Project Data Summary Sheet[1]

Project Number	**SEA1180 Phase 1**
Project Name	**OFFSHORE PATROL VESSEL**
First Year Reported in the MPR	2018-19
Capability Type	Replacement
Capability Manager	Chief of Navy
Government 1st Pass Approval	Apr 16
Government 2nd Pass Approval	Nov 17
Budget at 2nd Pass Approval	$3,639.1m
Total Approved Budget (Current)	$3,664.1m
2022–23 Budget	$344.1m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

Project SEA1180 Phase 1 Offshore Patrol Vessel (OPV) will acquire 12 new vessels based on an existing design, to replace and improve upon the capability delivered by the 13 Armidale Class Patrol Boats (ACPB). The primary role of the SEA1180 Phase 1 OPV will be maritime patrol and response operations in support of the National Civil Surveillance Program in order to contribute to protecting Australia's territory, territorial seas, and Economic Exclusion Zone (Constabulary Tasks). In addition to the 12 OPV, the project will acquire sea boats for the vessels, through a separate contract. These consist of two Rigid Hull Inflatable Boats and one Rapid Intercept Craft for each OPV to facilitate boarding operations.

1.2 Current Status

Cost Performance

In-year

The project achieved $291.7m spend out of $344.1m budget. The End of Financial Year (EOFY) variance is mainly due to sparing and support system activities now being funded by the Offshore Patrol Vessel Systems Program Office (SPO) ($28.0m), lower than anticipated spend for Boomeranger Boats Oy ($8.0m) and slower than anticipated increase in the project office contracts ($7.0m).

Project Financial Assurance Statement

As at 30 June 2023, project SEA1180 Phase 1 has undertaken a review of the approved scope and budget for those elements required to be delivered by Defence. As at the reporting date, and with regards to the current financial and contractual obligations of Defence for this project, current known risks and estimated future expenditure, Defence considers as at the reporting date, there is sufficient budget with contingency remaining for the project to complete against the agreed scope.

Contingency Statement

The project has not applied contingency in the Financial Year (FY) 2022-23.

Schedule Performance

The project achieved Second Pass Government approval on 24 November 2017 and contract signature with Luerssen Australia Pty Ltd was signed on schedule on 31 January 2018. An intensive design review program has been conducted and the project commenced construction of the first OPV in South Australia in November 2018, on schedule. A Whole of Ship Design Review was added to the program and conducted in late October 2019. The Support System Detailed Design Review was delayed to September 2021 to allow a Logistic Support Analysis program to be established effectively in November 2020.

The construction of the first OPV commenced on schedule in November 2018 in South Australia at which time the ships were announced as the Arafura Class. The contracted keel laying milestone for OPV 1 (Arafura) was achieved in February 2019 with the keel laying ceremony occurring on 10 May 2019. Production of the second OPV (Eyre) commenced in June 2019, two months ahead of schedule. The keel laying for OPV 2 (Eyre) occurred on 9 April 2020. OPV 3 (Pilbara) commenced construction in Western Australia, ahead of schedule on 27 March 2020. OPV 4 (Gippsland) also commenced construction on schedule on 4 January 2021, with the keel laying ceremony held on 30 July 2021. OPV 5 (Illawarra) commenced construction on schedule on 1 November 2021 and OPV 6 (Carpentaria) commenced construction on 1 August 2022. Nuship Arafura was launched on 16 December 2021. The keel laying milestone for OPV 5 (Illawarra) was achieved on 22 March 2022.

Delivery of NUSHIP Arafura by Luerssen Australia Pty Ltd will be further delayed from the last Major Projects Report (MPR) forecast date of June 2022. Luerssen Australia Pty Ltd has not been able to resolve the causes of schedule delays. In 2022, Defence identified that changes were required to improve the structural fire protection of the ship and other safety design changes, prior to conducting sea acceptance trials. The project and Luerssen Australia Pty Ltd are working together to identify opportunities to still deliver the entire 12 OPV and achieve Final Operational Capability (FOC) on schedule. The project is also working collaboratively with Navy to reduce the impact of delayed ship delivery to Initial Operational Capability (IOC). The project is on

Notice to reader

1. 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.

track to achieve the Final Materiel Release (FMR) milestone.

