

Project Data Summary Sheet¹⁶¹

Project Number	SEA3036 Phase 1
Project Name	Pacific Patrol Boat Replacement (PPB-R)
First Year Reported in the MPR	2017-18
Capability Type	Replacement
Capability Manager	Chief of Navy
Government 1st Pass Approval	Apr 16
Government 2nd Pass Approval	Apr 16
Budget at 2nd Pass Approval	\$504.5m
Total Approved Budget (Current)	\$502.3m
2021-22 Budget	\$68.2m
Complexity	ACAT II



Section 1 – Project Summary

1.1 Project Description

SEA3036 Phase 1 – Pacific Patrol Boat Replacement is acquiring 22 vessels to replace the existing 22 Pacific Patrol Boats (PPBs) gifted to 12 Pacific Island Countries between 1987 and 1997 and to provide two boats for Timor-Leste; as part of Australia's Pacific Maritime Security Program (PMSP). The project also includes disposal of the current PPB fleet and minor upgrades to Pacific Island infrastructure to enable safe berthing of the new Guardian Class Patrol Boats (GCPBs).

1.2 Current Status

Cost Performance

In-year

As at 30 June 2022, the project had spent \$61.45m against an in-year budget of \$68.17m. The variance \$6.7m is mainly due to the Prime Contract (Austal) delay in issuing the escalation invoices whilst commercial negotiations are underway and delays in execution of the infrastructure program. This is expected to be recovered in the next Financial Year.

Project Financial Assurance Statement

As at 30 June 2022 the project 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.

Schedule Performance

The project is currently within the delivery phase. To date, fifteen GCPB vessels have been delivered to their respective recipient nations as follows:

- Vessel 1 to Papua New Guinea in November 2018
- Vessel 2 to Tuvalu in April 2019
- Vessel 3 to Tonga in June 2019
- Vessel 4 to Samoa in August 2019
- Vessel 5 to Solomon Islands in November 2019
- Vessel 6 to Fiji in March 2020
- Vessel 7 to Palau in September 2020
- Vessel 8 to Kiribati in June 2021
- Vessel 9 to Tonga in October 2020
- Vessel 10 to Papua New Guinea in March 2021
- Vessel 11 to Solomon Islands in May 2021
- Vessel 12 to Vanuatu in July 2021
- Vessel 13 to Papua New Guinea in October 2021
- Vessel 14 to Federated States of Micronesia in March 2022
- Vessel 15 to Cook Islands in May 2022

In addition, from 01 July 2021 the project has achieved the following Key Milestones on time:

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Forecast dates and Sections: 1.2 (Materiel Capability/Scope Delivery Performance), 1.3 (Major Risks and Issues), 4.1 (Measures of Materiel Capability/Scope Delivery Performance), and 5 (Major Risks and Issues) are excluded from the scope of the ANAO's review of this Project Data Summary Sheet. Information on the scope of the review is provided in the *Independent Assurance Report by the Auditor-General* in **Part 3** of this report.

- Vessel 13 (PNG) Launch milestone achieved in July 2021
 - Vessel 16 (FSM) Keel Laying achieved in September 2021
 - Vessel 14 (FSM) Launch milestone achieved in October 2021
 - Vessel 17 (PNG) Keel Laying achieved in December 2021
 - Vessel 15 (Cook Islands) Launch milestone achieved in January 2022
 - Vessel 18 (Samoa) Keel Laying achieved in March 2022
 - Vessel 16 (FSM) Launch milestone achieved in April 2022
 - Vessel 19 (Fiji) Keel laying milestone achieved in June 2022
 - Vessel 17 (PNG) Launch milestone achieved in June 2022
- Subsequent vessels are to be delivered and gifted at a rate of one every three to four months through to the last vessel delivery scheduled for late 2023.

