

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

Project Number	LAND907 Phase 2 and LAND8160 Phase 1
Project Name	MAIN BATTLE TANK UPGRADE/ COMBAT ENGINEERING VEHICLE ACQUISITION
First Year Reported in the MPR	2022-23
Capability Type	Upgrade by Replacement & New
Capability Manager	Chief of Army
Government 1st Pass Approval	Oct 19
Government 2nd Pass Approval	Dec 21
Budget at 2nd Pass Approval	\$2,065.7m
Total Approved Budget (Current)	\$2,359.6m
2023–24 Budget	\$580.0m
Complexity	ACAT II



### Section 1 – Project Summary

#### 1.1 Project Description

<p>The two projects, LAND907 Phase 2 and LAND8160 Phase 1 are being progressed jointly as the Heavy Armour Capability System. LAND907 Phase 2 will upgrade the M1A1 Abrams Main Battle Tank (MBT) to M1A2 Abrams System Enhancement Package version 3 (SEPV3) MBT. The project will deliver 75 SEPV3 MBTs to Army. The upgrade will be by replacement so that Army’s MBT capability is maintained throughout the life of the project.</p> <p>LAND8160 Phase 1 will deliver Combat Engineering Vehicles (CEV) and Armoured Recovery Vehicles (ARV):</p> <ul style="list-style-type: none"> <li>• 29 new M1150 Assault Breacher Vehicles (ABV) for breaching minefields and other battlefield obstacles, and undertaking minor earthworks, all while the crew are protected inside the vehicle.</li> <li>• 17 new M1110 Joint Assault Bridges (JAB) to enable gap crossing.</li> <li>• Six additional M88A2 ARV for repair and recovery of vehicles on the battlefield.</li> </ul> <p>Both projects will deliver training and simulation systems for their vehicles. The Immersive Tactical Trainer (ITT) is an SEPV3 MBT crew trainer that will be delivered in both a containerised version (ITT-C) for deployment to the field and a fixed version (ITT-F) for installation in buildings.</p> <p>The MBT, CEV and ARV will be acquired through the United States Government (USG) Foreign Military Sales (FMS) program and the training and simulation systems are being developed by Australian industry.</p>
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#### 1.2 Current Status

<p><b>Cost Performance</b></p> <p><u>In-year</u></p> <p>As at 30 June 2024 Financial Year (FY) 2023-24 expenditure was \$629.8m against the FY 2023-24 budget of \$580.0m. The in-year variance is primarily due to the FMS arrangement with the USG and the unpredictable nature of the FMS program, associated with procurements of MBT, CEV and ARV. Earlier than contracted deliveries of ITT materials, Reconfigurable Driver Simulator escalation, Global Freight charges, Sea Transportation of Vehicles and a delay to the Reconfigurable Desktop Tactical Trainer contract signature contributed to this variance.</p> <p><u>Project Financial Assurance Statement</u></p> <p>As at 30 June 2024, LAND907 Phase 2 / LAND8160 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 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></p> <p>The projects have not applied contingency in the FY 2023-24.</p>
<p><b>Schedule Performance</b></p> <p>The projects achieved Government First Pass Approval in October 2019 and Government Second Pass Approval in December 2021. A Materiel Acquisition Agreement (MAA) was approved in December 2022 between the Australian Army and Capability Acquisition and Sustainment Group (CASG) to document key milestones for the delivery and introduction into service of the MBT, CEV, ARV and training and simulation systems in line with government approval. As at 30 June 2024, 28 M1A2 Abrams SEPV3 MBT’s achieved production Acceptance in the United States (US), the M88A2 ARV exited Preliminary and Critical Design, along with the ITT exited Critical Design.</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.

