

Project Data Summary Sheet¹

Project Number	SEA9100 Phase 1
Project Name	IMPROVED EMBARKED LOGISTICS SUPPORT HELICOPTER
First Year Reported in the MPR	2023-24
Capability Type	Expansion of extant Fleet
Capability Manager	Chief of Navy
Government 1st Pass Approval	Mar 22
Government 2nd Pass Approval	Mar 22
Budget at 2nd Pass Approval	\$1,460.2m
Total Approved Budget (Current)	\$1,710.4m
2023–24 Budget	\$177.1m
Complexity	ACAT III



Section 1 – Project Summary

1.1 Project Description

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

1.2 Current Status

<p>Cost Performance</p> <p><u>In-year</u> As at 30 June 2024 Financial Year (FY) 2023-24 expenditure was \$160.4m against the FY 2023-24 budget of \$177.1m. The variance is primarily driven by lower than budgeted disbursement against FMS case AT-P-SCO – the project had lower than expected disbursements driven by later than anticipated spending profile against the aircraft production and, lower than anticipated contractor related expenses, combined with later than anticipated requirement for project office administration budget.</p> <p><u>Project Financial Assurance Statement</u> As at 30 June 2024 SEA9100 Phase 1 has reviewed the project's approved scope and budget for those elements required to be delivered by Defence. Having reviewed the current financial and contractual obligations of Defence for this project, current known risks and estimated future expenditure, Defence considers, as at the reporting date, there is sufficient budget remaining for the project to complete against the agreed scope.</p> <p><u>Contingency Statement</u> The project has not applied contingency in the FY 2023-24.</p>
<p>Schedule Performance</p> <p>The project is on track to meet Initial Operational Capability (IOC) and Final Operational Capability (FOC) Milestones. The USN has continued to execute project activities in accordance with the FMS agreement, including management of aircraft production contracts and procurement of spares and supporting equipment. The MH-60R helicopters will commence manufacture on the aircraft production line, procurement and delivery of spares and supporting equipment will continue, and Facilities design will be finalised and commence Public Works Committee approvals.</p>
<p>Materiel Capability/Scope Delivery Performance</p> <p>The MH-60R Seahawk Romeo helicopter is a MOTS product being procured from the USN via FMS. The MH-60R Seahawk Romeo has been in service with the USN since 2005 and was first deployed operationally by the USN in early 2010. The Australian Defence Force (ADF) commenced MH-60R Seahawk Romeo operations in 2013 and has accepted delivery of 24 MH-60R via AIR9000 Phase 8. SEA9100 Phase 1 will expand the ADF fleet of Seahawk Romeo to 36 aircraft. The Project capability and scope delivery remains on track.</p>
<p>Note</p> <p>Forecast dates and capability assessments are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>

Notice to reader

1. Forecast dates and Sections: 1.2 (Materiel Capability/Scope Delivery Performance), 1.3 (Major Risks and Issues), 4.1 (Measures of Materiel Capability/Scope Delivery Performance), and 5 (Major Risks and Issues) are excluded from the scope of the ANAO's review of this Project Data Summary Sheet. Information on the scope of the review is provided in the *Independent Assurance Report* by the Auditor-General in **Part 3** of this report.

