

## Project Data Summary Sheet<sup>144</sup>

Project Number	SEA1000 Phase 1B
Project Name	FUTURE SUBMARINES DESIGN ACQUISITION
First Year Reported in the MPR	2019 - 20
Capability Type	Replacement
Capability Manager	Chief of Navy
Government 1st Pass Approval	N/A
Key Government pre-Second Pass Approval	Feb 19
Budget at Key Government pre-Second Pass Approval	\$5,952.5m
Total Approved Budget (Current)	\$4,816.2m
2021-22 Budget	\$961.7m
Complexity	ACAT I



### Section 1 – Project Summary

#### 1.1 Project Description

SEA1000 Phase 1B was to deliver a fleet of 12 regionally superior conventionally powered submarines to be known as the Attack Class. The Attack Class fleet was to be built in Australia by an Australian workforce, at a purpose built Submarine Construction Yard, owned by the Commonwealth through Australian Naval Infrastructure and operated by Naval Group. The Future Submarine Program was to provide Australia with an enduring sovereign submarine capability, with the ability to build, operate, and sustain submarines in Australia into the future.

The Government announced on 16 September 2021 that it would not continue with the Attack Class Submarine Program due to changes in Australia's strategic circumstances. As a result, contracts with Naval Group and Lockheed Martin Australia have been terminated for convenience. The Project has completed transition out activities, with limited exceptions, with Lockheed Martin Australia and Naval Group in accordance with relevant contractual obligations and the terms of a settlement agreement with Naval Group.

#### 1.2 Current Status

##### Cost Performance

###### In-year

The in-year variation of \$182.2m is predominately attributed to the cancellation of the Attack Class submarine program and the resulting settlement payment to Naval Group.

###### Project Financial Assurance Statement

Project SEA1000 Phase 1B has transitioned to termination, transition out and project closure activities, following the Government announcement to cancel the Attack Class Submarine Program on 16 September 2021.

Following the cancellation of the Attack Class Submarine Program, and having reviewed Defence's current financial contractual obligations for this 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 the revised objectives.

###### Contingency Statement

The project has not applied contingency in the financial year.

##### Schedule Performance

The Future Submarine Program (FSP) was working towards delivery of the first Attack Class submarine in the early 2030s, subject to future Government approvals beyond the authorised design work associated with Phase 1B of the Program.

In September 2017, the Commonwealth, Naval Group, and Lockheed Martin Australia completed a pre-sizing activity to determine the initial sizing envelope of the Attack class submarine. The pre-sizing activity was followed by a successful Preliminary System Requirements Review, which was completed in October 2017 on schedule and marked the end of Functional Analysis and the first phase of design.

The successful completion of Functional Analysis allowed entry to the phase of design known as Feasibility Studies. System Requirements Review (Feasibility Studies) was completed on schedule on 20 March 2018.

The Concept design process for the Attack Class submarine involved refinement of the design and associated artefacts to maintain alignment with requirements, as requirements transition in parallel from preliminary to final status. It was vital to ensure that the concept design was concluded on a sound basis before the Project committed more resources to the next level of design, avoiding any costly and lengthy re-work in the future that are likely to arise if the concept design is not robust.

#### 144 Notice to reader

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

The Concept Studies Review was not completed as originally planned in September 2018 due to the need to further develop the transverse balances and the Definition Plan for the subsequent design phase. The rescheduled Concept Studies Review was conducted in November 2018, corrective actions were completed by January 2019 and the Concept Studies Review action was satisfactorily completed in February 2019.

Compared to pre-contract estimates for the progression of design, an extended schedule for the design work was implemented at the commencement of the Submarine Design Contract (SDC) – the first program contract that was executed under the Strategic Partnering Agreement. This schedule addressed the need for high-levels of design maturity required by Defence as the design phase of the Program progressed. The extended period planned for the design work did not impact the scheduled delivery date of the first or follow on submarines.

Under the Submarine Design Contract with Naval Group, the Functional Ship Systems Requirements Review was scheduled for 31 October 2019 and experienced a delay of five weeks to conduct the review. Actions from this review were completed across the first half of 2020 and the Functional Ship System Requirements Review was formally closed in August 2020. The delay was assessed as recoverable by the next major milestone review, Functional Ship - System Functional Review (FS-SFR) however some delay in readiness for the FS-SFR was realised. The Commonwealth elected to enter the FS-SFR as planned in January 2021 on the basis that a credible action plan was in place to confirm the design baseline for the Definition design phase. The program formally exited the FS-SFR in September 2021.