<p>The USG FMS materiel delivery program remains on schedule to deliver the MBT, CEV and ARV to achieve all MAA milestones. A three-month excusable delay to the delivery of the ITT has been agreed due to circumstances beyond the control of both projects and the contractor. This delay will neither affect the introduction into service training schedule, nor the achievement of any MAA milestones. During FY 2024-25, the SEPv3 MBT's, the M88A2 ARV and the M1110 JAB's are expected to achieve Acceptance and commence introduction into service. The project continues to work closely with its government partners in the US and its Australian Industry partners to monitor progress and identify any risk to schedule.</p>
<p>Overall, the project is on track to deliver all vehicles and training systems against all MAA milestones and government approval with the project currently working towards Initial Materiel Release and Initial Operating Capability.</p>
<p><b>Materiel Capability/Scope Delivery Performance</b></p> <p>As at 30 June 2024, the projects have not delivered any capability. However, from February 2023, the M1 Abrams seed stock, required for production, have been delivered to Anniston Army Depot in the US to be upgraded to MBT and CEV configurations. The projects on track to deliver its full scope of 75 SEPv3 MBT, 46 CEV, 6 ARV and simulation and training systems in accordance with Government approval and the agreed MAA.</p>
<p><b>Note</b></p> <p>Forecast dates and capability assessments are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>
<p>1.3 Project Context</p>
<p><b>Background</b></p> <p>LAND907 Phase 2 will acquire 75 upgraded, by replacement, SEPv3 MBT through the USG FMS program and associated training and simulation systems. LAND8160 Phase 1 will introduce into service new CEV, additional M88A2 ARV and associated training and simulation systems.</p> <p>A Smart Buyer workshop was conducted in February 2017 to identify the risks and drivers for the Project Execution Strategy, which identified integration, finance and in-service support as key drivers. At Gate 0 in June 2017, it was directed that the two projects be progressed jointly as the Heavy Armour Capability System. Smart Buyer workshops were conducted in May 2018 to support development of a combined Project Execution Strategy for these projects in the lead up to First Pass consideration. These workshops identified schedule, finance and in-service support as key focus areas for the Project Execution Strategy and Business Case. The projects achieved First Pass Government Approval in October 2019.</p> <p>In November 2020, Government Approval was given through the Defence biannual update to down select to a single MBT variant (M1A2 SEPv3 Abrams) and to procure 160 M1 Abrams vehicles, previously withdrawn from service in the US, for use as seed stock to be converted into MBT, ABV and JAB as they share a common M1 chassis. 160 base vehicles are required to produce 75 MBT, 29 ABV and 17 JAB as some attrition is expected during the re-build process.</p> <p>This approach supports Army meeting enduring MBT preparedness requirements with the in-service fleet, whilst the upgraded MBTs are built. It also achieves best value for money due to the high cost of transporting Australian MBTs to the US for upgrade.</p> <p>A Smart Buyer Environmental Scan Workshop was held in December 2020 to assist development of one element of the Project Execution Strategy. A full Smart Buyer process was not conducted as it was agreed by the program sponsor (Army) and program manager (CASG) that the previously approved strategies remained sound and provided an adequate basis for execution of the projects.</p> <p>The projects received Second Pass Approval from Government in December 2021.</p>
<p><b>Uniqueness</b></p> <p>The new generation of SEPv3 MBT variant includes enhancements to survivability, lethality, mobility and communications. Introducing a new capability to the ADF, the CEV will deliver an armoured engineering capability that addresses capability roles for assault breaching, armoured bridging and armoured engineering. Unique training simulators will be delivered by Australian industry through the acquisition of a Reconfigurable-Driver Simulator, SEPv3 MBT ITT and Reconfigurable-Desktop Tactical Trainer.</p>
<p><b>Major Risks and Issues</b></p> <p>The project is not currently managing any high or very high Issues or Risks.</p>
<p><b>Other Current Related Projects/Phases</b></p> <p><b>LAND907 Phase 1 – Tank Replacement Project.</b> LAND907 Phase 2 is the successor to the LAND907 Phase 1 Tank Replacement Project, which delivered the M1A1 Abrams Integrated Management, Situational Awareness Abrams MBT.</p>
<p><b>Note</b></p> <p>Major risks and issues are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>