1.3 Project Context

<p>Background</p> <p>Government direction provided in the Force Structure Plan 2020 (FSP) stated Defence was to "expand and rationalise" the Maritime Helicopter capability "consistent with expectations for larger naval operations." To meet expectations for increased naval operations cited in 2020 FSP, Navy was required to expand the number of Maritime Helicopter Flights from eight to 14. To meet Government direction, the Sponsor proposed to acquire additional MH-60R Seahawk Romeo helicopters, thereby taking maximum advantage of established Fundamental Inputs to Capability (FIC) elements and high levels of interoperability with the USN.</p> <p>SEA9100 Phase 1 achieved Gate 0 Project Approval by the Investment Committee in February 2021. In 2021, the project performed a Smart Buyer activity, which noted a schedule urgency to commit to a FMS Acquisition of MH-60R by 31 March 2022 to ensure continuity of the aircraft production line. The Smart Buyer profile was used to refine the project scope and associated execution strategy, which resulted in SEA9100 Phase 1 progressing a tailored Combined Pass approval submission. This accelerated timeframe to achieve Combined Pass approval meant that Facilities and Training Area requirements were initially excluded. SEA9100 Phase 1 received Gate 2 Combined Pass Approval in March 2022, with Facilities and Training Areas receiving Two Minister Combined Pass approval the following year in May 2023.</p>
<p>Uniqueness</p> <p>The SEA9100 Phase 1 FMS acquisition of 13 MH-60R helicopters, and associated support systems, is an expansion of the extant in-service ADF MH-60R fleet and resultant capability founded under AIR9000 Phase 8 and the SEA5510 Phase 1 Romeo Capability Assurance Program. As such, SEA9100 Phase 1 significantly reduces both acquisition and sustainment costs and the complexity and timeframes to realise the capability requirements defined in 2020 FSP.</p> <p>The 13 MH-60R helicopters being procured are the same type and model as those already in-service and they will operate under already issued and extant ADF Military Type and Air Operator Certificates.</p>
<p>Major Risks and Issues</p> <p>The Project Office (PO) currently has no high rated risks and no high rated issues (pre-mitigation rating).</p>
<p>Other Current Related Projects/Phases</p> <p>AIR9000 Phase 8 - Future Naval Aviation Combat System. Acquisition of 24 MH-60R Seahawk Romeo Maritime Combat Helicopters and Support Systems.</p> <p>SEA5510 Phase 1 - MH-60R Seahawk Capability Assurance Program (CAP). Cooperative program with the USN to jointly develop capability enhancements, address obsolescence and ensure the MH-60R maintains ongoing configuration alignment, interoperability and interchangeability with the USN.</p> <p>CN35 - MH-60R Seahawk Romeo Sustainment – In-service management of the MH-60R fleet and support systems (covering operational, engineering, maintenance, supply and training support elements).</p> <p>SEA1300 Phase 1 - Navy Guided Weapons Project – Procurement of helicopter launched weapons.</p> <p>SEA1654 Phase 4 - Maritime Operational support capability – Delivery of two Auxiliary Oiler Replenishment ships <i>Supply</i> (2021) and <i>Stalwart</i> (2022) may need modification to support full MH-60R capability.</p> <p>SEA2048 Phase 6 - Landing Helicopter Dock (LHD) CAP – LHD class of vessels may need modification to support full MH-60R capability.</p> <p>ESTS9100 Phase 1 - Improved Embarked Logistics Support Helicopter – Facilities to support Improved Embarked Logistics Support Helicopter capability.</p> <p>JP9347 - New ADF Tactical Information Exchange Domain Capability – SEA9100 Phase 1 will interface with the Enterprise Intelligence System and future Tactical Data Link.</p> <p>JP9321 - Joint Electronic Warfare sub-Program – SEA9100 Phase 1 will interface with the Enterprise Intelligence System and future Tactical Data Link.</p>
<p>Note</p> <p>Major risks and issues are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>

Section 2 – Financial Performance²

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
	Project Budget		
Mar 21	Interim Approval	4.4	1
Jun 21	Real Variation – Transfer	(1.7)	2
Jun 22	Government Second Pass Approval	1,457.5	3
	Total at Second Pass Approval	<u>1,460.2</u>	
Jun 24	Exchange Variation	250.3	
Jun 24	Total Budget	<u>1,710.4</u>	

Notice to reader

² As per the JCPAA 2022-23 MPR Guidelines, financial figures in the PDSS have been rounded to one decimal point. Section 2 financial tables may include totals and percentages that are impacted due to the rounding of the original financial data.

Project Data Summary Sheets

Auditor-General Report No.20 2024–25
2023–24 Major Projects Report

Project Expenditure			
Prior to Jul 23	Contract Expenditure – FMS case AT-P-SCO	(54.9)	4
	Other Contract Payments / Internal Expenses	(3.2)	
		(58.1)	
FY to Jun 24	Contract Expenditure – FMS case AT-P-SCO	(158.3)	5
	Other Contract Payments / Internal Expenses	(2.1)	
		(160.4)	
Jun 24	Total Expenditure	(218.6)	
Jun 24	Remaining Budget	\$1,491.9	

Notes	
1	This amount reflects funding approval at pre Government Combined Pass Approval (Incl. Interim and Early access).
2	This amount reflects transfer of funds within the approved acquisition programs to Security and Estate group (ESTS9100) for facilities.
3	This amount reflects the funding approval at Government Combined Pass Approval.
4	Other Contract Payment/Internal Expenses comprise of: External Service Providers (\$2.9m), project administrative costs (\$0.3m).
5	Other Contract Payment/Internal Expenses comprise of: External Service Providers (\$1.8m), project administrative costs (\$0.3m) and Mission System (\$0.05m).