Under the Design Build and Integration Contract with Lockheed Martin Australia, the Combat System Preliminary Design Review was held successfully in September 2021 and a letter advising the Contractor of formal Exit was signed in January 2022.

The contracts with Naval Group and Lockheed Martin Australia were terminated for convenience on 16 September 2021, before subsequent design phases for the Functional Ship and Combat System were commenced.

The Project has completed transition out activities, with limited exceptions, with Lockheed Martin Australia and Naval Group in accordance with contractual obligations and the terms of a settlement agreement with Naval Group.

**Material Capability/Scope Delivery Performance**

SEA1000 Phase 1B does not have any material capability delivery approved. The project was approved for:

- a. design including functional analysis, feasibility studies, design definition studies and basic design to enable design and construction of 12 regionally superior Future Submarines; and
- b. design and construction of the Submarine Construction Yard infrastructure and facilities to enable, build integration and testing of platform and combat system elements of the Future Submarine.

Prior to the cancellation of the project, elements of the Attack Class Submarine Program were contributing either directly to or reducing the risk of the Collins Class Life-of-Type Extension (LOTE) project. The Minister for Finance approved the transfer of approved but unspent Future Submarine Program budget to the Collins LOTE project and other broader shipbuilding enterprise activities in February 2022.

**Note**

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

1.3 Project Context

**Background**

The SEA1000 Phase 1B Program was a large and complex program tied into the National Naval Shipbuilding Plan. The Program was in the design stage, and had multiple Government decision-making points.

Initial options for the Future Submarine included a Military Off The Shelf (MOTS) or modified MOTS design, evolved Collins design and a new design. MOTS and modified MOTS options were removed from consideration following Government consideration in April 2013, based on an inability of available designs to meet Australia's essential capability requirements. Following extensive investigation into an evolved Collins design, Government agreed in September 2014 to cease work on progressing this option based on the effort required being equivalent to a new design.

On 26 April 2016, Government announced that Naval Group of France had been selected as the international partner to work with Australia on the design and delivery of the Future Submarines. The Design and Mobilisation Contract was signed with Naval Group on 30 September 2016 formally commencing design of the Future Submarine. The Strategic Partnering Agreement (SPA) was signed on 11 February 2019, an overarching agreement between the Commonwealth and Naval Group under which successive Program Contracts would have been executed to deliver the Future Submarine Program. On 1 March 2019, the first contract under the SPA, the Submarine Design Contract was signed superseding the Design and Mobilisation Contract.

Following a Restricted Tender Process, Lockheed Martin Australia (LMA) was selected as the Future Submarine Combat System Integrator on 30 September 2016. An initial Design Services Contract was signed with Lockheed Martin on 17 November 2016. This contract was superseded by the Design Build and Integration Contract on 12 January 2018, which represented the long-term Combat System Integration contract and included the execution of the initial work scope.

As announced by Government in April 2016, the Future Submarines was to be constructed at a purpose built Submarine Construction Yard (SCY) at the Osborne Precinct in Adelaide. The SCY required new infrastructure and upgrades to existing infrastructure to support the work of Naval Group and LMA. Naval Group was to establish SCY Infrastructure Functional Requirements (IFR) and undertake design assurance activities to ensure the SCY was capable of building, integrating, testing and accepting into service the planned Future Submarine fleet.

The first Attack Class Submarine was scheduled to enter service from the early 2030s and was to be delivered to the Royal Australian Navy to commence initial Operational Test and Evaluation.

The Smart Buyer Process was introduced to Defence during 2016 and became a mandatory requirement for Defence projects during 2017. As this was after the Competitive Evaluation Process, it was not feasible to commence a Smart Buyer process for SEA1000 Phase 1B.

The Australian Government cancelled the Attack Class Submarine Program on 16 September 2021. Future Submarine Program effort has been required since this date to review claims by the prime contractors for work which had been in progress up until termination, conduct negotiations and planning associated with the termination and transition out of contracts, including workforce demobilisation and commencing project closure activities.

