

## Project Data Summary Sheet<sup>225</sup>

Project Number	<b>AIR 9000 Phase 8</b>
Project Name	<b>FUTURE NAVAL AVIATION COMBAT SYSTEM</b>
First Year Reported in the MPR	2011–12
Capability Type	Replacement
Acquisition Type	MOTS
Service	Royal Australian Navy
Government 1st Pass Approval	Feb 10
Government 2nd Pass Approval	Jun 11
Total Approved Budget (Current)	<b>\$3,408.5m</b>
2014–15 Budget	<b>\$670.8m</b>
Project Stage	<b>Initial Materiel Release</b>
Complexity	ACAT II



### Section 1 – Project Summary

#### 1.1 Project Description

AIR 9000 Phase 8 **is acquiring** 24 MH-60R Seahawk naval combat helicopters, associated weapons and support systems to replace the current 16 S-70B-2 Seahawk helicopters and the cancelled SH-2G(A) Seasprite helicopters. The aircraft is equipped with a highly sophisticated avionics suite designed to employ Hellfire air-to-surface missiles and Mark **(Mk)** 54 anti-submarine torpedoes. The aircraft will provide Navy with a contemporary helicopter with anti-submarine warfare (ASW) and anti-surface warfare capability. The acquisition of 24 helicopters will enable the Navy to deploy at least eight Seahawks embarked at sea across the ANZAC class frigates and the new Hobart class Air Warfare Destroyers (AWD).

#### 1.2 Current Status

##### Cost Performance

###### In-year

**In-year variance of \$14.7m was mainly due to earlier than expected payments against the acquisition FMS case for the MH-60R Seahawk helicopters. This has been offset by slow billing for non-FMS procurements, and minor delays with ANZAC Ship Integration. The project also experienced a foreign exchange loss of \$16.6m for the 2014-15 Financial Year.**

###### Project Financial Assurance Statement

As at 30 June 2015, project AIR 9000 Phase 8 has reviewed the approved scope and budget for those elements required to be delivered by the project. Having reviewed the current financial and contractual obligations of the 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 the financial year.

#### 225 Notice to the reader

Future dates and Sections: 1.3 (Major Risks and Issues), 4.1 (Measures of Materiel Capability Delivery Performance), 5.1 (Major Project Risks) and 5.2 (Major Project Issues) are out of scope for the ANAO's review of this Project Data Summary Sheet. Information on the scope of the review is provided in the *Independent Review Report by the Auditor-General* in **Part 3** of this report.

### Schedule Performance

The next major milestone will be Initial Materiel Release (IMR), defined as five aircraft in United States Navy (USN) configuration accepted, **with** sufficient Explosive Ordnance (EO) to support Introduction Into Service and one flight at sea during first quarter 2015. **The project declared IMR in March 2015, three months ahead of schedule and expects Capability Manager sign-off of IMR in July 2015.**

Project AIR 9000 Phase 8 declared In Service Date (ISD) in January 2014 ahead of schedule. The first two aircraft were delivered early and a total of **twelve** aircraft have now been accepted, **with aircraft six remaining in the USA with industry as the prototype aircraft for ADF Unique Mission System Options – Phase 1 verification activities.** Training for Royal Australian Navy (RAN) aircrew and technical personnel commenced on schedule. Initial cadres of aircrew and technical personnel have completed training on schedule and are operating RAN MH-60R **in Australia having spent 12 months operating up to four aircraft alongside the USN in Florida, USA. The Seahawk Simulation and Warfare Centre and new MH-60R Squadron complex at HMAS Albatross were accepted in September and December 2014 respectively.**

### Materiel Capability Delivery Performance

The MH-60R Seahawk helicopter being procured is a Military Off the Shelf (MOTS) procurement of a USN specification MH-60R Seahawk. The MH-60R Seahawk has been in service with the USN since 2005 and was first deployed operationally by the USN in early 2010. The USN has accepted **202** MH-60Rs and flown in excess of **292,000** flight hours as at **June 2015**. The Australian Defence Force (ADF) has accepted delivery of **twelve** MH-60R aircraft, as of **30 June 2015** and there are currently no known impediments to the Project achieving the materiel capability performance requirements. The aircraft delivery schedule will result in ADF MH-60Rs being delivered earlier than forecast at Second Pass.

### Note

The capability assessments and forecasts by the project are not subject to the ANAO's assurance review.

