

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

|                                 |   |
|---------------------------------|---|
| Project Number                  | AIR5349 Phase 6                                       |
| Project Name                    | ADVANCED GROWLER – AIRBORNE ELECTRONIC ATTACK UPGRADE |
| First Year Reported in the MPR  | 2022-23   |
| Capability Type                 | Upgrade   |
| Capability Manager              | Chief of Air Force                                    |
| Government 1st Pass Approval    | Dec 16  |
| Government 2nd Pass Approval    | Dec 22  |
| Budget at 2nd Pass Approval     | \$3,218.5m  |
| Total Approved Budget (Current) | \$3,222.2m  |
| 2023–24 Budget                  | \$302.6m  |
| Complexity                      | ACAT II   |



### Section 1 – Project Summary

#### 1.1 Project Description

Project AIR5349 Bridging Air Combat Capability was initiated to maintain an air combat capability during transition from F/A-18A/B and F-111 to F-35A. Phases 1 and 2 led to the introduction of 24 F/A-18F aircraft and related weapons respectively. AIR5349 Phase 3 acquired an Airborne Electronic Attack Capability (AEAC), including 12 EA-18G Growler and related mission and support systems such as the Mobile Threat Training Emitter System (MTTES). Project AIR5349 Phase 6 was initiated to support the next series of major Royal Australian Air Force (RAAF) EA-18G Growler upgrades and associated Fundamental Inputs to Capability (FIC) elements, required to ensure AEAC remains effective through to the Planned Withdrawal Date.

AIR5349 Phase 6 comprises the following:

- Next Generation Jammers (NGJ), and associated aircraft integration – NGJ is being developed and acquired by the United States Navy (USN) in three increments, namely; NGJ Mid Band (NGJ-MB), NGJ Low Band (NGJ-LB) and NGJ High Band (NGJ-HB).
- Aircraft modifications including sensor upgrades.
- Anti-Radiation Missile (ARM) variants.
- Electronic Warfare (EW) training range upgrades.
- Other Jammers.
- FIC elements including personnel, facilities, spares, support and training devices.

The project will be executed via a tranche approach (nominally three tranches) to Government, with scope of each tranche aligned against USN NGJ Program (i.e. Low, Mid and High Band).

#### 1.2 Current Status

##### Cost Performance

###### In-year

As at 30 June 2024 Financial Year (FY) 2023-24 expenditure was \$271.1m against the FY 2023-24 budget of \$302.6m. The end of year underspend is due to a delay in establishing the NGJ Mid-Band Extended Cooperative arrangement.

###### Project Financial Assurance Statement

As at 30 June 2024, project AIR5349 Phase 6 has reviewed the approved scope and budget for those elements required to be delivered. 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 including contingency 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 Materiel Release 1 (MR1) milestone and Government Second Pass Approval for Tranche 1 in accordance with the current Materiel Acquisition Agreement (MAA).

The project remains on schedule to deliver Materiel Release 2 (MR2) and MTTES Ready for Training 1 (RFT1). The project is managing risks associated with completion of Materiel Release 3 (MR3) Final Operational Capability (FOC) remains on track for achievement.

The impacts of the project risks are applicable to Section 3.3 Progress Towards Materiel Release and Operational Capability Milestones.

#### Notice to Reader

<sup>1</sup> 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.

The United States Navy (USN) NGJ-MB IOC milestone, originally planned for September 2023, was rescheduled to March 2024. This milestone has been subsequently rescheduled to December 2024. The USN (Air-to-Ground Missiles) (AGM) AGM-88G IOC milestone was originally planned for September 2023 and was rescheduled for July 2024.

**Material Capability/Scope Delivery Performance**  
 The project has successfully achieved MR1 milestone in December 2022. The project expects to achieve delivery of all agreed scope in accordance with the MAA, inclusive of all elements of Fundamental Inputs to Capability (FIC). Subsequent Materiel Release milestones yet to be achieved, will include the following scope, in accordance with the MAA:

- **Jammers.** Procurement of NGJ tactical jammers and other pods, and associated aircraft integration. The NGJ is being developed and acquired by the USN in three increments, namely: NGJ-MB, NGJ-LB, and NGJ-HB. Australia has entered into a Cooperative Project (CP) with US Navy for this capability.
- **Platform.** Aircraft modifications including Growler Block II upgrade and sensor upgrades.
- **Weapons.** Procurement of AGM-88 Anti-Radiation Missile (ARM) variants, including an extended range capability (AGM-88G 'Advanced Anti-Radiation Guided Missile – Extended Range (AARGM-ER)').
- **Electronic Warfare (EW) Ranges.** Upgrades to the MTTES training ranges.
- **Fundamental Inputs to Capability (FIC).** All FIC associated elements.

