

Project Data Summary Sheet¹⁵²

Project Number	AIR7000 Phase 1B
Project Name	MQ-4C TRITON REMOTELY PILOTED AIRCRAFT SYSTEM
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 2 nd Pass Approval	\$2,067.8m (Tranche 4)
Total Approved Budget (Current)	\$1,953.4m
2020-21 Budget	\$191.8m
Complexity	ACAT II



Section 1 – Project Summary

1.1 Project Description

AIR7000 Phase 1B will acquire three MQ-4C Triton aircraft and associated support systems. A further three aircraft are planned, subject to further approvals by Government. The 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. The Triton is being procured through a Cooperative Program with the United States Navy (USN).

1.2 Current Status

Cost Performance

In-year

The project spent \$206.1m against an in-year budget of \$191.8m. The variance of \$14.3m (7.45%) was primarily due to Prime contract payments being disbursed higher than anticipated by the US Navy in the Cooperative Program.

Project Financial Assurance Statement

As at 30 June 2021, project AIR7000 Phase 1B has reviewed the approved scope and budget for those elements required to be delivered by the project. Having reviewed the current financial and contractual obligations of the 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 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). Defence placed Triton project activity on hold whilst analysing the impacts to the Australian program and the broader Maritime Patrol and Response capability. Government considered these impacts within the Tranche 3 proposal in May 2020 and approved the acquisition of a third Triton aircraft.

Schedule risk increased with the facilities program being put on hold until Government approval in May 2020. As a consequence, Government agreed revised milestone dates as part of the May **and November 2020 decisions**. Schedule risk to the facilities program remains elevated until Public Works Committee (PWC) approval has been obtained **through Estate and Infrastructure Group proposed for Q2 2022**.

Post the November 2020 Tranche 4 Government approval, all project milestone definitions and the project schedule are being re-baselined through Materiel Acquisition Agreement (MAA) update.

Materiel Capability Delivery Performance

The project is expected to achieve the current approved capability scope of three air vehicles and systems, and is expected to meet the full capability of six air vehicles pending future Government decisions.

The USNs delivery of Incremental Functional Capability (IFC 4.0) has been split into 3 increments. Only the first increment has been funded by USN. The capabilities included in IFC 4.0 Increment 1 are all required to meet Australia's Initial Operational Capability (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. The project will work with the USN to define future capabilities in Increments 2 and 3.

Note

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

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

1.3 Project Context

Background

The AIR7000 Program will replace the current Maritime Patrol and Response capability with a complementary mix of crewed P-8A Poseidon (Phase 2B) maritime patrol aircraft and the MQ-4C Triton Remotely Piloted Aircraft System (Phase 1B), designed to operate as a 'family of systems'.

In July 2006, the Government agreed to participate with the US Navy (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 agreed not to join the USN Cooperative Program (CP) and to defer Phase 1B until after Phase 2B as delays in the USN BAMS program would have meant introducing both aircraft types at the same time. Defence was directed to continue to monitor Triton performance in the USN program.

In February 2014 Government agreed that Defence continue development of a single capability option for Phase 1B for up to seven MQ-4C Triton. Defence subsequently established a Foreign Military Sales (FMS) Technical Services Case with the USN Triton Program Office to secure access to information to support the development of a Gate 2 Business Case. The approved acquisition strategy for the MQ-4C Triton was procurement via FMS. However, the 2014 submission to Government advised Defence's intent to further investigate the value to Defence of entering into a Cooperative Program (CP) with the USN.

Defence White Paper 2016 stated up to seven Triton would be acquired, and in March 2016 Government agreed to the P-8A and Triton force mix, consisting of twelve (12) and six (6) aircraft respectively.

In June 2018, Government provided Second Pass (Tranche 1) Approval to procure the first of six air vehicles, supporting systems and spares, and approval to enter a Triton Development, Production and Sustainment (DPS) CP.

The decision to join the developmental CP was based on benefits including the ability to co-operatively design and develop the MQ-4C Triton RPAS to fulfil the established US and Australian Initial Operational Capability (IOC) requirements to the maximum extent practicable; maximise configuration commonality and promote interoperability; and provide access to the highest level of information.