Materiel Capability/Scope Delivery Performance

In June 2021, due to delays in delivery as a result of COVID-19 and technical certification concerns by Navy, Luerssen Australia Pty Ltd was directed to terminate the main gun contract with Leonardo Australia Pty Ltd and investigate an interim gun solution. The interim main gun for the Arafura OPV will be the existing Navy 25mm Typhoon Mod 0 from ACPB until a replacement gun is identified, which will account for a revised threat assessment and a requirement for commonality.

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 SEA1180 Phase 1 OPV Project w acquire 12 OPV to replace the existing ACPB. In August 2015, the Government announced that SEA1180 Phase 1 would become part of the continuous naval shipbuilding program and brought forward the construction of the OPV by two years to enable the start of the naval shipbuilding program by 2018.

In September 2015, the Government approved funding for the commencement of the Competitive Evaluation Process (CEP) for SEA1180 Phase 1. Interim Pass Project Approval was provided by Government in November 2015 and First Pass Approval was provided in April 2016. The Government also announced at First Pass that OPV designs from B.V. Scheepswerf Damen Gorinchem (Netherlands), Fr. Fassmer GmbH & Co. KG (Germany) and Luerssen Australia Pty Ltd (Germany) had been shortlisted for the Risk Reduction Design Study.

A Request for Tender was released in November 2016. Government announced Luerssen Australia Pty Ltd as the preferred tenderer on 24 November 2017. The Government also announced that the capabilities of Austal Ships Pty Ltd and Civmec Construction and Engineering Pty Ltd would be used to build 10 OPV subject to the conclusion of commercial negotiations between Luerssen Australia Pty Ltd and Austal Ships Pty Ltd.

The contract for the construction of 12 OPV was signed with Luerssen Australia Pty Ltd on 31 January 2018. Luerssen Australia Pty Ltd nominated Civmec Construction and Engineering Pty Ltd to construct the remaining 10 OPV and contracted Civmec Construction and Engineering Pty Ltd initially to acquire and prepare the steel and pipe for all 12 OPV from Australian sources (where available). Luerssen Australia Pty Ltd also established contracts with L3 Communications Australia Pty Ltd as a systems integrator and Saab Australia Pty Ltd for a Situational Awareness System. The Commonwealth elected to purchase the Rigid Hull Inflatable Boats and Rapid Intercept Crafts based on Luerssen Australia Pty Ltd's OPV design from Boomeranger Boats Oy.

The project did not undergo a Smart Buyer activity due to it already having had a similar risk review as part of an Independent Assurance Review.

Uniqueness

The Arafura OPV design is based on an existing design in service with the Royal Brunei Navy (Darussalam Class). Originally, only minimal changes were necessary to meet Australian Legislative and Regulatory requirements and specific Australian Defence Force communications and situational awareness needs, the inclusion of a bow thruster and an additional reverse osmosis plant.

Major Risks and Issues

The project is currently managing the following major risks:

- The delivery of OPV 1 (Arafura) and OPV 2 (Eyre) and OPV 3 (Pilbara) be impacted by the delay in the schedule, production and access to building facilities.
- The schedule, capability, Initial Materiel Release (IMR) and Initial Operating Release (IOR) be impacted by the delivery of the priority support products and safety case.

The project is currently managing the following emergent risks:

- OPV 1 (Arafura) sea trials and IOR be impacted by Structural Fire Integrity design safety.
- Ship acceptance of OPV 1 be impacted by the availability of the configuration baseline in Navy Logistics Information System.
- Production of the OPV 3 to OPV 12 be impacted by inadequate access to ship building facilities.
- Production of OPV 2 be impacted by schedule delays and cost.
- OPV 1 (Arafura) delivery be impacted by lack of approved test plans, test procedures and test reports.

Other Current Related Projects/Phases

Related projects include:

- **SEA5000 – Future Frigate (Hunter Class Frigates).** Nine Hunter Class frigates will be based on BAE Systems' Type 26 Global Combat Ship design, modified to meet Australian requirements, and will be built in Osborne, South Australia as part of the Continuous Naval Shipbuilding Program.
- **N2263 – Infrastructure Project for Arafura Class OPV.** The project will provide berthing, training, maintenance, logistics, and support facilities at His Majesty's Australian Ship (HMAS) *Stirling*, HMAS *Coonawarra*, and HMAS *Cairns* to support the introduction into service of 12 new OPV being delivered by Luerssen Australia Pty Ltd.