To date the prime contractor key milestones have been met in alignment with the contract schedule, with the exceptions to this being:

- Delivery of the first vessel was approximately 5 weeks later than contracted as a result of delays in establishing a steel production facility, vessel production activities and the resolution of first of class issues. This delay incurred a corresponding delay to achievement of IMR/IOC which was achieved on 30 November 2018.
- Delivery of Vessel 7 was approximately 4 months later than contracted as a result of international travel restrictions due COVID-19.
- Delivery of Vessel 8 was approximately 10 months later than contracted as a result of international travel restrictions due to COVID-19.
- Delivery of Vessels 10 and 14 were delayed by two weeks due to the crew undertaking quarantine to enter Australia. In both cases the crew was unable to alter their departure date so the arrival in Australia was on schedule and other activities were adjusted by two weeks.
- Delivery of Vessel 15 was delayed by four weeks due to a number of the crew testing positive for COVID-19 during training in Australia.
- Delivery of Vessel 16 is expected to be significantly delayed due to the imperative to rectify an identified latent defect in the engine exhaust silencers that presents a safety hazard to crew. An additional requirement to fit a fixed gas detection system to each boat has been requested by stakeholders to provide added safety assurances of awareness of potentially harmful gases. The time required to make these changes has not yet been determined however and will depend on the root cause and remediation of the engine exhaust silencer defect.

Aspects of the project involving Pacific Island Country Infrastructure upgrades have been completed in PNG (October 2019), however COVID-19 global pandemic international travel restriction has delayed further upgrades in other Pacific Island Countries as Contractors have been unable to mobilise to site to conduct the work. Travel restrictions within the Pacific Island Countries are beginning to ease and work is recommencing.

Disposal of the existing Pacific Patrol Boats is progressing in alignment with project needs.

Material Capability/Scope Delivery Performance

The first fifteen vessels have been delivered to their recipient nations. COVID-19 caused delay to delivery of the vessels to Cook Islands, Federated States of Micronesia, Kiribati, Palau, and Papua New Guinea. However, these delays have been absorbed within the overall project delivery schedule with the project managing the continued risks to the schedule posed by COVID-19 and global freight delays.

The emergence of a latent defect and imperative to increase the performance of safety systems are expected to delay the delivery of boat 16 and are not expected to have significant flow-on effects.

The addition of Boat 22 into the project is expected to delay Final Materiel Release however the delivery date is still being negotiated.

Note

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

1.3 Project Context

Background

SEA3036 Phase 1, Pacific Patrol Boat Replacement Project was initiated in 2014 to replace the 22 Pacific Patrol Boats (PPB) that were gifted to 12 Pacific Island Countries (PIC) between 1987 and 1997 under the auspices of the Pacific Maritime Security Program (PMSP). The project was mandated to deliver a new single class of vessel, built to contemporary regulatory standards of steel hulled construction, able to operate year round and enable basic local maintenance and repair in each nation.

The 12 PPB nations are Cook Islands, Federated States of Micronesia (FSM), Fiji, Kiribati, Palau, Papua New Guinea (PNG), Republic of Marshall Islands (RMI), Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The 13th nation is Timor-Leste which has accepted an offer of two (2) PPB-R vessels by the Australian Government.

The PMSP aims to enhance practical cooperation across the South Pacific and build on the success of the PPB Program by broadening and strengthening the regions' capability to respond to issues such as maritime security, fisheries protection and transnational crime. Along with the PPB-R the PMSP will enhance cooperation through support to regional coordination centres and the provision of integrated aerial surveillance.

A Request for Tender was released in March 2015 for up to 21 PPB-R vessels no longer than 40 metres, built to a Commercial Standard with a steel hull. Similar to the current PPBs, the new vessels were to be easy to operate and maintain. The tender also included a support contract for an initial period of 7 years. The tender closed in June 2015, evaluations were completed in September 2015 with an Offer Definition and Improvement Activity concluded in January 2016. Austal Ships Pty Ltd was the preferred tenderer.

Combined Pass Project Approval was achieved in April 2016. Both the Acquisition and Support Contracts were signed with Austal Ships Pty Ltd in May 2016. The initial Acquisition Contract was for 19 vessels with a costed option for an additional two (2) PPB-R