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

1.3 Project Context

**Background**

AIR5349 Phase 6 will introduce a number of enhancements to the AEAC, centred on the EA-18G Growler. Enhancements to the aircraft will follow the USN upgrade pathway ('flight plan') to maintain commonality between the Australian and USN EA-18G Growler. This meets the intent of the Defence White Paper 2016, enabling the Australian Growler to remain fully capable and fully interoperable, at all security levels, ensuring ongoing operational relevance and the successful conduct of combined Airborne Electronic Attack (AEA) operations.

In 2014, United States (US) invited Australia to participate in the CP for the development of the NGJ Weapon System. In December 2016, the Government through First Pass Approval agreed for Australia to enter into CP with the USN through Engineering, Manufacture and Development (EMD) Memorandum of Understanding (MoU) for NGJ-MB capability development, and Second Pass Approval for the procurement of the operational ARM variants via a Foreign Military Sales (FMS) arrangement. In 2017, the project performed Smart Buyer profiling that supported the Phase 6 project to build on existing Growler FIC and remain USN-common. This was considered to refine the project scope and associated execution strategy.

In August 2019, the Government through Interim Pass Approval agreed for Australia to continue further participation in future cooperative efforts for NGJ-MB with the USN through Production, Sustainment and Follow-on Development (PSFD) MoU, and NGJ-LB capability development through a subordinate Project Arrangement (PA).

In 2021, an additional Smart Buyer activity was undertaken to revalidate the project's execution strategy. As a result of the Smart Buyer considerations, the project will approach Government on three separate occasions as a minimum, for approval of each of the major tranches aligned against USN NGJ Program (i.e. Low, Mid and High Band). Such an approach will provide the flexibility necessary to respond to changes in the threat environment and US programs and maintain commonality with the USN aircraft.

The Government Second Pass Approval for Tranche 1 was received in December 2022.

**Uniqueness**  
 AIR5349 Phase 6 is unique as Australia entered into a bilateral arrangement with the United States for co-development of NGJ. Acquiring NGJ-MB through a CP enables Defence to gain insights on design and development that reduces risks associated with transition into service, and promotes interoperability with the USN.

**Major Risks and Issues**  
 The project is currently managing the following major risks:

- Delays to MTTES delivery impacting the achievement of Materiel Release 6.
- Delays to NGJ-Mid Band delivery impacting achievement of Materiel Release 3.

The project is currently not tracking any major issues.

**Other Current Related Projects/Phases**  
**AIR5349 Phase 3 - Growler Airborne Electronic Attack Capability.** Project AIR5349 Phase 3 acquired 12 EA-18G Growler AEA aircraft, ALQ-99 Tactical Jamming System and associated weapons, training system, and through-life aircraft upgrades and support.  
**JP2093 - Guided Weapons and Explosive Ordnance Storage Program.** Undertake the required scope of work associated with the weapons storage facilities, with AIR5349 Phase 6 contributing towards informing weapons storage requirements and associated funding.  
**ESTA5349 Phase 6 – Phase 6 Advanced Growler** – Included within AIR5349 Phase 6 Gate 2 approval for construction of NGJ maintenance and storage facilities at Amberley and EW range facilities at Amberley and Delamere Training Area.

