

## DEFENCE RESPONSES TO ASPI REPORT RECOMMENDATIONS

ASPI RECOMMENDATION	DEFENCE RESPONSE
<p><b>Increase the range and precision of information</b></p> <p><b>Recommendation 1:</b> Restructure the public Defence Capability Plan (DCP) to provide better information by adjusting and expanding existing information as follows:</p>	<p>The Government's objective is to provide the public in general, and the defence industry in particular, with substantive and reliable information about intended capability acquisitions.</p> <p>For industry, the goal is to help inform future investment decisions and to facilitate quality tenders for upcoming projects while, at the same time, protecting the Commonwealth's capability to pursue value-for-money.</p> <p>The Australian Government supports the notion that the DCP should provide industry with improved information about the Government's future capability development and acquisition plans that are detailed and as accurate as is appropriate for the stage of development of the project.</p> <p>The responses below set out the proposed approach to improving the information available to industry, taking the ASPI recommendations and building upon them.</p>
<ul style="list-style-type: none"> <li>• a ten-year time horizon based on years of decision (second pass)</li> </ul>	<p>The Australian Government will return to a ten-year Public DCP that will include projects for which first or second pass consideration by Government is anticipated to occur in the forthcoming decade.</p> <p>The next public version of the DCP, to be provided as an on-line update in the second half of 2010, will include a ten-year year planning horizon.</p>

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<ul style="list-style-type: none"> <li>specific years for first pass, year-of-decision, initial operating capability (IOC) and full operating capability (FOC) for all projects in the plan, including the assessed uncertainty in each (this might be done through a single table giving the indicative uncertainty for each year of the plan)</li> </ul>	<p>The Australian Government agrees that additional information on project schedules should be made available to support industry to commence planning for capital equipment projects.</p> <p>The DCP will retain banded timeframes for projects. These will be refined and may narrow to single year targets as the projects move towards Second Pass.</p> <p>The DCP will provide new information in the form of forecasting a timeframe for Initial Materiel Release (IMR). An IMR is generally of more relevance to industry than IOC, as it relates to the planning date for equipment to be delivered to or accepted by Defence. IOC includes a number of Fundamental Inputs to Capability in which industry may have little or no role.</p> <p>The DCP will also include improved descriptions of IOC and FOC which will be described in operational terms. This is to provide industry with a clearer understanding of the ADF's operational needs. For example, one squadron equipped, trained and available for operational deployment.</p> <p>However, the Government notes that planning for future major equipment proposals commences years, sometimes decades, in advance of delivery of the equipment by industry. Accordingly, the early stage of capability development is about exploring options to deliver mature capabilities in the context of widely variable parameters, including schedule.</p> <p>For projects that are many years away from a Government decision, IOC and FOC will depend on the solution chosen and, if too tightly bounded, will limit opportunities for industry to develop innovative solutions.</p> <p>It is therefore important that the information the Government provides in the Public DCP is concise without giving a false impression of a level of precision which is often not available until very shortly before Second Pass consideration.</p>

