

Project Data Summary Sheet¹⁷¹

Project Number	Land 53 Phase 1BR
Project Name	Night Fighting Equipment Replacement
First Year Reported in the MPR	2018-19
Capability Type	Replacement
Acquisition Type	MOTS
Capability Manager	Chief of Army
Government 1st Pass Approval	Dec 13
Government 2nd Pass Approval (or key Government pre-Second Pass Approval)	Aug 16
Budget at 2nd Pass Approval (or key Government pre-Second Pass Approval)	\$460.3m
Total Approved Budget (Current)	\$446.7m
2019-20 Budget	\$78.9m
Project Stage	Initial Materiel Release
Complexity	ACAT III



Section 1 – Project Summary

1.1 Project Description

Land 53 Phase 1BR addresses the situational awareness requirements of the dismounted combatant through the progressive replacement of night vision and night aiming devices over the period 2017 to 2023.

The project is being implemented in two tranches. Tranche 1 is replacing the current NINOX system (acquired in 1998) with leading edge Military Off the Shelf (MOTS) Binocular Night Vision Devices (BNVD), Laser Aiming and Illumination Devices (LAID), Laser Aiming Illumination and Ranging Devices (LAIRD), and mounting systems to Combat Helmets.

Tranche 2 of the project will examine emerging technologies that may augment, supplement or enhance the Tranche 1 capability. A submission regarding Tranche 2 will be considered by Government in 2020.

The project is also responsible for establishing the support arrangements for the equipment being acquired.

1.2 Current Status

Cost PerformanceIn-year

As at **30 June 2020**, the **overspend of \$1.8m primarily due to COVID-19 pandemic related FOREX losses (\$2.5m). FOREX losses have been partly offset by reduced Defence activity (\$0.7m).**

Project Financial Assurance Statement

As at **30 June 2020**, project Land 53 Phase 1 BR 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

The project is designed around progressive production, receipt and issue of systems to combat elements throughout the Australian Defence Force, combined with individual and group training and the establishment of support systems in each location.

The project has achieved the first **three** of five delivery based milestones (Materiel Releases) which will occur over the period 2017 to 2021.

Initial Materiel Release (IMR) concluded on 29 November 2017, as scheduled. The Chief of Army declared Initial Operating Capability (IOC) on 4 December 2018 based on completion of Materiel Release 2, and the project is on track to meet the remaining milestones.

Materiel Capability Delivery Performance

The project has achieved IMR and IOC, and remains on track to deliver the capability approved at Second Pass. No material issues or changes have occurred that will adversely affect ongoing delivery of requirements.

Note

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

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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 Review Report by the Auditor-General in Part 3* of this report.

