 30 June 2020 is \$148.7 million lower than the price at signature due to exchange rate variation and lower than expected price escalation.					
4	Contract value as at signature reflects initial order quantity only.					
Contractor	Contracted Quantities as at		Scope	Notes		
	Signature	30 Jun 20				
RDA	223	223	Mounted Combat Reconnaissance Vehicles (Blocks I & II), Mission Modules, Support & Test Equipment and Training equipment			
UMS	6 1	6 1	Reconfigurable Driver Simulators Part Task Trainer			
NIOA	Classified	Classified	Explosive Ordnance			
EOS	82	82	Remote Weapon Stations (RWS) - Block II Vehicles	1		
<b>Major equipment accepted and quantities to 30 Jun 20</b>						
As at 30 June 2020:						
<ul style="list-style-type: none"> <li>RDA has delivered 3 of 25 Block I CRV.</li> <li>NIOA has delivered a quantity of explosive ordnance. The nature of these deliveries is Classified.</li> </ul>						
<b>Notes</b>						
1	EOS has been contracted to deliver 2 Engineering Manufacture and Design RWS units, 2 Verification and Validation RWS units and 78 Full Rate Production RWS units.					

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	2
	Block I – Reconnaissance	Nov 18	N/A	Nov 18	-	
	Block II – Joint Fires and Surveillance	Jul 19	N/A	Jul 19	-	
	Block II – Command and Control	Jun 19	N/A	Jul 19	1	
	Block II – Reconnaissance	Jan 19	N/A	Feb 19	1	
	Block II – Repair	Aug 19	Oct 19	Sep 19	1	
Preliminary Design	Block II – Recovery	Feb 19	N/A	Feb 19	-	
	Block I – Multi Purpose Vehicle	N/A	N/A	Jan 19	N/A	2
	Block I – Reconnaissance	May 19	N/A	May 19	-	
	Block II – Joint Fires and Surveillance	Dec 20	Mar 21	Mar 21	3	3
	Block II – Command and Control	Jul 20	Jan 21	Jan 21	6	4
	Block II – Reconnaissance	Jul 19	N/A	Sep 19	2	5
Detailed Design	Block II – Repair	Dec 21	N/A	Dec 21	-	
	Block II – Recovery	Feb 20	Jul 20	Jul 20	5	6
	Block I – Multi Purpose Vehicle	Jan 19	N/A	Aug 19	7	7
	Block I – Reconnaissance	Oct 19	N/A	Nov 19	1	
	Block II – Joint Fires and Surveillance	Nov 21	Feb 22	Feb 22	3	3
	Block II – Command and Control	Apr 21	Oct 21	Oct 21	6	4
Notes	Block II – Reconnaissance	May 20	Feb 21	Jan 21	8	8
	Block II – Repair	Sep 22	N/A	Sep 22	-	
	Block II – Recovery	Mar 21	Apr 21	Apr 21	1	
1	All dates represent the Approval to exit the Design Review for each Mission System variant drive and mission modules.					
2	This was not a contractual requirement.					
3	Delay due to a combination of introduction of the Electronic Architecture Contract Change Proposal, COVID-19 (predominantly due to personnel resourcing constraints of the contractor), uncertainty with the load list and delays associated with Command and Control variant.					
4	Delay due to a combination of introduction of the Electronic Architecture Contract Change Proposal, COVID-19 (predominantly due to personnel resourcing constraints of the contractor), uncertainty with the load list and issues with interface documents.					
5	Delay associated with failure to satisfy all preliminary design review requirements which resulted in Defence invoking a Stop Payment in July 2019, which has now been lifted.					
6	Delay due to a Commonwealth request for a Recovery demonstration to be incorporated into the PDR.					

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7	Delay due to late achievement of PDR and underestimation of design changes following the fitment exercise.
8	Delay due to a combination of the Stop Payment (in July 2019 – refer note 5), introduction of the Electronic Architecture Contract Change Proposal, COVID-19 (predominantly due to personnel resourcing constraints of the contractor), and personnel resourcing issues.