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

## Section 2 – Financial Performance<sup>2</sup>

### 2.1 Project Budget (out-turned) and Expenditure History

| Date            | Description  | \$m            | Notes |
|-----------------|--|----------------|-------|
|                 | <b>Project Budget</b>  |                |       |
| Sep 17          | Original Approved (Government First Pass Approval)   | 271.1          | 1     |
| Aug 19          | Government Interim Pass Approval   | 279.2          | 2     |
| Aug 21          | Real Variation – Transfer  | 0.8            | 3     |
| Sep 21          | Real Variation – Transfer  | 2.4            | 3     |
| Apr 22          | Real Variation – Transfer  | (6.6)          | 3     |
| Mar 23          | Government Second Pass Approval  | 2,671.7        | 4     |
|                 | <b>Total at Second Pass Approval</b>   | <b>3,218.5</b> |       |
| Jun 23          | Real Variation - Transfer  | (69.1)         | 5     |
| Jun 24          | Exchange Variation   | 72.8           |       |
| Jun 24          | <b>Total Budget</b>  | <b>3,222.2</b> |       |
|                 | <b>Project Expenditure</b>   |                |       |
| Prior to Jul 23 | US Government (NGJ Increment One Development MoU)  | (203.1)        |       |
|                 | US Government (NGJ PSFD MoU)   | (120.3)        |       |
|                 | US Government (NGJ-LB Capability PA)   | (72.1)         |       |
|                 | US Government (NGJ-MB Prime Contracts)   | (38.1)         |       |
|                 | US Government (FMS Case AT-P-AQP)  | (16.8)         |       |
|                 | CEA Technologies Pty Ltd   | (11.7)         |       |
|                 | Other Contract Payments / Internal Expenses  | (19.6)         | 6     |
|                 |  | (481.7)        |       |
| FY to Jun 24    | US Government (NGJ Increment One Development MoU)  | (105.0)        |       |
|                 | US Government (NGJ-MB Prime Contracts)   | (91.9)         |       |
|                 | CEA Technologies Pty Ltd   | (63.3)         |       |
|                 | US Government (FMS Case AT-P-ASA)  | (5.4)          |       |
|                 | Other Contract Payments / Internal Expenses  | (5.6)          | 7     |
|                 |  | (271.1)        |       |
| Jun 24          | <b>Total Expenditure</b>   | <b>(752.8)</b> |       |
| Jun 24          | <b>Remaining Budget</b>  | <b>2,469.4</b> |       |
| <b>Notes</b>    |  |                |       |
| 1               | Government First Pass Approval to initiate the project, enter NGJ Increment One Development MoU with the USN and Government Second Pass Approval to progress FMS Case AT-P-AQP. Allocation of funding occurred in September 2017, following Government First Pass in December 2016.  |                |       |
| 2               | Government Interim Pass Approval, to enter into the NGJ PSFD MoU, NGJ-LB Capability PA and continue development of the NGJ capability.   |                |       |
| 3               | Transfer of funds due to RAAF contingency and unallocated budget movements and transfer of funds to Security and Estate Group (SEG) Capability.  |                |       |
| 4               | Government Second Pass Approval of Tranche 1 funding. Tranche 1 approval to fund NGJ-MB shipsets and associated spares and support equipment; AGM-88G acquisition; EW Ranges upgrades, including upgrades to the MTES and acquisition of Mobile Electronic Warfare Threat Emitter System (MEWTES); development of aircraft upgrades, cooperative development of the NGJ-LB and NGJ-HB with the USN; and FIC element upgrades and sustainment associated with Tranche 1 acquisition. Allocation of funding occurred in March 2023, following Government Second Pass in December 2022. |                |       |
| 5               | Transfer of \$69.1m to SEG to fund the Minimum Level of Operational Capability facilities option presented at Conceptual Design Review.  |                |       |
| 6               | Other contract payments/internal expenses to 30 June 2023 were comprised of contractor support, travel and project management expenses.  |                |       |
| 7               | Other contract payments/internal expenses to 30 June 2024 were comprised of contractor support, travel, project management expenses.   |                |       |

#### 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  |
|------------------|-------------------|-------------------------|--|
| 205.9            | 243.8             | 302.6                   | <u>Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES):</u> Variation is due to earlier than planned funds for CEA Technologies Pty Ltd (MTTES).<br><br><u>PAES to Final Plan:</u> Variation is due to additional Next Generation Jammer Cooperative Program unplanned expenditure and foreign currency exchange variations. |
| Variance \$m     | 38.0              | 58.7                    | Total Variance (\$m): 96.7   |
| Variance %       | 18.4              | 24.1                    | Total Variance (%): 47.0   |

## 2.2B In-year Budget/Expenditure Variance

| Estimate Final Plan \$m | Actual \$m | Variance \$m  | Variance Factor                          | Explanation  |
|-------------------------|------------|---------------|--|--|
|                         |            | 8.9           | Australian Industry                      | The variance in spending was primarily due to a delay in establishing the NGJ Mid-Band Extended Cooperative arrangement. |
|                         |            | -             | Foreign Industry                         |  |
|                         |            | -             | Early Processes                          |  |
|                         |            | -             | Defence Processes                        |  |
|                         |            | (40.3)        | Foreign Government Negotiations/Payments |  |
|                         |            | -             | Cost Saving                              |  |
|                         |            | -             | Effort in Support of Operations          |  |
|                         |            | -             | Additional Government Approvals          |  |
| 302.6                   | 271.1      | <b>(31.4)</b> | <b>Total Variance</b>                    |  |
|                         |            | <b>(10.4)</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 |                         |                           |         |
| US Government (FMS Case AT-P-AQP)                 | Sep 17  | 19.4          | 17.1          | Reimbursement (for FMS) | FMS                       | -       |
| US Government (NGJ Increment One Development MoU) | Oct 17  | 199.4         | 308.0         | Cost Ceiling (Capped)   | MoU                       | 1, 2, 3 |
| US Government (NGJ PSFD MoU)                      | May 20  | 109.1         | 120.3         | Cost Ceiling (Capped)   | MoU                       | 1, 4, 5 |
| US Government (NGJ-LB Capability PA)              | Jul 20  | 80.7          | 72.1          | Cost Ceiling (Capped)   | MoU                       | 1, 6    |
| CEA Technologies Pty Ltd                          | Dec 22  | 278.4         | 279.8         | Firm or Fixed           | Standard Defence Contract | 7, 8    |
| US Government (NGJ-MB Prime Contract)             | Mar 23  | 284.4         | 288.8         | Variable                | MoU                       | 9       |
| US Government (FMS Case AT-P-ASA)                 | Jul 23  | 433.0         | 433.0         | Reimbursement (For FMS) | FMS                       | 10      |
| US Government (NGJ-MB Extended Upgrade)           | Jun 24  | 67.3          | 67.3          | Cost Ceiling (Capped)   | MoU                       | 11      |
| <b>Notes</b>                                      |   |               |               |                         |                           |         |
| 1   | This agreement has fully expended all funding to the US Government.   |               |               |                         |                           |         |
| 2   | An agreement to enable shared contributions to Engineering, Manufacturing and Design (EMD) of NGJ-MB with some discussion of follow-on developments. Funding is limited to a cost ceiling, which can only be changed upon mutual written consent of the Participants. Australia is responsible for paying a proportion of the total costs.  |               |               |                         |                           |         |
| 3   | Increase in Contract Price is due to an increase in the overall NGJ-MB EMD including the Research, Development, Test and Evaluation activities. The increase represents the Australian Department of Defence equitable share in accordance with the US Government NGJ Increment One Development MoU.  |               |               |                         |                           |         |
| 4   | An 'umbrella' agreement to enable shared contributions to PSFD of the NGJ Weapon System (including Production and Sustainment of NGJ-MB), with subordinate PAs for additional AEA capabilities. The PSFD MoU provides scope for production, sustainment, and follow-on development of AEA capabilities. Funding is limited to a cost ceiling, which can only be changed upon mutual written consent of the participants. Australia is responsible for paying a proportion of the total costs. |               |               |                         |                           |         |
| 5   | The Exchange of Letters agreed an increase to the price ceiling of the PSFD MoU for the follow-on development of the NGJ-MB capability.   |               |               |                         |                           |         |
| 6   | Project Arrangement under the PSFD MoU to design, develop, test and integrate NGJ-LB capability into the EA-18G Growler. Australia is responsible for paying a proportion of the total costs.   |               |               |                         |                           |         |