### 1.3 Project Context

#### Background

The Defence White Paper 2009 stated that 'As a matter of urgency, the Government will acquire a fleet of at least 24 new naval combat helicopters to provide eight or more aircraft concurrently embarked on ships at sea. These new aircraft will possess advanced ASW capabilities, including sonar systems able to be lowered into the sea and air-launched torpedoes, as well as an ability to fire air-to-surface missiles.'

First Pass Approval for the acquisition of the Future Naval Aviation Combat System to satisfy this requirement was provided by Government on 24 February 2010.

The selection of the MH-60R followed a competitive solicitation process between a US Government FMS case offering the Sikorsky / Lockheed Martin MH-60R Seahawk and a direct commercial sale from Australian Aerospace offering the NATO Helicopter Industries NH90 NATO Frigate Helicopter. Second Pass Approval for acquisition of the MH-60R was provided by Government on 15 June 2011.

#### Uniqueness

The Australian MH-60R helicopter is being acquired as a MOTS product, in the same baseline configuration as the USN aircraft. A limited number of Australia unique design modifications will be incorporated after all aircraft have been delivered. **The USN will develop the modifications for incorporation in Australian and USN MH-60R aircraft.**

The MH-60R is being acquired as a maritime combat capability. It will have limitations in utility roles such as passenger or cargo transfer.

#### Major Risks and Issues

**The Project Office (PO) is currently managing seven open risks with the highest level of pre-mitigation risk being medium, whilst also managing seven open issues. However, there are currently no major risks or issues** in achieving the MH-60R operational capability **milestones** on schedule.

#### Other Current Sub-Projects

Project AIR 9000 Phase 7 Helicopter Aircrew Training System (HATS). HATS will be an important link in the training continuum for inductees to the MH-60R training system.

## Section 2 – Financial Performance

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

Date	Description	\$m	Notes
	<b>Project Budget</b>		
Aug 09	Original Approved	0.3	1
Jun 10	Real Variation – Budgetary Adjustment	9.6	2
Jun 11	<b>Government Second Pass Approval</b>	3,019.7	
Jun 14	Real Variation – Budgetary Adjustment	(39.2)	3
		2,990.1	
Jul 10	Price Indexation	0.1	4
Jun 15	Exchange Variation	<b>418.0</b>	
Jun 15	<b>Total Budget</b>	<b>3,408.5</b>	
	<b>Project Expenditure</b>		
Prior to Jul 14	Contract Expenditure – US Government (AT-P-SCF)	<b>(850.2)</b>	<b>5</b>
	Contract Expenditure – US Government (AT-P-AHV)	<b>(20.0)</b>	<b>5</b>
	Contract Expenditure – US Government (AT-B-ZBZ)	<b>(8.9)</b>	<b>5</b>
	Contract Expenditure – Navy – Empire Test Pilots' School	<b>(4.8)</b>	<b>6</b>
	Contract Expenditure – US Government (AT-P-GTC)	<b>(2.1)</b>	<b>5</b>
	Other Contract Payments / Internal Expenses	<b>(35.4)</b>	<b>7</b>
		<b>(921.4)</b>	
FY to Jun 15	Contract Expenditure – US Government (AT-P-SCF)	<b>(592.8)</b>	<b>5</b>
	Contract Expenditure – US Government (AT-P-AHV)	<b>(46.5)</b>	<b>5</b>
	Contract Expenditure – US Government (AT-B-ZBZ)	<b>(10.6)</b>	<b>5</b>
	Contract Expenditure – US Government (AT-P-GTC)	<b>(1.4)</b>	<b>5</b>
	Contract Expenditure – Navy – Empire Test Pilots' School	<b>(3.9)</b>	<b>6</b>
	Other Contract Payments / Internal Expenses	<b>(30.3)</b>	<b>7</b>
		<b>(685.5)</b>	
Jun 15	<b>Total Expenditure</b>	<b>(1,606.9)</b>	
Jun 15	<b>Remaining Budget</b>	<b>1,801.6</b>	
<b>Notes</b>			
1	This amount represents the <b>project</b> Budget prior to achieving Second Pass Approval by Government.		
2	Project Development Funds		
3	Facilities Budget Transfer to Defence Support and Reform Group		
4	Up until July 2010, indexation was applied to project budgets on a periodic basis. The cumulative impact of this approach was \$0.1m, applied only to the portion of the budget approved at First Pass. From July 2010 all project budgets were approved by Government in out-turned dollars including AIR 9000 Phase 8.		
5	<b>The scope of this contract is explained further in Section 2.3 – Details of Project Major Contracts.</b>		

6	Project contribution to reimburse Navy for the training of a Test Pilot and Flight Test Engineer at the Empire Test Pilots' School.
7	Other includes travel, contractor support, legal support, <b>Non-FMS Procurements, ANZAC and AWD Ship Modifications</b> , and general support activities.

