

## Project Data Summary Sheet<sup>1</sup>

Project Number	LAND400 Phase 2
Project Name	<b>MOUNTED COMBAT RECONNAISSANCE CAPABILITY</b>
First Year Reported in the MPR	2019–20
Capability Type	Replacement
Capability Manager	Chief of Army
Government 1st Pass Approval	Dec 14
Government 2nd Pass Approval	Mar 18
Budget at 2nd Pass Approval	\$5,762.7m
Total Approved Budget (Current)	\$5,774.7m
2023–24 Budget	\$492.9m
Complexity	ACAT I



### Section 1 – Project Summary

#### 1.1 Project Description

LAND400 Phase 2 will acquire the Boxer 8x8 Combat Reconnaissance Vehicle (CRV) to meet Army's land combat reconnaissance requirements. The project is approved to acquire 211 vehicles, additional modules, training systems and support systems to replace the in-service capability provided by the Australian Light Armoured Vehicle.

#### 1.2 Current Status

##### Cost Performance

###### In-year

As at 30 June 2024 Financial Year (FY) 2023-24 expenditure was \$369.3m against the FY 2023-24 budget of \$492.9m. The year-end (YE) variance is primarily due to a delay to production progress, delivery and acceptance of Block II Reconnaissance Vehicles and Mandated System Review Milestones.

###### Project Financial Assurance Statement

As at 30 June 2024, LAND400 Phase 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 FY 2023-24.

##### Schedule Performance

The project has successfully achieved both Initial Materiel Release (IMR) (with exceptions) and Initial Operational Capability (IOC). The project schedule was adjusted in 2023 (resulting in increased variance to some milestones) to incorporate a series of contractual changes, principally focused on incorporating capability improvements and addressing supply chain delays and workforce availability. The project experienced delays in the exit of some design reviews and is working intensively with Rheinmetall Defence Australia Pty Ltd to ensure the achievement of Final Operational Capability (FOC) is to be advised (TBA), however is at high risk.

On the 21 March 2024, the Heavy Weapon Carrier Procurement Agreement was signed and through the negotiation process, the legal and commercial arrangements between Australia and Germany included relevant conditions to ensure that LAND400 Phase 2 will have schedule priority over, and not be negatively impacted by the production of the German Heavy Weapon Carrier vehicles.

##### Materiel Capability/Scope Delivery Performance

The project achieved IMR with exceptions in June 2021 and achieved IOC in June 2022. Final Materiel Release (FMR) and FOC scope has had no materiel change.

##### Note

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

#### 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.

**Background**

Government First Pass Approval occurred in December 2014 for a replacement CRV. An assessment prior to First Pass Approval identified that current Military-Off-The-Shelf solutions were unlikely to meet all of Army's capability requirements. Government Second Pass Approval occurred in March 2018 with Rheinmetall Defence Australia Pty Ltd as the preferred tenderer to deliver the Australianised Boxer 8x8 CRV. In August 2018, Defence signed the acquisition contract for 211 Boxer CRV, to be delivered in two blocks.

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 LAND400 Phase 2 had approached the market, it was not feasible to implement it within the timeframe available.

In June 2022, Defence, through acceptance of the Block I Boxer CRV achieved IOC on schedule. The Block II Boxer CRVs will be substantially built and assembled in Australia consistent with the transition of technology, manufacturing techniques and assembly line production to Australia. There will remain some vehicle subsystems for which the transfer of manufacture or assembly from Europe to Australia is not cost-effective and will continue to be sourced from Europe. Final assembly, integration, set to work, and testing of these elements will occur in Australia. Selected low-volume CRV variants will continue to be assembled in Germany.

In June 2023, the project was elevated to the Capability Acquisition and Sustainment Group (CASG) Group Watch List due to project complexity and the growing risk to schedule for the delivery of Block II vehicles.

On the 14 December 2023, Defence advised via letter that the stop payment related to Recovery Detailed Design Review (DDR) was released with the formal submission of the DDR entry criteria assessment.