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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>		
Oct 19	Original Approved (Government First Pass Approval)	29.0	
Jan 21	Real Variation – Subsequent Government Approval	24.0	1
Dec 21	Government Second Pass Approval	2,012.7	
	<b>Total at Second Pass Approval</b>	<b>2,065.7</b>	
Jun 24	Exchange Variation	293.9	
Jun 24	<b>Total Budget</b>	<b>2,359.6</b>	
	<b>Project Expenditure</b>		
Prior to Jul 23	Contract Expenditure – FMS Case AT-B-ULU	(75.2)	
	Contract Expenditure – FMS Case AT-B-UKX	(11.9)	
	Contract Expenditure – Thomas Global Systems Australia	(11.9)	
	Contract Expenditure – FMS Case AT-B-ULX	(8.8)	
	Contract Expenditure – FMS Case AT-B-UKQ	(8.8)	
	Other Contract Payments / Internal Expenses	(35.6)	2
		(152.2)	
FY to Jun 24	Contract Expenditure – FMS Case AT-B-ULU	(487.9)	
	Contract Expenditure – FMS Case AT-B-ULX	(82.0)	
	Contract Expenditure – Thomas Global Systems Australia	(18.3)	
	Contract Expenditure – FMS Case AT-B-UKX	(8.0)	
	Contract Expenditure – FMS Case AT-B-UKQ	(0.3)	
	Other Contract Payments/Internal Expenses	(33.2)	3
		(629.8)	
Jun 24	<b>Total Expenditure</b>	<b>(782.0)</b>	
Jun 24	<b>Remaining Budget</b>	<b>1,577.6</b>	
<b>Notes</b>			
1	Early release of Government Gate 2 funding.		
2	Other Contract Payments/Internal Expenses comprises of Project Office Support (\$21.1m), Platforms Equipment (\$7.4m) Interim Services Contract (\$4.8m), Reconfigurable Driver Simulator (\$2.2m) and Other FMS (\$0.1m).		
3	Other Contract Payments/Internal Expenses comprises of Project Office Support (\$13.5m), Interim Services Contract (\$5.6m), Mine Clearing Line Charge (MICLIC) (\$4.5m), Platforms Equipment (\$3.8m), Reconfigurable Driver Simulator (\$3.8m), and Reconfigurable Desktop Tactical Trainer (\$2.1m).		

### 2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
970.8	629.2	580.0	<u>Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES)</u> : The variance in Estimate PBS and Estimate PAES is due to a change in FMS disbursements and re-programming in forward estimates. <u>PAES to Final Plan</u> : The decrease relates to the timing of FMS disbursements relating to MBT and CEV FMS cases and a production delay of the main battle tank. The timing of the disbursements is based off analysis conducted on US based financial projections and the project's cost model.
Variance \$m	(341.6)	(49.2)	Total Variance (\$m): (390.8)
Variance %	(35.2)	(7.8)	Total Variance (%): (40.3)

#### 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.

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		1.2	Australian Industry	In-year variance of is primarily due to the FMS arrangement with the USG and the unpredictable nature of the FMS program, associated with procurements of MBT, CEV and ARV. Additionally, some elements of simulation & training actuals were brought forward and have contributed to the variance. These expenditures were initially planned for FY24-25 and are not an additional cost to the project. Reconfigurable Driver Simulator escalation, Global Freight charges, Sea Transportation of Vehicles and a delay to the Reconfigurable Desktop Tactical Trainer contract signature also contributed to this variance.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		48.6	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
580.0	629.8	<b>49.8</b>	<b>Total Variance</b>	
		<b>8.6</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			
FMS Case – AT-B-UKX	Sep 20	4.3	37.7	Reimbursement (for FMS)	FMS	1, 2
FMS Case – AT-B-UKQ	Jan 20	13.9	9.7	Reimbursement (for FMS)	FMS	2
FMS Case – AT-B-ULU	Dec 21	1,114.1	1,246.6	Reimbursement (for FMS)	FMS	2, 3
FMS Case – AT-B-ULX	Dec 21	490.1	617.7	Reimbursement (for FMS)	FMS	2
Thomas Global Systems Australia	Jan 22	37.3	42.6	Firm or Fixed	Standard Defence Contract	4, 5
<b>Notes</b>						
1	Price increase is a result of additional resources to support the establishment of the Major FMS cases.					
2	Variations on MBT upgrade, CEV, and USG Technical Assistance and Unique Armour Design FMS cases are due to exchange rate fluctuations. The amendment to FMS case AT-B-UKX is included.					
3	FMS case AT-B-ULU was signed in December 2020 for seed stock acquisition for \$18.8m (including GST). The contract details above detail Amendment #1, which incorporated the production of the M1A2 Abrams SEPv3 MBT.					
4	The contract price has increased due to an agreed three-month delay, due to factors outside both parties control.					
5	Contract Change Proposal #003 M1A2 ITT - Excusable Delay.					