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<ul style="list-style-type: none"> <li>cost bands with an uncertainty of +/-10% (i.e. cost bands equal to ~20% of project value)</li> </ul>	<p>As noted above, planning for future major equipment proposals takes place years, sometimes decades, in advance of delivery of the equipment by industry.</p> <p>The use of bands for project costs gives industry an indication of the broad tolerances around the project, and allows industry to develop innovative strategies that will provide the best value for money within the indicated schedules.</p> <p>The bands that are used in the Public DCP reflect the Australian Government's need to ensure that there is appropriate flexibility in the DCP to cope with the inevitable changes in priorities that the Government, Defence and industry will need to respond to.</p> <p>The precision suggested by ASPI only exists at Second Pass (where cost estimates might include Contingency provision in the order of 10-15%). The suggested narrow band, therefore, gives a false sense of precision which does not exist prior to Second Pass.</p> <p>However, the Australian Government considers that improved fidelity in the cost bands is appropriate and has expanded the cost bands to ACAT 4 &lt; \$100m; ACAT 3 \$100 – 300m &amp; \$300 – 500m; ACAT 2 \$500 – 1.b, &amp; \$1 - 2b; ACAT 1 \$2 - 3b, \$3 – 5b; \$5 – 10b, &amp; &gt;\$10b.</p>
<ul style="list-style-type: none"> <li>a year-by-year percentage spend profile for each project</li> </ul>	<p>On a case by case basis, where it is required in the development of specific projects, the Australian Government may decide to provide information relating to expenditure profiles to relevant companies. However, the spend profile for the equipment acquisition could be expected to be different depending on the acquisition strategy pursued, such as a COTS/MOTS solution compared to a bespoke solution.</p> <p>In addition, the Government considers that providing this information, when options have not been fully explored, might constrain industry's capacity to develop innovative solutions.</p> <p>Accordingly, no change to the DCP is proposed at this time.</p>
<ul style="list-style-type: none"> <li>dates for market solicitation (requests for proposals, requests for information, requests for tenders) for the first 24 months of the plan, by month for the first six months and by quarter thereafter</li> </ul>	<p>Defence will provide this level of information for post First Pass projects by quarter when that is possible.</p> <p>Defence will also provide more detailed timing information in a consistent format on project-specific websites (with ePortal links) for all approved projects in the context of a new on-line DCP resource, outlined in more detail below.</p>
<ul style="list-style-type: none"> <li>a table disclosing changes to project names, numbers and phases, including those resulting from consolidating and splitting projects and phases.</li> </ul>	<p>This has been implemented in the context of the first on-line Public DCP update in February 2010, and will continue for new updates of the Public DCP.</p>

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<p><b>Recommendation 2:</b> Include further information in the DCP on the in-service phase of planned capabilities as follows:</p>	
<ul style="list-style-type: none"> <li>• a definition of IOC for each project</li> </ul>	<p>The new Public DCP format includes provision for definitions of both Initial Material Release (IMR) and IOC. Those definitions will be included when the proposal is at an appropriate stage of maturity and the process of introduction into service has been broadly planned.</p>
<ul style="list-style-type: none"> <li>• the expected life-of-type for the capability sought by each project</li> </ul>	<p>The new Public DCP format includes information on the expected life-of-type for the capability sought in each project, where appropriate.</p>
<ul style="list-style-type: none"> <li>• the estimated annual personnel and operating costs for the capability sought by each project.</li> </ul>	<p>Estimated annual personnel and operating costs are dependent on the final capability solution approved by the Australian Government, and could vary significantly between options. Accordingly, such information would be difficult to provide and difficult to update in the DCP.</p> <p>However, the Government considers that there is utility in providing new information around the expected operating parameters for a particular platform (such as the objective crew size for a new class of ship). This may allow industry to provide ideas to Defence on how to achieve a required level of automation, accommodation, reliability and maintainability. Where this information is available, it will be provided in the DCP as it becomes known.</p>
<p><b>Recommendation 3:</b> Improve the program-level information in the public DCP to provide better information on aggregate demand and overall risks as follows:</p>	
<ul style="list-style-type: none"> <li>• graph in total and by industry sector <ul style="list-style-type: none"> <li>○ estimated overall sustainment spending over the next ten years</li> <li>○ estimated local sustainment spending over the next ten years</li> <li>○ estimated overall acquisition spending over the next ten years</li> <li>○ estimated local acquisition spending over the next ten years</li> </ul> </li> </ul>	<p>The Australian Government notes that similar graphs are provided in the Public DCP 2009, albeit for a shorter time period than proposed by ASPI.</p> <p>Since publication of the 2009 DCP, Defence has improved its existing model so as to enable the existing graphs to be updated, produced and included in all future online updates to the Public DCP.</p> <p>The next iteration of the Public DCP will contain 10 year graphs for in-country expenditure by sector and in total.</p>
<ul style="list-style-type: none"> <li>• an introductory chapter on the affordability of the DCP, containing</li> </ul>	