On 27 June 2024, the project was elevated to a Project of Interest (POI) due to the complexity associated with the parallel delivery of LAND400 Phase 2 and the German Boxer Heavy Weapon Carrier Procurement agreement, together with ongoing schedule pressure on LAND400 Phase 2 to achieve its FOC milestone.

The project continues to work intensively within Rheinmetall Defence Australia Pty Ltd through an Integrated Baseline Review to establish an assured project baseline with exit subject to the demonstration of consistent performance against the proposed baseline. Together with the conduct of the next Independent Assurance Review planned to be conducted in Quarter 4 2024, from which POI exit criteria and governance milestones will be measured. The project expects if all exit criteria are met that the earliest opportunity to meet exit criteria would be December 2025.

The Boxer CRV will form part of Army's modernised Armoured Fighting Vehicle capability, until its life-of-type.

**Uniqueness**

LAND400 Phase 2 is unique for two reasons. Firstly, Australia is the first nation acquiring a Boxer vehicle with a manned-turret, a variant that other countries have expressed an interest in. Secondly, the project is acquiring a uniquely designed Reconfigurable Driver Training Simulator – a system that was designed in Australia, won an Essington-Lewis Award for the best minor acquisition under \$50.0m million in 2020, and is attracting global interest for follow-on sales.

**Major Risks and Issues**

The project is currently managing the following Major Project Risks:

- Failure to achieve FOC on schedule.
- The project during the reporting period has retired this risk and raised an emergent risk for 'the integration of Active Protection System causes Schedule Delay'.

The project is currently managing the following Emergent Risks:

- The Repair variant fails to Enter Preliminary Design Review (PDR) on Schedule.
- The Reconnaissance variant fails to meet reliability requirements.
- The concurrent Verification and Validation activities overlap for Recovery, Command and Control and Joint Fires / Surveillance variants.
- The integration of Active Protection System causes Schedule Delay.

The project is currently managing the following issues:

- Training equipment fails to enter DDR on schedule. The project during the reporting period has retired this risk.
- The Recovery Variant fails to Exit DDR on schedule.
- The integration of the Digital Terminal Control System into the Joint Fires variant.
- The availability of permanent facilities for the Combat Reconnaissance Vehicle training equipment.
- The Verification and Validation Program delays impact Reconnaissance Block II Training readiness Review.
- The project is managing a small quantity of residual issues associated with IMR exceptions and Block I Technical issues.

**Other Current Related Projects/Phases**

**LAND200 Tranche 2 - Battlefield Command Systems.** LAND400 Phase 2 is funding and delivering an interim Battlefield Management System (BMS) and Tactical Communications Network (TCN) capabilities that are required to be interoperable with the LAND200 Tranche 2 system. The LAND200 Tranche 2 project preceded LAND400 Phase 2 project approval. As a result, the LAND200 Tranche 2 scope related to the delivery of Army's BMS and TCN capabilities did not include the funding of LAND200 Tranche 2 equipment into the LAND400 Phase 2 CRV Boxer platform. The LAND200 Tranche 2 project is listed as a dependency from the perspective that the LAND400 Phase 2 interim BMS and TCN capabilities need to be interoperable with the final LAND200 BMS and TCN solution. LAND400 Phase 2 has not been notified of the date for the delivery of the final LAND200 BMS and TCN solution.

**LAND154 Phase 2 - Joint Counter Improvised Explosive Device Capability.** Force Protection Electronic Counter Measures solution integrated into the CRV as Government Furnished Equipment.