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-B-ULU	75	75	AT-B-ULU includes the acquisition and management of the 160 seed stock vehicles, preparation of seed stock vehicles for production (as MBT, ABV and JAB) and production of the SEPv3 MBT. In addition, the provision of initial spare parts, technical manuals and publications and the fielding of the tanks in Australia and initial training conducted by US personnel.	1, 2
FMS Case – AT-B-ULX	52	52	AT-B-ULX includes the production and delivery of 29 M1150 ABV, 17 M1110 JAB and six M88A2 ARV. In addition, the provision of initial spare parts, technical manuals and publications and the fielding of the MBT in Australia and initial training conducted by US personnel.	-
FMS Case – AT-B-UKX	N/A	N/A	AT-B-UKX Technical Assistance case includes the engagement of an Australia Management Office within the USG to manage the FMS Program as part of the Project Execution Strategy.	-
FMS Case – AT-B-UKQ	N/A	N/A	AT-B-UKQ includes the development and production of the Australian armour package.	-
Thomas Global Systems Australia	16	16	Acquisition of the ITT simulators to address the Training needs for the MBT capability.	-

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Major equipment accepted and quantities to 30 Jun 24	
No major equipment has been delivered prior to 30 June 2024 as planned, however as at 30 June 2024, 28 M1A2 Abrams SEPv3 MBTs achieved production Acceptance in the United States (US).	
Notes	
1	Seed Stock Background. In November 2020, Government Approval was given through the Defence biannual update to down select to a single MBT variant (SEPV3 MBT) and to procure 160 M1 Abrams vehicles, previously withdrawn from service in the US, for use as seed stock to be converted into MBT, ABV and JAB as they share a common M1 chassis. The seed stock of 160 base vehicles are production inputs, which will be used to produce 75 SEPv3 MBT, 29 ABV and 17 JAB as some attrition is expected during the production-build process.
2	Amendment #3 to FMS case AT-B-ULU, approved on 27 February 2024. Amendment #3 changed the scope and capability for acquisition. It included the provision of JBCP (Joint Battle Command-Platform) sub-system, and the change in transportation coding to be the responsibility from Australia to the United States. The overall case value did not change.

#### 2.4 Australian Industry Capability

Summary
The project has no contracted Australian Industry Capability (AIC) targets for US Government FMS acquisition, as there are no required AIC activities or AIC targets.
The project has contracted AIC targets based on opportunities to maximise internationally competitive Australian industry involvement including, but not limited to the targets captured in Thomas Global Systems Australia AIC Plans in the support of their management of the ITT contract for design, development, training, project management office support, Integrated Logistics Support management, logistics support, and the development and maintenance of contract deliverables.

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	M1A2 Abrams SEPv3 MBT (AT-B-ULU)	NFP	N/A	NFP	NFP	1
	M1150 Assault Breacher Vehicle (AT-B-ULX)	NFP	N/A	NFP	NFP	2
	M1110 Joint Assault Bridge (AT-B-ULX)	NFP	N/A	NFP	NFP	2
	M88A2 Hercules Armoured Recovery Vehicle (AT-B-ULX)	NFP	N/A	NFP	NFP	2
	Immersive Tactical Trainer	May 22	May 22	May 22	0	3
Preliminary Design	M1A2 Abrams SEPv3 MBT (AT-B-ULU)	NFP	NFP	NFP	NFP	1
	M1150 Assault Breacher Vehicle (AT-B-ULX)	NFP	NFP	NFP	NFP	2
	M1110 Joint Assault Bridge (AT-B-ULX)	NFP	NFP	NFP	NFP	2
	M88A2 Hercules Armoured Recovery Vehicle (AT-B-ULX)	NFP	NFP	NFP	NFP	2
	Immersive Tactical Trainer	Jul 22	Oct 22	Oct 22	3	4
Critical Design	M1A2 Abrams SEPv3 MBT (AT-B-ULU)	NFP	NFP	NFP	NFP	1
	M1150 Assault Breacher Vehicle (AT-B-ULX)	NFP	NFP	NFP	NFP	2
	M1110 Joint Assault Bridge (AT-B-ULX)	NFP	NFP	NFP	NFP	2
	M88A2 Hercules Armoured Recovery Vehicle (AT-B-ULX)	NFP	NFP	NFP	NFP	2
	Immersive Tactical Trainer	Apr 23	Jul 23	NFP	NFP	5
Notes						
1	The Commonwealth is not in contract for the above major reviews, nor similar reviews with the US Army due to being an FMS Case arrangement under (FMS Case AT-B-ULU). The US Army has contractual arrangements in place with subcontractors that does include similar major reviews. The Commonwealth is not privy to these contractual arrangements.					
2	The Commonwealth is not in contract for the above major reviews, nor similar reviews with the US Army due to being an FMS Case arrangement under (FMS Case AT-B-ULX). The US Army has contractual arrangements in place with subcontractors that does include similar major reviews. The Commonwealth is not privy to these contractual arrangements.					
3	The ITT System Requirements Review was completed on schedule.					