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|    |   |
|----|---|
| 7  | The scope of the contract includes eight MEWTES, four Advanced MTTES (ADVM) and associated support system elements.   |
| 8  | Signature value reflects the out-turned contract value (ex GST). The price variance is due to foreign exchange as at 30 June 2024.  |
| 9  | The scope of the contract includes initial quantity of NGJ-MB shipsets, spares, support equipment and training system.  |
| 10 | Establishment of new FMS Case for AARGM-ER.   |
| 11 | Establishment of Project Arrangement under the PSFD MoU to enable the cooperative design, development, and testing of the NGJ-MB Extended Upgrade (NGJ-MBX) Upgrade for NGJ-MB weapon system and integrate upgraded capability into the EA-18G Growler. |

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

| Contractor   | Contracted Quantities as at  |            | Scope  | Notes |
|--|--|------------|--|-------|
|  | Signature  | 30 Jun 24  |  |       |
| US Government (FMS Case AT-P-AQP)                                    | Classified   | Classified | AGM-88 variants and support.   | -     |
| US Government (NGJ Increment One Development MoU)                    | N/A  | N/A        | Australia's contribution to shared costs from FY 2017-18 to FY 2022-23, and includes contribution to project overhead and administration costs, as well as EMD common efforts for NGJ-MB, including associated science and technology activities; and the development of mission systems, training, production plans and support equipment and technologies. | 1     |
| US Government (NGJ PSFD MoU)   | N/A  | N/A        | Australia's contribution to shared costs from FY 2020-21 to FY 2022-23, and includes contribution to PSFD common efforts of NGJ-MB, and project overhead and administration costs.   | 1     |
| US Government (NGJ-LB Capability PA)                                 | N/A  | N/A        | Australia's contribution to shared costs from FY 2021-22, and includes contribution to project overhead and administration costs, as well as EMD common efforts, including associated science and technology activities; and the development of mission systems, training, production plans and support equipment and technologies.                          | 1     |
| CEA Technologies Pty Ltd   | Various  | Various    | Eight MEWTES, four ADVM, publications, manuals, training, transition, integration and support services.  | 2     |
| US Government (NGJ-MB Prime Contract)                                | Various  | Various    | Initial quantity of NGJ-MB shipsets, spares, training system and support equipment.  | -     |
| US Government (FMS Case AT-P-ASA)                                    | Classified   | Classified | AGM-88 variants and support.   | -     |
| US Government (NGJ-MB Extended Upgrade)                              | N/A  | N/A        | Procurement of flight test planning and qualification, detailed design, and integration and testing for the NGJ MBX capability.  | 1     |
| <b>Major equipment accepted and quantities to 30 Jun 24</b>          |  |            |  |       |
| All contracted supplies under FMS Case AT-P-AQP have been delivered. |  |            |  |       |
| <b>Notes</b>   |  |            |  |       |
| 1  | No equipment delivered as part of the MoU or PA.   |            |  |       |
| 2  | This Contract is an Official Order under the Active Electronically Scanned Array Head Deed for additional emitter systems. |            |  |       |

