

Enclosures:

1. Selected Project Data – Approved Projects
2. Selected Project Data – Approved Project Milestone Reports
3. Selected Project Data - Unapproved Projects
4. Updated Information on Mortimer Reforms

Selected Project Data – Approved Projects

Notes:

- 1 Unless noted otherwise in the IOC/FOC Comments, the Original Baseline for each project in the Cardinal Milestone Summary View is based on audited data from the ANAO 2009-10 Major Projects Report.
- 2 DMO Major Projects are currently transitioning from IOC/FOC reporting to IMR/FMR reporting and this is reflected in the MAA Baselines of some projects.
- 3 Budget data has been obtained from MRS (as drawn from the source systems CEPplan and ROMAN) for the Jun 11 reporting period, and is based Feb 2011 prices.

Division	Project Number	IOC/FOC Comment	Original Approved \$m	Current Approved \$m	Total Spent \$m	Remaining Budget \$m
HSD	AIR00087PH2	ISD was achieved on 15 Dec 04. Initial Materiel Release (IMR) was achieved on 30 Sep 09 when three ARH at the Initial Operational Test and Evaluation configuration, suitable to commence operational test and evaluation were delivered by the contractor. Full Operational Capability (FOC) is currently planned to be achieved by Dec 12.	1584	2059.804	1732.7	327.136
C&W	AIR05077PH3 (Project of Concern)	Original Baseline Approval Milestone represents Contract Signature (as per Major Projects Report). MAA Baseline Approval Milestone represents Government Approval of project. The current forecast FOC date of Dec 2012 represents a schedule slip of approximately 4 years against the Major Projects Report baseline date. The schedule slip has been caused by the inability of the prime contractor to meet the technical requirements. The residual schedule risk associated with the revised Boeing schedule, including impact on IOC/FOC, is under review.	3110.502	3884.327	2972.1	912.191
ASD	AIR05276PH8B (Project of Concern)	Project Approval occurred Oct 06. Forecast IOC and FOC were Sep 10 and Dec 11 respectively. Contract signature occurred 27 April 2007. The delay to IOC and FOC were due to a delayed contract award due to a protracted solicitation phase with BAE Systems. Subsequent to contract signature, BAE Systems has twice advised anticipated project delays of 12 months each (ie. 24 months total). Taking into consideration these delays and the residual schedule risk within the project, DMO has forecast a revised IOC and FOC of Jun 14 and Dec 15 respectively. The cause of the schedule delay is contractor performance. There are also issues of sub-contractor performance.	0.6	130.637	61.81	68.827

Division	Project Number	IOC/FOC Comment	Original Approved \$m	Current Approved \$m	Total Spent \$m	Remaining Budget \$m
ASD	AIR05349PH1	The project achieved Initial Operating Capability (IOC) with 15 aircraft available 8 Dec 10, three aircraft ahead of the planned schedule. The Final Operating Capability (FOC) is targeted for Dec 2012.	3545.81	3537.181	2590.1	947.07
ASD	AIR05376PH2	<p>Project was rescoped in Jan 2001, hence difference between Original Baseline 'Approval' milestone and MAA Baseline 'Approval' milestone.</p> <p>The cardinal milestone chart does not represent the fact that HUG PH2 has four sub phases (2.1, 2.2, 2.3 and Simulator), two of which have been fully delivered (2.1 and 2.2) and two that are in the process of being delivered. The recently signed (20 Jun) MAA has amended the terminology to reflect the Material Release requirements vice declaration of capability for DMO.</p> <p>HUG2.3 IOC has been delayed from the initial schedule due to two main reasons:</p> <ol style="list-style-type: none"> 1. There was a requirement for the redesign of elements of the BOL-518 Supplementary Countermeasures System. The was due to incorrect design assumptions being made by the contractor in the initial design. This has now been rectified. 2. The aircraft software upgrade that supports the introduction of the HUG2.3 IOC capability was delayed. This has now been delivered. <p>HUG2.3 FOC will be delayed from the initial schedule for three main reasons:</p> <ol style="list-style-type: none"> 1. The contracted rate of aircraft production did not meet the FOC requirements, the required number of aircraft will be achieved in Nov 11 2. The delivery of the EL/L-8222 Jammer pods has been delayed and is now scheduled to meet FOC requirements in Feb 12 3. The aircraft software required to support the FOC capability has been delayed and is now scheduled to be delivered in Nov 11 	1300	1925.347	1541.4	383.97
ASD	AIR05376PH3.2	There is no government approved IOC or FOC dates as implementation of the modifications is based on the fatigue life of individual aircraft and does not introduce new capability. To align with ASD scheduling requirements IOC was notionally classed as the completion of Low Rate Initial Production (LRIP) and was achieved Nov 09. FOC is considered to be achieved upon delivery of the final aircraft, which is scheduled for Aug 13 under the current production schedule.	156.633	951.567	319.09	632.477

Division	Project Number	IOC/FOC Comment	Original Approved \$m	Current Approved \$m	Total Spent \$m	Remaining Budget \$m
ASD	AIR05402 (Project of Concern)	The Project Office schedule forecast, based on past contractor performance and an independent assessment of remaining technical risk, is a delay to achievement of ISD/IOC of 35-38 months from end-2009 to 4th Q 2012. Based on the full scope of conversion, acceptance of the 5th aircraft has slipped approximately 9 months to 3rd Q-2012. Due primarily to boom delays, FOC is forecast to occur in 4th Q 2013.	2076.64	1838.358	1327.7	510.686
EOD	AIR05418PH1 (Project of Concern)	The delay in IOC/FOC milestones is related to delay in US Navy integration of JASSM in the F/A-18A/B 'Classic' Hornet software and broader US Air Force JASSM program reliability issues. Both aspects are now resolved.	14.88	395.816	244.67	151.148
NACC	AIR06000PH2AB	Original Baseline milestones are currently being validated by DMO Major Projects Report team as part of 2010-11 Major Projects Report preparation. Current MAA does not contain IOC/FOC milestones. Whilst Government is committed to the JSF as Australia's New Air Combat Capability Option, it has adopted a staged approach to its acquisition. The November 2009 Second Pass Approval known as AIR6000PH2AB - Stage 1 is for an initial 14 aircraft and associated support elements to enable training and test activities to commence. In making this decision Government acknowledged that this will not provide sufficient aircraft and support for an operational capability and advised the project to return in late 2012 and seek approval for up to 58 additional aircraft. Correspondingly, the project is not currently reporting against any IOC/FOC milestones. Recent delays to the US JSF Program have resulted in a significant reduction to Australia's schedule float, however the 2018 IOC and 2021 FOC is achievable and remains the basis of planning subject to Government approval	2751.593	2754.692	71.181	2683.511

Division	Project Number	IOC/FOC Comment	Original Approved \$m	Current Approved \$m	Total Spent \$m	Remaining Budget \$m
ASD	AIR08000PH3	<p>In-service dates for C-17 aircraft achieved in Dec 06, May 07, Feb 08 and Mar 08. IOC was declared by Air Force in Sep 07. Heavy Air Lift Final Materiel Release (FMR) will be achieved when permanent facilities are established. FMR is currently Dec 2011. The 2009 MAA extended the Project to 2014. The 2011 MAA retains 2009 dates with Aircraft FMR & FOC in Dec 2011 per PMSG agreement by DGATS. Training Devices material delivery remains in 2014 with PMSG, CDRALG, DGAD and DGCP-AF approval.</p> <p>AIR8000 Phase 3 will meet the FMR and FOC milestones in the MAA, which was confirmed at the recent Gate Review held on 14 Jul 11. The project has completed acquisition activity to enable declaration of FMR and the Gate Review recommended the project do so. This will be recommended to the next PMSG to be held in Nov 11</p>	1864.44	1852.141	1318.5	533.684
HSD	AIR09000PH2	<p>Original Baseline Approval Milestone represents Government Approval of project (As per Major Projects Report). MAA Baseline Approval Milestone represents Contract Signature.</p> <p>Current MAA does not contain IOC/FOC milestones as they have been replaced by IMR/FMR.</p> <p>ISD was achieved on 18 Dec 07 despite significant capability deficiencies. An engine failure in 2010 adversely affected both IMR and IOC. Lack of access to LPAs in 2011 and resolution of other known capability issues is likely to see IOC slip further. At this time, FOC is not affected but this will depend on the time taken to meet criteria to recommence aircraft acceptance.</p>	957.2	3747.89	1838.2	1909.73