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<ul style="list-style-type: none"> <li>○ a graph of estimated approved and unapproved major capital spending for the decade</li> </ul>	<p>As noted above, estimated major capital spending will have limited precision until Second Pass for the relevant project. In addition, major capital spending will ultimately be dependent on the final capability solution approved by the Australian Government, and could vary significantly depending on the solutions agreed. There is also a need to allow for flexibility in the DCP to facilitate adjustment with the inevitable changes in priorities that the Government, Defence and industry will need to respond to.</p> <p>Accordingly, focusing on estimated spending at a point in time is unlikely to give industry the kind of certainty it is seeking.</p>
<ul style="list-style-type: none"> <li>○ assumptions about foreign exchange for the Euro and the US dollar</li> </ul>	<p>Australian Government policy is not to usually discuss its exchange rate assumptions due to the possible impact on market behaviour. The 2010-11 budget papers indicate that an assumption of the exchange rate remaining around the levels current at the time the 2010-11 budget was brought down underpin the economic forecasts, but do not provide any further information.</p>
<ul style="list-style-type: none"> <li>○ the price basis for the plan</li> </ul>	<p>In the 2009 Public DCP, the price basis is expressed as 'constant year dollars'. The revised Public DCP will express this more clearly as, say, 'December 2010 prices'.</p>
<ul style="list-style-type: none"> <li>○ the percentage of over-programming</li> </ul>	<p>As the Public DCP acknowledges, there is an element of over-programming built into the DCP. Over-programming is designed to provide flexibility and to aid in ensuring that best use is made of available funding if there are delays in developing individual projects. Over-programming means that a number of projects may move in timing based on their relative maturity in the capability development lifecycle.</p> <p>However, it has no relevance to the overall affordability of any one project or the DCP as a whole. Accordingly, the Government has decided not to provide more than the existing general statement about over-programming.</p>
<ul style="list-style-type: none"> <li>○ an analysis of the risks to the affordability of the capital equipment program.</li> </ul>	<p>The existing Public DCP contains some analysis of the risks to the affordability of the capital equipment program.</p> <p>Defence will include further analysis of specific project risks, where appropriate.</p>

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<p><b>Recommendation 4:</b> Reinstate previous disclosure of 'Minors' and facilities plans, specifically:</p>	
<ul style="list-style-type: none"> <li>• publish every six months an electronic 'Yellow Book' of minor capital projects, with a two-year time horizon</li> </ul>	<p>The Australian Government acknowledges that there are significant opportunities for industry in Defence capital investment outside of the DCP, including the Defence Minors program. Minor projects are generally projects valued below \$20 million run by each of the services, Joint Logistics Command, the Chief Information Officer Group and the Office of the Secretary and CDF.</p> <p>The Government also notes that due to the nature of minor projects, smaller firms in particular may be interested in more visibility of this program in order to win more work in their own right.</p> <p>To facilitate access to information on the minors program, Defence will establish a 'one stop shop' internet website, which will provide links to all Defence capability and acquisition programs.</p> <p>From the website, users will also be able to easily navigate to information on the Major Capital Facilities Program projects with a two year time horizon run by the Defence Support Group.</p>
<ul style="list-style-type: none"> <li>• publish every six months an electronic 'Green Book' of capital facilities projects, with a two-year time horizon.</li> </ul>	<p>The Australian Government acknowledges that there are significant opportunities for industry in Defence Capital Investment outside of the DCP, including facilities projects. As outlined in the 2010-11 Portfolio Budget Statements, around \$1.5 billion is planned to be spent on capital facilities projects in 2010-11.</p> <p>To facilitate access to information on this program the Public DCP website will provide links to all Defence capability and acquisition programs. From that one page, users will be able to easily navigate to information on the Major Capital Facilities Program projects with a two year time horizon run by the Defence Support Group.</p> <p>The information to be provided on that page would be indicative, with cost estimates in bands which roughly equate to the tiers of capability in the construction industry. The expected date for project approval would be expressed as a financial year rather than a specific date.</p>