### 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 the CEA Technologies Pty Ltd AIC Plan in support of applicable Sovereign Industrial Capability Priorities. |
| The project has no contracted AIC targets for its US Government FMS acquisition as the US Foreign Government arrangement does not include the contractual provision or obligations for Australian Industry Content.  |
| The project has no contracted AIC targets for its US Government CP, however has provisions to encourage competitive participation of Australian Industry without the contractual obligations for Australian Industry Content.  |
| 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 | ADVM7   | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | ADVM8   | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | ADVM9   | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | ADVM11  | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | MEWTES  | Dec 23           | N/A                | Jan 24             | 1                 | 2, 3  |
| Preliminary Design  | ADVM7   | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | ADVM8   | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | ADVM9   | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | ADVM11  | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | MEWTES  | N/A              | N/A                | N/A                | N/A               | 2     |
| Critical Design     | NGJ-MB  | N/A              | N/A                | Apr 17             | N/A               | 4     |
|                     | AGM-88G   | N/A              | N/A                | Feb 20             | N/A               | 5     |
|                     | ADVM7   | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | ADVM8   | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | ADVM9   | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | ADVM11  | N/A              | N/A                | N/A                | N/A               | 1     |
|                     | MEWTES  | Jan 24           | N/A                | NFP                | NFP               | 2, 6  |
| <b>Notes</b>        |   |                  |                    |                    |                   |       |
| 1                   | ADVM7, ADVM8, ADVM9 and ADVM11 systems are off-the-shelf CEA Technologies Pty Ltd products without any development required.  |                  |                    |                    |                   |       |
| 2                   | The CEA Technologies Pty Ltd Contract does not use System Requirements, Preliminary Design or Critical Design Mandated System Reviews. Rather, CEA Technologies Pty Ltd approach is to use Technical Progress Reviews (TPR) to progressively iterate the design through-out the design phase then monitor production throughout the contract.   |                  |                    |                    |                   |       |
| 3                   | MEWTES System Requirements review is aligned with delivery of the final System Performance Specification (SPS). The Commonwealth of Australia (CoA) has not accepted Revision 0 of the delivered SPS and continues to work with the supplier to reach an agreed position for this developmental system. The variance does impact Critical Design Review but does not impact system delivery and acceptance dates. |                  |                    |                    |                   |       |
| 4                   | Per the US Department of Defence (DoD) Acquisition Life Cycle, Critical Design Review for NGJ-MB was achieved April 2017.   |                  |                    |                    |                   |       |
| 5                   | Per the US DoD Acquisition Life Cycle, Critical Design Review for AGM-88G was achieved in February 2020.  |                  |                    |                    |                   |       |
| 6                   | The equivalent of a Critical Design Review is planned to be conducted at TPR #8. The delays to the System Performance Specifications delivery has created a corresponding delay in Critical Design progress. The variance does not impact system delivery and acceptance dates.   |                  |                    |                    |                   |       |

#### 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  | AGM-88G USN IOC                | Sep 23           | N/A                | Jul 24             | 10                | 1     |
|                     | NGJ-MB USN IOC                 | Sep 23           | N/A                | Dec 24             | 15                | 2     |
|                     | NGJ-MB A46 Type Certification  | NFP              | N/A                | NFP                | NFP               | 3     |
|                     | AGM-88G A46 Type Certification | NFP              | N/A                | NFP                | NFP               | 3     |
|                     | ADVM11                         | NFP              | NFP                | NFP                | NFP               | 4     |
|                     | ADVM8                          | NFP              | NFP                | NFP                | NFP               | 4     |
|                     | MEWTES #1                      | NFP              | NFP                | NFP                | NFP               | 4     |
|                     | MEWTES #2                      | NFP              | NFP                | NFP                | NFP               | 4, 5  |
|                     | ADVM7                          | NFP              | NFP                | NFP                | NFP               | 4     |
|                     | ADVM9                          | NFP              | NFP                | NFP                | NFP               | 4     |
|                     | MEWTES #3                      | NFP              | NFP                | NFP                | NFP               | 4, 5  |
|                     | MEWTES #4                      | NFP              | NFP                | NFP                | NFP               | 4, 5  |
|                     | MEWTES #5                      | NFP              | NFP                | NFP                | NFP               | 4     |
|                     | MEWTES #6                      | NFP              | NFP                | NFP                | NFP               | 4     |
|                     | MEWTES #7                      | NFP              | NFP                | NFP                | NFP               | 4     |
| MEWTES #8           | NFP                            | NFP              | NFP                | NFP                | 4                 |       |
| Acceptance          | NGJ-MB A46 OT&E                | NFP              | N/A                | NFP                | NFP               | 6     |
|                     | AGM-88G A46 OT&E               | NFP              | N/A                | NFP                | NFP               | 6     |
|                     | Acceptance of MEWTES #1        | NFP              | NFP                | NFP                | NFP               | 7     |
|                     | Acceptance of MEWTES #2        | NFP              | NFP                | NFP                | NFP               | 7     |