**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<sup>2</sup>

### 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	
Mar 18	Government Second Pass Approval	5,646.0	
	<b>Total at Second Pass Approval</b>	<b>5,762.7</b>	
Jun 24	Exchange Variation	12.0	
Jun 24	<b>Total Budget</b>	<b>5,774.7</b>	
	<b>Project Expenditure</b>		
Prior to Jul 23	Contract Expenditure – Rheinmetall Defence Australia Pty Ltd	(2,037.5)	
	Contract Expenditure – NIOA Pty Ltd	(90.3)	
	Contract Expenditure – Universal Motion Simulator Pty Ltd	(27.3)	
	Contract Expenditure – EOS Defence Systems Pty Limited	(12.7)	
	Contract Expenditure – Varley Rafael Australia Pty Ltd	(0.7)	
	Other Contract Payments / Internal Expenses	(252.1)	1
		(2,420.6)	
FY to Jun 24	Contract Expenditure – Rheinmetall Defence Australia Pty Ltd	(308.2)	2
	Contract Expenditure – NIOA Pty Ltd	(5.9)	
	Contract Expenditure – Universal Motion Simulator Pty Ltd	(4.9)	
	Contract Expenditure – EOS Defence Systems Pty Limited	(2.0)	
	Contract Expenditure – Varley Rafael Australia Pty Ltd	(1.1)	
	Other Contract Payments / Internal Expenses	(47.2)	3
		(369.3)	
Jun 24	<b>Total Expenditure</b>	<b>(2,789.9)</b>	
Jun 24	<b>Remaining Budget</b>	<b>2,984.8</b>	
<b>Notes</b>			
1	Other Expenses are for Project Office Administration (\$80.1m), Command, Control, Communications, Computers and Intelligence (C4I) (\$78.2m), Risk Mitigation Activity Contracts with Rheinmetall Defence Australia Pty Ltd Landsystem GmbH and BAE Systems Australia Pty Ltd (\$50.0m), Extended Payment Terms Finance Charge (\$23.9m), German Quality Assurance (\$4.0m), Test and Evaluation (\$3.9m), Support Contract (\$3.6m), Support (\$3.5m), Anti-Tank Guided Missile (\$1.5m), Other (\$1.0m), Risk Mitigation Activity – Other (\$0.9m), Customs Duty (\$0.9m) and Remote Weapon Station – Block I (\$0.6m).		
2	Milestone 070 was not achieved by 14 May 2023, and the Commonwealth invoked a Stop Payment on 7 June 2023. The Stop Payment had no impact to expenditure for 30 June 2024 as it was lifted on 14 December 2023, only affecting payments to Rheinmetall Defence Australia Pty Ltd contract, over that period.		
3	Other Expenses are for Project Office Administration (\$18.4m), C4I (\$16.6m), Anti-Tank Guided Missile (\$5.3m), Active Protection System (\$3.1m), Other (\$0.7m), Support (\$0.6m), Trailers (\$0.6m), German Quality Assurance (\$0.5m), Training (\$0.4m), Test and Evaluation (\$0.3m), Extended Payment Terms Arrangement (\$0.3m), Integrated Logistics Support( ILS) Equipment (\$0.2m) and Customs Duty (\$0.2m).		

#### Notice to reader

2. As per the JCPAA 2023-24 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.

### 2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
812.3	612.5	492.9	<p><u>Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES)</u>: The variation from PBS to PAES is primarily due to a combination of production and manufacturing delays in Europe, the impact of COVID-19 on supply chains in both Europe and Australia, and foreign exchange movements. The delays have resulted in the rescheduling of contract Milestones, including integration activities, and deliveries for equipment and spares.</p> <p><u>PAES to Final Plan</u>: The variation from PAES to Final Plan is primarily due to the timing of various Rheinmetall Defence Australia Pty Ltd milestones, spares, integrated logistics costs and other activities.</p>
Variance \$m	(199.8)	(119.6)	Total Variance (\$m): (319.4)
Variance %	(24.6)	(19.5)	Total Variance (%): (39.3)