Division	Project Number	IOC/FOC Comment	Original Approved \$m	Current Approved \$m	Total Spent \$m	Remaining Budget \$m
HSD	AIR09000PH5C	Original Baseline milestones are currently being validated by DMO Major Projects Report team as part of 2010-11 Major Projects Report preparation. There are no foreseeable impediments to achieving the schedule of deliverables under the MAA.	3.394	601.906	14.14	587.766
ASD	JNT00129PH2 (Project of Concern)	Original Baseline is derived from first post 2nd Pass Approval MAA. IOC will occur once System 1 is deployed into the MEAO in Dec 11. FOC is on schedule to be met by the MAA Baseline date of DEC 13.	1.625	98.231	26.651	71.58
ESD	JNT02008PH4	Satellites are exceeding operational requirements, interim anchoring had been delayed but IAS-W is now operational. However offshore anchoring is currently carrying all operational traffic as an operational mitigation.	884.935	897.844	387.29	510.556
ESD	JNT02008PH5A	Original Baseline milestones are currently being validated by DMO Major Projects Report team as part of 2010-11 Major Projects Report preparation. These events are currently expected to occur in accordance with the agreed schedule but are at risk due to the Network Control System.	4.013	410.492	246.83	163.664
ESD	JNT02043PH3A	The Initial Operational Capability (the Fixed Network Core System capability) commenced supporting operations in Nov 04. The Fixed Network Final System capability was accepted from Prime Contractor Boeing Defence Australia in Apr 10. In service dates for Mobile upgrades extend up to 2016, depending on platform availability. Boeing experienced severe difficulties with design and development of both the Fixed Network Core and Final Systems, leading to significant delays. Negotiations ensued, leading to rebaselining (and signature of Deeds) in 2004, 2005 and 2009. Following the rebaselining in 2009 Boeing met the rebaselined schedule, achieving acceptance of the Fixed Network Final System in Apr 10. Mobile platform upgrades, based on products and design materiel developed under the prime contract with Boeing, continue through to 2016 with schedule achievement dependent on platform availability	505	671.036	431.34	239.694
ADS	JNT02048PH4A	First Ship is planned to be accepted by DMO in Feb 2014 with an IOC date, for which the Capability Manager is responsible, being Dec 2014. Movement of FOC by 1 month based on advice from CDG on availability of resources to complete OT&E. DMO FMR remains unchanged.	3.05	3121.734	1568.9	1552.814

Division	Project Number	IOC/FOC Comment	Original Approved \$m	Current Approved \$m	Total Spent \$m	Remaining Budget \$m
EOD	JNT02070PH2 (Project of Concern)	Original Baseline milestones derived from ANAO Audit Report No 37 2009-10 Performance Audit: Lightweight Torpedo Replacement Project. JP 2070 Phase 2 was formally placed on the Projects of Concern list in 2008 due to significant delays in weapon testing and surface integration activities. Delays in Phase 2 test and evaluation program has resulted in further schedule slippage to IMR, IOC and FMR.	287.71	341.356	227.96	113.397
LSD	LND00017PH1A	Original Baseline milestones are currently being validated by DMO Major Projects Report team as part of 2010-11 Major Projects Report preparation. The LW155 and AFATDS components of the project are on schedule to achieve IOC (Dec 11). The CCF component is at risk for IOC (Sep 11) and FOC (Dec 13), and is dependent upon a decision by the US to produce the CCF, which is expected in Dec 12.	348.251	332.625	88.867	243.758
ESD	LND00075PH3.4	Original Baseline milestones are currently being validated by DMO Major Projects Report team as part of 2010-11 Major Projects Report preparation. The FMR goal is to equip 7 Brigade in support of the Networked Battlegroup milestone in the Defence NCW roadmap. The IMR will be fitment to a motorised infantry company which Army intends to demonstrate on or after Ex TS11. The IMR is planned for Jun 2011. The FMR is planned for Apr 2013. Readiness for IMR should be achieved in May 2011, but all of the obligations will not be complete until 31 Jul 2011.	7.9	329.378	82.841	246.537
LSD	LND00116PH3	FOC was previously defined as completion of all vehicle deliveries (April 2012). With the introduction of the new FMR Cardinal Milestone (being a predecessor to FOC), FOC now includes deliveries of non-vehicle related requirements such as External Composite Armour. As such the FOC Cardinal milestone has shifted from June 2012 to Mar 2013. Please note that the cardinal milestones do not reflect future changes to FOC resultant from the decision to acquire an additional 101 Bushmasters in May 2011. This will be the subject of separate Ministerial correspondence and subsequent MAA amendment.	295	929.812	684.36	245.457

Division	Project Number	IOC/FOC Comment	Original Approved \$m	Current Approved \$m	Total Spent \$m	Remaining Budget \$m
LSD	LND00121PH3 (Project of Concern)	<p>LAND 121 Phase-3 received approval in Aug 07 as a single project. However, it is managed as two separate projects – one for the Lightweight and Light Capability (LLC) segment and one for the Medium and Heavy Capability (MHC) segment. Each sub-project provides vehicles, modules and trailers in its respective vehicle weight classes. The forecasted dates are based on the Phase 3 MAA which was executed on 11 July 2011.</p> <p>The MHC sub-segment will return to Govt for a revised Second Pass – estimated to occur in first half of 2013.</p> <p>The MHC element of the project was declared a Project of Concern in mid-2008, due to increased technical, cost and schedule risk and concerns about the originally preferred tenderer's capacity to deliver against their tendered offer. Combined with probity concerns arising from additional vehicle and module requirements, this led to withdrawal from negotiations with the originally preferred tenderer. A resubmission of tenders occurred in 2010, and a source selection submission is currently being prepared for Government.</p> <p>LLC: IOC is likely to be met on 18/06/2013, however, only a single Phase 3 IOC is currently being reported.</p> <p>MHC: A separate IOC will be established for MHC when the project returns to Government for a revised Second Pass.</p> <p>MHC: A separate FOC will be established for MHC when the project returns to Government for a revised Second Pass.</p>	2686.252	3278.467	104.77	3173.697
MSD	SEA01390PH2.1	<p>FFG Upgrade is a Pre DMO (before 2001) project and pre dates the 'Two Pass' Government Approval and endorsed Capability State Baseline processes. Original Baseline Approval Milestone represents Contract Signature (as per Major Projects Report). MAA Baseline Approval Milestone represents Government Approval of project. The original planned delivery of initial capability (Lead FFG) has been delayed by 43 months and final capability (4th FFG) by 48 months. The complexity of the program was initially underestimated. The performance specifications were not formalised and agreed before contract signature and this has impacted the delivery and agreement of the offered capability and development of the test program. Coincident with Navy's decision in January 2010 to induct the FFGs into a formal program of Operational Test and Evaluation Government agreed to remove the FFG Project from the list of Projects of Concern. FOC is anticipated when Navy Operational Test and Evaluation concludes late 2011.</p>	1266	1529.863	1347.4	182.49