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|--------------|---|-----|-----|-----|-----|---|
|              | Acceptance of MEWTES #3   | NFP | NFP | NFP | NFP | 7 |
|              | Acceptance of MEWTES #4   | NFP | NFP | NFP | NFP | 7 |
|              | Acceptance of ADV#7   | NFP | NFP | NFP | NFP | 7 |
|              | Acceptance of ADV#8   | NFP | NFP | NFP | NFP | 7 |
|              | Acceptance of ADV#9   | NFP | NFP | NFP | NFP | 7 |
|              | Acceptance of ADV#11  | NFP | NFP | NFP | NFP | 7 |
|              | Acceptance of MEWTES #5   | NFP | NFP | NFP | NFP | 7 |
|              | Acceptance of MEWTES #6   | NFP | NFP | NFP | NFP | 7 |
|              | Acceptance of MEWTES #7   | NFP | NFP | NFP | NFP | 7 |
|              | Acceptance of MEWTES #8   | NFP | NFP | NFP | NFP | 7 |
| <b>Notes</b> |   |     |     |     |     |   |
| 1            | USN key milestone for AGM-88G system under the US DoD Acquisition Life Cycle. Outcomes of the USN declaration of IOC will inform the Australian Operational Test and Evaluation (OT&E) and type certification programs. USN IOC is not an AIR5349 milestone.  |     |     |     |     |   |
| 2            | USN key milestone for NGJ-MB system under the US DoD Acquisition Life Cycle. Outcomes of the USN declaration of IOC will inform the Australian OT&E and type certification programs. USN IOC is not an AIR5349 milestone.   |     |     |     |     |   |
| 3            | System Integration of AGM-88G and NGJ-MB on the A46 EA-18G Growler is achieved following completion of Commonwealth type certification activities and Defence Aviation Safety Authority approval of the change to type design. This is the original planned date in accordance with the AIR5349 Ph6 schedule. Delays to USN IOC have not varied Australian Type Certification forecast. |     |     |     |     |   |
| 4            | In Project Data Summary Sheet (PDSS) FY 2022-23, the System Integration milestones were aligned to Range Acceptance Testing (RAT) of the Major System. In PDSS FY 2023-24, the System Integration has been realigned to CoA acceptance of contractor Factory Acceptance Testing of individual Major Systems prior to RAT.   |     |     |     |     |   |
| 5            | The CoA is working with the supplier to identify controls to mitigate schedule risk in order to align forecast dates with corresponding Materiel Release and Operational Capability milestones.   |     |     |     |     |   |
| 6            | Commonwealth acceptance of AGM-88G and NGJ-MB on the A46 EA-18G Growler is determined through Operational Test and Evaluation conducted by Air Force.   |     |     |     |     |   |
| 7            | In PDSS FY 2022-23, the Acceptance milestones were aligned to the contracted Supplies Acceptance milestone. In PDSS FY 2023-24, Acceptance has been realigned to CoA acceptance of contractor RAT of individual Major Systems prior to contracted Supplies Acceptance.  |     |     |     |     |   |

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

| Item  | Original Planned   | Achieved/Forecast | Variance (Months) | Notes |
|---|--|-------------------|-------------------|-------|
| Materiel Release 1 (MR1)                                  | Oct – Dec 21   | Dec 22            | 12                | 1,2   |
| Materiel Release 2 (MR2)                                  | NFP  | NFP               | NFP               | 2     |
| MTTES RFT1  | NFP  | NFP               | NFP               | 2     |
| Materiel Release 3 (MR3)                                  | NFP  | NFP               | NFP               | 2,3   |
| Materiel Release 4 (MR4)                                  | NFP  | NFP               | NFP               | 2     |
| Tranche 2 Investment Committee                            | NFP  | NFP               | NFP               | -     |
| Materiel Release 5 (MR5) – Initial Materiel Release (IMR) | NFP  | NFP               | NFP               | 2,4   |
| Tranche 1 Initial Operational Capability (IOC)            | NFP  | NFP               | NFP               | 2, 5  |
| Materiel Release 6 (MR6)                                  | NFP  | NFP               | NFP               | 2,6   |
| Tranche 2 Second Pass Approval                            | NFP  | NFP               | NFP               | 2     |
| MTTES RFT2  | NFP  | NFP               | NFP               | 2, 7  |
| Materiel Release 7 (MR7)                                  | NFP  | NFP               | NFP               | 2     |
| MTTES RFT3  | NFP  | NFP               | NFP               | 2     |
| Materiel Release 8 (MR8)                                  | NFP  | NFP               | NFP               | 2     |
| MTTES RFT4  | NFP  | NFP               | NFP               | 2     |
| Materiel Release 9 (MR9)                                  | NFP  | NFP               | NFP               | 2,8   |
| Tranche 1 Operational Capability 2 (OC2)                  | NFP  | NFP               | NFP               | 2,8   |
| <b>Notes</b>  |  |                   |                   |       |
| 1   | Variance due to additional time required for due diligence activities to confirm materiel delivery in support of the milestone.  |                   |                   |       |
| 2   | Refer to Section 4.2 for definition of milestones.   |                   |                   |       |
| 3   | Original planned date for MR3 forecast based on pre-contract shipset delivery timelines from USN. Shipset delivery schedule at contract award does not support declaration of MR3 at original planned date. Delivery schedule for NGJ shipsets 1 and 2 and associated sparing supports declaration of MR3. |                   |                   |       |
| 4   | Original planned date for MR5 forecast based on pre-contract shipset delivery timelines from USN. Shipset delivery schedule at contract award does not support declaration of MR5 at original planned date. Delivery schedule for NGJ shipsets 1 and 2 and associated sparing supports declaration of MR5. |                   |                   |       |
| 5   | Variance to IOC is associated with preceding delay to MR5 (MR5 required for declaration of IOC).   |                   |                   |       |
| 6   | Original planned date for MR6 forecast was based on expected acceptance dates for MEWTES #1 to #4. Risk mitigations for MR6 are being managed and include engagement with supplier for accelerated delivery of MEWTES.   |                   |                   |       |
| 7   | Variance to RFT2 is associated with preceding delay to MR6 (MR6 required for declaration of RFT2).   |                   |                   |       |