#### 2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	DMO's Explanation of Material Movements
504.7	511.7	670.8	The variation is primarily due to an acceleration of FMS payments for MH-60R Seahawk helicopters which resulted in a foreign exchange loss of \$14.8m for the case for this financial year.
Variance \$m	7.0	159.1	Total Variance (\$m): 166.1
Variance %	1.4	31.1	Total Variance (%): 32.9

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

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		0.5	FMS	Year end variance was due to earlier than expected payments against FMS case for the MH-60R Seahawk helicopters which has been partially offset by payments not progressing as planned for the Jacksonville Deployment (AT-P-GTC) and Hellfire Missiles (AT-P-AZP) due to disbursement data not warranting payment. In addition there has been slow billing for the non-FMS procurements, and minor delays with ANZAC Ship Integration. The project also experienced a foreign exchange loss of \$16.6m.
			Overseas Industry	
		(2.4)	Local Industry	
			Brought Forward	
			Cost Savings	
		16.6	FOREX Variation	
			Commonwealth Delays	
	Additional Government Approvals			
670.8	685.5	14.7	Total Variance	
		2.2	% Variance	

#### 2.3 Details of Project Major Contracts

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature \$m	30 Jun 15 \$m			
US Government (AT-P-SCF)	Jun 11	2,090.3	2,410.0	Variable	FMS	1, 3
US Government (AT-P-AHV)	Aug 11	168.1	208.7	Variable	FMS	1, 3
US Government (AT-B-ZBZ)	Jan 12	12.3	21.7	Variable	FMS	1, 2, 3
US Government (AT-P-GTC)	Feb 13	10.9	14.3	Variable	FMS	1, 3
<b>Notes</b>						
1	The scope of this contract is explained further below.					
2	Increased quantity of Tactical and Training Missiles in FMS Case.					
3	Contract value as at 30 June 2015 is based on actual expenditure to 30 June 2015 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).					
Contractor	Quantities as at		Scope	Notes		
	Signature	30 Jun 15				
US Government (AT-P-SCF)	24	24	MH-60R, synthetic training devices, and associated mission and support systems			
US Government (AT-P-AHV)	Classified	Classified	Mk 54 Torpedoes			

US Government (AT-P-ZBZ)	Classified	Classified	AGM-114N Hellfire Air to Surface Missiles	
US Government (AT-P-GTC)	N/A	N/A	RAN MH-60R Detachment – Naval Air Station Jacksonville, Florida support	
Major equipment received and quantities to 30 Jun 15				
Spares and Support Equipment deliveries Aircraft 1 and 2 delivered in December 2013 Aircraft 3 and 4 delivered in February 2014 <b>A quantity of Mk 54 Torpedos delivered in August 2014</b> <b>A quantity of Hellfire Missiles delivered in August 2014</b> <b>Aircraft 5 delivered in October 2014</b> <b>'BRomeo' Seahawk Training Device delivered in October 2014</b> <b>Aircraft 7 and 8 delivered in January 2015</b> <b>Tactical Operational Flight Trainer 1 delivered in February 2015</b> <b>Aircraft 9 and 10 were accepted in January 2015</b> <b>Aircraft 11 and 12 were accepted in April 2015</b>				