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<b>Enhance the flow of information between Defence and industry</b>	
<b>Recommendation 5:</b> Ensure the ready availability of the information in the DCP by:	
<ul style="list-style-type: none"> <li>• publishing a hard-copy DCP every year (pending a review in two years)</li> </ul>	<p>The Australian Government considers that it would be more beneficial for the public and industry to have access to a more regularly updated internet version of the Public DCP as the repository for relevant project information, and to ensure that the information is updated regularly.</p> <p>The Government notes that web publishing is the way of the future, and would prefer to publish fewer hard copy versions of the Public DCP, not more. Online publication enables information to be updated and released to industry and the public more quickly. The key problem with the hard copy version of the Public DCP is that it rapidly becomes obsolete.</p> <p>The Australian Government will retain the existing two year schedule publishing hardcopy versions of the Public DCP, which will be tied to the biennial Defence + Industry Conference.</p>
<ul style="list-style-type: none"> <li>• publishing a PDF update at the intermediate six-month point</li> </ul>	<p>The Australian Government is committed to a six-monthly update of the HTML version of the Public DCP. The first such update occurred in February 2010.</p> <p>However, the new approach proposed by Defence (outlined below) will result in even more regular updates of the HTML version. Defence considers that publishing a PDF version every six months will not provide value for money.</p>
<ul style="list-style-type: none"> <li>• providing an interactive web-based facility with a web-page for each DCP project containing <ul style="list-style-type: none"> <li>○ links to the latest and all previous public DCP entries (so that a baseline for tracking change is available)</li> <li>○ advice on forthcoming industry solicitations</li> <li>○ a link to any project website held elsewhere in the Defence Materiel Organisation (DMO) or Capability Development Group</li> <li>○ links to related approved and unapproved projects</li> <li>○ links to relevant ministerial and departmental media releases and speeches</li> <li>○ contact details for each project.</li> </ul> </li> </ul>	<p>Defence proposes to revise its existing websites to provide a 'one-stop shop' internet website for all Defence capability and acquisition programs. This new site will eventually contain appropriate links to the Public DCP, approved major capital projects, the list of the Major Capital Facilities Program projects with a two year time horizon, and the various minors programs. The core of this approach will be a central Defence capability planning and acquisition programs' page.</p> <p>Defence envisages that the HTML page for a project entry in the Public DCP will be the single website for a project until it is approved.</p> <p>Defence will ensure that a project website is created for each approved project to provide information that is at least as detailed as that in the Public DCP, and will ensure that the project websites are in a consistent format and updated regularly.</p>

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<p><b>Recommendation 6:</b> Improve the flow of information between industry and Defence by:</p>	
<ul style="list-style-type: none"> <li>• holding regular meetings of the Capability Development Advisory Forum</li> </ul>	<p>The Australian Government has decided to revitalise the Capability Development Advisory Forum and its subsidiary Environmental Working Groups.</p> <p>The Forum and Groups will meet more regularly with meetings linked to the four major Australian Defence exhibitions that occur across a two year period – the Defence and Industry Conference, The Land Warfare Conference, the Pacific Maritime Exposition and the Avalon Air show.</p> <p>The Forum and Groups will be more proactive and interactive, encouraging industry to become engaged earlier on in the capability development process.</p>
<ul style="list-style-type: none"> <li>• creating an Infrastructure Advisory Forum to facilitate communication between the construction industry and Defence</li> </ul>	<p>Agreed in principle, but should not be called an “advisory forum” or limited to one engagement mechanism. The scope of DSG's communication and engagement with industry is not limited to the construction industry and extends to other key Non Equipment Procurement (NEP) categories (eg. the design industry, facility management and engineering professional services).</p> <p>Engagement already takes place with Defence's current and potential suppliers for provision of infrastructure and estate management services at various levels and through several engagement mechanisms such as the Defence Support Conference as a pre-event to the bi-annual Defence + Industry conference; DSG Executive - Industry CEO fora involving leading contractors for NEP categories; industry road shows and briefings for construction contractors and professional service providers who are members of current Defence standing offer panel arrangements (e.g. the Defence Infrastructure Panel and the Defence Environment and Heritage Panel); Defence + Industry ePortal website; and professional discussions with peak industry bodies such as Infrastructure Partnerships Australia and the Green Building Council of Australia.</p>
<ul style="list-style-type: none"> <li>• regularly engaging with peak bodies such as the Australian Industry Group Defence Council and the Australian Constructors Association</li> </ul>	<p>Agreed in principle, but there are a number of similar peak bodies in both the private and public sectors. Defence should aim to leverage the value of collaborative and commercial relationships with peak industry bodies in a consistent and ethical manner to achieve value for money outcomes (eg. Engineers Australia, Facility Management Association, Consult Australia (formerly ACEA), Australian Institute of Architects, Australian Constructors Association, Australian Green Development Forum, Ethics Network Australian Defence Industry, Australasian Procurement and Construction Council, Infrastructure Partnerships Australia, AusIndustry, etc.).</p>