|  |   |
|--|---|
| 8  | MR9 is the equivalent of Final Materiel Release for Tranche 1. OC2 is the equivalent of Final Operational Capability (FOC) for Tranche 1. |
| <p><b>Schedule Status at 30 June 2024</b><br/> <b>Dates associated with capability realisation are NFP</b></p> |   |

**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><b>Green:</b><br/>                     The project expects to achieve the following milestones in accordance with the MAA:</p> <ul style="list-style-type: none"> <li>• MR2 - Complete delivery of Tranche 1 materiel and services supporting transition to MTES Ready for Training (RFT) 1 milestone.</li> <li>• MTES RFT1 milestone.</li> <li>• MR3 - Complete delivery of materiel, services and provisions to support the commencement of Australian Initial Operational Test and Evaluation (IOT&amp;E) Program.</li> <li>• MR4 - Complete delivery of materiel, services and provisions to support Australian IOT&amp;E AARGM-ER Live-Fire activity.</li> <li>• Tranche 2 Investment Committee.</li> <li>• MR5 - Complete delivery of all Tranche 1 materiel and services supporting transition to Tranche 1 IOC milestone.</li> <li>• Tranche 1 IOC milestone.</li> <li>• MR6 - Complete delivery of Tranche 1 materiel and services supporting transition to MTES RFT2 milestone.</li> <li>• MTES RFT2 milestone.</li> <li>• Tranche 2 Second Pass Approval.</li> <li>• MR7 - Complete delivery of Tranche 1 materiel and services supporting transition to MTES RFT3 milestone.</li> <li>• MTES RFT3 milestone.</li> <li>• MR8 - Complete delivery of Tranche 1 materiel and services supporting transition to MTES RFT4 milestone.</li> <li>• MTES RFT4 milestone.</li> <li>• MR9 - Complete delivery of Tranche 1 materiel and services supporting transition to Tranche 1 OC2 milestone.</li> <li>• Tranche 1 OC2 milestone.</li> </ul> |
|   | <p><b>Amber:</b><br/>                     N/A</p>  |
|   | <p><b>Red:</b><br/>                     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      |
|--|--|------------------|
| Materiel Release 1 (MR1)                       | Delivery of AGM-88 variants war stock into Australian Defence Force inventory.<br>MR1 was achieved in December 2022.   | Achieved         |
| Materiel Release 2 (MR2)                       | Contracts awarded, sustainment arrangement established and materiel delivered to support transition to MTTES RFT1.<br>Forecast dates for MR2 are NFP.  | Not Yet Achieved |
| MTTES RFT1                                     | Capable of conducting MTTES operations in an additional single training area and having achieved increased MTTES training capability and capacity. MTTES RFT1 achievement is reliant on the successful delivery of MR2.<br>Forecast dates for MTTES RFT1 are NFP.  | Not yet Achieved |
| Materiel Release 3 (MR3)                       | Delivery of NGJ-MB shipsets, associated sustainment arrangements established and Type Certification completed to support the commencement of Australian Initial Operational Test and Evaluation Program.<br>Forecast dates for MR3 are NFP.  | Not Yet Achieved |
| Materiel Release 4 (MR4)                       | Delivery of AGM-88G Telemetry Rounds, associated certification, permits and training to support Australian Initial Operational Test and Evaluation AARGM-ER Live Fire Activity.<br>Forecast dates for MR4 are NFP.   | Not Yet Achieved |
| Materiel Release 5 (MR5) - IMR                 | Delivery of AGM-88G war stock and NGJ-MB shipsets, associated sustainment arrangements established, Type Certification completed and applicable facilities completed to support transition to Tranche 1 IOC.<br>Forecast dates for MR5 are NFP.  | Not Yet Achieved |
| Tranche 1 Initial Operational Capability (IOC) | IOC of NGJ-MB and AGM-88G integrated on RAAF EA-18G Growler, having completed the required level of test and evaluation and trained the necessary workforce. Achievement of Tranche 1 IOC achievement is reliant on the successful delivery of MR3, MR4 and MR5.<br>Forecast dates for IOC are NFP.  | Not yet Achieved |
| Materiel Release 6 (MR6)                       | Delivery of MEWTES and associated materiel, sustainment arrangements established to support RTF2 Operational Test and Evaluation, training, support and transition activities.<br>Forecast dates for MR6 are NFP.  | Not Yet Achieved |
| MTTES RFT2                                     | Initial MEWTES capability, and capable of conducting MTTES operations in additional training areas, having completed the required level of test and evaluation and achieved increased MEWTES training capability and capacity. MTTES RFT2 achievement is reliant on the successful delivery of MR6.<br>Forecast dates for MTTES RFT2 are NFP.            | Not yet Achieved |
| Tranche 2 Second Pass Approval                 | Updated project documentation to support Tranche 2 Second Pass Approval.<br>Forecast dates for Tranche 2 Second Pass Approval are NFP.   | Not Yet Achieved |
| Materiel Release 7 (MR7)                       | Delivery of ADVM 7, 8, 9 and 11, sustainment arrangements established, associated facilities completed to support the transition to MTTES RFT3.<br>Forecast dates for MR7 are NFP.   | Not Yet Achieved |
| MTTES RFT3                                     | ADVM7, ADVM8, ADVM9 and ADVM11 capability and associated through-life support, upgraded Mission Control Centre, having completed the required level of test and evaluation and achieved increased MTTES training capability and capacity. MTTES RFT3 achievement is reliant on the successful delivery of MR7.<br>Forecast dates for MTTES RFT3 are NFP. | Not yet Achieved |
| Materiel Release 8 (MR8)                       | Delivery of MEWTES, associated integration with MTTES and sustainment arrangements established to support transition to MTTES RFT4.<br>Forecast dates for MR8 are NFP.   | Not Yet Achieved |
| MTTES RFT4                                     | Mature MEWTES capability and associated through-life support, having completed the required level of test and evaluation. MTTES RFT4 achievement is reliant on the successful delivery of  | Not yet Achieved |