In March 2019, Government provided Second Pass (Tranche 2) Approval to procure one additional air vehicle (the second of the six provisioned **in the Integrated Investment Program**, supporting elements, and development of network infrastructure.

In February 2020 the US Federal Defense budget proposed a pause in production funding for the US Navy MQ-4C Triton project for two years (US Fiscal Years 2021-22). This pause in funding impacts AIR7000 Phase 1B. As a co-operative partner in the Triton program, Defence worked closely with both the USN and Northrop Grumman regarding the implications of the pause, in order to inform the Gate 2 (Tranche 3) submission to Government.

In May 2020, Government provided Second Pass (Tranche 3) Approval to procure the third air vehicle. Contracts were subsequently executed between the United States Navy and Northrop Grumman Corporation on 27 June 20 for Australia's three approved MQ-4C Triton aircraft and ground systems.

In November 2020 Government provided Tranche 4 approval for the interim support services covering the first 7 years. The project will update the MAA and support an MPR Program submission due to Government by **end-2021**.

Uniqueness

The MQ-4C Triton is the largest Remotely Piloted Aircraft System (RPAS) to be operated by the RAAF. It is a High Altitude Long Endurance 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 RAAF MQ-4C RPAS will be identical to the USN MQ-4C RPAS, 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.

AIR7000 Phase 1B is developing, producing and sustaining the MQ-4C capability through a Government to Government CP with the USN. This arrangement is distinctly different from the traditional Foreign Military Sales (FMS) or Direct Commercial Sales (DCS) arrangements. The benefits of a CP include significantly enhanced insight and influence over the development of the RPAS, better awareness and control of project costs drivers, insight into program risks, better access to technical and sustainment data, leveraging economies of scale in production and sustainment, and access to the USN wholesale spares warehouse.

There are eight Commonwealth personnel embedded in the USN Program organisations as a non-financial contribution to the shared outcomes of the CP. These embedded team members are referred to as Cooperative Program Personnel (CPP). In addition to their roles within the USN Program, CPP may provide input, insight and influence across the MQ-4C program.

Major Risks and Issues

The project is currently managing the following major risks:

- Single Information Environment (SIE) ICT Integration
- Triton Operating Permit Process
- Immature data to adequately quantify Sustainment Costs
- Facilities Design, **Schedule** and Construction Costs

Initial System Qualification Emergent Risks

- **Facilities are incomplete to achieve Interim Operating Capability**

Retired Risks

- **Facilities are Incomplete to achieve In Service Date**
- **Operational Test and Evaluation (OT&E), and Network Integration capability**
- **Satellite Communication (SATCOM) Support**

Other Current Related Projects/Phases

AIR7000 Phase 2 – Maritime Patrol and Response Aircraft System: 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.

Note

Major risks and issues are excluded from the scope of the Auditor-General's Independent Assurance Report.

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Section 2 – Financial Performance