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<p>vessels, as Timor-Leste had not accepted the offer of two (2) vessels at contract signature. In December 2017, Timor-Leste accepted the offer and the Project Office exercised the costed option, through the execution of a contract change in April 2018.</p> <p>Construction of the first vessel commenced in April 2017 with launch conducted ahead of schedule in May 2018 and Acceptance by the Commonwealth (combined Initial Materiel Release and Initial Operational Capability) in November 2018. Final Materiel Release/Final Operational Capability will be achieved when the last vessel is accepted by the Commonwealth, currently planned for October 2023.</p> <p>Due to a delay in the acceptance and handover of the first boat of approximately five weeks, caused by the establishment of a dedicated steel production facility and resolution of first of Class issues, Liquidated Damages have been accrued. Agreement has also been reached on provision of goods and services in kind to the Commonwealth in alignment with the value of Liquidated Damages accrued.</p> <p>The vessel that was gifted to Samoa in August 2019 ran aground on a reef in August 2021 and its replacement has been approved but the project office is currently in the progress of exercising the costed option through a contract change.</p> <p>In addition, infrastructure upgrades necessary to enable safe and secure berthing of the new vessels are required for all nations receiving the PPB-R vessels. The project is scoped and funded to complete minor infrastructure upgrades to existing infrastructure and major upgrades (inclusive of Timor-Leste upgrades) are to be funded as part of Defence's international engagement through the Defence Cooperation Program (DCP).</p> <p>The first two infrastructure contracts jointly funded (joint scope) by the project and the DCP have been awarded and works are underway. The first contract for delivery of upgrades in PNG, established in September 2018, has now been completed and was opened by the Minister of Defence in October 2019. The second contract for delivery of upgrades in Tuvalu, Tonga, Samoa, Fiji, Kiribati, Cook Islands and Vanuatu was established in February 2019 and is currently underway.</p> <p>The project is only funded and scoped to deliver minor infrastructure upgrades. To standardise infrastructure delivery across the Pacific, it was planned to transfer the responsibility for execution of the infrastructure upgrades from the project to Indo-Pacific Enhanced Engagement (IPACE) Branch within Defence's International Policy Division. This was agreed and officially endorsed in September 2019.</p>
<p>Uniqueness</p> <p>The PPB-R is a vessel being built to commercial standards that will be gifted to 13 nations. The vessel is being built to International Maritime Orders (IMO) requirements, under the Australian Maritime Safety Authority (AMSA) flag. Lloyds Register is the classification society and the vessel will meet class requirements. However, ultimately the PPB-R will not be put into class. The Project's Capability Manager is Chief of Navy with International Policy as the Sponsor of the PPB-R Project and the Pacific Maritime Surveillance Program. Once gifted, each vessel will become a sovereign asset of the recipient nations.</p>
<p>Major Risks and Issues</p> <p>The Project has downgraded an issue related to Pacific nation crews unable to travel to Australia for conversion training and to receive the PPB-R vessel</p> <p>The Project has retained one High risk relating to the COVID-19 pandemic impact with public health and supplier capabilities on project deliverables.</p> <p>A further two High risks have been identified. One relates to the delay of Project Milestones due to the lack of Project and stakeholder personnel. The other relates to Austal failing to meet production targets due to labour shortages, workforce inefficiency, and inability to source contractor labour, or supply chain issues delaying the delivery of critical equipment.</p> <p>The Project has downgraded one High risk to Medium. The risk relates to current PPB movement to Australia for disposal and to provide crews for training. There are now only three PPBs left to bring to Australia for disposal and mechanisms in place to bring the crews to Australia by air so any delays due to the PPB movement to Australia would have a less significant impact.</p>
<p>Other Current Related Projects/Phases</p> <p>N/A</p>
<p>Note</p> <p>Major risks and issues are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>

Section 2 – Financial Performance

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
	Project Budget		
Aug 14	Original Approved	5.7	1
Jan 15	Real Variation – Transfer	1.2	2
May 16	Government Combined Pass Approval	497.6	
	Total at Second Pass Approval	504.5	
Jun 22	Exchange Variation	(2.2)	
Jun 22	Total Budget	502.3	
	Project Expenditure		
Prior to Jul 21	Contract Expenditure - Austal	(223.2)	
	Other Contract Payments/Internal Expenses	(27.5)	3
		(250.7)	
FY to Jun 22	Contract Expenditure - Austal	(58.4)	
	Other Contract Payments/Internal Expenses	(3.1)	4
		(61.5)	
Jun 22	Total Expenditure	(312.2)	

Jun 22	Remaining Budget	190.1	5
Notes			
1	This amount was for Initial Pass Project Approval.		
2	Transfer of funding to Defence Materiel Organisation, now known as Capability Acquisition and Sustainment Group, to support Offer Definition Improvement Activity and Anthropometric Study.		
3	Other contract payments and expenditure comprises of Pre Combined Pass expenditure (\$3.6m) and other project support contracted staff costs (\$15.0m), infrastructure costs (\$8.1m) and other direct project costs (\$0.9m).		
4	Other contract payments and expenditure includes, project support contracted staff costs of (\$3.0m) and other direct project costs of (\$0.0m).		
5	The addition of the 22 nd boat will require the allocation of additional funding which has not yet been confirmed.		