|  |  |                  |
|--|--|------------------|
|  | MR8.<br>Forecast dates for MTTES RFT4 are NFP.   |                  |
| Materiel Release 9 (MR9) – equivalent of FMR for Tranche 1                 | Delivery of AGN-88G war stock and NGJ shipsets, associated sustainment arrangements established including support for capability development and enhancements and the ability to conduct NGJ-MB Intermediate and Depot level maintenance functions in Australia to support Tranche 1 OC2.<br>Forecast dates for MR9 are NFP. | Not Yet Achieved |
| Tranche 1 Operational Capability 2 (OC2) – equivalent of FOC for Tranche 1 | Mature NGJ-MB and AGM-88G capability integrated on RAAF EA-18G Growler, including associated through-life support. Tranche 1 OC2 achievement is reliant on the successful delivery of MR9.<br>Forecast dates for Tranche 1 OC2 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  | Four schedule risks have been identified relating to potential delay to Materiel Release (MR) milestone due to late delivery of multiple materiel system elements. | These four risks have been retired and replaced by risks more appropriately aligned to the MAA and related MR milestones. |

### 5.2 Emergent Risks

| Emergent Risks (risk not previously identified but has emerged during 2023–24) |   |  |
|--|---|--|
| Ref#   | Description   | Remedial Action  |
| 1  | Delay to the introduction of MEWTES into MTTES due to late delivery of key enablers leading to an impact on achievement of Materiel Release 6.  | The project continues to work closely with the materiel system providers to refine design and production timelines in support of the applicable MR milestones. |
| 2  | Delay to the introduction of the NGJ-MB on the A46 EA-18G Growler due to late delivery of key enablers to complete integration on type leading to an impact on achievement of Materiel Release 3. | The project continues to work closely with the materiel system providers to refine design and production timelines in support of the applicable MR milestone.  |

### 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 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. Funding for CP set-up costs. A FMS case is required to be in place as a foreign disclosure vehicle to allow information exchange and to provide funding for setup costs associated with establishing a CP.  | Commercial Management                 |
| DLR Lesson Type – Observation. One Defence Strategic Risk Management (SRM) Framework. A One Defence SRM framework should be developed and aligned with the Defence harmonised risk management framework that is prescribed in Defence policy. This would improve visibility and communication of risks across Defence and Government.  | Commercial Management                 |
| DLR Lesson Type – Observation. Promotion of effective and efficient communication of risks across multiple organisations. The project management plan should be utilised to promote effective and efficient communication of risks across multiple organisations to ensure compliance with Work Health and Safety legislations and Defence's safety management frameworks.   | Program, Project & Product Management |

## Project Data Summary Sheets

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**Section 7 – Project Structure**

7.1 Project Structure as at 30 June 2024

| Unit     | Name                       |
|----------|----------------------------|
| Division | Aerospace Systems Division |
| Branch   | Aerospace Combat Systems   |