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
	Project Budget		
July 06	Original Approved	3.9	1
Aug 09	Real Variation – Real Cost Decrease	(1.3)	2
Feb 14	Government Intermediate Consideration	18.4	3
Mar 16	Government Interim Consideration	1.5	4
Jun 18	Government Second Pass Approval – Tranche 1	901.1	5
Jun 18	Real Variation – Transfer	1.0	6
Apr 19	Real Variation – Transfer	0.7	6
July 19	Government Second Pass Approval – Tranche 2	320.8	7
Jun 20	Real Variation – Real Cost Decrease	(2.2)	7
July 20	Government Second Pass Approval – Tranche 3	626.1	7
Mar 21	Government Second Pass Approval – Tranche 4	197.8	13
	Total at Second Pass Approval	2,067.8	
Jul 10	Price indexation	0.2	9
Jun 21	Exchange Variation	(114.7)	
Jun 21	Total Budget	1,953.4	12
	Project Expenditure		
Prior to Jul 2020	DPS MoU	(91.1)	
	Sense and Avoid Capability	(63.5)	
	Triton Prime Contracts	(11.1)	
	Diminishing Manufacturing Source Items	(8.9)	
	USN Production Engineering and Logistics Support	(0.6)	
	Other Contract Payments / Internal Expenses	(27.5)	10
		(202.8)	
FY to Jun 21	Triton Prime Contracts	(134.7)	
	DPS MoU	(35.2)	
	USN Production Engineering and Logistics Support	(4.7)	
	Diminishing Manufacturing Source Items	(4.4)	
	Other Contract Payments / Internal Expenses	(27.1)	11
		(206.1)	
Jun 21	Total Expenditure	(408.9)	
Jun 21	Remaining Budget	1,544.5	12
Notes			
1	Government First Pass Approval to initiate the Project and enter a Project Agreement with USN for development of a broad area maritime surveillance (BAMS) capability.		
2	Government decision to defer the project, excess funds returned to Government after the completion of First Pass approved scope.		
3	Government Intermediate Pass Approval, to continue development of a single capability option for Phase 1B and establishment of a Foreign Military Sales Technical Services Case.		
4	Government Interim Pass, to continue project development of submission, including negotiation of a Cooperative Program Memorandum of Understanding, for Second Pass approval.		
5	Government Second Pass Approval Tranche 1 Funding. Tranche 1 approval to fund 1 aircraft, 3 Main Operating Base Mission Control Systems , 2 Forward Operating Base Mission Control Systems and associated support systems and spares.		
6	Funding transfers from Defence Science and Technology Group (DSTG) to CASG.		
7	Government Second Pass Approval Tranche 2 and 3 to fund a total of two additional aircraft and associated support systems.		
8	Force Structure Plan (FSP) amendment in June 2020.		
9	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 First Pass.		
10	Other contract payments/internal expenses to 30 June 2020 were comprised of pre-2 nd pass approval expenses \$13.4m, and other project management expenses \$14.1m.		
11	Other contract payments/internal expenses to 30 June 2021 were comprised of Project Management Expenses \$10m and Major Service Provider Expenses \$8.8m Other Cooperative Program Expenses to United State of Navy \$8.3m.		
12	Total and remaining budget, as at 30 Jun 2021 includes Tranche 3 and 4 Government approved funding.		
13	Tranche 4 approved initial sustainment funding for the first 7 years.		

2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
239.2	200.0	191.8	PBS – PAES: The variation is due to alignment with an updated USN delivery schedule for Prime and Non-Prime contracts. PAES – Final Plan: The variance is due to foreign currency exchange adjustments.
Variance \$m	(39.2)	(8.2)	Total Variance (\$m): (47.4)
Variance %	(16.4)	(4.1)	Total Variance (%): (19.8)

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
			Australian Industry	The variance in spending was primarily due to the Prime contract payments being disbursed higher than anticipated by the US Navy in the Cooperative Program.
			Foreign Industry	
			Early Processes	
			Defence Processes	
		14.3	Foreign Government Negotiations/Payments	
			Cost Saving	
			Effort in Support of Operations	
			Additional Government Approvals	
191.8	206.1	14.3	Total Variance	
		7.5	% Variance	

2.3 Details of Project Major Contracts

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature \$m	30 Jun 21 \$m			
US Government (DPS MoU)	Jun 2018	200.0	207.3	Cost Ceiling (Capped)	MoU	1
US Government (Diminishing Manufacturing Source Items)	Nov 2018	0.5	21.0	Variable	MoU	2,3
US Government (Triton Prime Contracts)	May 2019	37.5	489.5	Variable	MoU	3,4
US Government (USN Production Engineering and Logistics Support)	May 2019	0.7	37.6	Variable	MoU	3, 5
US Government (PA-1 Sense and Avoid Capability)	May 2019	61.3	63.5	Cost Ceiling (Capped)	MoU	1, 6

Notes	
1	DPS MoU and Project Arrangement 1 (PA-1) 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 based on the relative number of Australian aircraft in the overall fleet.
2	Diminishing Manufacturing Source (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 2021 is based on actual expenditure to 26 May 2021 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 was expanded to include three Air Vehicles, one Main Operating Base (MOB) Mission Control System (MCS) and one Forward Operating Base (FOB) MCS.
5	Production Engineering and Logistics Support requests are made on an annual basis. The value of this contract will increase annually.
6	PA-1 Sense and Avoid Capability has fully expended all funding to the US Government.