Division	Project Number	IOC/FOC Comment	Original Approved \$m	Current Approved \$m	Total Spent \$m	Remaining Budget \$m
MSD	SEA01390PH4B	<p>Original Baseline milestones are currently being validated by DMO Major Projects Report team as part of 2010-11 Major Projects Report preparation. Chief of Navy authorised Stage 1 Initial Operational Release (IOR) on 25-Aug 10. HMAS MELBOURNE deployed operationally to OP SLIPPER on 16-Aug 2010. Final Operational Capability (FOC) will follow baseline roll-out of the Stage 2 Mid-Course Guidance capability.</p> <p>Variance to the original planned delivery of initial capability (Acceptance of Lead SM-2 FFG and Initial Ship Missiles) is attributable to:</p> <ol style="list-style-type: none"> 1. Continued delay to the FFG Upgrade Project affecting the SM-2 delivery schedule (combat System software (ADACS) Baseline Build 2 and other products). 2. Delays to establishing US Government and commercial contracts due to US Government release restrictions, Intellectual Property and Commonwealth Procurement Guideline issues. 3. Access to the Upgraded FFGs within the Navy schedule of operations (Force Generation Plan). 4. IOC achieved 16 Aug 10. 5. FOC is scheduled 4th quarter 2012. 	552.6	616.763	294.73	322.029
C&W	SEA01429PH2	The current forecast FOC date of Nov 2013 indicates no schedule slip against the Major Projects Report baseline date.	238.1	427.2	284.98	142.218
C&W	SEA01439PH3	The current forecast FOC date of Sept 2022 represents a schedule slip of approximately 8 years against the Major Projects Report baseline date. The schedule slip has been caused by volatility in the Submarine Integrated Master Schedule. (SEA 1439 Ph3 comprises 22 un-related sub-projects of which 15 have been completed with 7 awaiting installation).	72	411.448	313.04	98.411
C&W	SEA01439PH4A	The current forecast FOC date of Jan 2016 represents a schedule slip of approximately 6 years against the Major Projects Report baseline date. The schedule slip has been caused by volatility in the Submarine Integrated Master Schedule.	455.28	450.379	425.57	24.811

Division	Project Number	IOC/FOC Comment	Original Approved \$m	Current Approved \$m	Total Spent \$m	Remaining Budget \$m
MSD	SEA01444PH1	<p>The discrepancy in the MAA Milestone for IOC at May 2010 (vice the Baseline and Completion date of Nov07) is due to the PBSPO redefining the term IOC in the latest MAA as OR of the first vessel.</p> <p>There has however been a real schedule slippage in FOC from the Baseline Forecast of Mar 09 to the latest MAA Forecast of Feb 12.</p> <p>The delay in achieving FOC is due to outstanding latent defects that must be rectified to satisfy Navy Operational Release (OR) requirements. OR of the first vessel, HMAS GLENELG, was achieved on 19 May 2010. A rectification program has been instigated and is on schedule to bring all vessels to the GLENELG product baseline by December 2011. This will enable the achievement of FOC for the class in February 2012. HMA Ships MARYBOROUGH, CHILDERS, ARMIDALE, LAUNCESTON, LARRAKIA, BATHURST, ALBANY, PIRIE, ARARAT and MAITLAND have completed their rectification work as scheduled.</p>	436.774	537.15	484.74	52.408
MSD	SEA01448PH2A	<p>Due to the linking of SEA 1448 Phase 2A with SEA 1448 Phase 2B and the Government approving a change of acquisition strategy for SEA 1448 Phase 2B in July 2009, there is a 38 month variance to the original delivery of the capability from second pass approval in 2003. It should be noted that all products delivered under this Phase have been delivered to schedule and necessary quality.</p>	449.024	388.894	237.02	151.876
MSD	SEA01448PH2B (Project of Concern)	<p>This Phase of the ASMD Upgrade Project is currently a Project of Concern. Based on the revised acquisition strategy approved by Government in July 2009, the systems being delivered in Phase 2B are currently on schedule. The overall variance to the original Government Second Pass approval of the Project in September 2005 is 18 months.</p>	248.83	462.293	282.69	179.607
AWD	SEA04000PH3	<p>The Alliance estimates AWD01 will be 12-18 months later than the contract delivery date and AWD03 will be 12 months later than contract delivery date. This results in an estimated IOC of Jun-Dec 17 and a FOC of Dec 19.</p> <p>Capacity issues at BAE shipyard have delayed planned block deliveries. Options to mitigate the delays have been agreed for Ship 1 and 2 and include the re-allocation of up to 13 blocks among the three Australian shipyards and up to 5 being allocated to Navantia, Spain. The Alliance estimates AWD01 will be 12-18 months later than the contract delivery date. AWD02 and AWD03 will follow at 12 month intervals after delivery of AWD01. Re-baselining of program schedule underway.</p>	7207.369	7950.922	3038.1	4912.867

Enclosure 2

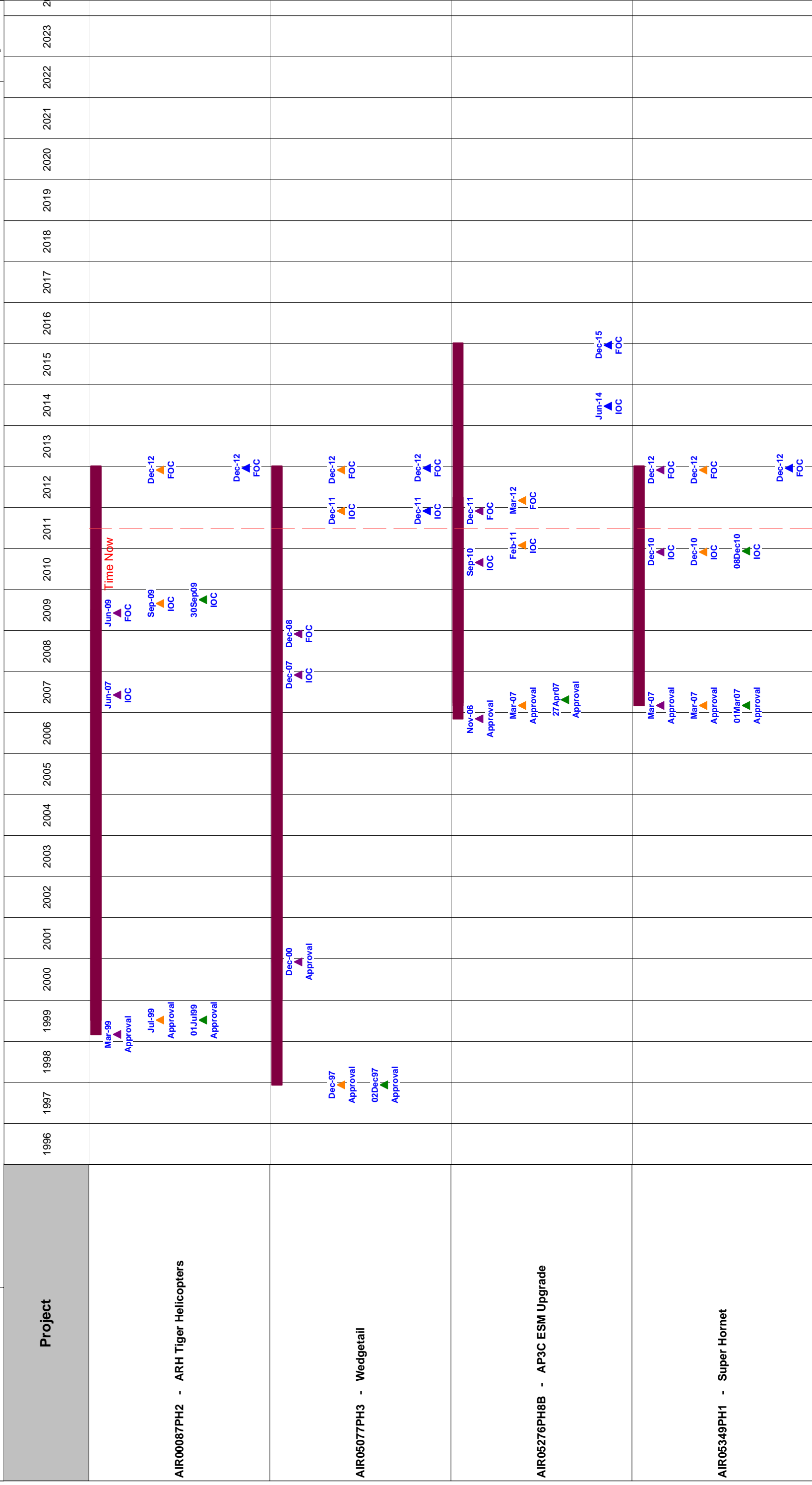
Selected Project Data – Approved Project Milestone Reports