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

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		(116.4)	Australian Industry	<p>The YE under achievement of \$123.5m is primarily due to delays to:</p> <ul style="list-style-type: none"> <li>Production progress, delivery and acceptance of Block II Reconnaissance Vehicles and Mandated System Review Milestones.</li> <li>Antenna Suite (Rover 6S Wedding cake).</li> <li>Active Protection System (APS) development.</li> <li>Recommended Provisioning List equipment.</li> <li>Contractor Support (less than anticipated costs).</li> <li>Remote Weapon Station design, testing and development.</li> </ul>
		(2.4)	Foreign Industry	
		-	Early Processes	
		(4.7)	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
492.9	369.3	<b>(123.5)</b>	<b>Total Variance</b>	
		<b>(25.1)</b>	<b>% Variance</b>	

### 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			
NIOA Pty Ltd	Jul 18	47.3	100.0	Firm or Fixed	Standard Defence Contract	4
Rheinmetall Defence Australia Pty Ltd	Aug 18	3,890.2	3,911.5	Firm or Fixed	Standard Defence Contract	1, 3
Universal Motion Simulator Pty Ltd	Dec 18	29.1	32.1	Firm or Fixed	Standard Defence Contract	-
EOS Defence Systems Pty Limited	Dec 19	50.2	62.0	Firm or Fixed	Standard Defence Contract	2, 3
Varley Rafael Australia Pty Ltd	May 23	45.7	47.4	Firm or Fixed	Standard Defence Contract	5
<b>Notes</b>						
1	Contract value as at signature is based on PBS 2018-19 budgeted exchange rates. The commitment value included price escalation estimates.					
2	Contract value as at signature is based on Mid-Year Economic and Fiscal Outlook 2019-20 budgeted exchange rates. The commitment value included price escalation estimates.					
3	The price at 30 June 2024 is \$21.3m higher than the price at Rheinmetall Defence Australia Pty Ltd contract signature due to contract changes, exchange rate variation and price escalation. The price at 30 June 2024 is \$11.8m higher than the price at EOS Defence Systems Pty Limited contract signature due to contract changes, exchange rate variation and price escalation.					
4	Contract value as at signature reflects initial order quantity only not current value including additional purchase orders.					
5	Contract value as at signature is based on PBS 2023-24 budgeted exchange rates.					

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 24		
NIOA Pty Ltd	Classified	Classified	Explosive Ordnance.	-
Rheinmetall Defence Australia Pty Ltd	211	211	CRV, 12 Mission Modules, Support and Test Equipment and Training Equipment.	1

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Universal Motion Simulator Pty Ltd	6 1	6 1	Reconfigurable Driver Simulator – Fixed Part Task Trainer – Reconfigurable Driver Simulator.	-
EOS Defence Systems Pty Limited	82	82	Remote Weapon Station.	-
Varley Rafael Australia Pty Ltd	Classified	Classified	Explosive Ordnance.	-
<b>Major equipment accepted and quantities to 30 Jun 24</b>				
As at 30 June 2024:				
<ul style="list-style-type: none"> <li>25 x CRV Block I and 1 x CRV Block II has been accepted.</li> <li>A classified quantity and variety of Explosive Ordnance has been accepted.</li> <li>6 x Reconfigurable Driver Simulators and 1 x Trainer have been accepted.</li> </ul>				

Notes	
1	In FY 2019-20, the quantity reported at contract signature was 223 – this figure included 211 CRV and the 12 additional Mission Modules. This figure has been updated to 211 to more correctly define the number of complete CRV.