2.2A In-year Budget Estimate Variance

PBS \$m	PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
81.5	68.4	68.2	PBS – PAES: \$13.1m movement is primarily due to the reprogramming of the prime contract escalation (lower than anticipated escalation values applied under the Prime Contract with Austal); delays in execution of the Infrastructure program and anticipated delays to the delivery program as a result of the remediating latent defects. PAES – Final Plan: \$0.2m due to foreign exchange fluctuations.
Variance \$m	(13.1)	(0.2)	Total Variance (\$m): (13.3)
Variance %	(16.1)	(0.3)	Total Variance (%): (16.3)

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		(6.7)	Australian Industry	The underachievement is primarily due to the Prime Contract (Austal) delay in issuing the escalation invoices whilst commercial negotiations are underway and delays in execution of the infrastructure program. This is expected to be recovered next FY.
			Foreign Industry	
			Early Processes	
			Defence Processes	
			Foreign Government Negotiations/Payments	
			Cost Saving	
			Effort in Support of Operations	
			Additional Government Approvals	
68.2	61.5	(6.7)	Total Variance	
		(9.9)	% Variance	

2.3 Details of Project Major Contracts

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature \$m	30 Jun 22 \$m			
Austal Ships Pty Ltd	May 16	321.1	352.5	Fixed	Standard Defence Contract	1

Notes						
1	Contract Value as at 30 June 2022 is based on actual expenditure to 30 June 2022 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).					

Contractor	Quantities as at		Scope	Notes
	Signature	30 Jun 22		
Austal Ships Pty Ltd	19	21	PPB-R vessels, conversion training and associated support system products.	1

Major equipment accepted and quantities to 30 Jun 22				
<ul style="list-style-type: none"> Three Guardian class Patrol Boats gifted to Papua New Guinea. One Guardian class Patrol Boat gifted to Tuvalu. Two Guardian class Patrol Boats gifted to Tonga. One Guardian class Patrol Boat gifted to Samoa. Two Guardian class Patrol Boats gifted to Solomon Islands. One Guardian class patrol Boat gifted to Fiji. One Guardian class Patrol Boat gifted to Palau One Guardian class Patrol Boat gifted to Kiribati. One Guardian Class Patrol Boat gifted to Vanuatu One Guardian Class Patrol Boat gifted to Federated States of Micronesia One Guardian Class Patrol Boat gifted to Cook Islands 				
Notes				
1	Two additional PPB-R vessels were included into the scope of supply in April 2018 following acceptance in December 2017 by the Timor-Leste Government of the offer from the Australian Government to receive two boats. The vessel that was gifted to Samoa in August 2019 ran aground on a reef in August 2021 and its replacement has been approved by the Minister for Defence. The 22 nd boat has not yet been implemented into the project contract.			

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Section 3 – Schedule Performance

3.1 Design Review Progress

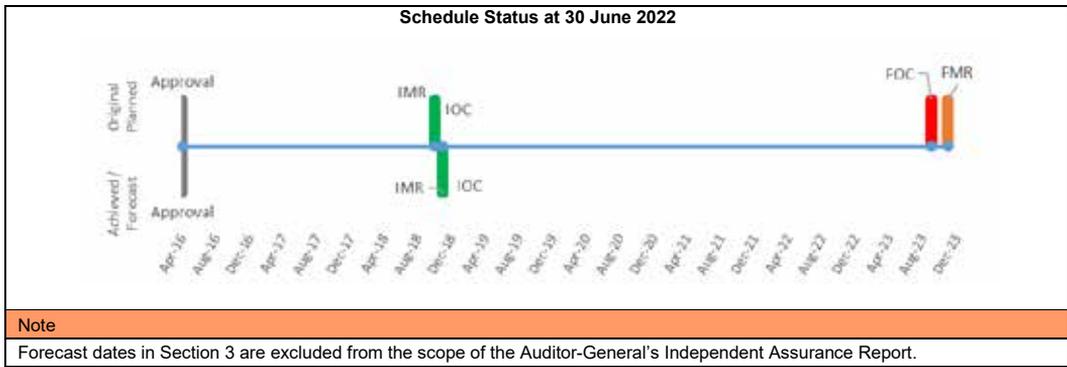
Review	Major System / Platform Variant	Original Planned	Current Contracted	Achieved / Forecast	Variance (Months)	Notes
System Requirement Conduct	Mission System	Aug 16	N/A	Aug 16	0	
	Support System	N/A	Nov 16	Nov 16	0	1
Preliminary Designs Conduct	Mission System	Oct 16	N/A	Oct 16	0	
	Support System	N/A	May 17	May 17	0	1
Detailed Design Conduct	Mission System	Feb 17	N/A	Feb 17	0	
	Support System	N/A	Nov 17	Nov 17	0	1
Notes						
1	A contract change was executed in November 2016 to introduce the conduct of Support System Requirement Review, Support System Preliminary Design Review and Support System Detailed Design Review.					