DMO MAA Cardinal Milestones



Sort: DMO MPR Srt
 Filter: DMO MAA Report Selection ftr
 View File Name: DMO MAA Cardinal.002

DMO
 DMO MAA Cardinal Milestone Summary View 002



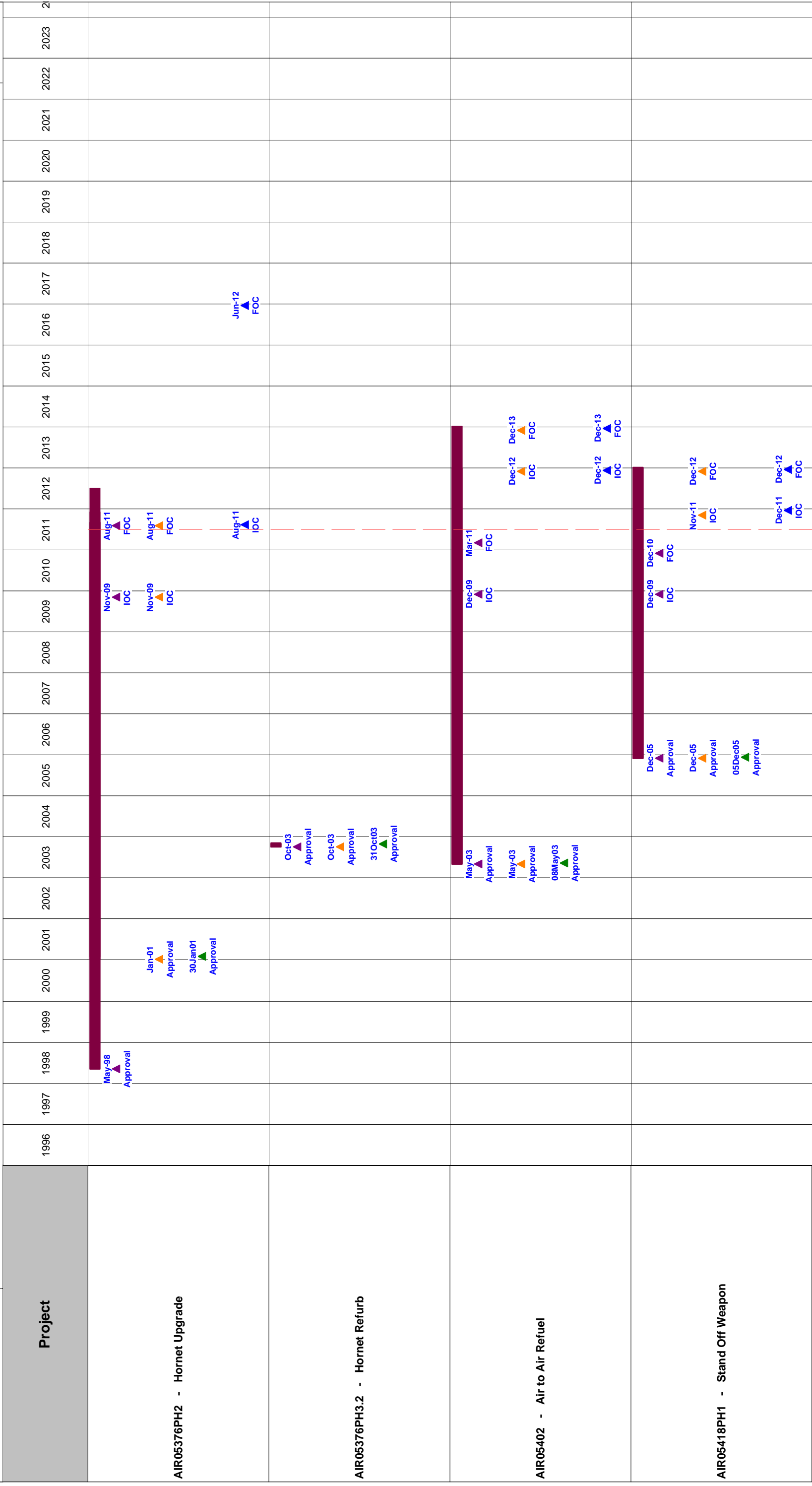
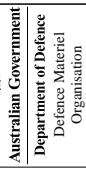
Summary

- ▲ Milestone, Original Baseline
- ▲ Milestone, Current MAA Baseline
- ▲ Milestone, Forecast
- ▲ Milestone, Completed

DMO MAA Cardinal Milestones

Sort: DMO_MPR_Srt
 Filter: DMO_MAA_Report_Selection_ftr
 View File Name: DMO MAA Cardinal 002