1.3 Project Context

<p>Background</p> <p>Land 53 Phase 1BR obtained First Pass Approval on 16 December 2013 and is the Australian Defence Force's major effort for the continued development of the Land Force night fighting capability. The project will refresh the dismantled night fighting capability via the replacement of individual night fighting systems to maintain operational superiority on night operations.</p> <p>On 23 August 2016, the Project achieved Second Pass Approval to replace the in-service NINOX and Night Aiming Devices progressively over five years through the acquisition and support of:</p> <ul style="list-style-type: none"> • Improved Binocular Night Vision Devices (BNVD) • Lighter and more ergonomic helmet mounting systems (Mounts) • Lighter and more ergonomic Head Harnesses (Harnesses) • An improved Laser Aiming, Illumination Device (LAID) • Laser Aiming Illumination Ranging Device (LAIRD) • Weapons integration of the LAID and LAIRD for specified ADF weapons <p>There have been no strategic changes since Government approval, with the project remaining within its approved scope, on schedule and within budget.</p> <p>The Land 53 Phase 1BR Tranche 1 Acquisition and Support Contracts were enabled on 29 September 2016 with Mission Systems Australia Pty Ltd (formerly known as L3 Oceania Pty Limited), a subsidiary of L3Harris Technologies Inc, supplying BNVD, Mounts, LAID and LAIRD. The acquisition of laser devices under those contracts was partially funded by Land 125 Phase 3C. A Standing Offer Deed for Head Harnesses was established on 15 December 2016 with Spearpoint Solutions & Technology Pty Ltd.</p> <p>In addition to the acquisition and support of the Tranche 1 equipment, the project will integrate the LAID and LAIRD with specified ADF small weapons by June 2021. Integration will be achieved using existing ARMTSPO contracts with the relevant weapon suppliers, principally Thales Australia Limited.</p> <p>Land 53 Phase 1BR (Tranche 2): The 23 August 2016 Second Pass Approval established a tranching approach to delivering night fighting capability, that will allow Defence to augment, supplement or enhance the Tranche 1 fleet with emerging technology to maintain operational superiority.</p> <p>An open Invitation to Register Interest (ITRI) in supplying emerging night vision technology for Tranche 2 closed on 13 July 2018. Based on ITRI responses, potential tenderers were selected to participate in a limited Request for Tender which closed on 14 February 2019. Evaluation of potential technologies (including through extensive field trials) will conclude in October 2019 and will inform the Gate 2 submission to Government. The submission will seek access to \$170.4m allocated in the Defence Integrated Investment Program.</p> <p>Uniqueness</p> <p>The project has established a non-traditional support system, transferring transactional responsibility for warehousing, distribution, and maintenance and inventory management to its supplier.</p> <p>Mission Systems Australia has established a secure facility at Eight Mile Plains in Queensland to support the project. Mission Systems Australia uses Defence logistics management information systems to manage the equipment from acceptance to disposal, and arranges secure commercial freight providers to deliver, recover and replace unserviceable equipment from regional locations.</p> <p>Major Risks and Issues</p> <p>There are no major risks impacting the project. While all aspects are monitored, significant issues have not impacted capability or project delivery to date.</p> <p>Other Current Related Projects/Phases</p> <p>Land 125 Phase 3C is delivering the Enhanced F88 weapons system, including enhanced target acquisition ancillaries to the Australian Defence Force. Project Land 125 Phase 3C Second Pass approval included provision for the acquisition of 4,360 LAIRD and 5,010 LAID aiming devices. Land 53 Ph1BR acquired those aiming devices by November 2018 and is managing those targeting devices.</p> <p>Notes</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
	Project Budget		
Dec 13	Original Approved (Government First Pass Approval)	3.0	
Aug 16	Government Second Pass Approval	457.3	
	Total at Second Pass Approval (or key Government pre-Second Pass Approval)	460.3	
Jun 20	Exchange Variation	(13.6)	
	Total Budget	446.7	
	Project Expenditure		
Prior to Jun 19	Contract Expenditure – Mission Systems Australia (Acquisition)	(176.1)	1
	Contract Expenditure – Mission Systems Australia (Support)	(10.2)	1
	Other Contract Payments/Internal Expenses	(19.5)	2
		(205.8)	
FY to Jun 20	Contract Expenditure – Mission Systems Australia (Acquisition)	(73.6)	1
	Contract Expenditure – Mission Systems Australia (Support)	(4.5)	1

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	Other Contract Payments/Internal Expenses	(2.6)	3
Jun 20	Total Expenditure	(80.7)	
		(286.5)	
Jun 20	Remaining Budget	160.2	
Notes			
1	In addition to this expenditure by Land 53 Phase 1BR, Land 125 Phase 3C has expended \$45.9m against this contract. This reflects a total expenditure of \$310.3m to date by both Land 125 Phase 3C and Land 53 Phase 1BR.		
2	Other expenditure comprises Thales Australia weapons integration, operating expenditure, contractors, legal costs, travel, and other capital expenditure not attributable to the main contracts.		
3	Other expenditure comprises weapons integration, operating expenditure, contractors, travel, and other capital expenditure not attributable to the main contracts.		

2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Defence's Explanation of Material Movements
90.8	79.5	78.9	PBS to PAES: The variation is primarily due to efficiencies made in the support requirements for Tranche 1 of this project, which are now forecast for reinvestment in Tranche 2 deliveries. PAES to Final Plan: The variation relates to Pre-ERC exchange rate update.
Variance \$m	(11.3)	(0.6)	Total Variance (\$m): (11.9)
Variance %	(12.4)	(0.8)	Total Variance (%): (13.1)

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
			Australian Industry	The overspend of \$1.8m is primarily due to COVID-19 pandemic related FOREX losses (\$2.5m). FOREX losses have been partly offset by reduced Defence activity (\$0.7m).
			Foreign Industry	
			Early Processes	
			Defence Processes	
		2.5	Foreign Government Negotiations/Payments	
		(0.7)	Cost Saving	
			Effort in Support of Operations	
			Additional Government Approvals	
78.9	80.7	1.8	Total Variance	
		2.3	% Variance	