Note

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

Section 2 – Financial Performance[2]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Sep 15	Original Approved	10.0		1
Nov 15	Interim Pass Approval	1.5		2
Apr 16	Government First Pass Approval	45.9		3
Nov 17	Government Second Pass Approval	3,581.7		4
	Total at Second Pass Approval		**3,639.1**	
	Exchange Variation		25.0	
	Total Budget		**3,664.1**	
	Project Expenditure			
Prior to Jul 22	Contract Expenditure – Luerssen Australia Pty Ltd	(838.1)		5
	Contract Expenditure – Nova Systems Australia Pty Ltd	(47.7)		
	Contract Expenditure – Boomeranger Boats Oy	(9.7)		
	Other Contract Payments / Internal Expenses	(149.4)		6
			(1,044.9)	
FY to Jun 23	Contract Expenditure – Luerssen Australia Pty Ltd	(226.5)		
	Contract Expenditure – Nova Systems Australia Pty Ltd	(9.6)		
	Contract Expenditure – Boomeranger Boats Oy	(5.5)		
	Other Contract Payments / Internal Expenses	(50.0)		7
			(291.7)	
Jun 23	**Total Expenditure**		**(1,336.5)**	
Jun 23	**Remaining Budget**		**2,327.6**	

Notes	
1	Funding in support of bringing the SEA1180 Phase 1 project forward by two years and establishing a continuous onshore build.
2	Funding for the conduct of the initial phase of the CEP.
3	Continuation/Completion of CEP which included Project Support, a Risk Reduction Design Study and Schedule Protection Activities.
4	This approval included $103.7 million to support the transition from ACPB to the new SEA1180 Arafura Class Offshore Patrol Vessels, including support for the life of type extension and lease extension of two Cape Class Patrol Boats.
5	Prime Contract with Luerssen Australia Pty Ltd. The scope of this contract is explained further in Section 2.3 – Details of Project Major Contracts.
6	Other expenditure prior to July 2022 comprises $44.8m for Project Office, $35.5m for Gate 1 activities, $29.7m of Government Furnished Equipment, $25.6m for OPV Transition and $13.8m for other contract payments/internal expenses.
7	Other Contract Payments/Internal expenditure in FY 2022-23 comprises $23.4m for OPV Transition, $12.7m of Government Furnished Equipment, $11.9m for Project Office and $2.1m other contract payments/internal expenses.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	Estimate Final Plan $m	Explanation of Material Movements
364.4	514.6	344.1	Portfolio Budget Statement (PBS) to Portfolio Additional Estimates Statement (PAES): Increase was to account for expected delivery of Support System and OPV 1 and Launch of OPV 2. Followed by a re-phasing at PBS December 2022 moving Support System Delivery from April 2023 to October 2023. PAES to Final Plan: Variance is due to ships construction delay relating to OPV 1 and OPV 2 acceptance and delay in delivery of Support System.
Variance $m	150.3	(170.6)	Total Variance ($m): (20.3)
Variance %	41.2	(33.1)	Total Variance (%): (5.6)

Notice to reader

2. As per the JCPAA 2022-23 MPR Guidelines, financial figures in the PDSS have been rounded to one decimal point. Section 2 financial tables may include totals and percentages that are impacted due to the rounding of the original financial data.

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan $m	Actual $m	Variance $m	Variance Factor	Explanation
		(11.2)	Australian Industry	The EOFY variance of $52.4m is mainly due to sparing and support system activities now being funded by the Offshore Patrol Vessel SPO ($28.0m), lower than anticipated spend for Boomeranger Boats Oy ($8.0m) and slower than anticipated increase in the project office contracts ($7.0m).
		-	Foreign Industry	
		-	Early Processes	
		(40.0)	Defence Processes	
		(0.2)	Foreign Government Negotiations/Payments	
		(0.9)	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
344.1	291.7	**(52.4)**	**Total Variance**	
		(15.2)	**% Variance**	

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 23 $m			
Nova Systems Australia Pty Ltd	Jun 16	12.6	62.0	Firm or Fixed	Standard Defence Contract	1, 4
Luerssen Australia Pty Ltd	Jan 18	1,988.0	2,642.0	Fixed with forecast Escalation	Standard Defence Contract (Complex)	1, 2, 3
Boomeranger Boats Oy	Oct 19	42.2	54.8	Fixed with forecast Escalation	Modified Standard Defence Contract	1, 2