DMO
 DMO MAA Cardinal Milestone Summary View 002



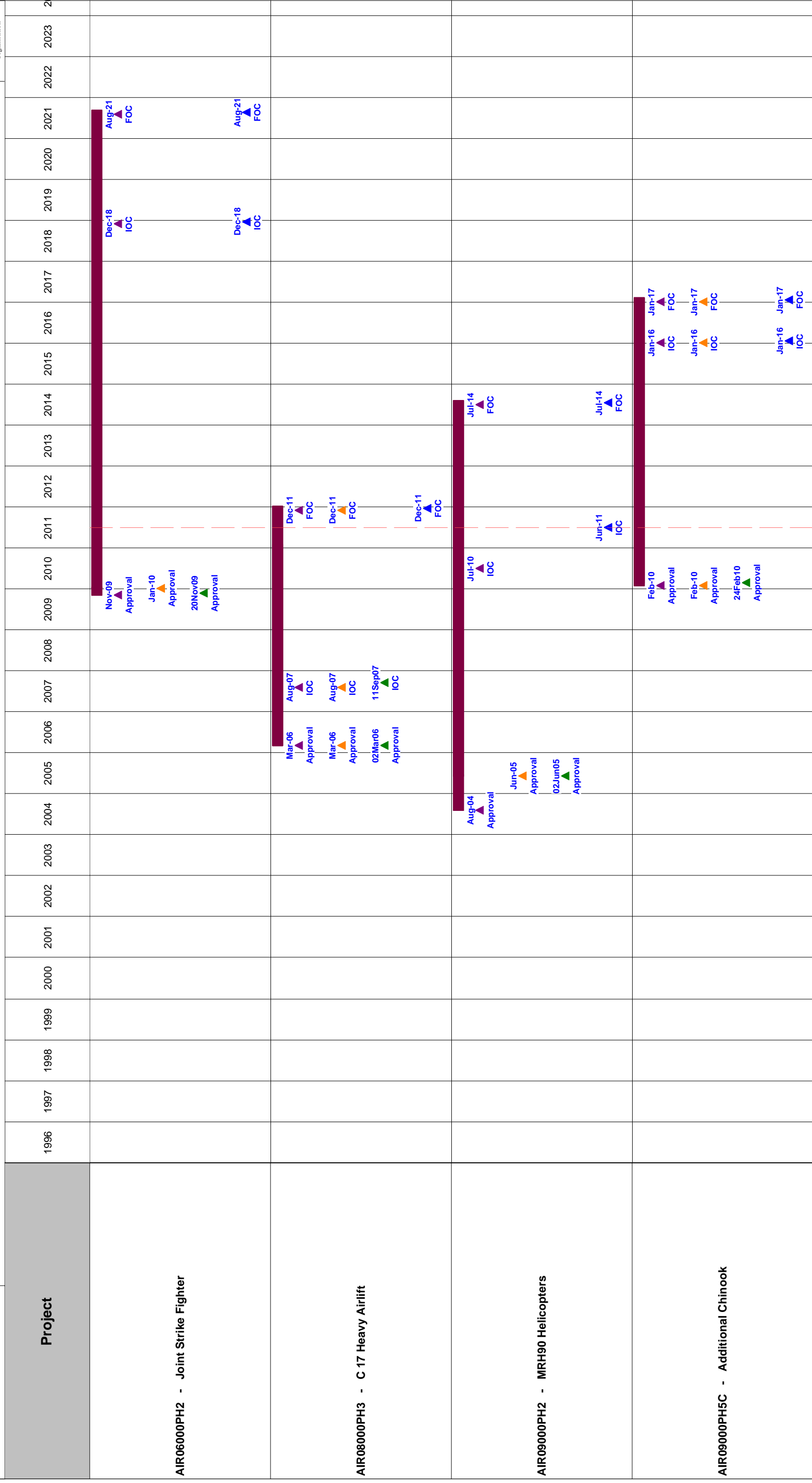
Summary

- ▲ Milestone, Original Baseline
- ▲ Milestone, Current MAA Baseline
- ▲ Milestone, Forecast
- ▲ Milestone, Completed

DMO MAA Cardinal Milestones

Sort: DMO_MPR_Srt
 Filter: DMO_MAA_Report_Selection_ftr
 View File Name: DMO MAA Cardinal 002

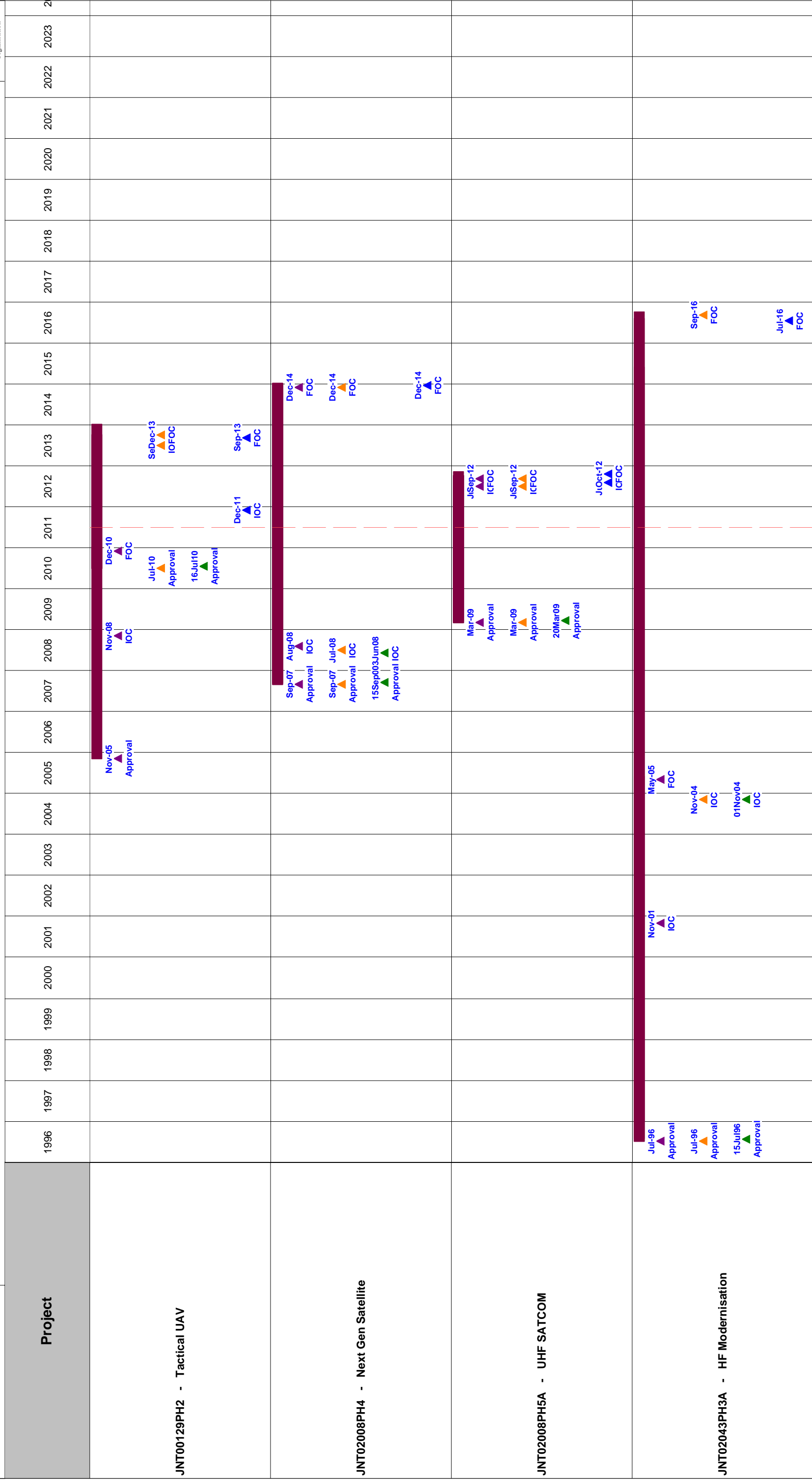
DMO
 DMO MAA Cardinal Milestone Summary View 002



DMO MAA Cardinal Milestones

Sort: DMO_MPR_Srt
 Filter: DMO_MAA_Report_Selection_ftr
 View File Name: DMO MAA Cardinal 002