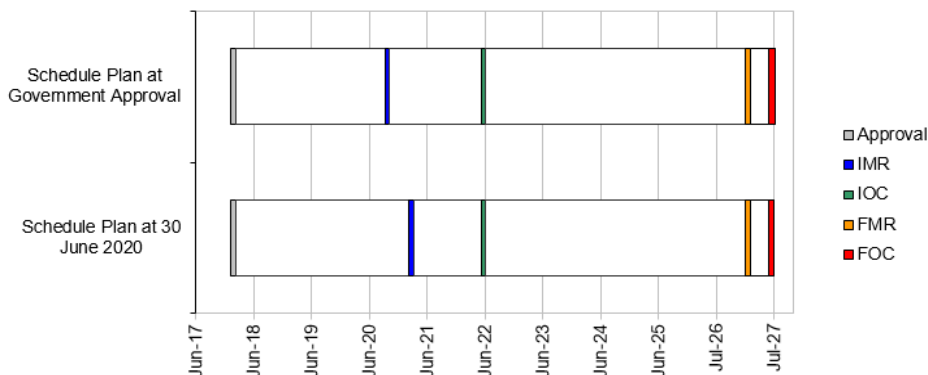
3.2 Contractor Test and Evaluation Progress

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	Oct 20		
	Block I – Reconnaissance	Oct 20	N/A	Feb 21	4	2
	Block II – Joint Fires and Surveillance	Oct 26	N/A	Sep 26	-1	
	Block II – Command and Control	Jun 26	N/A	Jun 26		
	Block II – Reconnaissance	Oct 26	N/A	Oct 26		
	Block II – Repair	Jun 26	N/A	Jun 26		
	Block II – Recovery	Mar 26	N/A	Mar 26		
<b>Notes</b>						
1	Dates specified are based on Acceptance of the final delivery for each variant.					
2	Block I – Reconnaissance delivery is delayed due to a combination of production and manufacturing delays in Europe and the impact of COVID-19 travel restrictions in both Europe and Australia.					

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Oct 2020	Mar 2021	5	1,3
Initial Operational Capability (IOC)	Jun 2022	Jun 2022	0	2,3
Final Materiel Release (FMR)	Jan 2027	Jan 2027	0	
Final Operational Capability (FOC)	Jun 2027	Jun 2027	0	
<b>Notes</b>				
1	The variance is due to a combination of production and manufacturing delays in Europe and the impact of COVID-19 travel restrictions in both Europe and Australia.			
2	IOC will be achieved through a combination of the delivery of Block I vehicles, and a period of operational test and evaluation.			
3	The dates listed do not align with Defence’s Materiel Acquisition Agreement – Defence is in the process of updating the document to ensure alignment with Government documentation.			

Schedule Status at 30 June 2020



<b>Note</b>	Forecast dates in Section 3 are excluded from the scope of the Auditor-General’s Independent Assurance Report.
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## Section 4 – Materiel Capability Delivery Performance

### 4.1 Measures of Materiel Capability Delivery Performance

**Pie Chart: Percentage Breakdown of Materiel Capability Delivery Performance**

<p>The pie chart consists of a single green circle representing 100%. A thin black line extends from the center to the edge, labeled '0%' at the tip. The green area is labeled '100%'.</p>	<p><b>Green:</b> The project expects to meet the Materiel Capability Requirements as expressed in the Materiel Acquisition Agreement.</p>
	<p><b>Amber:</b> N/A</p>
	<p><b>Red:</b> N/A</p>
<p><b>Note</b></p> <p>This Pie Chart represents Defence's expected capability delivery. Capability assessments and forecast dates are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>	