### Section 3 – Schedule Performance

#### 3.1 Design Review Progress

Review	Major System / Platform Variant	Original Planned	Current Planned	Achieved /Forecast	Variance (Months)	Notes
System Requirements	MH-60R Helicopter	N/A	N/A	N/A	N/A	1
	ADF Unique Mission System Options – Phase 1	Jan 14	Jan 14	Apr 14	<b>3</b>	2
	ADF Unique Mission System Options – Phase 2	TBA	TBA	<b>Nov 14</b>	<b>0</b>	2
	<b>Air Warfare Destroyer</b>	<b>Dec 14</b>	<b>Dec 14</b>	<b>Jan 15</b>	<b>1</b>	<b>3</b>
Preliminary Design	MH-60R Helicopter	N/A	N/A	N/A	N/A	1
	ADF Unique Mission System Options – Phase 1	Mar 14	Mar 14	Jun 14	<b>3</b>	2
	ADF Unique Mission System Options – Phase 2	<b>Mar 15</b>	<b>Mar 15</b>	<b>Apr 15</b>	<b>1</b>	2
	<b>Air Warfare Destroyer</b>	<b>Dec 15</b>	<b>Dec 15</b>	<b>Dec 15</b>	<b>0</b>	<b>3</b>
Critical Design	MH-60R Helicopter	N/A	N/A	N/A	N/A	1
	ADF Unique Mission System Options – Phase 1	TBA	TBA	Jun 14	<b>0</b>	2
	ADF Unique Mission System Options – Phase 2	<b>May 15</b>	<b>May 15</b>	<b>May 15</b>	<b>0</b>	2
	<b>Air Warfare Destroyer</b>	<b>Dec 16</b>	<b>Dec 16</b>	<b>Dec 16</b>	<b>0</b>	<b>3</b>

Notes	
1	MH-60R helicopter system requirements and design reviews not required as it is a MOTS helicopter procured through FMS.
2	The ADF Unique Mission System Options have been split into two phases. Phase 1 Statements of Work (SOWs) for ADF Unique Mission System Options have been agreed by the PO, USN, Sikorsky and Lockheed Martin. Director General Technical Airworthiness has endorsed SOWs in accordance with Technical Airworthiness Regulations. Dates are reflective of Phase 1 design reviews. SOW for Phase 2 was released as part of USN request for tender 26 February 2014, <b>and contract signature with Lockheed Martin being achieved in October 2014.</b>
3	<b>The AWD requires modification to enable the MH-60R aircraft to operate at full capability as the AWD certification baseline is based on a classic Seahawk aircraft. The modification works required to integrate the MH-60R aircraft will be conducted following the delivery of each AWD.</b>

### 3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System / Platform Variant	Original Planned	Current Planned	Achieved /Forecast	Variance (Months)	Notes
System Integration	ADF Unique Mission System Options – <b>Phase 1</b>	<b>Aug 15</b>	<b>Aug 15</b>	<b>Aug 15</b>	<b>0</b>	<b>1</b>
	<b>ADF Unique Mission System Options – Phase 2</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>1</b>
	<b>Air Warfare Destroyer</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	
Acceptance	ADF Unique Mission System Options – <b>Phase 1</b>	<b>Feb 16</b>	<b>Feb 16</b>	<b>Feb 16</b>	<b>0</b>	<b>1</b>
	<b>ADF Unique Mission System Options – Phase 2</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>1</b>
	Acceptance of first MH-60R	Jun 14	Dec 13	Dec 13	(6)	
	Acceptance of final MH-60R	Sep 18	Aug 16	Aug 16	(25)	
	<b>Air Warfare Destroyer</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	
Notes						
1	The ADF Unique Mission System Options have been split into two phases. Phase 1 SOW for ADF Unique Mission System Options have been agreed by the PO, USN, Sikorsky and Lockheed Martin. SOW for Phase 2 was released as part of USN request for tender 26 February 2014, <b>and contract signature with Lockheed Martin being achieved in October 2014.</b>					

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

Item	Original Planned	Achieved /Forecast	Variance (Months)	Notes
In-Service Date (ISD)	Jun 14	Jan 14	(5)	1
Initial Materiel Release (IMR)	Jun 15	Mar 15	(3)	2
Initial Operational Capability (IOC)	Aug 15	Aug 15	0	
Materiel Release 2 (MR2)	Dec 16	Dec 16	0	
Materiel Release 3 (MR3)	Jun 19	Jun 19	0	
Materiel Release 4 (MR4)	Dec 20	Dec 20	0	
Final Materiel Release (FMR)	Dec 23	Dec 23	0	
Final Operational Capability (FOC)	Dec 23	Dec 23	0	
<b>Notes</b>				
1	Revised aircraft delivery schedule.			
2	<b>The project declared IMR in March 2015, three months ahead of schedule and expects Capability Manager sign-off of IMR in July 2015.</b>			
<b>Schedule Status at 30 June 2015</b>				