DMO
 DMO MAA Cardinal Milestone Summary View 002



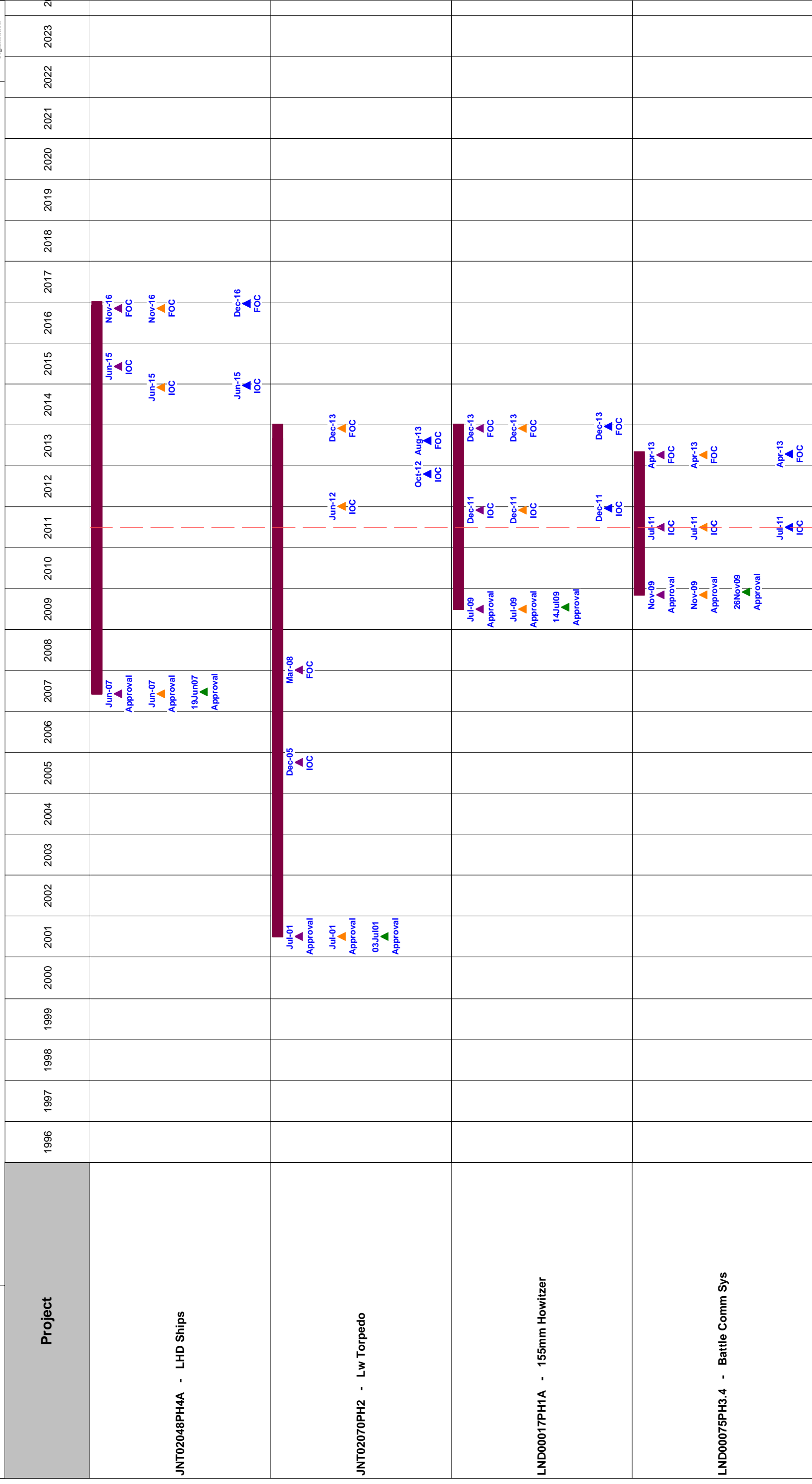
Summary

- ▲ Milestone, Original Baseline
- ▲ Milestone, Current MAA Baseline
- ▲ Milestone, Forecast
- ▲ Milestone, Completed

DMO MAA Cardinal Milestones

Sort: DMO_MPR_Srt
 Filter: DMO_MAA_Report_Selection_ftr
 View File Name: DMO MAA Cardinal 002

DMO
 DMO MAA Cardinal Milestone Summary View 002



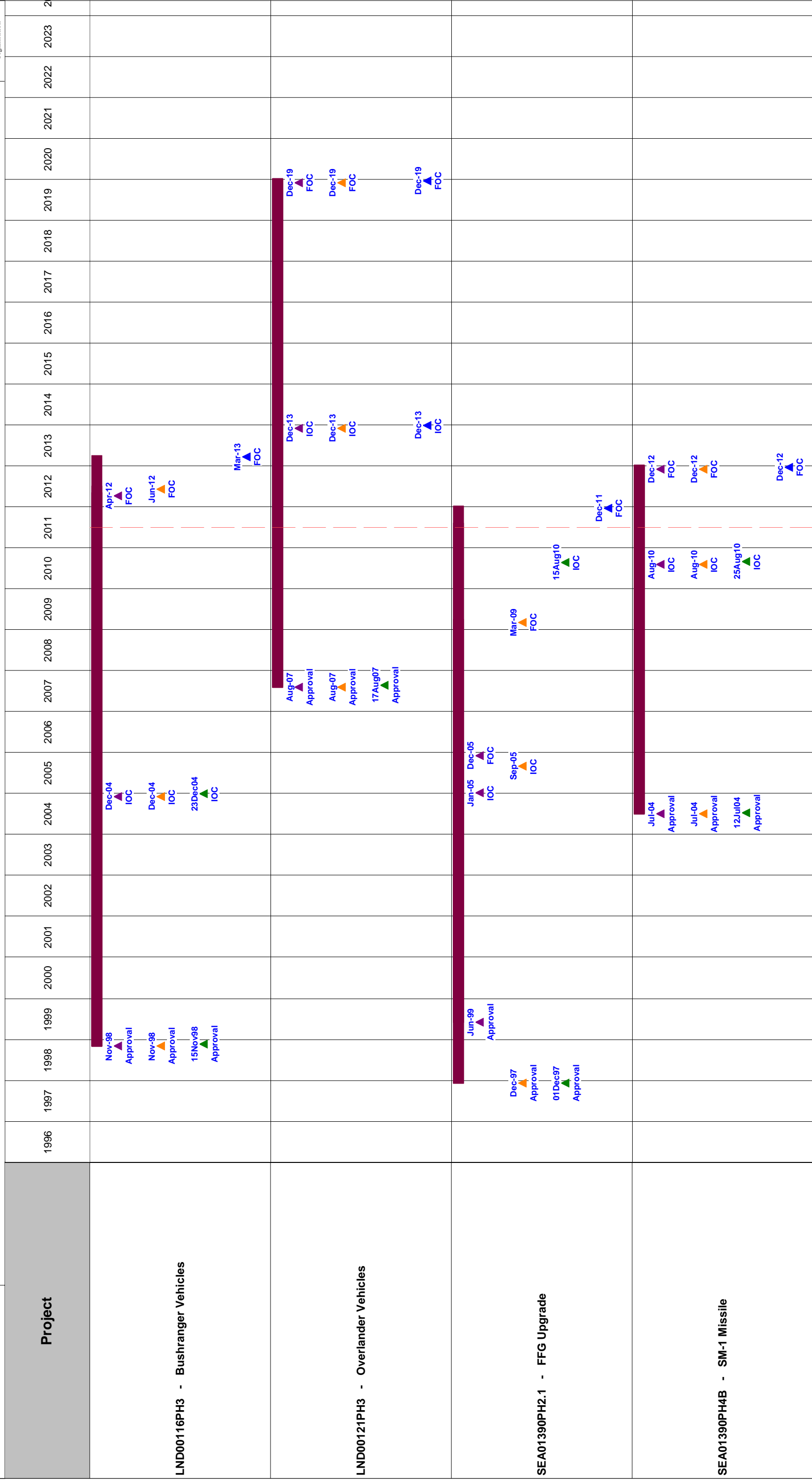
Summary

- Milestone, Original Baseline
- Milestone, Current MAA Baseline
- Milestone, Forecast
- Milestone, Completed

DMO MAA Cardinal Milestones

Sort: DMO_MPR_Srt
 Filter: DMO_MAA_Report_Selection_ftr
 View File Name: DMO MAA Cardinal 002