## 2.4 Australian Industry Capability

Summary	
<p>The project has no contracted Australian Industry Capability (AIC) targets with NIOA Pty Ltd as the contract is managed by Land Explosive Ordnance. NIOA Pty Ltd has an AIC plan that maximises Australian Industry involvement across Design Development, Production Activities, ILS and Contractor Data Requirement Lists.</p> <p>The project has contracted AIC targets based on opportunities to maximise internationally competitive Australian industry involvement which is captured in Rheinmetall Defence Australia Pty Ltd AIC Plans in the support of their design, manufacturing, integration, ILS and Project Management activities.</p> <p>The project has contracted AIC targets with Universal Motion Simulator Pty Ltd. Universal Motion Simulator Pty Ltd has an AIC plan that maximise Australian Industry involvement across Design Development, Production Activities, ILS, Contractor Data Requirement Lists and Project Management Office activities.</p> <p>The project has contracted AIC targets with EOS Defence Systems Pty Limited. EOS Defence Systems Pty Limited has an AIC plan that maximise Australian Industry involvement across the Design Development, Production, Contractor Data Requirement Lists and Project Management Office activities.</p> <p>The project has no contracted AIC targets with Varley Rafael Australia Pty Ltd as the contract is managed by Land Explosive Ordnance. Varley Rafael Australia Pty Ltd has an AIC plan that maximises Australian Industry involvement across Design Development, Production Activities, ILS and Contractor Data Requirement Lists.</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	Block I – Multi Purpose Vehicle	N/A	N/A	Nov 18	N/A	1, 2
	Block I – Reconnaissance	Nov 18	N/A	Nov 18	0	1
	Block II – Joint Fires and Surveillance	Jul 19	N/A	Jul 19	0	1
	Block II – Command and Control	Jun 19	N/A	Jul 19	1	1
	Block II – Reconnaissance	Jan 19	N/A	Feb 19	1	1
	Block II – Repair	Aug 19	Oct 19	Sep 19	1	1
	Block II – Recovery	Feb 19	N/A	Feb 19	0	1
Preliminary Design	Block I – Multi Purpose Vehicle	N/A	N/A	Jan 19	N/A	1, 2
	Block I – Reconnaissance	May 19	N/A	May 19	0	1
	Block II – Joint Fires and Surveillance	Dec 20	Jan 23	May 23	30	1, 3, 9
	Block II – Command and Control	Jul 20	Jan 23	May 23	34	1, 4, 9
	Block II – Reconnaissance	Jul 19	N/A	Sep 19	2	1, 3, 5
	Block II – Repair	Dec 21	May 23	Jun 25	42	1, 9, 10
	Block II – Recovery	Feb 20	Sep 22	Aug 22	30	1, 6, 9
Critical Design	Block I – Multi Purpose Vehicle	Jan 19	N/A	Aug 19	7	1, 2, 7
	Block I – Reconnaissance	Oct 19	N/A	Nov 19	1	1
	Block II – Joint Fires and Surveillance	Nov 21	Oct 23	NFP	NFP	1, 3, 9, 10

	Block II – Command and Control	Apr 21	Oct 23	NFP	NFP	1, 4, 9, 10
	Block II – Reconnaissance	May 20	May 22	Aug 22	27	1, 8, 9
	Block II – Repair	Sep 22	Feb 24	NFP	NFP	1, 9, 10
	Block II – Recovery	Mar 21	May 23	Sep 24	42	1, 9, 10
<b>Notes</b>						
1	The date represents the exit of the Design Review.					
2	The Multi-Purpose Vehicle was only required to conduct a DDR.					
3	Delay was due to the introduction of the Electronic Architecture and COVID-19 Contract Change Proposals (CCP), uncertainty with the load list, and delays associated with the Command and Control variant.					
4	Delay was due to a combination of the introduction of the Electronic Architecture and COVID-19 CCPs, and uncertainty with the load list.					
5	Delay was due to a failure to satisfy all PDR requirements which resulted in Defence invoking a Stop Payment in July 2019 – this has now been lifted.					
6	Delay was due to a Commonwealth request for a risk reduction activity (in the form of a capability demonstration) to be incorporated into the review.					
7	Delay was due to the late achievement of PDR and an underestimation of the time required to implement the design changes following the fitment exercise.					
8	Delay was due to a combination of the Stop Payment (in July 2019) – Note 5 refers; the introduction of the Electronic Architecture and COVID-19 CCPs; the entry criteria for this activity not being met; and failure to exit the design review on schedule.					
9	The additional variance is due to the execution of CCP026 which incorporated a series of capability improvements and addressed further COVID-19 delays.					
10	The variance for FY 2023-24 was due to supply chain issues and also the ability of the main contractor to adequately resource the program with appropriately skilled resources.					