4	The ITT Preliminary Design Review was completed with an agreed three-month delay, due to factors outside both parties control.
5	The ITT Critical (Detailed) Design Review experienced an agreed delay due to factors beyond the control of both parties.

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	M1A2 Abrams SEPv3 MBT (AT-B-ULU)	NFP	NFP	NFP	NFP	1
	M1150 Assault Breacher Vehicle (AT-B-ULX)	NFP	NFP	NFP	NFP	2
	M1110 Joint Assault Bridge (AT-B-ULX)	NFP	NFP	NFP	NFP	2, 5
	M88A2 Hercules Armoured Recovery Vehicle (AT-B-ULX)	NFP	NFP	NFP	NFP	2
	Immersive Tactical Trainer – Fixed (ITT-F)	NFP	NFP	NFP	NFP	3, 4
	Immersive Tactical Trainer – Containerised (ITT-C)	NFP	NFP	NFP	NFP	3, 4
Acceptance	M1A2 Abrams SEPv3 MBT (AT-B-ULU)	NFP	NFP	NFP	NFP	1
	M1150 Assault Breacher Vehicle (AT-B-ULX)	NFP	NFP	NFP	NFP	2, 5
	M1110 Joint Assault Bridge (AT-B-ULX)	NFP	NFP	NFP	NFP	2, 5
	M88A2 Hercules Armoured Recovery Vehicle (AT-B-ULX)	NFP	NFP	NFP	NFP	2
	Immersive Tactical Trainer – Fixed (ITT-F)	NFP	NFP	NFP	NFP	3, 4
	Immersive Tactical Trainer – Containerised (ITT-C)	NFP	NFP	NFP	NFP	3
<b>Notes</b>						
1	The Commonwealth is not in contract for the above major reviews, nor similar reviews with the US Army due to being an FMS Case arrangement under (FMS Case AT-B-ULU). The US Army has contractual arrangements in place with subcontractors that does include similar major reviews. However, the Commonwealth is not privy to these contractual arrangements. There are no contractual obligations to meet proposed milestones. Acceptance is defined as factory production acceptance completed in the US and System Integration occurs in Australia as part of US led Introduction into Service activities.					
2	The Commonwealth is not in contract for the above major reviews, nor similar reviews with the US Army due to being an FMS Case arrangement under (FMS Case AT-B-ULX). The US Army has contractual arrangements in place with subcontractors that does include similar major reviews. However, the Commonwealth is not privy to these contractual arrangements. There are no contractual obligations to meet proposed milestones. Acceptance is defined as factory production acceptance completed in the US and System Integration occurs in Australia as part of US led Introduction into Service.					
3	Both projects will conduct test and evaluation, acceptance and then delivery of training and simulation systems for their respective vehicles. The ITT is an M1A2 Abrams SEPv3 MBT crew trainer that will be delivered both in a containerised version (ITT-C) for deployment to the field and a fixed version (ITT-F) for installation in buildings.					
4	The schedule for ITT-F System Integration and Acceptance has been changed to align with interdependent facilities.					
5	The schedule for the M1150 Assault Breacher and M1110 JAB System Integration and Acceptance has been changed in accordance with advice from the USG.					

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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, 2
Initial Operational Capability (IOC)	NFP	NFP	NFP	1, 2
Final Materiel Release (FMR)	NFP	NFP	NFP	1
Final Operational Capability (FOC)	NFP	NFP	NFP	1
<b>Notes</b>				
1	Dates associated with capability realisation are not for public release.			
2	The information listed above in Table 3.2 relate to the last vehicle achieving System Integration and Acceptance, and does not impact IMR and IOC achievement.			
<p><b>Schedule Status at 30 June 2024</b>  <b>Dates associated with capability realisation are NFP</b></p>				

