

Project Data Summary Sheet¹

Project Number	LAND19 Phase 7B
Project Name	SHORT RANGE GROUND BASED AIR DEFENCE
First Year Reported in the MPR	2020-21
Capability Type	Replacement
Capability Manager	Chief of Army
Government 1st Pass Approval	Feb 17
Government 2nd Pass Approval	Feb 19
Budget at 2nd Pass Approval	\$1,274.3m
Total Approved Budget (Current)	\$1,241.1m
2023–24 Budget	\$208.7m
Complexity	ACAT II



Section 1 – Project Summary

1.1 Project Description

LAND19 Phase 7B Short Range Ground-Based Air Defence (SRGBAD) Project will introduce into service the Army-operated component of the Integrated Air and Missile Defence (IAMD) capability to achieve an enhanced ground-based force protection system.

The primary objective of the project are to deliver a scalable SRGBAD capability that can sense, warn, and counter weapons and sensor effects of fixed and rotary wing platforms, un-crewed aerial systems, stand-off weapons, rockets, artillery, mortars and missiles within the required environments.

The capability being acquired is an enhanced version of the jointly developed Raytheon-Kongsberg National Advanced Surface to Air Missile System (NASAMS), which is currently in service with a number of nations. The capability is being acquired through a contract with Raytheon Australia Pty Ltd. The sensors being acquired to support the capability are being provided by CEA Technologies Pty Ltd through an acquisition contract.

Two NASAMS Batteries are being acquired, each consisting of three Fire Units, with additional sub-systems for training purposes. A single Fire Unit consists of missile launchers, sensors, and a command & control centre; and is capable of protecting a specified area from a range of airborne threats. A single battery is capable of meeting the operational requirements, with the second battery being used for training purposes.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2024 Financial Year (FY) 2023-24 expenditure was \$200.8m against the FY 2023-24 budget of \$208.7m. The project Year End variance is due to less than phased Foreign Military Sales (FMS) disbursements related to the Advanced Medium Range Air-to-Air Missile (AMRAAM) FMS case.

Project Financial Assurance Statement

As at 30 June 2024, LAND19 Phase 7B has reviewed the approved scope and budget for those elements required to be delivered by Defence. Having reviewed the current financial and contractual obligations of Defence, current known risks and estimated future expenditure, Defence considers, as at the reporting date, there is sufficient budget including contingency remaining for the project to complete against the agreed scope.

Contingency Statement

The project has applied contingency in the financial year primarily for the treatment of Escalation issue Risk 2 in Section 5 – Major Risks and Issues.

Schedule Performance

The project achieved Initial Materiel Release (IMR) and Initial Operational Capability (IOC) in September 2023 and December 2023 respectively in accordance with the scheduled milestones detailed in the Materiel Acquisition Agreement (MAA).

The Raytheon Australia Pty Ltd acquisition contract is largely on schedule with all seven Fire Units being accepted by the project as at 30 June 2024. The final Fire Unit was accepted in June 2024; however, some remediation work is required, which is anticipated to be completed by December 2024. The Raytheon Australia Pty Ltd Final Acceptance milestone has been delayed due to some spares deliveries taking longer than expected. This delay will have nil operational impact on the capability or MAA milestones.

CEA Technologies Pty Ltd delivery of radars remains behind the contracted schedule. As at 30 June 2024, the project has accepted 50% of the contracted number of CEA Technologies Pty Ltd radars.

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.

Section 2 – Financial Performance²

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
Project Budget			
May 17	Original Approved: Government First Approval	25.9	
Jun 19	Government Second Pass Approval	1,248.4	
	Total at Second Pass Approval	1,274.3	
Jun 24	Exchange Variation	(33.2)	
Jun 24	Total Budget	1,241.1	
Project Expenditure			
Prior to Jul 23	Contract Expenditure – Raytheon Australia Pty Ltd	(622.3)	
	Contract Expenditure – CEA Technologies Pty Ltd	(153.0)	
	Contract Expenditure – US Government (AT-D-YAI)	-	1, 2
	Other Contract Payments / Internal Expenses	(46.7)	2
		(822.0)	
FY to Jun 24	Contract Expenditure – Raytheon Australia Pty Ltd	(167.9)	
	Contract Expenditure – CEA Technologies Pty Ltd	(18.1)	
	Contract Expenditure – US Government (AT-D-YAI)	-	1, 2
	Other Contract Payments / Internal Expenses	(14.9)	2
		(200.8)	
Jun 24	Total Expenditure	(1,022.8)	
Jun 24	Remaining Budget	218.3	
Notes			
1	Price and expenditure related to missile procurement is classified. This expenditure has been reported as part of Other Contract Payments/Internal Expenses.		
2	Other Contracts Payments/Internal Expenses comprises: RMAs, operating expenditure, contractors, consultants, and other capital expenditure not attributable to the aforementioned contracts.		