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<ul style="list-style-type: none"> <li>appointing a representative from the Australian Industry Defence Network to the DMO CEO consultative forum on the Strategic Reform Program so that small to medium enterprise (SME) views can be heard</li> </ul>	<p>The Australian Government agrees with this recommendation, noting that, as with all industry representatives, attendance would be based on agreement that the AIDN representative would represent AIDN's members and would treat information as confidential, with only that information released that was agreed by all members as being able to be released.</p>
<ul style="list-style-type: none"> <li>holding the two-yearly Defence+Industry conference in Canberra so that working-level capability development and DMO staff can interact with industry participants, or committing to bring those personnel to an interstate venue if the conference is held interstate</li> </ul>	<p>Defence's feedback from industry is that moving the Defence+Industry conference away from Canberra has proven beneficial for Industry.</p> <p>Defence also notes that Canberra's conference facilities are inadequate to stage the event. However, the proposal for a greater level of working-level interaction will be considered further within Defence.</p>
<ul style="list-style-type: none"> <li>using the successful Land Environment Working Group as an archetype for how the Maritime and Aerospace working groups can engage industry, especially in regard to linking prime contractors with SMEs.</li> </ul>	<p>The Australian Government has decided to revitalise the Capability Development Advisory Forum and its subsidiary Environmental Working Groups.</p> <p>The Groups will meet more regularly, with meetings linked to the four major Australian Defence exhibitions that occur across a two year period – the Defence and Industry Conference, The Land Warfare Conference, the Pacific Maritime Exposition and the Avalon Air show.</p> <p>The Groups will also be more proactive and more interactive, encouraging industry to become more engaged earlier on in the capability development process.</p>

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<b>Improve the reliability of information</b>	
<b>Recommendation 7:</b> Improve the timely execution of defence capability plans by:	
<ul style="list-style-type: none"> <li>• implementing the recommendations of the Mortimer Review as a matter of priority, particularly those concerning accountability, delegation and commercial orientation</li> </ul>	<p>The Mortimer review fulfilled the Australian Government's commitment to conduct a formal evaluation of the effectiveness on ongoing reforms to the Defence Materiel Organisation (DMO).</p> <p>The review made 46 recommendations to improve the way Defence develops, acquires and sustains military capability. The Government agreed to 42 of these recommendations in full and to partial implementation of a further three. One recommendation, establishing the DMO as an Executive Agency, was not agreed. A 20 point plan developed by Defence and agreed by Government will guide the implementation of the Mortimer recommendations.</p> <p>Considerable progress has been made in implementation already. In relation to the specific priorities suggested by ASPI, progress includes:</p> <ul style="list-style-type: none"> <li>▪ the establishment of project directives to ensure that there is clear accountability for the delivery of capability as approved by Government;</li> <li>▪ a strengthened mechanism for the CEO DMO to provide independent advice to Government on the acquisition strategy;</li> <li>▪ appointment of the DMO General Manager Commercial;</li> <li>▪ establishing charters for the DMO managers of complex projects and products.</li> </ul> <p>Implementation of all the accepted recommendations of the Mortimer review will continue as a priority.</p>
<ul style="list-style-type: none"> <li>• monitoring the in-year delivery of DCP milestones for first- and second-pass approval and major industry solicitations, and reporting the performance in the Defence annual report</li> </ul>	<p>Defence and DMO will report the performance of Projects against key milestones in their Annual Reports.</p>
<ul style="list-style-type: none"> <li>• introducing a policy of continuous disclosure of revised deadlines for industry solicitation; once it is known that a milestone will slip, industry should be advised within one week.</li> </ul>	<p>A key future functionality of Defence Materiel Organisation's ePortal is regularly updating solicitation information.</p>