<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	
	<p><b>Green:</b>                      LAND907 Phase 2 / 8160 Phase 1 expects to provide deliverables and capability requirements as per the agreement with Government.</p>
	<p><b>Amber:</b>                      N/A</p>
	<p><b>Red:</b>                      N/A</p>
<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 will occur when the required missions systems for commencement of introduction into service training have been delivered to Army. Initial logistics support arrangements are in place including: <ul style="list-style-type: none"> <li>• User documentation.</li> <li>• Technical data.</li> <li>• Maintenance support.</li> <li>• Logistics instruction.</li> <li>• Engineering support.</li> <li>• Spares.</li> </ul>	Not yet Achieved

	<ul style="list-style-type: none"> <li>• Training systems.</li> <li>• Facilities.</li> </ul> Forecast dates for IMR are NFP.	
Initial Operational Capability (IOC)	IOC will occur with the provision of sufficient equipment and trained and qualified personnel to sustain the MBT and CEV on operations (or equivalent) in a land environment. Forecast dates for IOC re NFP.	Not yet Achieved
Final Materiel Release (FMR)	FMR will occur when the final mission systems have been delivered. Delivery of simulation training systems and enablers. Logistics support arrangements are in place to support Force Generation (develop and provide forces to enable military effects across operating environments) exercises and operational deployments, including: <ul style="list-style-type: none"> <li>• User documentation.</li> <li>• Technical data.</li> <li>• Maintenance support.</li> <li>• Logistics instruction.</li> <li>• Engineering support.</li> <li>• Spares.</li> <li>• Training systems facilities.</li> </ul> Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	FOC will occur when all major and support system elements have been delivered with the capability having been fully certified within the Combat Brigades and training schools. Contractual arrangements, stable through life support and facilities are functional to enable Force Generation and an enduring operational deployment of the capability. 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
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

<b>Note</b>
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 51 lessons. Three of which are individual and the remaining 48 have been aggregated into four lessons against CASG Lesson Categories. All lessons are grouped into the CASG Lessons Program Systemic Categories. The seven 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. Close Government-to-Government relationships are required to ensure synchronisation and alignment of programs. The establishment of a Resident Project Office (Australian Project Staff collocated with the USG Project Office) has achieved this.	Commercial Management

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DLR Lesson Type – Observation Subject Matter Expert advice was received regarding the quantity of consumables required for manufacture of the upgraded platforms. This advice was accepted by the United States Program Office and provided to the United States based OEM. Later in the build of the platforms it was found that the quantity of resources was inadequate. Being a long lead time item an alternative course of action was developed which resulted in a financial impact to the Project. This circumstance highlights that work practices between nations may be different and that early engagement and understanding of these work practices are key foundations to prevention of these situations.	Program, Project & Product Management
DLR Lesson Type – Observation. Over the reporting period, members from the respective Program Offices for the SEPv3 and CEVs travelled Australia to participate in the bi-annual program review and focussed working groups. This enabled constructive program discussions, more timely resolution of issues and more effective planning activities between the partner nations. Reinforcing the importance of face-to-face engagement to significantly reduce the number of issues, requirement for rework and subsequent costs.	Program, Project & Product Management
DLR Lesson Type – Observation. The Projects have leveraged formal Australian Standard for Defence Contracting (ASDEFCON) suite of contracts from development, release, evaluation, negotiation and execution for both the ITT and Support contracts. This has provided a number of Lessons that have aggregated into a Key Lesson in how to navigate the ASDEFCON suite from the Commonwealth perspective.	Program, Project & Product Management
DLR Lesson Type – Observation. The Projects has knowledge of managing US Export controlled data, conduct of audits and recording of Key Decisions. These Lessons have aggregated into a Key Lesson Learned for the routine management and control of Key Decisions and information tracing.	Program, Project & Product Management
DLR Lesson Type – Observation. The System Program Office have experience with the sustainment of Heavy Armour platforms through the M1A1 MBT. These have aggregated to a Key Insight that routine modifications and Deep Level maintenance are essential to ensure that capability availability to Army is maintained through-life.	Materiel Logistics
DLR Lesson Type – Observation. The project has responsibility for contracted personnel both above and below the line that require additional management overheads especially regarding US Export controls. A robust Technology Control Plan is essential to maintaining compliance to US Export controls throughout the life of the Projects.	Program, Project & Product Management

### Section 7 – Project Structure

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

Unit	Name
Division	Land Systems Division
Branch	Armoured Fighting Vehicles