### 4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
<p>IMR and IOC reflect the original Government approved milestones at Second Pass.</p>		
Initial Materiel Release (IMR)	<p>IMR is being met with Block I and will occur when:</p> <ul style="list-style-type: none"> <li>21 Combat Reconnaissance Vehicle mission systems have been delivered to 7th Brigade, Brisbane; and initial contractor provided logistics support arrangements are in place including: user documentation, technical data, maintenance support, logistics instruction, engineering support, spares, and training systems.</li> </ul>	Not yet achieved
Initial Operational Capability (IOC)	<p>IOC is being met with Block I and will occur when:</p> <ul style="list-style-type: none"> <li>The initial scope of L400-2, including mission, support, and training systems, and facilities, if required, have been delivered to one Combat Brigade and support organisations and accepted into operational service.</li> </ul>	Not yet achieved
Final Materiel Release (FMR)	<p>FMR will occur with final delivery of the Combat Reconnaissance Vehicle capability. It includes:</p> <ul style="list-style-type: none"> <li>delivery of all vehicles, spares &amp; attrition and simulation training enablers for the Combat Reconnaissance Vehicles capability to all gaining units, and</li> <li>Logistics support arrangements, including: user documentation; technical data; maintenance support, logistics instruction, engineering support; spares; training systems; and facilities.</li> </ul>	Not yet achieved
Final Operational Capability (FOC)	<p>FOC will occur when:</p> <ul style="list-style-type: none"> <li>The full scope of L400-2, 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.</li> <li>Support arrangements are finalised in accordance with the Integrated Logistics Support Plan.</li> <li>The three Armoured Cavalry Regiments are declared operationally ready by the Capability Manager (including training fleets, and Spares and Attrition stock vehicles).</li> </ul>	Not yet achieved

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## Section 5 – Major Risks and Issues