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 21		
US Government (DPS MoU)	N/A	N/A	Australia's contribution to shared costs from 2017-18 to 2027-28 includes contribution to development, production and sustainment for common efforts, and project overhead and administration costs.	1
US Government (Diminishing Manufacturing Source 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 (Triton Prime Contracts)	Various	Various	For LRIP5 aircraft and ground system long-lead components. Australian elements of the awarded contract include three Air Vehicles, one Main Operating Base (MOB) Mission Control System (MCS) and one Forward Operating Base (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 2018-19 to 2023-24 for the development of the Sense and Avoid capability (including weather radar) to enable greater access to airspace and environmental conditions.	1
Major equipment accepted and quantities to 30 Jun 21				
Nil				
Notes				
1	No equipment delivered as part of this MOU and PA.			
2	DMS supplies and non-recurring engineering will be incorporated into production aircraft and systems before delivery.			

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 AIR7000 Phase 1B Second Pass approval and Australia joining the Cooperative Program.					

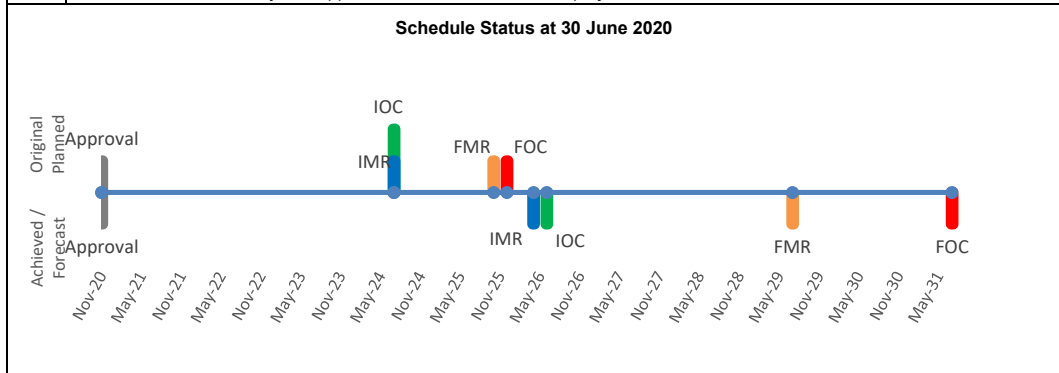
3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/Forecast	Variance (Months)	Notes
System Integration	IFC-4.0 Initial OT&E	N/A	N/A	N/A	N/A	1
	IFC-4.0 Increment 1 Operational Assessment to Support IOC	Jun 23	N/A	Aug 23	2	4
	IFC-4.0 Increment 2 Operational Assessment to Support IOC	TBA	N/A	TBA	N/A	5
	IFC-4.0 Increment 3 Operational Assessment to Support IOC	TBA	N/A	TBA	N/A	5
Acceptance	Delivery to Edinburgh of Main Operating Base (MOB) Mission Control System #1 (MOB MCS#1)	Oct - Dec 21	Mar 22	Jul 23	19	1,3
	Commencement of crew training with the USN.	Jul - Sep 22	N/A	Jul 22	0	
	Issue of Airworthiness Instrument (Unmanned Aircraft System Operating Permit).	Mar - May 23	N/A	Apr 23	0	
	Delivery of sixth and final MQ-4C Air Vehicle (AV) [Subject to Government Approval of AV 4-6 and sequencing with USN].	TBA	TBA	TBA	N/A	2
Notes						
1	This was a USN and Northrop Grumman Systems Engineering milestone, originally forecast for Aug 21 , for the Incremental Functional Capability (IFC 4.0), the baseline configuration for the ADF. IFC 4.0 has now been split into 3 increments per the revised USN delivery schedule.					
2	Government is yet to approve this scope. Subject to Government approval, all project milestone definitions and the project schedule will be re-baselined through an MAA update.					
3	One year delay from original schedule due to production funding pause announcement preventing Public Works Committee referral in March 2020. Facilities design was paused until Government approval in May 2020. The change in basing for aircraft from Edinburgh to Tindal resulted in a redesign which has also contributed to the amendment of dates, however the MCS will still be delivered to Edinburgh. Despite the forecast variance, IOC is still achievable as currently planned/ forecast.					
4	As a result of the Incremental approach to the delivery of IFC-4.0, the forecast date for achievement of the Operational Assessment has changed to account for the revised capability delivery.					
5	Future Increments have yet to be approved by the US Government.					
6	Greater detail of these milestones are reflected in Section 4.2					