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<p><b>Uniqueness</b></p> <p>SEA1000 Phase 1B was to deliver 12 Attack Class submarines to the Royal Australian Navy and was to have been the largest and most complex ship building endeavour undertaken in Australia.</p> <p>As such, the project had unique tripartite governance arrangements to address the highly sensitive nature of the information and technologies procured from the United States of America, France and Australia, in the design of a regionally superior submarine.</p> <p>Another unique element of the Program was its engagement with key suppliers in the design phase. This was required to design a submarine capable of regionally superior performance, simultaneously maximising Australian Industry involvement, and qualifying equipment to function effectively and safely in the undersea environment. This practice was applied to ensure Australia would be able to exercise sovereign control over operations and sustainment of the Future Submarine.</p>
<p><b>Major Risks and Issues</b></p> <p>Up until the termination decision, the project was managing risk at both a Tactical and Strategic level; generally reflected at the Contract and Program levels respectively. Strategic risks identified within Section 5 broadly fall under a number of key areas being:</p> <ul style="list-style-type: none"> <li>• Contractor performance risk;</li> <li>• Resources, Skills and Workforce Management risk;</li> <li>• Risk to the adaption and enhancement of methods, processes, systems and standards;</li> <li>• Australian Industry Capability risk; and</li> <li>• Risk to capability delivery to Navy, cost and schedule.</li> </ul> <p>The Australian Government cancelled the Attack Class submarine program on 16 September 2021, resulting in retirement of the above risks. Issues caused by the cancellation were managed through transition out.</p> <p>The program had also been managing an issue relating to the Commonwealth and Naval Group being unable to agree by 31 January 2021 on the Core Work Scope 2 (CWS2) and Additional Work Scope 1 (AWS1) offers. This issue was closed after the cancellation of the Attack Class submarine program.</p>
<p><b>Other Current Related Projects/Phases</b></p> <p>N/A</p>
<p><b>Note</b></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
<b>Project Budget</b>			
Sept 16	Original Approved (Government Interim Approval)	989.4	1
Oct 17	Real Variation – Transfer	(4.3)	2
Nov 17	Government Interim Approval	1,279.3	3
Sept 18	Real Variation - Transfer	(19.7)	4
Nov 18	Real Variation - Transfer	(7.3)	5
Feb 19	Real Variation - Transfer	(20.0)	5
	Real Variation - Transfer	(7.3)	2
	Government Interim Approval	3,742.4	6
	<b>Total at Key Government pre-Second Pass Approval</b>	<b>5,952.5</b>	
Jun 20	Real Variation - Transfer	(2.4)	2
Sept 20	Real Variation - Transfer	(7.9)	5
Dec 20	Real Variation – Budgetary Adjustment	0.1	7
Jan 21	Real Variation – Transfer	(6.4)	2
Nov 21	Real Variation – Real Cost Decrease	(300.0)	11
	Real Variation – Real Cost Decrease	(641.0)	12
June 22	Real Variation – Real Cost Decrease	(79.5)	13
June 22	Exchange Variation	(99.3)	
	<b>Total Budget</b>	<b>4,816.2</b>	
<b>Project Expenditure</b>			
Prior to Jul 21	Naval Group – Submarine Design Contract	(808.5)	8
	Naval Group – Design and Mobilisation Contract	(369.3)	8
	Lockheed Martin Australia – Combat System Design Build and Integration Contract	(339.5)	8
	ASC Pty Ltd – Secondee Workforce	(45.4)	8
	US Government – Submarine Combat Control System MOU	(11.6)	8
	Other Contract Payments / Internal Expenses	(378.7)	9
		(1,953.0)	
FY to Jun 22	Naval Group – Deed of Settlement	(827.2)	8