### 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	Dec 20	2	1, 2
	Block I – Reconnaissance	Oct 20	N/A	Jun 21	8	1, 2
	Block II – Joint Fires and Surveillance	NFP	NFP	NFP	NFP	1, 3, 4, 5, 6
	Block II – Command and Control	NFP	NFP	NFP	NFP	1, 3, 5, 6
	Block II – Reconnaissance	NFP	NFP	NFP	NFP	1, 3, 4, 5, 6
	Block II – Repair	NFP	NFP	NFP	NFP	1, 3, 5, 6
	Block II – Recovery	NFP	NFP	NFP	NFP	1, 3, 4, 5, 6
<b>Notes</b>						
1	Dates specified are based on acceptance of the final delivery for each variant.					
2	Delivery was delayed due to a combination of production and manufacturing delays in Europe and the impact of COVID-19 in both Europe and Australia.					
3	The variance is due to a combination of technical changes made to all variants and the impact of COVID-19 in both Europe and Australia.					
4	While the forecasts are earlier than currently contracted, the milestones have still slipped overall compared to the previously reported forecasts.					
5	The variance for FY 2023-24 relates to supply chain issues and the ability of Rheinmetall Defence Australia Pty Ltd to adequately resource the program with appropriately skilled resources.					
6	The forecast dates are from Rheinmetall Defence Australia Pty Ltd Contract Master Schedule V31.2, which is the basis of the proposed baseline from Integrated Baseline Review (IBR). This baseline is yet to be approved by the Commonwealth and is subject to IBR negotiations, which will commence in June 2024.					

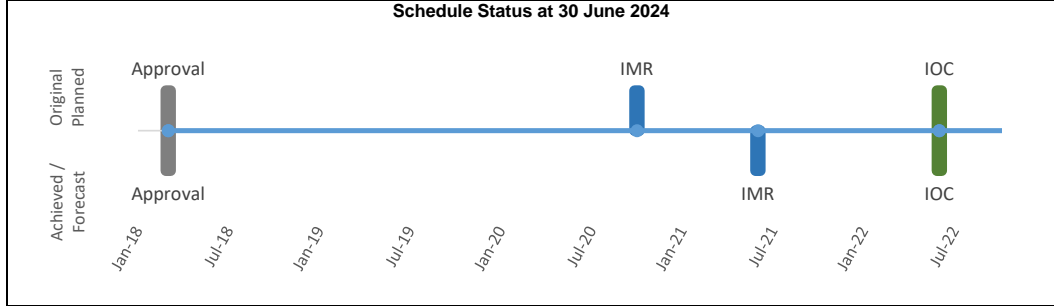
### 3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Oct 20	Jun 21	8	1, 2, 3
Initial Operational Capability (IOC)	Jun 22	Jun 22	0	1, 4
Final Materiel Release (FMR)	NFP	NFP	NFP	1, 6
Final Operational Capability (FOC)	NFP	NFP	NFP	1, 5, 6
<b>Notes</b>				
1	Refer to Section 4.2 for definitions of these milestones.			
2	The variance is due to a combination of production and manufacturing delays in Europe and the impact of COVID-19 in both Europe and Australia.			
3	IMR was met with the delivery of 21 vehicles to the 7 <sup>th</sup> Brigade in June 2021. IMR was declared with three exceptions which are further explained in Section 5.2.			

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4	IOC was declared on 29 June 2022, when the first operationally-deployable CRV element (the first Mounted Combat Squadron) including mission, support and training systems, and facilities, if required, was delivered to the first Combat Brigade and support organisations, and accepted into service. The Block I vehicles experienced some technical issues during Operational Test and Evaluation activities, however these were not impediments to an IOC declaration – these are explained further in Section 5.2.
5	The project is working intensively with Rheinmetall Defence Australia Pty Ltd to ensure FOC is achieved on schedule, however is considered at high risk.
6	The outcomes of the update to the Materiel Acquisition Agreement (MAA) and the conduct of the IBR may have an impact on the Forecasted dates for FMR and FOC. The revision and approved Version 2 of the MAA is not expected until Quarter 4, 2024 with the outcomes of the Defence Strategic Review.