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			
Mission Systems Australia (Acquisition)	Jul 16	48.5	337.7	Firm	ASDEFCON (Complex)	1,2
Mission Systems Australia (Support)	Sep 16	24.9	23.4	Firm	ASDEFCON (Complex)	1,3
Notes						
1	Contract value as at 30 June 2020 is based on actual expenditure to 30 June 2020 and remaining commitment at current exchange rates, including adjustments for indexation (where applicable).					
2	At signature, this contract was entirely funded by Land 125 Phase 3C and only included Land 125 Phase 3C scope (see Quantities as at Signature). The contract scope was expanded in September 2016 to include Land 53 Phase 1BR systems. Additional quantities of BNVD, LAID, and LAIRD and associated consumable items have been acquired to address repair and attrition requirements, with corresponding increases in price. The increase in Contract value from 30 Jun 19 (\$288.3m) was due to programmed acquisition of \$41.010m AUD of Binocular Night Vision Devices (BNVD) and Laser Aiming and Illumination Devices (LAID).					
3	The support contract for the equipment acquired by Land 53 Phase 1BR was signed concurrently with the expansion of the acquisition contract to include Land 53 Phase 1BR scope. This contract will support all equipment under the acquisition contract, funded by both Land 125 Phase 3C and Land 53 Phase 1BR.					
Contractor	Contracted Quantities as at		Scope	Notes		
	Signature	30 Jun 20				
Mission Systems Australia (Acquisition)	4,360 LAIRD 5,010 LAID	21,833 BNVD 18,295 LAID 5,562 LAIRD 4,800 Mounts	The contractor will deliver BNVD, LAID, LAIRD and Mounts.	1,2		
Mission Systems Australia (Support)	N/A	N/A	The contractor will support, repair, and maintain the equipment delivered under the acquisition contract.			

Major equipment accepted and quantities to 30 Jun 20	
20,825 BNVD; 16,440 LAID; 5,562 LAIRD; 4,555 Mounts; and a quantity of spare parts items.	
Notes	
1	The contract includes provision for acquisition of quantities "as required" for repair and attrition stock.
2	The number of Mounts to be provided is dependent on existing holdings and attrition, as this is an in service item.

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	N/A	N/A	N/A	N/A	N/A	1
Preliminary Design	N/A	N/A	N/A	N/A	N/A	1
Critical Design	N/A	N/A	N/A	N/A	N/A	1
Notes						
1	Primary Items are Military Off the Shelf (MOTS), and the contracts include agreed commercial product specifications. Technical Certification of BNVD, LAID and LAIRD was concluded in May 2017, prior to achievement of IMR.					

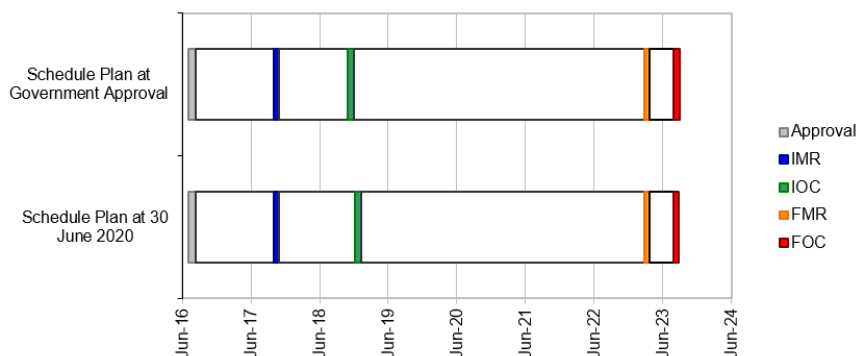
3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System / Platform Variant	Original Planned	Current Contracted	Achieved / Forecast	Variance (Months)	Notes
System Integration	N/A	N/A	N/A	N/A	0	1
Acceptance	N/A	N/A	N/A	N/A	0	2
Notes						
1	As the equipment is MOTS, System Integration assessment was undertaken as part of product selection and subsequent technical certification. Contractor Test and Evaluation of Systems Integration is not required as there are no Major System or Platform Variants.					
2	Delivery of equipment occurs monthly, in accordance with the contract delivery schedule. Product and Function Compliance Assurance (FCA / PCA) of compliance with the contract specifications is undertaken by the supplier prior to Acceptance.					

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Nov 17	Nov 17	0	
Materiel Release 2 (MR2)	Nov 18	Dec 18	1	1
Initial Operational Capability (IOC)	Nov 18	Dec 18	1	1
Materiel Release 3 (MR3)	Nov 19	Nov 19	0	
Materiel Release 4 (MR4)	Nov 20	Nov 20	0	
Materiel Release 5 (MR5)	Mar 21	May 21	0	
Final Materiel Release (FMR)	Mar 23	Mar 23	0	2
Final Operational Capability (FOC)	Sep 23	Sep 23	0	2
Notes				
1	Achievement of IOC reflected completion of MR2. The Capability Manager declared IOC in December 2018 and the delay was administrative.			
2	FMR is scheduled for two years after the last issue of Tranche 1 equipment to units under the MAA. The MAA will be amended to reflect Governments decision on any Tranche 2 acquisition. Any residual funding from Tranche 1 funding is to be reinvested into Tranche 2 funding in accordance with Government decisions. FOC occurs six months after FMR, enabling alignment of those milestones with the supply of Tranche 2 equipment, if approved.			