Notes	
1	Contract value as at 30 June 2023 is based on actual expenditure to 30 June 2023 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable). Amounts expensed convert using the spot rate of the day therefore due to calculation method 30 June 2023 value will reflect a variance to prior reporting period.
2	The price is the value in out-turned dollars (as at 30 June 2023) using Commonwealth cumulative escalation indices. While price escalation models are built into the contract, the price at signature does not include an estimate across the forward commitment (expected expenditure). The price at 30 June 2023 includes this estimate, which is the reason for the large difference between the two figures.
3	The increase in price from the prior year was due to changes to commercial arrangements and additional requirements for Navy.
4	The increase in value of the Nova Systems Australia Pty Ltd contract was attributed to the additional resources required. These included: Integrated Logistics Support Management; Data and configuration Management; System and Software Engineering-Safety Management; Specialist Engineering-Maritime Systems.

2.3B Details of Project Major Contracts – Contracted Quantities and Scope

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 23		
Nova Systems Australia Pty Ltd	N/A	N/A	Support to the Offshore Patrol Vessels Project	-
Luerssen Australia Pty Ltd	12	12	12 Offshore Patrol Vessels	-
Boomeranger Boats Oy	41	41	27 Rigid Hull Inflatable Boats and 14 Rapid Intercept Craft	-

Major equipment accepted and quantities to 30 Jun 23
Ship Set 1 Seaboats three delivered on 26 August 2021 from Boomeranger Boats Oy.

2.4 Australian Industry Capability

Summary
The project has contracted Australian Industry Capability (AIC) targets based on opportunities to maximise internationally competitive Australian industry involvement that is captured in Luerssen Australia Pty Ltd's AIC Plan in support of Shipbuilding and Integrated Logistic Support activities. The project has no contracted AIC target or AIC Plan for Boomeranger Boats Oy as boats are procured direct from an overseas manufacturer. The project has no contracted AIC target or AIC Plan for Nova Systems Australia Pty Ltd as the value at the time of signing was below the $20.0m threshold for an AIC Plan and was for the provision of 'above the line' Australian workforce resources.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website. Australian Industry Capability is excluded from the scope of the Auditor-General's Independent Assurance Report.

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	Platform System – Stream A	Jun 18	N/A	Jun 18	0	-
Preliminary Design		Aug 18	N/A	Aug 18	0	-
Detailed Design		Oct 18	Nov 18	Nov 18	1	1
System Requirements	Platform System – Stream B	Jun 18	N/A	Jun 18	0	-
Preliminary Design		Nov 18	Dec 18	Dec 18	1	1
Detailed Design		Feb 19	N/A	May 19	3	1
System Requirements	Command and Control System	Jun 18	N/A	Jun 18	0	-
Preliminary Design		Dec 18	Nov 18	Nov 18	(1)	-
Detailed Design		Mar 19	N/A	Mar 19	0	-
System Requirements	Communication and Navigation System	Jun 18	N/A	Jun 18	0	-
Preliminary Design		Jan 19	N/A	Nov 18	(2)	1
Detailed Design		Apr 19	N/A	May 19	1	-
Preliminary Design	Support System	Nov 18	N/A	Jun 19	7	1, 2
Detailed Design		Jun 19	Mar 20	Sep 21	27	1, 2, 3
Detailed Design Review	Whole of Ship	Oct 19	N/A	Oct 19	0	2

Notes	
1	Variance was agreed by the parties at Contract Change Proposal (CCP) 001 and incorporated under Contract Amendment 3.
2	CCP007 proposed to delay the Support System Detailed Design by 12 months and reduce the Support System Detailed Design milestone review value commensurate with the other detailed design milestone values in order to create new milestones for a whole of ship Detailed Design, Integrated Baseline Review (IBR) with ASC Shipbuilding Australia Pty Ltd, and an IBR with Luerssen Australia Pty Ltd. The whole of ship Detailed Design will be a complete assessment of the detailed design including antenna arrays. The IBR milestones are proposed to finalise Luerssen Australia Pty Ltd's establishment of the Earned Value Management System (EVMS).
3	The Support System Design Review was delayed to allow a Logistic Support Analysis program to be established effectively and occurred in November 2020. Outstanding actions were identified and was exited in September 2021.