## Section 4 – Materiel Capability Delivery Performance

### 4.1 Measures of Materiel Capability Delivery Performance

Pie Chart: Percentage Breakdown of Materiel Capability Delivery Performance

<p>100%</p>	<p><b>Green:</b></p> <p>The project expects to meet capability requirements as expressed in the Materiel Acquisition Agreement and supporting suite of Capability Definition Documentation and in accordance with the requirements of the relevant Technical Regulatory Authorities.</p>
	<p><b>Amber:</b></p> <p>N/A</p>
	<p><b>Red:</b></p> <p>N/A</p>
<b>Note</b>	
This Pie Chart does not necessarily represent capability achieved. The capability assessments and forecasts by the project are not subject to the ANAO's assurance review.	

4.2 Constitution of Initial Materiel Release and Final Materiel Release

Item	Explanation	Achievement
Initial Materiel Release (IMR)	<ul style="list-style-type: none"> <li>• Five aircraft in USN configuration, Tactical Operational Flight Trainer and supporting systems,</li> <li>• Establishment of key Sustainment organisations,</li> <li>• Initial stock of Mk 54 Torpedos and Hellfire Missiles, and</li> <li>• Modification of one ANZAC class ship for interoperability with MH-60R Seahawk helicopter.</li> </ul>	Achieved
Final Materiel Release (FMR)	<ul style="list-style-type: none"> <li>• All 24 aircraft delivered and Australian Unique Mission System Options implemented,</li> <li>• Full EO fit-out and all Mk 54 Torpedos and Hellfire Missiles delivered,</li> <li>• All ANZAC class ships and Air Warfare Destroyers modified for interoperability with MH-60R Seahawk helicopter, and</li> <li>• Final Training Management Package. Achievement is scheduled for December 2023.</li> </ul>	Not achieved

Section 5 – Major Risks and Issues

5.1 Major Project Risks

Identified Risks (risk identified by standard project risk management processes)	
Description	Remedial Action
<p><b>Facilities.</b> The establishment of the training and squadron complex may be affected by construction delays, leading to an impact on cost, performance and schedule, because the facilities project has been delayed by cost and scope issues with the result that IOC is delayed by up to six months.</p>	<p>Provision will be made, in consultation with Headquarters Fleet Air Arm, for the use of temporary or shared hangar and administrative facilities, if required.</p> <p>The PO has sought and gained Ministerial approval to accept and operate the initial batches of MH-60R in the US to consolidate training and to mitigate the facilities risk.</p> <p>Despite facilities works commencing following contract signature in October 2013 the risk remains high due to no float in the build program.</p> <p><b>This risk was retired following the Commonwealth’s acceptance of the training and squadron complex on 29 September 2014 and 19 December 2014 respectively.</b></p>
<p><b>Training System.</b> Materiel Release 2 milestone may be affected by lack of an <b>Australian</b> training system leading to an impact on trainee throughput, because the USN are unable to deliver Training Devices to the contracted schedule, with the result that the training system will not be established by February 2015.</p>	<p>USN to identify schedule compression strategies for Australian unique requirements, i.e. double shift production, air freight the devices.</p> <p>The Project is seeking RAAF Air Lift Group support to return the synthetic training devices to Australia in a bid to reduce shipment duration significantly and reduce schedule risk. The MH-60R PO is also investigating the use of commercial carriers in the event that RAAF is unable to assist due to higher priority tasking.</p> <p>PO continues to conduct weekly teleconference meetings with USN and CAE US and has participated in individual device requirements and design reviews</p>