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
In-Service Date (ISD)	Jul 23	Jan – Dec 24	12	1
Initial Materiel Release (IMR)	May – Jul 24	May 25 – Apr 26	12 – 21	1
Initial Operational Capability (IOC)	Jul 24	Jul 25 – Jun 26	12 – 24	1
Final Materiel Release (FMR)	Aug – Oct 25	Jul 28 – Jul 29	35 – 45	2
Final Operational Capability (FOC)	Dec 25	Jul 30 – Jul 31	56 – 66	2

Notes	
1	In Second Pass (Tranche 3) Government Approval, 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.
2	As at November 2020, FOC has changed to align with the Tranche 4 approval. Delay to FOC is based on USN funding pause and prioritisations and the revised MPR Program baseline schedule which funds additional Triton later in the decade. Government is yet to approve future tranches of the project.



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

Section 4 – Materiel Capability Delivery Performance

4.1 Measures of Materiel Capability Delivery Performance

Pie Chart: Percentage Breakdown of Materiel Capability Delivery Performance	
	Green: The project expects to meet the current capability requirements as expressed in the Materiel Acquisition Agreement, noting that the full capability is yet to be approved by Government.
	Amber: N/A
	Red: N/A

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.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	<ul style="list-style-type: none"> 2 x Triton Air Vehicles delivered to Australia. 2 x Main Operating Base Mission Control Systems including a Secondary site incorporating a Mission System Trainer installed and ready for use at Edinburgh. 1 x Forward Operating Base Mission Control System installed and ready for use at Tindal. Initial Distributed Operator functionality enabled and ready for use. Initial US trained crew (initial focus will be on Test & Evaluation and tactics development). Sufficient Network Technicians to meet the 	Not yet achieved

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	<p>planned rate of effort.</p> <ul style="list-style-type: none"> Facilities as required to enable commencement of flying operations. Support systems, equipment and spares as required. <p>IMR is forecast to be achieved May 2025 – Apr 2026.</p>	
Initial Operational Capability (IOC)	<p>The Triton system is able to safely sustain one orbit in the maritime surveillance role, at a rate of effort to support initial operations.</p> <p>IOC is forecast to be achieved in Jul 2025 – Jun 2026.</p>	Not yet achieved
Final Materiel Release (FMR)	<ul style="list-style-type: none"> All Triton Air Vehicles delivered to Australia. All Main Operating Base and Forward Operating Base Mission Control Systems installed and ready for use. 1 x Forward Operating Base configured for expeditionary use. All Mission System Trainers installed at Edinburgh and ready for individual and collective training. All crews trained. Full complement of Network Technicians trained and available to meet the planned rate of effort. All support systems, equipment and spares. <p>FMR is forecast to be achieved Jul 2028 – Jul 2029.</p>	Not yet achieved
Final Operational Capability (FOC)	<p>The Triton system is able to safely and effectively conduct two orbits, in all roles, at a rate of effort in accordance with strategic and capability guidance.</p> <p>FOC is forecast to be achieved in Jul 2030 – Jul 2031.</p>	Not yet achieved