	Naval Group – Submarine Design Contract	(208.3)	8
	Lockheed Martin Australia – Combat System Design Build and Integration Contract	(69.5)	8
	US Government – Submarine Combat Control System MOU	(4.6)	8
	ASC Pty Ltd – Seconded Workforce	(4.5)	8
	Other Contract Payments / Internal Expenses	(29.9)	10
Jun 22	<b>Total Expenditure</b>		(1,143.9) <b>(3,096.9)</b>
Jun 22	<b>Remaining Budget</b>		<b>1,719.3</b>
<b>Notes</b>			
1	Government approval for the design and mobilisation phase for Naval Group and Lockheed Martin Australia, and work to be undertaken by Defence including establishment of the overseas government presence, mobilisation of the program office and initial development of facilities needed for the Program.		
2	Transfer to the CIOG component of SEA1000 Phase 1B for the Defence Secret Environment - International. The total value of the planned transfers relating to Note 2 is \$20.4m.		
3	Government approval for design of the combat system by Lockheed Martin Australia, activity to develop the concept design for the Future Submarine Construction Yard and Infrastructure business case, and program office costs.		
4	Transfer to the CIOG component of SEA1000 Phase 1B for Information Communication Technology Infrastructure Project requirements and Defence Secret Environment - International.		
5	Public Debt Interest on the equity provided to Australian Naval Infrastructure for the Submarine Construction Yard. The total value of the planned transfers relating to Note 5 is \$35.2m.		
6	Government approval for further design work by Naval Group and program office costs, and Portfolio Additional Estimates Statements 2018-19 budget measures.		
7	Budgetary adjustment due to out-turning.		
8	The scope of this contract is explained further in Section 2.3 – Details of Project Major Contracts.		
9	Other expenditure for the period to 30 June 2021 comprises payments for Contractor/Consultant Support (\$167.3m), Collins Class Life of Type Extension Activities (\$32.2m), Lockheed Martin Australia Combat System Integrator Initial Services Contract (\$29.5m), Facilities and Security arrangements in Cherbourg (\$22.1m), US Government (\$19.9m), Legal Services (\$18.4m), Naval Group Design Services Contract (\$10.2m), Office Fitout (\$1.6m) and other expenditure not attributable to the listed contracts (\$77.5m).		
10	Other expenditure for the period 1 July 2021 to 30 June 2022 comprises payments for Contractor/Consultant Support (\$17.3m), Legal Services (\$3.2m), Payments to DGA (\$2.5m), US Government (\$2.2m), Facilities and Security arrangements in Cherbourg (\$1.6m), Combat System Novated Contracts (\$1.2m) and other expenditure not attributable to the listed contracts (\$1.9m).		
11	Government decision to transfer funding to the Nuclear-Powered Submarine Taskforce.		
12	Government decision to transfer funding for the Sovereign Shipbuilding Talent Pool.		
13	Government decision (2 Minister Approval) to transfer to Collins Sustainment and Acquisition.		

2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
981.8	980.6	961.7	PBS to PAES: The variation includes transfer of funds to Nuclear-Powered Submarine Taskforce and for costs arising from the Sovereign Shipbuilding Talent Pool, as well as expected costs associated with transitioning out of contractual arrangements.  PAES to Estimate Final Plan: The variation relates to an update of budget exchange rates from 2021-22 MYEFO to 2022-23 PBS. Additionally the transfer of funds to Collins LOTE and sustainment.
Variance \$m	(1.2)	(18.9)	Total Variance (\$m): (20.1)
Variance %	(0.1)	(1.9)	Total Variance (%): (2.0)

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		83.2	Australian Industry	The variation is predominately attributed to the cancellation of the Attack Class submarine program and the resulting settlement payment to Naval Group.
		96.0	Foreign Industry	
		0.0	Early Processes	
		3.6	Defence Processes	
		(0.6)	Foreign Government Negotiations/Payments	
		0.0	Cost Saving	
		0.0	Effort in Support of Operations	
		0.0	Additional Government Approvals	
961.7	1143.9	182.2	<b>Total Variance</b>	
		18.9	<b>% Variance</b>	