### 5.1 Major Project Risks

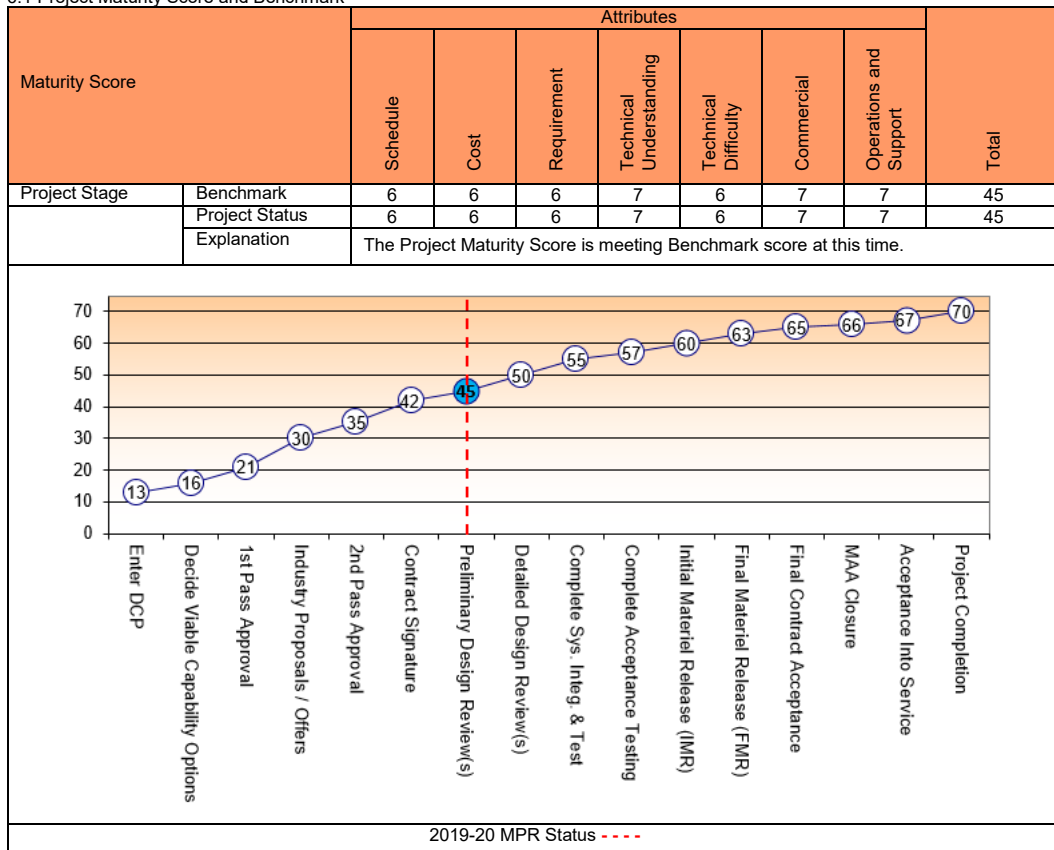
Identified Risks (risk identified by standard project risk management processes)	
Description	Remedial Action
<p><b>Failure of Boxer CRV to meet the contracted specifications</b></p> <p>There is a chance that the Boxer CRV may fail to meet the contracted minimum specifications leading to an impact on cost, schedule or capability shortfall. This risk area will be driven by Recovery and JFS Variant attributes; and verification and validation testing.</p>	<p>Block I Boxer CRV reliability and verification testing will provide early insight into the expected performance and capability of the Block II Boxer CRV.</p> <p>The Commonwealth is working closely with the contractor as part of the mandated system reviews and established working groups to ensure maturity of the vehicle design.</p> <p>The Commonwealth will monitor and provide input into the contractor's planned activities to minimise any impact to capability or performance.</p>
<p><b>Failure to meet scheduled delivery and operational milestones</b></p> <p>There is a chance that manufacture of Block II Boxer CRV is delayed, thereby impacting on FOC (Jun 2027). This will be affected by design or manufacturing delays leading to an impact on cost, schedule, performance and delivery. This risk area will be driven by Blast testing result; Gross Vehicle Mass development; and</p> <p>Anti-Tank Guided Missile integration.</p>	<p>The Commonwealth and the contractor are closely collaborating on design and capability specifications as part of the mandated system reviews and established working groups. The Commonwealth will monitor the contractor's planned activities to minimise any impact to schedule.</p>
<p><b>Failure to integrate LAND 200 systems onto the CRV</b></p> <p>There is a chance that the CRV capabilities will be affected by LAND 200 being unable to provide technical support or equipment within the required L400-2 timeframes leading to an impact on cost, schedule, performance and reputation.</p>	<p>The Commonwealth is establishing a Project Collaborative Agreement between L400-2 and L200 to ensure engagement between projects is optimised. The Project is also working closely with the contractor to ensure the impact of any delay in the provision of government-furnished equipment is minimised.</p>
Emergent Risks (risk not previously identified but has emerged during 2019–20)	
Description	Remedial Action
<p><b>RDA COVID-19 Impacts</b></p> <p>There is a risk that RDA will be unable to deliver against its contracted schedule due to the impacts of COVID-19.</p> <p>Potential impacts include reduced production capacity, supply chain delivery delays, lower levels of collaboration, possible staff absences or limitations, and potential disruption to program delivery. It may also lead to potential delays in the delivery of Block I vehicles and corresponding Milestones and potential delays to Block II Mandated System Reviews, delivery of vehicles and the corresponding Milestones.</p>	<p>Impact studies are currently being conducted by RDA with the Commonwealth awaiting initial results.</p>