2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
101.0	138.1	177.1	<u>Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES)</u> : The variation is primarily due to higher than budgeted disbursement against FMS case AT-P-SCO. <u>PAES to Final Plan</u> : The variation is primarily due to higher than budgeted disbursement against FMS case AT-P-SCO.
Variance \$m	37.1	39.0	Total Variance (\$m): 76.1
Variance %	36.7	28.2	Total Variance (%): 75.3

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
177.1	160.4	-	Australian Industry	The variance is primarily driven by lower than budgeted disbursement against FMS case AT-P-SCO – the project saw lower than expected disbursements driven by later than anticipated spending profile against the aircraft production. Combined with lower than anticipated contractor related expenses and later than anticipated requirement for project office administration budget
		-	Foreign Industry	
		-	Early Processes	
		(0.7)	Defence Processes	
		(16.0)	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
		(16.7)	Total Variance	
		(9.4)	% Variance	

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature \$m	30 Jun 24 \$m			
FMS Case AT-P-SCO	Mar 22	1,172	1,478.5	Reimbursement (for FMS)	FMS	1
Notes						
1	Price variation from Contract Signature is due to exchange rate variations. In 2022, the FMS case was amended to include one additional aircraft to remediate a fleet loss during operations in October 2021.					

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 24		
FMS Case AT-P-SCO	12 MH-60R	13 MH-60R	FMS Case AT-P-SCO procuring the MH-60R capability and expanding support system.	1

Major equipment accepted and quantities to 30 Jun 24	
N/A	
Notes	
1	In 2022, the FMS case was amended to include one additional aircraft to remediate a fleet loss during operations in October 2021.

2.4 Australian Industry Capability

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

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/Forecast	Variance (Months)	Notes
System Requirements	MH-60R Helicopter	N/A	N/A	Jun 23	0	1
Preliminary Design	MH-60R Helicopter	N/A	N/A	Jun 23	0	1
Critical Design	MH-60R Helicopter	N/A	N/A	Sep 23	0	1
Notes						
1	The Commonwealth is not in contract for the above major reviews, nor similar reviews with the USN due to being an FMS Case arrangement (FMS Case AT-P-SCO). The USN and Lockheed Martin Corporation (USN Prime Contractor) have contractual arrangements in place with each other that does include similar major reviews. The Commonwealth is not a party to these contractual arrangements. Commonwealth participation in these similar reviews has been allowed and has occurred but solely on a courtesy and non-contractual basis.					

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/Forecast	Variance (Months)	Notes
System Integration	MH-60R Helicopter	N/A	N/A	N/A	N/A	1
Acceptance	MH-60R Helicopter	N/A	N/A	N/A	N/A	1
Acceptance	Commonwealth acceptance of 13th and Final MH-60R Helicopter.	NFP	NFP	NFP	NFP	2, 3
Notes						
1	The Commonwealth is not in contract for the above major reviews, nor similar reviews with the USN unique to the FMS Case arrangement under (FMS Case AT-P-SCO). Test and evaluation is conducted by the USN on behalf of the Commonwealth as a recognised Military Airworthiness Authority for assurance of Systems Integration and Acceptance.					
2	This is the date the 13th and final MH-60R is accepted from the USN by the Commonwealth. US Defence Department Form DD1149 (Requisition and Invoice/Shipping Document) provides the mechanism for formal acceptance and transfer of ownership.					
3	The explanatory note is not for publication.					