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### 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			
Naval Group – Design & Mobilisation Contract	07 Oct 16	60.9	369.3	Cost Ceiling (capped)	Standard Defence Contract	1
ASC Pty Ltd – Secondee Workforce	08 Mar 17	22.1	54.3	Cost Ceiling (capped)	Standing Offer	2,5
Lockheed Martin Australia – Combat System Design Build and Integration Contract	12 Jan 18	607.2	827.7	Cost Ceiling (capped)	Standard Defence Contract	3,5
Naval Group – Submarine Design Contract	01 Mar 19	589.7	1,043.1	Cost Ceiling (capped)	Standard Defence Contract	4,5
US Government	05 Jul 19	224.8	90.5	Reimbursement	MOU	5,7
Naval Group – Deed of Settlement	07 Jun 22	825.8	827.2	Fixed	Deed of Settlement and Release	6
<b>Notes</b>						
1	Increase in contract value reflects inclusion of staged concept-design work scopes, offset by reduction in contract value is associated with the termination of the contract in September 2021. The value of this contract is based on actual expenditure and there is no commitment remaining against this contract.					
2	Increase in contract value reflects requirement for technical and engineering expertise, offset by reduction in contract value is associated with the contract termination for convenience with Naval Group and Lockheed Martin Australia.					
3	Increase in contract value reflects the inclusion of costs for subsystems withheld at signature due to pricing uncertainty. The value of this contract is planned to reduce after 30 June 2022, associated with the termination for convenience.					
4	Increase in contract value reflects the inclusion of staged work scopes plus procurement of equipment, offset by reduction in contract value is associated with the termination of the contract in September 2021.					
5	Contract value as at 30 June 2022 is based on actual expenditure to 30 June 2022 and remaining commitment at current exchange rates. This includes adjustments for indexation (where applicable).					
6	Deed of Settlement value as at 30 June 2022 is based on actual expenditure.					
7	The value of this contract has decreased, associated with the termination for convenience and it is planned that the contract will further decrease after 30 June 2022.					
Contractor	Contracted Quantities as at		Scope	Notes		
	Signature	30 Jun 22				
Naval Group – Design & Mobilisation Contract	Nil	Nil	Progress the concept design for the future submarine in parallel to negotiation of the Strategic Partnering Agreement. Contract has been terminated for convenience.			
ASC Pty Ltd	Nil	Nil	Specialist engineering and technical services. This contract has expired as at 30 June 2022.			
Lockheed Martin Australia – Combat System Design Build and Integration Contract	Nil	Nil	Design and risk reduction work, selection of all sub-system suppliers, and delivery of a detailed design for the Combat System. Contract has been terminated for convenience.			
Naval Group – Submarine Design Contract	Nil	Nil	Progress submarine concept design through definition phase to basic design. Contract has been terminated for convenience.			
US Government	Nil	Nil	Cooperative development, production, and support of the submarine combat control system.			
Naval Group – Deed of Settlement	Nil	Nil	The Deed of Settlement is an agreement between the Commonwealth and Naval Group that discharges and releases both the Commonwealth and Naval Group from any obligations and claims in relation to the termination for convenience.			
<b>Major equipment accepted and quantities to 30 Jun 22</b>						
N/A						

### Section 3 – Schedule Performance

#### 3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/Forecast	Variance (Months)	Notes
System Requirements	Preliminary System Requirements Review (PSRR)	Oct 17	N/A	Oct 17	0	
	System Requirements Review (Feasibility Studies)	Mar 18	N/A	Mar 18	0	
	Combat System System Requirements Review	Nov 18	N/A	Sep 18	(2)	
	Concept Studies Review (CSR)	Sep 18	N/A	Feb 19	5	1
	Functional Ship Systems Requirements Review - Definition Phase	Oct 19	N/A	Aug 20	10	2
	Functional Ship Systems Functional Review	Jan 21	N/A	Sept 21	8	3,4