	<p>which have reduced the residual risk associated with some elements of the training system (e.g. Avionics Maintenance Trainer), however, the residual risk for the overall training system remains at high as the consequence for any delay to the <b>Australian</b> training system remains severe despite reduction of likelihood.</p> <p><b>This risk was retired following Commonwealth's acceptance of the first Tactical Operational Flight Trainer and the Avionics Maintenance and Weapons Loading Trainer on 27 February 2015. These training devices along with a BRomeo (whole aircraft maintenance trainer) enable the RAN to commence an Australian training program required to satisfy the Initial Operating Capability requirements.</b></p>
<p><b>MH-60R capability Baseline.</b> One project objective as per Second Pass Approval is to maintain the same configuration as the USN MH-60R through life of type in order to realise economies of scale, maintain combat capability parity, and to manage obsolescence. If a Capability Assurance Program is not established and funded, the Australian MH-60R will quickly become an orphan product.</p>	<p>Capability Development Group to provide for the block upgrade program by insertion of a MH-60R Capability Assurance Program (<b>CAP</b>) in the Defence Capability Plan.</p> <p><b>As planning for the MH-60R CAP has progressed, this risk has been downgraded to a medium level risk.</b></p>
<p>MH-60R Health and Usage Monitoring System (HUMS). There is a chance that FMR will be affected by inadequate Information and Communications Technology (ICT) expertise to design, establish and manage the MH-60R HUMS support infrastructure, leading to a negative impact on the capability to conduct credible fatigue life assessments throughout the operational life of the aircraft.</p>	<p>The MH-60R PO are maintaining a high level of engagement with the USN to ensure early identification of potential problems and to gain a better understanding of the MH-60R HUMS system and its interfaces.</p> <p>Remedial actions include ensuring that the appropriate resources, particularly ICT expertise, are applied to the development and implementation of the MH-60R HUMS whilst ensuring the required level of HUMS support, at the operational level as well as hardware and software support at the system level, is established through the sustainment FMS case.</p> <p><b>This risk has been retired following the establishment of the HUMS support infrastructure enabling the transfer of aircraft data between the RAN and USN.</b></p>
<p>Inability to use USN derived courseware. There is a chance that IOC milestone may be affected by an inability to use USN courseware for operator and maintainer training on the Defence provided information technology infrastructure resulting in an insufficient indigenous training system leading to an impact on cost, performance and reputation.</p>	<p>The MH-60R PO have identified a number of mitigation strategies that when employed will reduce the residual risk level to medium.</p> <p><b>This risk has been retired following the receipt, installation and successful testing and use of the USN courseware on the Defence Protected Network and Defence Secret Network.</b></p>
<p>Poor budget performance for Financial Year 2014-15 onwards. There is a chance that quarterly payments for the FMS cases in support of AIR 9000 Phase 8 will be different from that predicted.</p>	<p>The USN, represented by Program Management Authority 299 (PMA-299) hold monthly Disbursement Tracker reviews to review planned disbursements. The MH-60R PO Resident Business Manager attends these reviews. After each review the Disbursement Tracker is updated to reflect the changes in forecast expenditure. <b>This risk was identified as being misleading with its current title, as it indicates poor budget management from a PO perspective, when in reality it is the USN management of</b></p>

	<p>quarterly FMS billing that creates uncertainty in forecasts. The risk has been retitled Variable FMS Financial Forecasts Financial Year 2014–15 and Following.</p> <p>This is an ongoing issue as opposed to a risk and has been retired and transferred to the issues log as a medium rated issue.</p>
Emergent Risks (risk not previously identified but has emerged during 2014-15)	
Description	Remedial Action
N/A	N/A

### 5.2 Major Project Issues

Description	Remedial Action
<p>Crashworthiness. Exemptions are required to allow the final Crashworthiness certification for a MOTS Aircraft against the requirements of <b>Airworthiness Directive (AD) AD 03/2009</b> and the changes provided via Defence Airworthiness Advisory Circular 001/2012. An Airworthiness Issue Paper has identified this issue. <b>However, AD 003/2014 dated 11 December 2014, which superseded AD 03/2009, did not allow for an exemption on the previously planned grounds in the issues paper.</b></p>	<p>The exemption to AD 03/2009 was not agreed prior to achieving the Special Flight Permit. The MH-60R Airworthiness Issue Paper on Crash Protection Assessment remains open with final crashworthiness certification to be achieved prior to award of Australian Military Type Certificate.</p> <p>The project continues to progress this issue through both the technical and operational airworthiness authorities. <b>Following the release of AD 003/2014 dated 11 December 2014, the project intends updating the subject Issue Paper to comply with current requirements and Technical Airworthiness Authority advice to Operational Airworthiness Authority on the effects of AD 003/2014 Defence Aircraft Crash Protection Policy, which removes support for Limited Configuration Control exemptions to ADF aircraft. The RAN and USN share a common aircraft baseline.</b></p> <p>This issue has been retired following advice being received from the Commander Australian Fleet that the Airworthiness Issue Paper has been closed and that MH-60R crash protection is to be reviewed against Contemporary Crash Protection Design Requirements every five years or when significant changes are proposed to the aircraft Configuration, Role and Environment.</p>