2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
190.1	226.1	208.7	<u>Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES)</u> : The variation is primarily due to an increase in the contract escalation estimate, Contract payments and spares procurement and Project Office. <u>PAES to Final Plan</u> : The variation is due primarily to less than expected FMS disbursement and escalation and delivery delays for spares and CEA Technologies Pty Ltd milestones.
Variance \$m	36.0	(17.4)	Total Variance (\$m): 18.6
Variance %	18.9	(7.7)	Total Variance (%): 9.8

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		9.2	Australian Industry	The project Year End variance is due to less than phased FMS disbursements related to the Advanced Medium Range Air-to-Air Missile (AMRAAM) FMS case.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		(17.0)	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	

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.

208.7	200.8	(7.8)	Total Variance
		(3.8)	% 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			
Raytheon Australia Pty Ltd	Jun 19	680.1	804.7	Firm or Fixed	Standard Defence Contract	1
CEA Technologies Pty Ltd	Nov 19	137.1	174.91	Firm or Fixed	Standard Defence Contract	2
US Government (AT-D-YAI)	Mar 20	-	-	Reimbursement (for FMS)	FMS	3
Notes						
1	Raytheon Australia Pty Ltd contract value as at 30 June 2024 is based on actual expenditure and remaining commitment, and includes adjustments for indexation (where applicable). The price increase since contract signature is primarily due to indexation and foreign exchange rate variation, the inclusion of spares into the contract and an increase due to COVID19 project delays, as noted in Section 3.2.					
2	CEA Technologies Pty Ltd contract value as at 30 June 2024 is based on actual expenditure and remaining commitment, and includes adjustments for indexation (where applicable). The price increase since contract signature is primarily due to indexation and foreign exchange rate variation (as per contract terms), plus the inclusion of spares into the contract.					
3	Pricing related to missile procurement is classified.					

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 24		
Raytheon Australia Pty Ltd	7	7	NASAMS Fire Units plus training equipment.	-
CEA Technologies Pty Ltd	Tactical Radars Operational Radars	Tactical Radars Operational Radars	Radars plus training and support equipment.	-
US Government (AT-D-YAI)	Classified	Classified	Missiles.	-
Major equipment accepted and quantities to 30 Jun 24				
2 x Operational Radars 2 x NASAMS Classroom Trainers 4 x Tactical Radars 7 x NASAMS Fire Units				
Notes				
N/A	N/A			

2.4 Australian Industry Capability

Summary
The project has contracted Australian Industry Capability (AIC) targets based on opportunities to maximise internationally competitive Australian industry involvement which is captured in Raytheon Australia Pty Ltd and CEA Technologies Pty Ltd's AIC Plans in support of their manufacturing, integration, assembling, test and certification of the capability and support services activities.
The project has no contracted AIC targets or an AIC Plan for its US Government FMS acquisition as the US Foreign Government arrangement does not include the contractual provision or obligations for Australian Industry Capability.
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	NASAMS	Oct 19	N/A	Oct 19	-	-
	CEA Technologies Pty Ltd Radars	Apr 20	N/A	Apr 20	-	-
Preliminary Design	NASAMS	May 20	N/A	May 20	-	1
Detailed Design	NASAMS	Dec 20	N/A	Dec 20	-	-
	CEA Technologies Pty Ltd Radars	Jul 21	N/A	Aug 21	1	-

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Notes	
1	Preliminary Design aspects for CEA Technologies Pty Ltd Radars were covered in the NASAMS Preliminary Design Review.

3.2 Contractor Test and Evaluation Progress

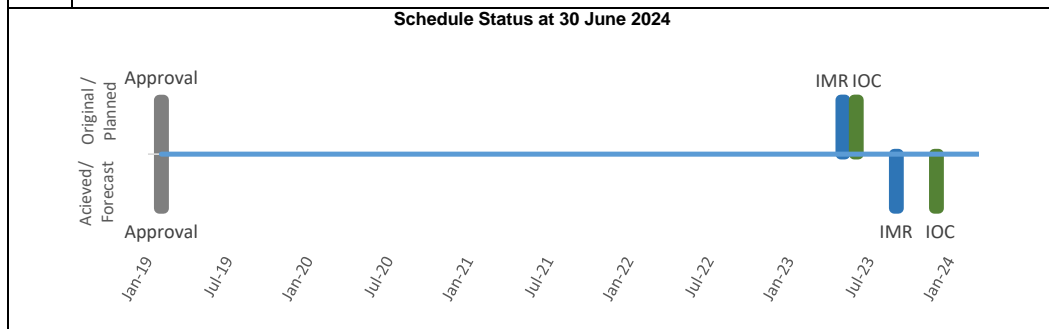
Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/Forecast	Variance (Months)	Notes
System Integration	First of Type (FoT) Canister Launcher FAT	Jan 22	Nov 21	Nov 21	(2)	1
	FoT Fire Distribution Centre FAT	Apr 22	Aug 22	Nov 22	7	2
	Flight Trial	Jun 22	Apr 23	Apr 23	10	2
Acceptance (NASAMS Fire Units)	Fire Unit 1 (First)	Mar 23	NFP	NFP	NFP	2, 3
	Fire Unit 7 (Final)	May 24	N/A	NFP	NFP	-
Acceptance (CEA Technologies Pty Ltd Radars)	Tactical Radar (First)	Mar 23	N/A	NFP	NFP	-
	Tactical Radar (Final)	Jun 24	NFP	NFP	NFP	4
	Operational Radar (First)	Mar 23	N/A	NFP	NFP	-
	Operational Radar (Final)	Apr 24	NFP	NFP	NFP	4