<b>Note</b>
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	
	<b>Green:</b> The project expects to meet the Materiel Capability Requirements as expressed in the MAA.
	<b>Amber:</b> N/A
	<b>Red:</b> N/A
<b>Note</b>	
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)	IMR occurred in June 2021 when 21 CRV mission systems were delivered to 7 <sup>th</sup> Brigade, Brisbane; and the initial contractor-provided logistics support arrangements were established. These included: user documentation, technical data, maintenance support, logistics instructions, engineering support, spares, and training systems.	Achieved with Exceptions
Initial Operational Capability (IOC)	IOC occurred on schedule in June 2022 when the first operationally deployable CRV element, including mission support, training systems and facilities, if required, were delivered to one Combat Brigade and support organisations, and accepted into operational service.	Achieved

Final Materiel Release (FMR)	FMR will occur with final delivery of the CRV capability. It includes: <ul style="list-style-type: none"> <li>Delivery of all vehicles, spares and attrition, and simulation training enablers for the CRV capability to all gaining units.</li> <li>Logistics support arrangements, including: user documentation, technical data, maintenance support, logistics instruction, engineering support, spares, training systems and facilities.</li> </ul> Forecast: TBA.	Not yet Achieved
Final Operational Capability (FOC)	FOC will occur when: <ul style="list-style-type: none"> <li>The full scope of LAND400 Phase 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 ILS 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> Forecast: TBA.	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	Failure to achieve FOC on schedule. There is a risk that FOC will not be achieved on schedule due to the combined impacts of COVID-19, technical difficulties, global supply chain disruption, and problems faced by Rheinmetall Defence Australia Pty Ltd.	The Commonwealth has worked intensively with Rheinmetall Defence Australia Pty Ltd to reduce delays. Despite this, the project assesses that achievement of FOC is currently a High risk and is being actively managed by Commonwealth and Industry senior leadership.
2	The risk is not for publication.	

### 5.2 Emergent Risks

Emergent Risks (risk not previously identified but has emerged during 2023–24)		
Ref#	Description	Remedial Action
1	Block II – The Repair variant fails to Enter PDR on Schedule. There is a risk that Repair Variant design maturity level will impact PDR entry milestone dates.	The Commonwealth is working closely with Rheinmetall Defence Australia Pty Ltd to actively manage any delays to PDR during fortnightly Program Management Review meetings. The Commonwealth is supporting Rheinmetall Defence Australia Pty Ltd to provide review and acceptance of PDR activities.
2	The Reconnaissance variant fails to meet reliability requirements. There is a chance that the Boxer CRV may fail to meet the contracted minimum reliability requirements, leading to an impact on the schedule.	The Commonwealth is working closely with Rheinmetall Defence Australia Pty Ltd to actively manage the Acceptance Verification and Validation activities designed to provide the required Reliability Availability Maintainability requirements.
3	The concurrent Verification and Validation activities overlap for Recovery, Command and Control and Joint Fires / Surveillance variants. The current schedule highlights the risk of concurrent Verification and Validation activities across all non-turreted vehicles. This could see a delay in Verification and Validation activities due to lack of staffing resources, facilities and external providers all being available concurrently.	The Commonwealth continues to work intensively with Rheinmetall Defence Australia Pty Ltd to provide an assured project baseline in order to mitigate potential risk to concurrent activities.
4	The integration of APS causes Schedule Delay. There is a risk that Rheinmetall Defence Australia Pty Ltd is unable to integrate the Army-preferred Active Protection System onto the CRV as it is not sufficiently mature.	The Commonwealth is working with Rheinmetall Defence Australia Pty Ltd to assess the cost, schedule, risk and capability impacts of integrating APS into all Block II Boxer CRV variants to inform considerations leading to a future solution.