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<p><b>Recommendation 8:</b> Consider making greater use of the Rapid Prototyping Development and Evaluation Program to engage industry at the earliest possible stages of selected DCP projects to help refine options, scope and costs.</p>	<p>The RPDE Program is routinely engaged by Capability Development Group (CDG) to share Defence's capability objectives with industry and to elicit ideas and insights from industry as how the objectives could be achieved. This can include broad information about technical maturity, feasibility and integration, along with capability options, scope and costs.</p> <p>The Program is also used by CDG, Chief Information Officer Group and DMO at later stages in the life of a DCP project to elicit ideas from industry to solve specific technology and capability problems.</p>
<p><b>Recommendation 9:</b> Consider adopting a system of assigning priorities to projects in the DCP.</p>	<p>The Australian Government considers that everything in the DCP is important and contributes to Force 2030 as set out in the White Paper.</p> <p>Priorities for specific capabilities are assigned through the Defence Planning Guidance process which is part of the five-year Defence White Paper cycle. It should be noted that changing strategic or economic circumstances, new technologies and changed priorities will influence the specific proposals contained in the Plan, as well as its overall composition. It must, therefore, be anticipated that changes will occur in coming years. Projects may be accelerated, deferred, enlarged or diminished as circumstances change.</p>
<p><b>Provide more useful information about industry priorities</b></p>	
<p><b>Recommendation 10:</b> The forthcoming Defence Industry Policy statement should:</p>	
<ul style="list-style-type: none"> <li>• provide a comprehensive overview of the government's priorities for local defence industry across all sectors, not just the limited subset currently designated as Priority Industry Capabilities</li> </ul>	<p>The new Defence Industry Policy statement will address a wide range of industry capabilities, not just PICs.</p>
<ul style="list-style-type: none"> <li>• commit to providing a regular and more detailed disclosure to industry of Defence's long-term industry priorities, along the lines previously contained in the <i>Defence needs of Australian industry</i> publication</li> </ul>	<p>The new Defence Industry Policy Statement will disclose long-term industry priorities to the extent practicable. While there is no intention to publish a document like the <i>Defence needs of Australian Industry</i>, the Australian Government is committed to advising industry through regular policy updates.</p>
<ul style="list-style-type: none"> <li>• include a clear implementation strategy for all policy objectives.</li> </ul>	<p>A comprehensive implementation strategy will be developed, but is not included in the new Defence Industry Policy Statement for all policy objectives.</p>

## Example of a Project Entry

### JP 2008

<b>Phase 3H</b>	<b>Military Satellite Capability - Wideband Terrestrial Terminals</b>
<b>Phase 5B</b>	<b>Military Satellite Capability – Wideband Terrestrial Infrastructure</b>

#### Background

JP2008 is a multi-phased proposal that provides strategic and tactical satellite communications capabilities to support ADF operations. Other phases include:

- Phase 1 (complete) comprised of studies undertaken in support of the development of a mobile Satellite Communications (SATCOM) capability.
- Phase 2 (complete) acquired SATCOM capability for mobile assets.
- Phase 3A (complete) was a study into the feasibility of options for a suitable interim SATCOM system to meet ADF requirements.
- Phase 3C (complete) developed a Theatre Broadcast System concept and technology demonstrator for high, medium and low data rate satellite broadcast capabilities.
- Phase 3D (complete) has delivered a Defence SATCOM capability on the SingTel/Optus C1 satellite and the associated ground control infrastructure.
- Phase 3E (complete) provided the terrestrial infrastructure to utilise the SATCOM capabilities of the Defence payload on the SingTel/Optus C1 satellite through the delivery of the Advanced SATCOM Terrestrial Infrastructure System (ASTIS) inclusive of the wideband maritime SATCOM terminals (M-ASTIS) and land force Compact Transmit/Receive System (CTRS).
- Phase 3F (in progress) will enhance the Australian Defence SATCOM capability through the delivery of a satellite ground station in the west of Australia and a satellite communications network management system. The satellite ground station and network management system will interface deployed forces accessing the WGS system with the Defence Wide Area Network and Australian Defence headquarters and support elements.
- Phase 4 (in progress) is establishing the space and control segments of the future ADF wideband satellite capability by providing access to the Wideband Global SATCOM (WGS) constellation through a capacity sharing agreement with the US.