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>Single Information Environment (SIE) Integration</p> <p>There is a chance 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.</p>	<p>Chief Information Officer Group - Military Platform Integration (CIOG-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.</p> <p>The project and CIOG-MPI continue to leverage the Cooperative Program to source required technical data, subject matter expert advice and lessons learned from the USN network integration experience.</p>
<p>Triton Operating Permit process</p> <p>There is a chance that the complexity and novelty of a large Remotely Piloted Aircraft System may lead to delays in the issue of an Operating Permit and achievement of dependent capability milestones.</p>	<p>The project established a Triton Airworthiness Working Group to facilitate engagement with the Defence Aviation Safety Authority and other stakeholders to ensure:</p> <p>An integrated approach to technical and operational considerations, and an Operating Permit process that is aligned with Defence Aviation Safety Regulations.</p>
<p>Immature data to adequately quantify Sustainment Costs</p> <p>There is a chance that the planned sustainment budget may be affected by insufficient data maturity leading to an impact on achieving Air Force support requirements and overall program affordability.</p>	<p>The project continues to work closely with the USN, Northrop Grumman Corporation and the Surveillance and Response System Program Office to identify sustainment cost drivers, investigate opportunities for sustainment efficiencies, validate logistics modelling assumptions, and implement lessons learned from other USN sourced systems. Sustainment data will continue to mature as the USN Triton operational tempo increases. The project is also working with Northrop Grumman Australia to develop an affordable 'Interim Support Services Contract' for Australian based support.</p>
<p>Initial system qualification</p> <p>Australian Triton aircraft will initially be delivered with some systems requiring further qualification to allow operation in all airspace and environmental conditions. There is a chance that the qualification and retrofitting of these systems may result in a delay to FOC.</p>	<p>The project is working with the USN to plan for an 'Alternate Means of Compliance' program to support initial operations in some airspace and environmental conditions.</p> <p>The Commonwealth has entered into Project Arrangement 1 (PA-1) for the development of a Sense and Avoid capability. The Cooperative Program includes activities to address flight in icing conditions.</p>
<p>Facilities Design and Construction Costs</p> <p>There is a chance that facilities design and construction management costs will affect the affordability of Triton facilities.</p>	<p>Estate and Infrastructure Group is engaging design and construction contractors to facilitate Public Works Committee expediency. Construction is to be commenced as soon as possible to reduce the risk of in-year cost escalation through materials and labour cost increases.</p>

Operational Test & Evaluation (OT&E), and Network Integration complexity There is a chance that SIE Integration testing, and OT&E, may increase in complexity if OT&E is conducted away from the Main Operating Base at RAAF Edinburgh, leading to a possible delay of MAA milestone dates for ISD and IOC.	This risk was realised as an issue and has since been retired. As part of AFHQ basing decision, the risk of the remote split has been realized and is now part of the project baseline delivery
Emergent Risks (risk not previously identified but has emerged during 2020–21)	
Description	Remedial Action
Facilities Schedule to Achieve Interim Operating Capability Facilities schedule currently on the critical path. A number of issues including a pause to the facilities program due to US Triton program uncertainties and a change of operational concept have contributed to the current position.	Capital Facilities and Infrastructure (CFI) Branch is invoking early works utilising funding transferred to AIR555 for shared works at EDN. Tindal design contractor has now been appointed and has commenced work. CFI Branch working towards Public Works Committee referral and expediency as early as possible post-delivery of Tindal 30% design expected Q3.

5.2 Major Project Issues

Description	Remedial Action
Facilities are incomplete to achieve In Service Date In Service Date (ISD) for commencement of Triton flights in Australia is delayed by approximately 12 months due to delays in gaining Public Works Committee approval for Triton facilities.	The issue has been downgraded. Referenced delay is now achievable due to the shift in ISD and IOC as a result of the May 2020 Government approval. Issue is now linked to Facilities Schedule to Achieve Interim Operating Capability.
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
N/A	N/A

Section 7 – Project Line Management

7.1 Project Line Management as at 30 June 2021

Position	Name
Division Head	AVM Gregory Hoffmann
Branch Head	AIRCDRE Jason Agius

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