Preliminary Design	Combat System Preliminary Design Review	Dec 19	Oct 21	Jan 22	25	5,6
Critical Design	Combat System Critical Design Review	Mar 22	N/A	N/A	N/A	5,6
<b>Notes</b>						
1	Additional work was required to further develop the transverse balances and the Definition Plan for the subsequent design phase before entering the Concept Studies Review that was held in November 2018. The Commonwealth also required that a Tripartite Planning Conference be convened to successfully exit the Concept Studies Review and support orderly commencement of the Definition design work. The Conference was held in January 2019. The Commonwealth was satisfied with this outcome and the Concept Studies Review was effectively considered complete. Minor administrative actions followed and a letter advising the Contractor of formal exit was signed in February 2019.					
2	The Functional Ship Systems Requirements Review was held in December 2019. A series of actions were identified during the review to finalise the initial Functional Baseline, as well as traceability between the Technical Requirements Specifications and the Functional Performance Specification. These actions were progressively closed and formal exit from the review was confirmed in August 2020 on the basis that all actions were completed or agreed plans were in place to address the remaining outstanding actions.					
3	The Functional Ship – System Functional Review (FS-SFR) was held in January 2021. A series of actions across 3 key areas were agreed in signed meeting minutes. A resourced FS-SFR Exit plan was prepared by the Contractor and a letter advising the Contractor of formal Exit was signed in September 2021.					
4	Compared to pre-contract estimates for the progression of design, an extended schedule for the design work was implemented under the Submarine Design Contract – the first program contract that was executed under the Strategic Partnering Agreement. This schedule addressed the need for high-levels of design maturity required by Defence as the design phase of the Program progresses.					
5	Adoption by Naval Group of the standard IEEE 15288.2 Technical Reviews and Audits on Defence Programs during 2018/2019 had improved alignment in design maturity points between Naval Group and Lockheed Martin Australia. Adoption of this standard resulted in amendments to nomenclature, content and timing for some design reviews. Notably, the Functional Ship Systems Functional Review was introduced and both the Preliminary and Critical Design Reviews were re-defined in terms of content and timing.					
6	The Combat Systems Design, Build and Integration Contract with Lockheed Martin Australia was terminated for convenience by letter on 16 September 2021. The letter advised that all Approved Work Scope Statements will also terminate at that date. Accordingly the Current Contract Date, Forecast Date and Variance have been removed for the Combat Systems Critical Design Review milestone. This milestone was previously reported with a Contract Date and Forecast Date of June 2023, showing a Variance from the Original Contract Date of 15 Months. The Current Contract and Forecast Dates of June 2023 remained unchanged immediately prior to Program cessation. The Combat Systems Preliminary Design Review had been successfully conducted earlier in September 2021 and a letter advising the Contractor of formal Exit was signed in January 2022, for the purposes of orderly closure.					

**3.2 Contractor Test and Evaluation Progress**

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/Forecast	Variance (Months)	Notes
System Integration	N/A	N/A	N/A	N/A	N/A	1
Acceptance	N/A	N/A	N/A	N/A	N/A	1
<b>Notes</b>						
1	SEA1000 Phase 1B had approval to conduct basic design of 12 regionally superior Future Submarines and design and construction of the Submarine Construction Yard infrastructure and facilities to enable, build integration and testing of platform and combat system elements of the Future Submarine. The above milestones were expected to be defined by Government in subsequent approvals.  The Australian Government cancelled the Attack Class submarine program on 16 September 2021, with no further T&E development required.					

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

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	N/A	N/A	N/A	1
Initial Operational Capability (IOC)	N/A	N/A	N/A	1
Final Materiel Release (FMR)	N/A	N/A	N/A	1
Final Operational Capability (FOC)	N/A	N/A	N/A	1
<b>Notes</b>				
1	SEA1000 Phase 1B had approval to conduct basic design of 12 regionally superior Future Submarines and design and construction of the Submarine Construction Yard infrastructure and facilities to enable, build integration and testing of platform and combat system elements of the Future Submarine. The above milestones were expected to be defined by Government in subsequent approvals. The Australian Government cancelled the Attack Class submarine program on 16 September 2021.			
<b>Schedule Status at 30 June 2022</b>				
<b>Not Applicable</b>				

<b>Note</b>
Forecast dates in Section 3 are excluded from the scope of the Auditor-General's Independent Assurance Report.

## Section 4 – Materiel Capability/Scope Delivery Performance

### 4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
<b>Not Applicable</b>	<p><b>Green:</b> The contracts with Naval Group and Lockheed Martin Australia were terminated for convenience on 16 September 2021, before subsequent design phases for the Functional Ship and Combat System were commenced. The Project has completed transition out activities, with limited exceptions, with Lockheed Martin Australia and Naval Group in accordance with relevant contractual obligations, and the terms of a settlement agreement reached with Naval Group.</p>
	<p><b>Amber: N/A</b></p>
	<p><b>Red:</b> The Australian Government cancelled the Attack Class Submarine Program on 16 September 2021.</p> <p>SEA1000 Phase 1B was approved for:</p> <ul style="list-style-type: none"> <li>- design including functional analysis, feasibility studies, design definition studies and basic design to enable design and construction of 12 regionally superior Future Submarines; and</li> <li>- design and construction of the Submarine Construction Yard infrastructure and facilities to enable, build integration and testing of platform and combat system elements of the Future Submarine.</li> </ul> <p>Capability requirements were continuing to be refined and assessed against the approved scope, cost and schedule. SEA1000 Phase 1B was expected to return to Government in FY 21/22 to seek progressive approval of scope and funding as the Program moves through the design and build phase.</p> <p>The first Attack Class Submarine (HMAS Attack) was scheduled to enter service from the early 2030s.</p>
<p><b>Note</b></p> <p>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.</p>	