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
Acceptance	OPV 1 (Arafura)	Dec 21	Jun 22	Nov 23	23	1, 4
Acceptance	OPV 2 (Eyre)	Sep 22	Mar 23	Jul 24	22	1, 4
Acceptance	OPV 3 (Pilbara)	May 23	Jun 24	Jul 24	14	2, 3, 4
Acceptance	OPV 4 (Gippsland)	Feb 24	Nov 24	Jan 25	11	2, 3, 4
Acceptance	OPV 5 (Illawarra)	Nov 24	N/A	Nov 24	0	3
Acceptance	OPV 6 (Carpentaria)	Jul 25	N/A	Aug 25	1	3
Acceptance	OPV 7	Apr 26	N/A	Apr 26	0	3
Acceptance	OPV 8	Jan 27	N/A	Jan 27	0	3
Acceptance	OPV 9	Oct 27	N/A	Oct 27	0	3
Acceptance	OPV 10	Jun 28	N/A	Jun 28	0	3
Acceptance	OPV 11	Mar 29	N/A	Mar 29	0	3
Acceptance	OPV 12	Dec 29	N/A	Dec 29	0	3

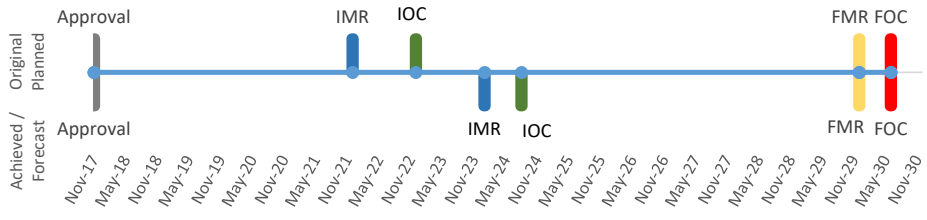
Notes	
1	The COVID-19 pandemic has impacted multiple aspects relating to construction and in particular, activities at Osborne Shipyard in South Australia from March to October 2020. COVID-19 has continued to have an adverse and significant effect on production and ship building operations supply chain disruptions, resource limitations and hard boarder closures between Western Australia and South Australia.
2	Commercial issues between Luerssen Australia Pty Ltd and Civmec Construction and Engineering Pty Ltd also resulted in additional schedule delays to delivery of the OPV 3 and OPV 4 being constructed in Henderson, Western Australia. These issues stemmed from the competition for skilled workers between the mining and manufacturing industries within Western Australia and COVID-19 border closures impacting the fly-in/fly-out workforce. This generated increasing competition for skilled workers significantly affecting local shipbuilders and introducing production delays to OPV 3 and OPV 4.
3	An IBR was unable to be held in November 2022 due to the restructure of contracting arrangements between Luerssen Australia Pty Ltd and Civmec Construction and Engineering Pty Ltd in Hendersen. This resulted in Luerssen Australia Pty Ltd needing to adapt their German based production system for Henderson which is a major component of the EVMS.
4	Changes to OPV 1 and OPV 2 delivery dates were made via CCP in August 2021, changes to OPV 3 and OPV 4 were made via CCP in September 2022. The IBR for OPV 3 to OPV 12 is currently forecast to be conducted in April 2024. OPV 6 Schedule health check caused a minor delay in delivery date.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Dec 21	Jan 24	25	1, 2
Initial Operational Capability (IOC)	Dec 22	Aug 24	20	2, 3
Final Materiel Release (FMR)	Dec 29	Dec 29	0	-
Final Operational Capability (FOC)	Jun 30	Jun 30	0	-

Notes	
1	The COVID-19 pandemic has impacted multiple aspects relating to construction and in particular, activities at Osborne Shipyard in South Australia from March to October 2020. Additional delays have been created by Structural Fire Protection changes to the ship.
2	COVID-19 had an enduring adverse effect on production and ship building operations, supply chain disruptions, resource limitations and hard border closures between Western Australia and South Australia.
3	IOC activities are controlled by Navy and directly linked to the delivery of OPV 1 (Arafura). It's anticipated that IOC will occur approximately 37 weeks after acceptance.
4	Further clarification of milestones will be reflected in Section 4.2.

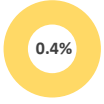
Schedule Status at 30 June 2023



Note
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	
	**Green:** The project is on track to deliver 12 OPV. Whilst COVID-19 has impacted production of the OPV the full impacts will not be known until completion of the IBR of OPV 3 to OPV 12.
	**Amber:** The OPV weapon systems include the main gun and two 0.5 inch calibre machine guns with the seaboats used for Constabulary Operations. The interim main gun for the Arafura OPV will be the existing Navy 25mm Typhoon Mod 0 from ACPB until a replacement gun is identified.