- Phase 5A (in progress) will deliver an ADF narrowband SATCOM capability providing coverage over the Indian Ocean Region (IOR) including the Middle East Area of Operations through the acquisition of a UHF payload on the IS-22 satellite. Associated with this phase is the establishment of a memorandum of understanding with the US that will permit excess capacity from the IS-22 payload to be provided to the US in exchange for ADF access to US UHF space segment in the Pacific region and globally.

## Australian Industry Capability (AIC) Requirements

An AIC plan is required when the total estimated project budget is equal to or greater than \$50m or where the Project identifies a specific need for local industry to deliver aspects of the capability, such as a Priority Industry Capability. The Table below provides an indication of the likely PIC, AIC and GSC requirements for this project:

Phase	AIC Plan	PIC	SIC	GSC
3H	Yes <sup>1</sup>	No	Yes <sup>2</sup>	No
5B	Yes	No	Yes <sup>2</sup>	Yes <sup>3</sup>

### Notes:

- Where an FMS solution is likely, an AIC Deed will be used instead of an AIC Plan to identify local industry opportunities at Second Pass.
- The Project will fully explore and define the SIC requirement(s) such that they can be recorded in the Acquisition Strategy.
- The Project must include a funding line to support the GSC program in both First and Second Pass submissions.

## Phase 3H - Military Satellite Capability – Wideband Terrestrial Terminals Scope

Phase 3H intends to optimise the early use of the Wideband Global SATCOM (WGS) system by rapidly replacing existing ADF satellite communications terminal with WGS certified terminals. Phase 3H will deliver an early portion of the Phase 5B scope for transportable terminals, consistent with the available WGS space segment, operational priorities and the potential savings in lease costs by moving services to WGS. The acquisition strategy for Phase 3H is to focus on the early acquisition of one type from the family of terminals planned to be acquired under Phase 5B.

IMR is anticipated to be the provision of 10 transportable WGS capable terminals and supporting infrastructure.

IOC will be achieved by the provision and validation of 10 transportable WGS capable terminals, together with the establishment of necessary support infrastructure and completion of personnel training necessary for the operation and support of those terminals.

The expected life of type for the terminals is anticipated to be 5-8 years and the capability requirement is expected to be 15+years. A capability mid-life technology update or refresh is anticipated.

The capability delivered by Phase 3H will be sustained and operated within existing resources and is intended to rationalise use of commercial satellite communications means.

### Planned Schedule Phase 3H

First Pass Approval	FY 2010-2011
Market Solicitation	FY 2010-2011
Year-of-Decision	FY 2010-2011 to FY 2011-2012
Initial Materiel Release	FY 2011-2012 to FY 2012-2013
Initial Operating Capability	FY 2011-2012 to FY 2012-2013

### Australian Industry Opportunities

The strategy for Phase 3H is to acquire terminal capabilities through tender, focusing on terminals that have achieved WGS certification within the timeframes associated with the tender process. Industry requirements will be based around developing and maintaining sufficient capability within Australian industry to undertake a range of through-life maintenance and support activities for ground segments.

Capabilities and related activities that may provide opportunities for Australian industry in Phase 3H include:

Phase 3H Industry Activity	Industry Capability
	Protection of Networks, Computers and Communications
Assemble/install	OPT
Design	OPT
Education/Training	DES
Sustainment	DES
Logistics Support	DES
Manufacture/Construct	OPT
Refurbish/Upgrade	OPT
Repair and Maintain	DES
Systems Definition/Development	DES
Test and Evaluate	DES

Note that the project phase may include a requirement for new facilities and infrastructure, or the expansion and enhancement of existing facilities and supporting infrastructure.