### 4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	Note 1	N/A
Initial Operational Capability (IOC)	Note 1	N/A
Final Materiel Release (FMR)	Note 1	N/A
Final Operational Capability (FOC)	Note 1	N/A
<p><b>Note</b></p> <p>SEA1000 Phase 1B had approval to conduct basic design of 12 regionally superior Future Submarines and design and construction of the Submarine Construction Yard infrastructure and facilities to enable, build integration and testing of platform and combat system elements of the Future Submarine. The above milestones were expected to be defined by Government in subsequent approvals. The Australian Government cancelled the Attack Class Submarine Program on 16 September 2021, with no capability to be delivered.</p>		

## 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 our Program Partners will not adequately address issues and challenges (including technical risks) that arise during the course of the Program.	This risk has been retired as a result of the cancellation of the Program on 16 September 2021.
There is a risk that Program Participants are unable to staff the Program with the right number of suitably qualified and experienced personnel, build skills to prepare for construction and execute the Program effectively and with increasing productivity over time.	This risk has been retired as a result of the cancellation of the Program on 16 September 2021.
There is a risk to the implementation of best-practice industry methods, processes systems and standards (including those related to program planning and control) to promote effectiveness and efficiencies.	This risk has been retired as a result of the cancellation of the Program on 16 September 2021.
There is a risk that our Program Partners fail to maximise Australian Industry involvement through all phases of the Program without unduly compromising capability, cost or schedule.	This risk has been retired as a result of the cancellation of the Program on 16 September 2021.

There is a risk to the FSP Strategic Objectives for the achievement of a regionally superior Attack Class submarine capability that provides the Commonwealth with enduring sovereign control over the operation and sustainment of Australia's Future Submarine capability; on cost and on schedule.	This risk has been retired as a result of the cancellation of the Program on 16 September 2021
Emergent Risks (risk not previously identified but has emerged during 2021–22)	
Description	Remedial Action
	N/A

#### 5.2 Major Project Issues

Description	Remedial Action
There is an issue that the Commonwealth and Naval Group were unable to agree the fundamental Assumptions/requirements and/or the Not to Exceed (NTE) Price for the Core Work Scope 2 (CWS2) and Additional Work Scope 1 (AWS1) offers by 31 January 2021.	This issue was closed after the Australian Government cancelled the Attack Class submarine program on 16 September 2021.
The Australian Government cancelled the Attack Class submarine program on 16 September 2021., with no capability to be delivered.	The Project has completed transition out activities, with limited exceptions, with Lockheed Martin Australia and Naval Group in accordance with relevant contractual obligations and the terms of a settlement agreement reached with Naval Group.

Note
Major risks and issues in Section 5 are excluded from the scope of the Auditor-General's Independent Assurance Report.

### Section 6 – Lessons Learned

#### 6.1 Key Lessons Learned

Description	Categories of Systemic Lessons
Careful selection of Acquisition Contractors with relevant experience and knowledge, underpinned by strong commercial arrangements, is essential to protect the Commonwealth's interests	Contract Management
The Program must be an informed customer, closely monitoring Contractor progress with strong and pro-active management.	Contract Management
Research into program failures and lessons learned from submarine design by allied nations ensured SEA1000 Phase 1B was aware of the necessity of having a set of good requirements to achieve success in design and development.	Requirements Management
Following the decision to cancel the program, SEA1000 found it necessary to promptly engage staff as part of a broad lessons observed process, before they commenced departing the program	Governance

### Section 7 – Project Structure

#### 7.1 Project Structure as at 30 June 2022

Unit	Name
Division	Submarines
Branch	Future Submarine Project

### Project Data Summary Sheets

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