DMO
 DMO MAA Cardinal Milestone Summary View 002



Summary

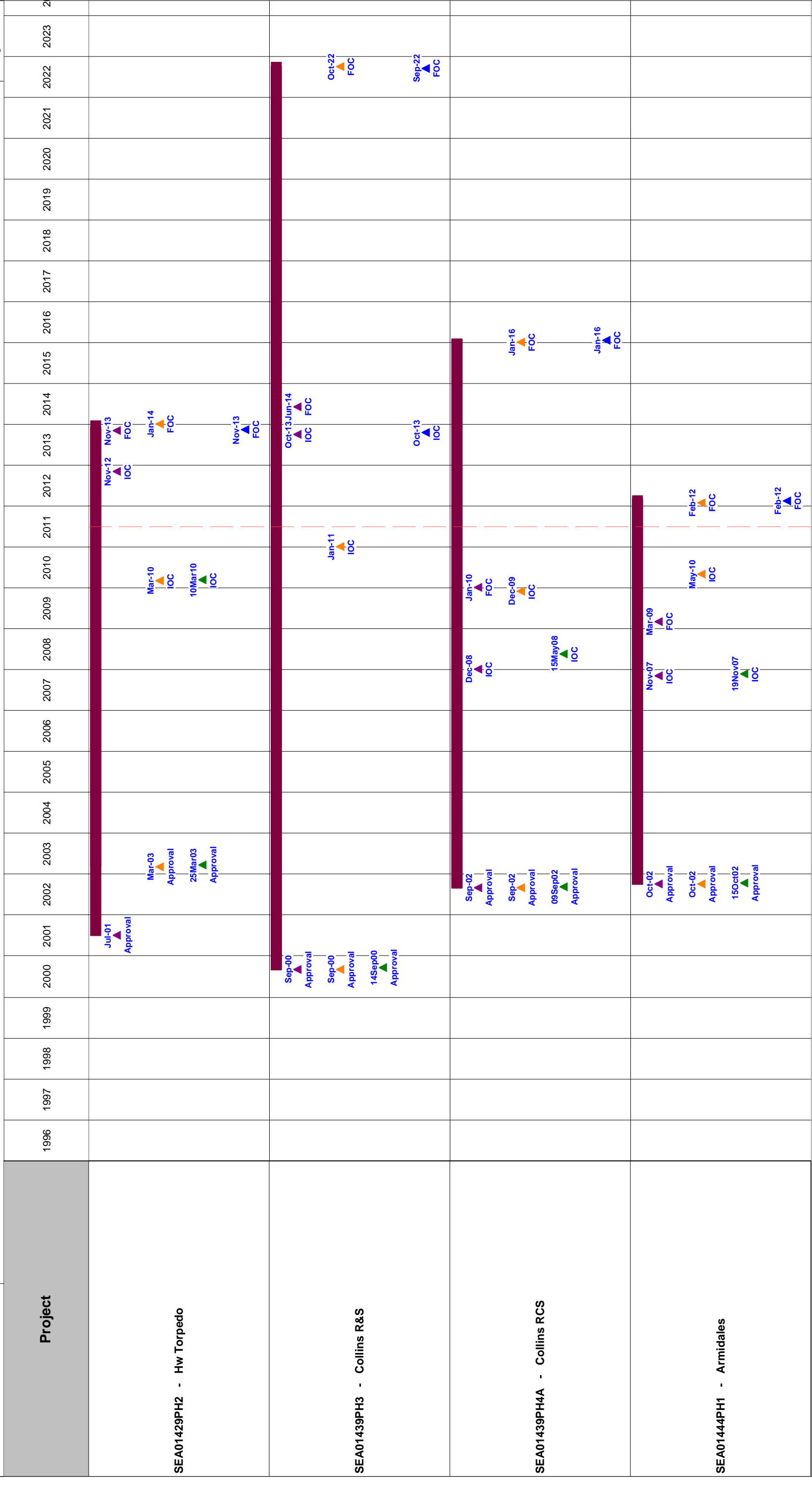
- ▲ Milestone, Original Baseline
- ▲ Milestone, Current MAA Baseline
- ▲ Milestone, Forecast
- ▲ Milestone, Completed

DMO MAA Cardinal Milestones



Sort: DMO_MPR_Srt
 Filter: DMO_MAA_Report_Selection_ftr
 View File Name: DMO MAA Cardinal 002

DMO MAA Cardinal Milestone Summary View 002



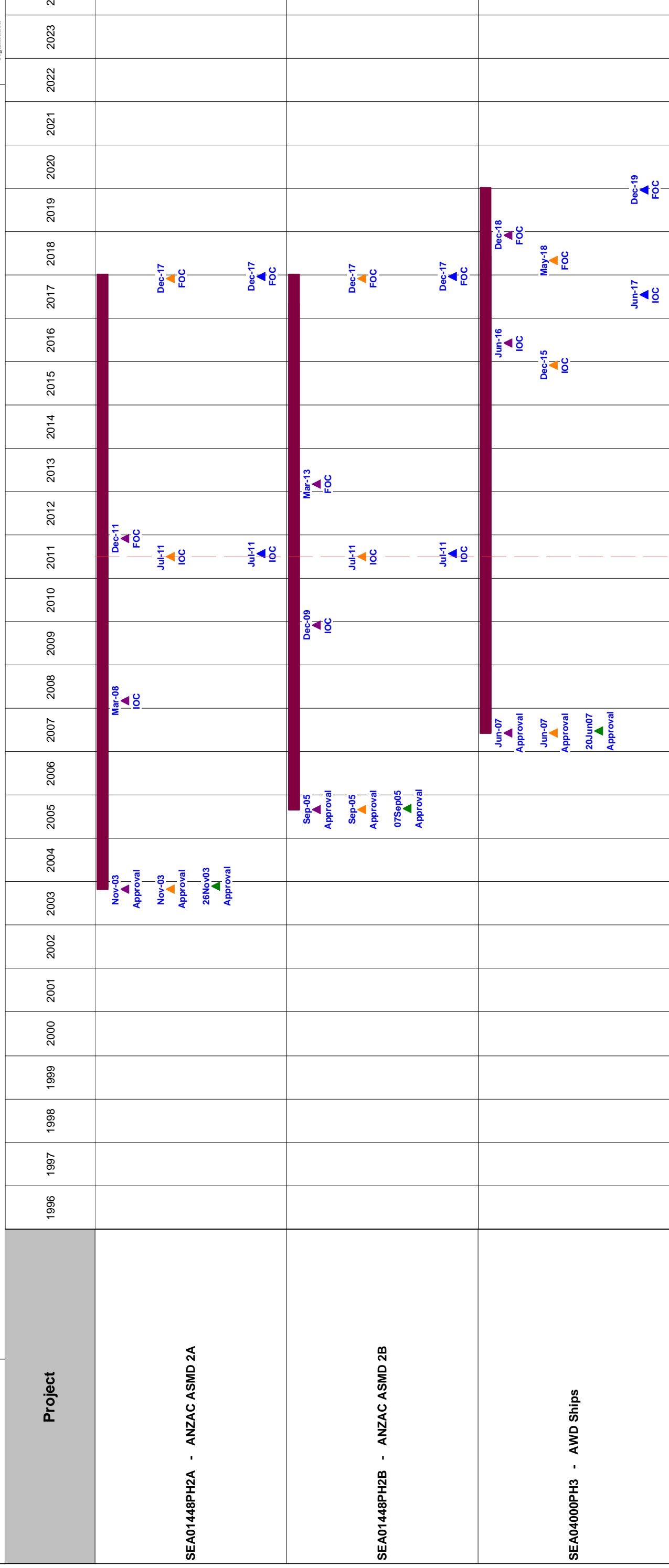
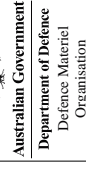
Summary

- Milestone, Original Baseline
- Milestone, Current MAA Baseline
- Milestone, Forecast
- Milestone, Completed

DMO MAA Cardinal Milestones

Sort: DMO_MPR_Srt
 Filter: DMO_MAA_Report_Selection_ftr
 View File Name: DMO MAA Cardinal 002

DMO
 DMO MAA Cardinal Milestone Summary View 002



Summary

- Milestone, Original Baseline
- Milestone, Current MAA Baseline
- Milestone, Forecast
- Milestone, Completed