### Through-life Support

The intended through-life support for the terminals delivered by Phase 3H will be implemented through a performance-based contract.

## Acquisition Category

ACAT Attribute	Complexity Level Assessment
Acquisition Cost	Level 4: <\$100m (middle of the band)
Project Management Complexity	Level 3: Moderate
Schedule	Level 3: Moderate
Technical Difficulty	Level 3: Moderate
Operation and Support	Level 3: Moderate
Commercial	Level 3: Moderate

The ACAT Level assessed for this Phase is ACAT IV

## Phase 5B - Military Satellite Capability – Wideband Terrestrial Infrastructure

### Scope

Phase 5B will enhance the Australian Defence SATCOM capability through the delivery of a satellite ground station in the east of Australia for WGS system anchoring and the delivery of transportable wideband ground terminals for land forces.

Two separate IMR points are anticipated to be achieved through:

- the provision of transportable WGS capable terminals and supporting infrastructure needed to support a land Signals Regiment, and
- the establishment of a fixed WGS anchor station on the east coast of Australia.

IOC will be achieved by the provision of transportable WGS capable terminals and supporting infrastructure needed to support a land Signals Regiment, together with the establishment of necessary support infrastructure and completion of personnel training necessary for the operation and support of those terminals. IOC for the fixed WGS anchor station will be achieved following WGS certification, demonstrated integration into the Defence Wide Area Communications Network and one month of successful operation.

The life of type for the transportable terminals is anticipated to be 5-8 years and the expected capability requirement is 15+ years. A capability mid-life technology update or refresh is anticipated. The life of type for the fixed WGS anchor station is expected to be 25+ years.

The capabilities delivered by Phase 5B are expected to be sustained and operated through existing resources and those conferred through earlier phases of JP2008. However, there may need to be some increase in sustainment resources associated with the increased numbers of WGS terminals.

## Planned Schedule

First Pass Approval	FY 2010-2011 to FY 2012-2013
Market Solicitation	FY 2011-2012 to FY 2013-2014
Year-of-Decision	FY 2012-2013 to FY 2013-2014
Initial Materiel Release	FY 2013-2014 to FY 2015-2016
Initial Operating Capability	FY 2013-2014 to FY 2015-2016

## Australian Industry Opportunities

The strategy for Phase 5B is to acquire its elements of terminal and anchor station capabilities through tender. As the capabilities and industry requirements for the two elements are different, it is likely that they may be tendered separately and possibly at different times within the schedule. It is expected that within the timeframe of the acquisition, WGS certified solutions may be available within Australian industry. Industry requirements will be based around developing and maintaining sufficient capability within Australian industry to potentially supply solutions as well as to undertake a range of through-life maintenance and support activities for ground segments.

Capabilities and related activities that may provide opportunities for Australian industry in Phase 5B include:

Phase 5B Industry Activity	Industry Capability	
	Elements of National Infrastructure	Protection of Networks, Computers and Communications
Assemble/install	OPT	DES
Design	OPT	DES
Education/Training	DES	DES
Sustainment	DES	DES
Logistics Support	DES	DES
Manufacture/Construct	OPT	DES
Refurbish/Upgrade	DES	DES
Repair and Maintain	DES	DES
Systems Definition /Development	DES	DES
Test and Evaluate	DES	DES

## Through-life Support

The capabilities to be delivered by Phase 5B will be supported through a performance-based contract.



## Acquisition Category

ACAT Attribute	Complexity Level Assessment
Acquisition Cost	Level 2: \$500m - \$1b (low end of the band)
Project Management Complexity	Level 3: Moderate
Schedule	Level 3: Moderate
Technical Difficulty	Level 2: High
Operation and Support	Level 2: High
Commercial	Level 3: Moderate

The ACAT Level assessed for this Phase is ACAT II

## Points of Contact

### Capability Staff:

Deputy Director Long Range  
Communications  
Integrated Capability Development  
(02) 626 56502

### Defence Materiel Organisation:

Director Emerging Project Teams  
Satellites & Tactical Interoperability  
(02) 626 54 155

EXAMPLE ONLY