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System / Platform Variant	Original Planned	Current Contracted	Achieved / Forecast	Variance (Months)	Notes
Harbour Acceptance Trials (HATs) Complete	PPBR Boat 1	Jul 18	N/A	Oct 18	3	1
	PPBR Boat 2-5	Aug 19	N/A	Sep 19	1	
	PPBR Boat 6-9	Aug 20	N/A	Aug 20	0	
	PPBR Boat 10-13	Aug 21	N/A	Aug 21	0	
	PPBR Boat 14-18	Oct 22	N/A	Oct 22	0	
	PPBR Boat 19-21	Jul 23	N/A	Jul 23	0	
Acceptance	PPBR Boat 22	TBA	N/A	TBA	N/A	7
	PPBR Boat 1	Oct18	N/A	Nov 18	1	1,2,3
	PPBR Boat 2-5	Nov 19	N/A	Nov 19	0	3
	PPBR Boat 6-9	Nov 20	N/A	Jun 21	7	4
	PPBR Boat 10-13	Oct 21	N/A	Oct 21	0	3
	PPBR Boat 14-18	Dec 22	N/A	Jun 23	6	5, 6
	PPBR Boat 19-21	Oct 23	N/A	Mar 24	5	5
PPBR Boat 22	TBA	N/A	TBA	N/A	7	
Notes						
1	The variance of three months is primarily due to equipment supply chain delays and first of class issues with set-to-work activities.					
2	Testing of Boat 1 includes operation-like test activities in advance of Acceptance of Boat 1.					
3	Acceptance marks the successful completion of all tests and crew conversion training. The Commonwealth accepts the vessel from the contractor and then gifts the vessel to the receiving nation.					
4	The variance of seven months is due to COVID-19 pandemic travel restrictions restricting the crew for vessel 8 travelling to Australia to undertake conversion training and receive their vessel.					
5	The variance of Boat 16 onwards is presently unknown due to issues relating to a latent defect on the engine exhaust silencer, which is currently being investigated, and a remediation plan being developed however delays are expected to be minor and to be absorbed into the project. The forecast dates for acceptance are working estimates for scheduling purpose only: they are not fully scoped or agreed baselines.					
6	Boat 18 may be the subject of a very short delay up to one month due to: <ul style="list-style-type: none"> a. The welfare of crews is best served by avoiding having them sailing home during Christmas. b. Boat 18 has been reassigned to Samoa as the replacement for Nafanua II but the stakeholders have not yet confirmed the delivery dates. c. A conflict exists in the availability of the training resources d. Austal indicate that there are likely delays to the delivery of critical equipment potentially impacting launch date. 					
7	Boat 22 is still in negotiations and the contract change has not been fully implemented, preliminary indication of delivery however is expected during Q3 2024					

3.3 Progress towards Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Oct 18	Nov 18	1	1,2
Initial Operational Capability (IOC)	Oct 18	Nov 18	1	3
Final Materiel Release (FMR)	Nov 23	TBA	TBA	1,2,5
Final Operational Capability (FOC)	Sep 23	TBA	TBA	3,4,5
Notes				
1	IMR and FMR dates were not scheduled at Combined Pass Government Approval.			
2	IMR and FMR will be achieved at acceptance of boats by the Commonwealth.			
3	IOC and FOC will be achieved at acceptance of the boats into PIC operational service. This is expected to occur simultaneously with IMR and FMR. The variance of one month is a result of delayed commencement of SATS and HATS for the first vessel, leading to a delay to delivery.			
4	The variance of two months is a result of the now contracted delivery dates for the two additional vessels for Timor-Leste.			
5.	The current delays to delivery are not expected to impact downstream however the addition of a 2 nd boat will move FMR and FOC beyond the previously planned dates. The new forecast date will be confirmed when the contract and project have been updated accordingly.			



Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability Delivery Performance	
	Green: 0% 15 of 22 ships have been delivered however they are currently limited in their operations due to latent defects.
	Amber: 95% 15 ships have been delivered and are currently operating in a very limited capacity. 6 additional ships are potentially facing delays due to the imperative to rectify defects and enhance safety. None of this is considered to be a serious threat to the realisation of full capability.
	Red: 0% None of the issues experienced by the project are considered serious threats to the full capability being realised once the project concludes.
	Blue: 5% The additional ship will need to be entered into the project's scope along with some design and build modifications to enhance safety.
Note This Traffic Light Diagram represents Defence's expected capability delivery. Capability assessments and forecast dates are excluded from the scope of the Auditor-General's Independent Assurance Report	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	First vessel and associated support system technical documentation, initial spares and logistics documentation delivered and accepted by the Commonwealth. IMR was achieved 30 November 2018.	Achieved
Initial Operational Capability (IOC)	First vessel accepted into the Pacific Island Country operational service. IOC was achieved 30 November 2018.	Achieved
Final Materiel Release (FMR)	Last Vessel delivered, completed delivery of all remaining Acquisition Project Support deliverables and accepted by the Commonwealth including completion of transition tasks in accordance with the PPB-R Transition Plan. FMR will shortly be reforecast as Boat 22 is incorporated into the project.	Not yet achieved
Final Operational Capability (FOC)	All vessels accepted into their Pacific Island Country operational service. FOC will shortly be reforecast as Boat 22 is incorporated into the project.	Not yet 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
There is a risk that the current PPBs will be either unable to transit to Australia or moved to Australia out of alignment with current planning leading to an impact to the phasing of Disposals costs incurred as part of the overall Project Budget.	Downgraded to Medium risk. The Project has continued monitoring this risk and downgraded the probability to occasional. The impact of an occurrence is also manageable due to the small number of boats remaining. A plan is now in place for movement of vessels unable to transit to the disposal site under own power to avoid the risk of Disposals Contract costs being incurred. PPBSPO will conduct material condition assessments and advise on seaworthiness to sail.
There is a chance that project deliverables will be affected by the COVID-19 pandemic leading to an impact on project scope, schedule and cost.	Remain aware of Government Departments' advice and actions that may impact on project deliverables. Management of the risks is through close communication with shareholders to ensure early identification of any anticipated delays and making arrangements to minimise them.
Emergent Risks (risk not previously identified but has emerged during 2021-22)	
Description	Remedial Action
There is a chance that key Project Milestones delivery will be affected by a lack of availability of suitably qualified, experienced and authorised Project and stakeholder personnel, leading to an impact on cost, schedule and technical performance	Use of APS and contracted workforce mix within Project Office. Engagement of stakeholders (inc FICs) through Integrated Project Team, System Safety Working Group, Vessel Ownership Transfer IPT, Project Steering Group and Transition Working Group.
There is a chance that Ship acceptance will be effected by Austal unable to meet production schedule milestones leading to an impact on cost, schedule, and reputation	Contract controls and statement of work consistent with the Australian Standard for Defence Contracting (ASDEFCON).

5.2 Major Project Issues

Description	Remedial Action
The acceptance of GCPBs has been affected by provision of crews to Austal for conversion training leading to an impact on project milestones.	Downgraded to medium The project is not currently managing an issue of this type and as travel restrictions have continued to relax this has been revised to an assessment of a medium risk of future reoccurrence. Management of the risks is through close communication with stakeholders and monitoring of Government Departments' advice and actions that may impact on travel. Impacts may be minimised by advance understanding of any impacts.
Note	
Major risks and issues in Section 5 are excluded from the scope of the Auditor-General's Independent Assurance Report.	

Section 6 – Lessons Learned

6.1 Key Lessons Learned

Project Lesson	Categories of Systemic Lessons
Allocate schedule allowance to enable ramp-up and learning of Defence requirements for Contractors inexperienced with Defence contracting templates.	Schedule Management
Develop, maintain and leverage positive Contractor relationships.	Contract Management
Use of review teams for assurance on Contract Development when tailoring Defence contracting templates.	Requirements Management
Work with Contractor to ensure the broader implications of key milestone delay and quality issues are understood and encourage early advice on delay.	Schedule Management

Section 7 – Project Line Management

7.1 Project Line Management as at 30 June 2022

Unit	Name
Division	Ships Division
Branch	Ships Acquisition - Specialist Ships Branch