Schedule Status at 30 June 2020



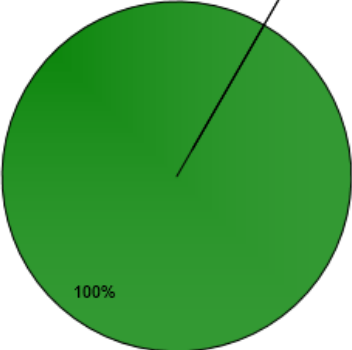
Notes	
Forecast dates in Section 3 are excluded from the scope of the Auditor-General's Independent Assurance Report.	

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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>100%</p>	<p>Green: The project is currently meeting the Materiel Capability Requirements as expressed in the Materiel Acquisition Agreement.</p> <p>Amber:</p> <p>Red:</p>
<p>Note 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
Initial Materiel Release (IMR)	IMR constituted the delivery and acceptance of 807 BNVD, 390 LAID, 416 LAIRD, 177 Mounts and 807 Harnesses to the ADF. IMR was achieved in November 2017.	Achieved
Initial Operational Capability (IOC)	IOC constituted the acceptance, delivery and certification of equipment into a Combat Brigade with associated support systems including training, facilities and supplies. IOC was declared in December 2018.	Achieved
Final Materiel Release (FMR)	FMR includes the delivery and acceptance of the Tranche 1 Mission System defined as 18760 BNVD, 14400 LAID, 4360 LAIRD, up to 2792 Helmet Mounts and up to 9380 Head Harnesses. FMR also includes the delivery and acceptance of a Support System comprising a Loan Pool and Repair and Attrition Stock (which will be acquired as required). The Loan Pool is defined as 2008 BNVD, 3129 LAID, 946 LAIRD, 2008 Helmet Mounts and up to 1413 Head Harnesses. FMR is forecast to be achieved in March 2023. The constitution of FMR may be altered by the approval of Tranche 2.	Not Yet Achieved
Final Operational Capability (FOC)	FOC constitutes acceptance, delivery and certification of all equipment and a support system, approval of the training system and confirmation that all updates to doctrine and policy are achieved. FOC is forecast to be achieved in September 2023. The constitution of FOC may be altered by the approval of Tranche 2.	Not Yet Achieved

Section 5 – Major Risks and Issues

5.1 Major Project Risks

Description	Remedial Action
N/A	N/A

5.2 Major Project Issues

Description	Remedial Action
N/A	N/A
Notes	
Major risks and issues in Section 5 are excluded from the scope of the Auditor-General's Independent Assurance Report.	

Section 6 – Project Maturity

6.1 Project Maturity Score and Benchmark

Maturity Score		Attributes							Total
		Schedule	Cost	Requirement	Technical Understanding	Technical Difficulty	Commercial	Operations and Support	
Project Stage	Benchmark	10	8	8	8	9	8	9	60
Initial Materiel Release	Project Status	9	8	9	10	10	8	9	63
	Explanation	<p>Project Maturity Scores reflect delivery of Tranche 1 outcomes only, and will be reviewed subject to approval of Tranche 2 by Government.</p> <ul style="list-style-type: none"> Schedule: IOC was achieved as scheduled in 2018 and the project is confident FOC will be achieved in 2023. Requirement: IOC was declared in 2018 and the support arrangements are being monitored. Technical Understanding: IOC was declared in 2018. The Tranche 1 capability and technology is fully understood and proven. Technical Difficulty: IOC was declared in 2018. Tranche 1 design has been validated. 							

Project Stage	Maturity Score
Enter DCP	13
Decide Viable Capability Options	16
1st Pass Approval	21
Industry Proposals / Offers	30
2nd Pass Approval	35
Contract Signature	42
Preliminary Design Review(s)	45
Detailed Design Review(s)	50
Complete Sys. Integ & Test	55
Complete Acceptance Testing	57
Initial Materiel Release (IMR)	60
Final Materiel Release (FMR)	63
Final Contract Acceptance	65
MAA Closure	66
Acceptance Into Service	67
Project Completion	70

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 as at 30 June 2020

Position	Name
Division Head	MAJGEN Andrew Bottrell
Branch Head	BRIG David Smith
Project Director	Emma Enever
Project Manager	Mark Newman

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