Notes	
1	This milestone was achieved early because the exit criteria was modified to allow completion in Norway, with subsequent shipment to Australia. This shipment commenced in April 2022.
2	This milestone was adjusted as a result of COVID-19 related delays, including workforce quarantine measures and travel restrictions.
3	Fire Unit composition varies per Fire Unit (i.e. number and type of launchers and other major systems).
4	Milestone was adjusted as a result of CEA Technologies Pty Ltd notification of delays.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	May 23	Sep 23	4	1
Initial Operational Capability (IOC)	Jun 23	Dec 23	6	1
Final Materiel Release (FMR)	NFP	NFP	NFP	-
Final Operational Capability (FOC)	NFP	NFP	NFP	-




1	COVID-19 had a significant impact on the project, including international travel restrictions, GFM delays, and workforce quarantine measures. In October 2021, the project assessed the original IMR date in light of the cumulative impact of the above delays, and determined a revised date. Both IMR and IOC were achieved.
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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	
	Green: The project expects to meet capability requirements as expressed in the MAA.
	Amber: N/A
	Red: N/A
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"> Fire Unit with Tactical Radar. Classroom Trainer installed. Basic Support Equipment. Initial Spares. Systems accepted and certified. Support Contract in operation. IMR was achieved in September 2023.	Achieved
Initial Operational Capability (IOC)	<ul style="list-style-type: none"> One operationally deployable Fire Unit. Vehicles to support Fire Unit. Operator and maintainer training. Completion of Operational Test & Evaluation. IOC was achieved in December 2023.	Achieved
Final Materiel Release (FMR)	<ul style="list-style-type: none"> All Fire Units. All Radars. All spares and support equipment. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	<ul style="list-style-type: none"> Complete mission system comprising all materiel elements defined in IMR and FMR. Doctrine published. All certification and accreditation complete. Facilities complete. Forecast dates for FOC are NFP.	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
1	There is a risk that IFF Certification will be delayed, with a corresponding delay to IOC.	Re-testing is expected to be completed by IMR, with certification to be achieved by IOC. IFF Certification was achieved in December 2023. This risk is now retired.
2	There is a risk that escalation costs will exceed the original budgeted amount by significant levels, leading to lack of funds available to pay adjusted contract milestone payments. This has been caused by higher than expected inflation levels.	The project sought contingency funding to cover the shortfall. This risk has been reduced to Low.

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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 instruction 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 four 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. Mandated System Reviews (MSR) in large projects can cover many complex issues, over several days. They require review of large amounts of data in advance. Lead-in reviews are a great way to focus attention of relevant stakeholders on particular issues. They can be conducted months in advance of the MSR. A lead-in review is a separate meeting or workshop held to discuss a particular MSR agenda item. They can often be used to gain concurrence on a particular issue, thereby saving time in the MSR, and giving stakeholders a chance to consider. They also help focus reviewers on key issues prior to the MSR. Conduct lead-in reviews as a standard part of preparation for large MSR.	Commercial Management
DLR Lesson Type – Observation. RMAs or Risk Reduction Activities are often completed during First Pass to Second Pass, usually to investigate technical feasibility or capability definition. Extending these activities to include formal requirements development and system definition can place the project in a much more mature state at Contract Signature. Contracts can sometimes be established with immature requirements, and requirements definition completed post effective-date may result in cost, schedule or capability adjustments post-Second Pass. By focusing on system specification refinement between First Pass to Second Pass, this risk can be mitigated. Include formal and funded system definition activities between First Pass and Second Pass.	Program, Project & Product Management
DLR Lesson Type – Observation. Project with Explosive Ordnance will need to conduct a Live Fire activity as part of their Verification and Validation regimen. Live Fire events also provides a proof of concept to build confidence with key stakeholders. Army successfully completed its first NASAMS Live Fire at Woomera Test Range in November 2023. This lesson learnt provides information to projects requiring to establish a Live Fire event; including friction points identified by the project in coordinating and conducting the event.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2024

Unit	Name
Division	Land Systems Division
Branch	Land Manoeuvre Systems Branch