Project Data Summary Sheets

Auditor-General Report No.20 2024–25
2023–24 Major Projects Report

3.3 Progress Toward Materiel Release and Operational Capability Milestones

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

Notes

1 The information related to IMR is not for publication.



Note

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

Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance

	<p>Green: The project expects to meet the materiel capability requirements as expressed in the Materiel Acquisition Agreement and in accordance with the requirements of the Technical Regulatory Authorities.</p>
	<p>Amber: N/A</p>
	<p>Red: N/A</p>

Note

This Traffic Light Diagram represents Defence's expected capability delivery. Capability assessments and forecast dates are excluded from the scope of the Auditor-General's Independent Assurance Report.

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	<ul style="list-style-type: none"> Two aircraft delivered in-country (Australia) aligned with the contemporary ADF MH-60R Seahawk Romeo baseline, and Capacity within the logistics, training and operational support elements (including spares and support equipment) to enable sustainment of an additional aircraft deployed to an Australian ship. <p>Forecast dates for IMR are NFP.</p>	Not yet Achieved

Initial Operational Capability (IOC)	<ul style="list-style-type: none"> One additional MH-60R aircraft deployed at Sea with adequate personnel and logistics support to sustain Maritime Helicopter operations for 90 days. <p>Forecast dates for IOC are NFP.</p>	Not yet Achieved
Final Materiel Release (FMR)	<ul style="list-style-type: none"> 13 aircraft delivered in country (Australia) aligned with the contemporary ADF MH-60R Seahawk Romeo baseline. Capacity within the logistics, training and operational support elements (including spares, support equipment and role equipment) to enable sustainment of 6 additional aircraft deployed to Australian ships and ashore. Trade studies to review options for Crew Seating and Enhanced Crew Survivability. <p>Forecast dates for FMR are NFP.</p>	Not yet Achieved
Final Operational Capability (FOC)	<ul style="list-style-type: none"> Six additional MH-60R aircraft available for Sea deployment with adequate personnel and logistics support to independently sustain Maritime Helicopter operations for 90 days each (which brings the total to 14 MH-60R Flights available for Sea deployment). Capacity to detach one additional aircraft with adequate personnel and logistics support to operate independently from the main operating base for no more than 30 days. Suitable and accepted facilities, for the expanded MH-60R fleet. <p>Forecast dates for FOC are NFP.</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)		
Ref#	Description	Remedial Action
N/A	N/A	N/A

5.2 Emergent Risks

Emergent Risks (risk not previously identified but has emerged during 2023–24)		
Ref#	Description	Remedial Action
N/A	N/A	N/A

5.3 Major Project Issues

Ref#	Description	Remedial Action
N/A	N/A	N/A

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
In line with Defence Instructions and Capability Acquisition and Sustainment Group Lessons policy, the project conducts scheduled reviews of its captured lessons information (including any observations, insights and/or lessons identified) as well as lessons Information contained within the Defence Lessons Repository (DLR). The project has captured three lessons. The three lessons the project identified as systemic or strategic in nature, that have been documented in the DLR, are listed below:	N/A
DLR Lesson Type – Observation. Project Governance Procurement Policy and reporting requirements are typically based on direct commercial / Australian Standard for Defence Contracting models, which can be difficult to interpret and apply within the constraints of an FMS context – Policy makers should keep FMS requirements in mind when creating procurement policy/reporting requirements.	Program, Projects & Product Management / Commercial Management
DLR Lesson Type – Observation. Project Governance - To better align the Defence Policy Statement to rapidly acquire Minimum Viable Product, when Government approve the procurement of MOTS or Commercial Off-The-Shelf systems, materiel assurance should be against the existing Product Specification. Function and	Program, Projects & Product Management / Commercial Management

Project Data Summary Sheets

Auditor-General Report No.20 2024–25
2023–24 Major Projects Report

Performance Specifications / Requirements should be targeted if modifications are required or the FIC elements require specific detail.	
DLR Lesson Type – Observation. Communication / Relationships - Understanding International Government processes and cultural nuances is key to a successful outcome. An in-country project team has been proven essential to maximise communication effectiveness, optimise delivery and strengthen the United States and Australian strategic partnership. The enduring MH-60R Seahawk Romeo in-country team presence continues to enhance support outcomes, interoperability and interchangeability while providing influence as a trusted strategic partner, in the context of MH-60R Seahawk Romeo delivery and sustainment.	Program, Projects & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2024

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