### 5.2 Major Project Issues

Description	Remedial Action
<p><b>Delay in Production of Block I Boxer CRV</b></p> <p>Delays in manufacturing of Block I vehicles will impact on IMR (Oct 2020). Design and manufacturing delays will most likely impact Cost, Schedule, Performance and Delivery.</p>	<p>Strategies being implemented include: implementing quality assurance on the manufacturing line; confirming Government Furnished Equipment availability; the use of airfreight; more integration activities to be carried out in Australia; and a parallel testing and acceptance process.</p>
<p><b>C4I System Software and Equipment Availability</b></p> <p>CRV capabilities will be affected by Army and/or communications-related projects, System Project Offices (SPO) and original equipment manufacturers (OEM) being unable to provide equipment, software or technical support within L400-2 timeframes leading to an impact on Cost, Schedule, Performance and Reputation.</p>	<p>Ongoing stakeholder engagement with Army, C4I projects, SPOs and OEMs to closely manage the availability of equipment and technical information and support in accordance with L400-2 timeframes.</p>
<p><b>L400-2 Training System External Interfaces</b></p> <p>CRV Training System will be affected by undefined interfaces between the Training Management System (TMS), the Defence and Land Synthetic Environments and the Defence Learning Environment leading to impacts on Cost, Schedule, Performance, and Reputation.</p>	<p>Strategies being implemented include: identifying the appropriate owner of the TMS as a capability, including the support SPO; defining the TMS network architecture with the Chief Information Officer Group taking on design authority; and allocating contingency for a Battle Management System.</p> <p>The project is currently recruiting a network architect to develop the architecture, and raising the issue with Army Headquarters for direction and endorsement of the way forward.</p>
Note	
<p>Major risks and issues in Section 5 are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>	

Section 6 – Project Maturity

6.1 Project Maturity Score and Benchmark



Section 7 – Lessons Learned

7.1 Key Lessons Learned

Description	Categories of Systemic Lessons
A formal After Action Review (AAR) was conducted by the project in order to develop lessons learned during the project that would be of use in particular to the L400-2 project, as well as other projects in CASG and Defence more widely. This AAR was completed by the Independent Advisor and made available to the Phase 2 and Phase 3 projects to assist them. A summary of the main lessons learned is presented below.	General
<b>Enhancing project team capability</b> – The project should be sufficiently resourced at each stage of the capability lifecycle. All members of the project team should be properly trained and prepared for their roles and have a good understanding of the project’s scope, schedule and cost along with associated governance requirements.	Resourcing Governance
<b>Whole of capability focus</b> – 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.	Requirements Management
<b>Whole of life approach</b> – When conducting market solicitation for the capability, the tender documentation should establish clear guidance on the level of maturity required initially as well as the level of innovation or developmental aspects the Commonwealth is prepared to accept. Requirements should be expressed in terms of mission or functional performance and should encourage tenderers to offer innovative solutions.	Requirements Management
<b>Project management discipline</b> – A Program Management Plan and Project Master Schedule are the means by which high performing projects are conducted. As such, they must be maintained as the basis for directing the L400-2 program, managing priorities and resources, and monitoring and reporting performance to the relevant stakeholders. A Risk Management Plan should inform a disciplined approach to identifying, recording, analysing and mitigating risks, issues as well as opportunities that may affect delivery of the capability.	Program Management Governance

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Description	Categories of Systemic Lessons
<b>Capability Manager and stakeholder engagement</b> are an essential part of the tender governance – arrangements should be established for regular participation of the 3-star Capability Manager and DEPEC 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.	Governance
<b>Industry engagement</b> – 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.	Requirements Management
<b>Tender requirements</b> – When conducting a tender, the RFT documentation should clearly identify which requirements are considered 'essential', 'important' and 'desirable' to the Commonwealth in order to guide the tenderers in developing proposed solutions. In addition, any Risk Mitigation Activity undertaken to differentiate between tendered solutions should look beyond the testing and evaluation requirements and consider other elements of the capability (including personnel training, repair and sustainment aspects).	Requirements Management
<b>Probity</b> – During tender evaluations, all staff involved in the project, including contracted workforce, must have a clear understanding of probity and all probity requirements in order to preserve the integrity of the tender process. Throughout the source selection and negotiation stages, any interaction between members of the project team and tenderers should be properly recorded to maintain transparency and ensure the Commonwealth is able to provide an appropriate response.	Resourcing

### Section 8 – Project Line Management

#### 8.1 Project Line Management as at 30 June 2020

Position	Name
Division Head	MAJGEN David Coghlan
Branch Head	BRIG Greg McGlone
Project Director	COL Allan Hamley
Project Managers	Mr Duncan Moody Mr Nestor Zamora