## Project Data Summary Sheets

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### 5.3 Major Project Issues

Ref#	Description	Remedial Action
1	Training equipment fails to enter DDR on Schedule. There is a risk that delays in training equipment delivered by Rheinmetall Defence Australia Pty Ltd will impact project schedule and capability.	The Commonwealth is working closely with Rheinmetall Defence Australia Pty Ltd to seek assurance of the training equipment design maturity to enter into a DDR and also support a Training Readiness Review to meet the requirements of schedule and capability. This issue has been mitigated through the conduct of the DDR and is now retired.
2	The Recovery Variant fails to Exit DDR on Schedule. There is a risk that Recovery Variant design maturity level will impact achievement of DDR Exit.	The Commonwealth is working closely with Rheinmetall Defence Australia Pty Ltd to actively manage any delays to Exit DDR during fortnightly Program Management Review meetings. The Commonwealth is supporting Rheinmetall Defence Australia Pty Ltd to provide review and acceptance of DDR activities.
3	The integration of the Digital Terminal Control System into the Joint Fires variant. There is an issue that the Joint Fires & Surveillance variant is unable to effectively conduct Joint Fires missions using a mounted or hosted NextGen Digital Terminal Control System leading to an impact on performance.	The Commonwealth is working closely with Rheinmetall Defence Australia Pty Ltd to enable the hosting of the Digital Terminal Control System Mission System software into the CRV Common Hosting Environment.
4	The availability of permanent facilities for the CRV training equipment. There is an issue of additional costs to the project in order to relocate training systems from interim facilities at Brisbane and Adelaide that are to be used while the permanent facilities are built.	The Commonwealth continues to work with the administrators for the St Hilliers voluntary administration to minimise the delays to the delivery of those affected Training facilities.
5	The Verification and Validation Program delays impact Reconnaissance Block II Training readiness Review. There is a chance that the Boxer CRV will fail to meet the contracted blast protection requirements, which may impact on cost, schedule, performance and safety.	The Commonwealth continues to work intensively with Rheinmetall Defence Australia Pty Ltd to provide an assured project baseline in order to mitigate potential risk to continued delays to the schedule and concurrent activities.
6	IMR Exceptions. IMR was declared with three exceptions relating to: <ul style="list-style-type: none"> <li>The completion of Functional Configuration Audit and Physical Configuration Audit.</li> <li>The integration of electronic counter measures, and transportability studies including air transportability and integration with other Army vehicles.</li> </ul>	The project has completed remediation work to address the integration of electronic counter measures. The project expects to complete the remaining two exceptions in October 2023. The Physical Configuration Audit was completed on the 7 December 2022 and the Functional Configuration Audit was completed on the 23 February 2024. The Project retained the Air Transportability task anticipated for closure.
7	Block I Technical Issues. There is an issue that the Block I vehicles experienced some minor technical issues during introduction into use – issues like these are to be expected in a project of this size and complexity. Whilst the issues did result in increased risk being accepted by the Capability Manager, none were impediments to the declaration of IOC. The issues were associated with human factors, towing, and air transportability.	The project is working intensively with Rheinmetall Defence Australia Pty Ltd to address these and is expected to be resolved in 2023 within the timeframes required by Army. The issue for the Block I towing has been resolved with the approval of the acceptance test report and approval of the Engineering Change Proposal. The human factors issues have been addressed with the approval of the Engineering Change for the Turret Software Upgrade. For the air transportability issue there is agreed way forward to resolve the issue.

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 CASG 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 49 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. Whole of capability focus – 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.	Engineering & Technical
DLR Lesson Type – Observation. Capability Manager and stakeholder engagement are an essential part of the tender governance – arrangements should be established for regular participation of the 3-star Capability Manager and Deputy Secretary 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.	Program, Project & Product Management
DLR Lesson Type – Observation. Industry engagement – 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.	Engineering & Technical

**Section 7 – Project Structure**

**7.1 Project Structure as at 30 June 2024**

Unit	Name
Division	Land Systems Division
Branch	Armoured Fighting Vehicles Branch