## Section 6 – Project Maturity

### 6.1 Project Maturity Score and Benchmark

Maturity Score		Attributes							Total																																		
		Schedule	Cost	Requirement	Technical Understanding	Technical Difficulty	Commercial	Operations and Support																																			
Project Stage	Benchmark	10	8	8	8	9	8	9	60																																		
Initial Materiel Release	Project Status	9	9	8	8	9	8	9	60																																		
	Explanation	<ul style="list-style-type: none"> <li>• <b>Schedule:</b> The MH-60R production line is mature. The Project has negotiated early delivery dates for ADF MH-60R.</li> <li>• <b>Cost:</b> The overall Estimate at Completion is projected to be within project guidance. The Project has benefitted from economies of scale from the US Government multi-year buys of aircraft and key components.</li> </ul>																																									
<table border="1"> <caption>Project Maturity Score (MPR) Data</caption> <thead> <tr> <th>Project Stage</th> <th>MPR Score</th> </tr> </thead> <tbody> <tr><td>Enter DCP</td><td>13</td></tr> <tr><td>Decide Viable Capability Options</td><td>16</td></tr> <tr><td>1st Pass Approval</td><td>21</td></tr> <tr><td>Industry Proposals / Offers</td><td>30</td></tr> <tr><td>2nd Pass Approval</td><td>35</td></tr> <tr><td>Contract Signature</td><td>42</td></tr> <tr><td>Preliminary Design Review(s)</td><td>45</td></tr> <tr><td>Detailed Design Review(s)</td><td>50</td></tr> <tr><td>Complete Sys. Integ. &amp; Test</td><td>55</td></tr> <tr><td>Complete Acceptance Testing</td><td>57</td></tr> <tr><td>Initial Materiel Release (IMR)</td><td>60</td></tr> <tr><td>Final Materiel Release (FMR)</td><td>63</td></tr> <tr><td>Final Contract Acceptance</td><td>65</td></tr> <tr><td>MAA Closure</td><td>66</td></tr> <tr><td>Acceptance Into Service</td><td>67</td></tr> <tr><td>Project Completion</td><td>70</td></tr> </tbody> </table>										Project Stage	MPR Score	Enter DCP	13	Decide Viable Capability Options	16	1st Pass Approval	21	Industry Proposals / Offers	30	2nd Pass Approval	35	Contract Signature	42	Preliminary Design Review(s)	45	Detailed Design Review(s)	50	Complete Sys. Integ. & Test	55	Complete Acceptance Testing	57	Initial Materiel Release (IMR)	60	Final Materiel Release (FMR)	63	Final Contract Acceptance	65	MAA Closure	66	Acceptance Into Service	67	Project Completion	70
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## Section 7 – Lessons Learned

### 7.1 Key Lessons Learned

Project Lesson	Categories of Systemic Lessons
<p>Whilst an FMS program affords a number of advantages, the transfer of a significant amount of project management and engineering functions to the US Government implementing agency (NAVAIR PMA-299) and the weak bargaining position of the Commonwealth, increases the project's exposure to risk (technical, schedule and cost). The resultant level of risk and complexity is often understated and poorly understood.</p> <p>The level of Commonwealth contract and financial management involvement and oversight of industry is very low in comparison to that mandated for Direct Commercial Sale contracts, yet both procurement methods confront similar issues.</p> <p>Adequate Commonwealth participation in key project management and technical oversight activities in the US, as provided for in the Government Second Pass submission, is critical to provide the required level of contract management.</p>	Contract Management
<p>The recruitment process lead times for candidates not already within the ADF or APS can create significant extended vacancies within the Project workforce, and this is exacerbated by the relatively short notice that Defence personnel are obliged to provide for internal transfers.</p>	Resourcing
<p>By procuring MOTS equipment, adhering to the project's clearly defined scope as detailed by government at Second Pass, and effectively using the Program Management Steering Group to prevent potential scope creep, the project has been able to meet or exceed its financial and schedule obligations as detailed within the project's Materiel Acquisition Agreement.</p>	Off-The-Shelf Equipment

## Section 8 – Project Line Management

### 8.1 Project Line Management in 2014-15

Position	Name
General Manager	Ms Shireane McKinnie
Division Head	RADM Tony Dalton
Branch Head	CDRE Colin Lawrence
Project Director	CAPT Peter Ashworth
Project Manager	CMDR Michael Rainey