Selected Project Date - Unapproved Projects

No.	Project Number	Project Name	Schedule Comments	Cost Band
1	SEA 1000 Phase 1 & 2	Future Submarine Design and Construction	Initial Government consideration will be within the next six to twelve months. This will be focussed on gaining Government endorsement of the strategic intent and consideration of project acquisition strategy issues.	>\$10b
2	SEA 5000 Phase 1	Future Frigate	It is anticipated that First Pass Approval will be sought during the FY 2018-19 to FY 2020-21 period, with an expected Year of Decision (YOD) in FY 2021-22 to FY 2023-24. The Initial Operating Capability (IOC) is expected during FY 2027-28 to FY 2029-30.	>\$10b
3	LAND 400 Phase 2	Land Combat Vehicle System	LAND 400 Phase 2 LCVS is progressing through the internal Defence Committee cycle with the planned intent to present for Government First Pass Approval in 2013. YOD remains 2018-2019. Current planning IOC remains 2025-2026.	>\$10b
4	AIR 6000 Phase 2A/2B	New Air Combat Capability (3 Squadrons)	First Pass Approval has been completed, and the YOD is expected in FY 2012-13. The IOC is expected during FY 2017-18 to FY 2020-21.	>\$10b
5	SEA 1180 Phase 1	Patrol Boat, Mine Hunter Coastal and Hydrographic Ship Replacement Project	First Pass Approval is planned for the period FY 2015-16 to FY 2017-18, with the YOD expected during FY 2017-18 to FY 2019-20. The IOC is anticipated during FY 2021-22 to FY 2023-24.	\$3b - \$5b (High end of band)
6	AIR 6000 Phase 2C	New Air Combat Capability (4 th Squadron)	It is proposed that First Pass Approval will be sought during FY 2013-14 to FY 2014-15, with the YOD	\$3b - \$5b

No.	Project Number	Project Name	Schedule Comments	Cost Band
7	AIR 7000 Phase 2B	Maritime Patrol Aircraft Replacement	<p>anticipated in FY 2015–16 to FY 2017–18. The IOC is expected during FY 2021–22 to FY 2026–27.</p> <p>First Pass Approval has been completed, and the YOD is expected during FY 2013–14 to FY 2015–16. The IOC is anticipated during FY 2017–18 to FY 2019–20.</p>	\$3b - \$5b (Low end of band)
8	AIR 5077 Phase 5B	Airborne Early Warning & Control (AEW&C) Mid-Life Upgrade	First Pass Approval will be sought during FY 2019–20 to FY 2021–22. The YOD is expected during FY 2021–22 to FY 2023–24, with the IOC anticipated during the FY 2025–06 to FY 2027–28.	\$3b - \$5b (Low end of band)
9	SEA 5000 Phase 2	Future Frigate Weapons	It is anticipated that First Pass Approval will be sought during FY 2018–19 to FY 2020–21, with the YOD expected during FY 2021–22 to FY 2023–24. The IOC anticipated during the FY 2027–28 to FY 2029–30 period.	\$1b - \$2b (High end of band)
10	AIR 7000 Phase 1B	Multi-mission Unmanned Aircraft System	It is proposed that First Pass Approval will be sought during FY 2016–17 to FY 2018–19, with the YOD anticipated during FY 2019–20 to FY 2021–22. The IOC is expected in FY 2022–23 to FY 2024–25.	\$1b - \$2b (Middle of band)

Updated Information on Mortimer Reforms

The Defence Procurement and Sustainment Review (Mortimer Review) was delivered to Government in September 2008. In the Review, Mr Mortimer acknowledged where the 2003 Defence Procurement Review (Kinnaird Review) initiatives had worked to improve the procurement system and where they had not fully achieved their outcomes. As a result, Mortimer was able to build on the achievements of Kinnaird and tailor his recommendations according to the progress of the individual Kinnaird recommendations. In this manner, the Mortimer recommendations became an extension of Kinnaird Review and as such we do not necessarily distinguish between the two Reviews.

By May 2011, Defence had fully implemented 29 of the 45 agreed (or partially agreed) recommendations. A further 12 were on track but four had fallen behind schedule to varying degrees.

On 6 May 2011, the Government announced that Defence would accelerate the implementation of all outstanding agreed Mortimer recommendations as a matter of priority noting that it was "...essential that the agreed recommendations of Kinnaird and Mortimer are fully implemented and built upon."

Of the Mortimer recommendations five reforms were specifically mentioned. These were:

- cost-benefit analysis of projects that are not off-the-shelf purchases to rigorously review the project to assess the cost and risk against off-the-shelf purchases;
- establishing Project Directives to provide clear direction to Defence on decisions made by the Government regarding Defence capabilities;
- establishing an independent Project Performance Office within DMO to review projects and assist project teams to solve problems;
- regular reporting to Government by Capability Managers to provide advice on the status of capability development projects for which they are accountable; and
- creating a more disciplined process for changing the scope of a project including the requirement that Defence seek the Government's approval for significant changes.

In response to the Ministers' announcement, Defence has developed a plan that accelerates the implementation of the outstanding recommendations and provides particular visibility for the five recommendations specifically identified. The new schedule has all recommendations fully addressed before the end of 2011. A copy of the plan to accelerate the five reforms specifically identified is attached for your information.



Accelerated Recommendations Plan

Serial	Recommendation	Agency	Task	Date	Status
2.3	<p>Support OTS consideration with cost-benefit analysis for each project</p> <p>Any decisions to move beyond the requirements of an off-the-shelf solution must be based on a rigorous cost-benefit analysis of the additional capability sought against the cost and risk of doing so. This analysis must be clearly communicated to Government so that it is informed for decision-making purposes.</p>	N/A	<ol style="list-style-type: none"> 1. The need for an off-the-shelf benchmark analysis is described in the Defence Capability Development Handbook. 2. Defence place more emphasis in the submission on why the off-the-shelf solution has not been recommended (if that is the case). 3. Audit submissions post 1 June. 	From Jun 2011	Completed
20PP: 4	<p>Clear project directives.</p> <p>To assist in developing greater clarity in the capability planning process a Project Directive will be issued immediately following Government approval at Second Pass. A draft Directive will be included in the submission to Government. The Project Directive will provide the top level direction from the CDF to the Capability Manager to introduce the full operational level capability into service by the date agreed upon by Government. It will articulate the respective roles of the Defence Groups, the Services and DMO in delivering their elements of the project.</p> <p>Defence, with the assistance of the DMO, and drawing on the Capability Managers' expertise will draft directives, which will inform the development of all relevant capability and project management documents and plans – with the directive being the authoritative document.</p> <p>DMO, supported by Defence Groups and Services, will have formal responsibility and accountability for developing estimates, information and advice relating to the cost, schedule and risk of equipment acquisition upon entry of a capability into the DCP and for developing the acquisition strategy.</p>	CDG	<ol style="list-style-type: none"> 1. Policy for Project Directives Promulgated. 2. Draft initial Project Directives. 3. Sec/CDF to issue initial Project Directives. 4. From July 2011, Sec/CDF to issue further Project Directives as they are prepared, with a target for sign-off within 30 days of Government approval. 	Ongoing	Completed
3.6	<p>Independent Project Performance Office</p> <p>An independent Project Performance Office should be established within DMO to review projects and assist project teams to solve problems where necessary.</p>	DMO	<ol style="list-style-type: none"> 1. Establish project performance review team and processes. 2. Establish an independent and dedicated project performance office to identify problems and work with project 	Aug 2011	Completed

Serial	Recommendation	Agency	Task	Date	Status
			teams to fix those problems.		
			3. Establish an initial short list of candidate projects for assistance. These could be identified through the Gate Review process or information gathered from the Early Indicators and Warnings System being established.	Aug 2011	
			4. Engage a small number of experienced project of ex-project managers to work with projects which need assistance as a pilot to establish the best way to achieve the outcomes and cultural change being sought.	Aug 2011	
3.13	Disciplined Process for Scope Change Changes to the scope of projects should occur through a disciplined process that considers the merit of the change mindful of the impact on cost and schedule.	DMO	1. Publish policy requiring approval of project scope change. 2. DMO to complete Project Baseline Review for approved projects. 3. Identify project scope divergence from Project Baseline Review. If necessary seek Minister/Government approval and update MAAs to match Minister/Government decision.	Aug 2011 Dec 2011	Completed
3.4	Capability Managers to provide status reports to Government Capability Managers should report regularly to Government on the status of the capability development initiatives for which they are accountable.	DMO	1. This recommendation will initially be met through the new Quarterly Accountability Reporting (QAR) requested by Government 2. Defence to examine in detail how capability reporting can be fully implemented.	Jul 2011 Dec 2011	