	**Red:** N/A

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)	OPV 1 was delivered ready for Operational Test and Evaluation (OT&E). Those Capability Acquisition and Sustainment Group (CASG) Fundamental Inputs to Capability (FIC) elements including transition into sustainment as defined by the OPV Support System sufficient to support OT&E. IMR is planned for January 2024.	Not yet Achieved
Initial Operational Capability (IOC)	IOC is achieved when Navy can be assured that the first OPV can demonstrate that it can be operated and maintained to conduct effective and sustained operations. IOC is planned for August 2024.	Not yet Achieved
Final Materiel Release (FMR)	OPV 1 to OPV 12 delivered in accordance with Government Approved scope. OPV 12 delivered ready for OT&E. Those CASG FIC elements including transition into sustainment as defined by the OPV Support System sufficient to support OT&E for each OPV. FMR is expected to be achieved December 2029.	Not yet Achieved
Final Operational Capability (FOC)	OPV 1 to OPV 12 complete in accordance with Functional Performance Specification and Operating and Support Intent. OPV 12 delivered and OT&E completed. All Facilities accepted. All support organisations functioning. FOC is expected June 2030.	Not yet Achieved

Section 5 – Major Risks and Issues

5.1 Major Project Risks

Identified Risks (risk identified by standard project risk management processes)		
Ref#	Description	Remedial Action
1	There is a risk to schedule that OPV 1 (Arafura), OPV 2 (Eyre) and OPV 3 (Pilbara) will not be delivered on contracted dates, due to combination of production delays, unavailability of workforce, insufficient access to ship building facilities and delays to completion of test and evaluation activities.	Progress against the build schedule is closely monitored by the project office and Luerssen Australia Pty Ltd, to ensure Luerssen Australia Pty Ltd achieve delivery of OPV 1 (Arafura) in order to allow Navy to meet IOC and to allow Navy to meet Materiel Release for OPV 3 (Pilbara). Luerssen Australia Pty Ltd continues its efforts in recruiting workforce to achieve production demand and anticipates to improve the project's access to the workforce in Western Australia.
2	There is a risk to achieving capability and schedule considering that priority support products may be partially delivered at IMR and Safety Case is not accepted by Navy at IOR.	Progress against Safety Case development and support product delivery for OPV 1 (Arafura) is closely monitored by the project office with Integrated Logistics Support function actively seeking opportunities to support Luerssen Australia Pty Ltd in meeting deliverables. The project office is seeking additional fidelity in progress reports and forecasts for delivery of the Safety Case to reduce uncertainty in meeting this delivery timeline.
Emergent Risks (risk not previously identified but has emerged during 2022–23)		
Ref#	Description	Remedial Action
1	There is a risk that Arafura Class OPV seaworthiness outcomes are not met and is unable to progress to Sea Trials and subsequently IOR due to Structural Fire Integrity and Design Safety issues detailed by the OPV Rapid Review Team.	The technical solution for the Structural Fire Protection Engineering Change Proposal's (ECPs) are currently being agreed, with the aim to reach design solutions that reduce the risk So Far As Reasonably Practicable of not meeting structural fire integrity and design safety obligations. A joint working group between Luerssen Australia Pty Ltd, Project, Sponsor and Navy Engineering's Subject Matter Expert has been stood up to co-develop and accelerate approval of ECPs addressing identified Structural Fire Protection challenges.

2	The delivery of the integrated logistics system configuration data packs will not be delivered by the commencement of Ship Acceptance resulting in a delayed establishment of the Configuration Baseline in Navy Logistics Information Systems.	The cyber attack on the Luerssen Australia Pty Ltd Document Management System has exacerbated the corrective actions being managed. Luerssen Australia Pty Ltd and the project team are working together on the configuration management plan and to ensure the baseline documentation and management systems are delivered.
3	There is a risk that inadequate access to ship building facilities in Henderson, Western Australia inhibits OPV 3 to OPV 12 production progress. Luerssen Australia Pty Ltd is responsible for finding appropriate facilities in Western Australia but the Commonwealth is still directly impacted.	There are discussions between Civmec Construction and Engineering Pty Ltd and Luerssen Australia Pty Ltd to facilitate access for Luerssen Australia Pty Ltd to the northern bay of the main production shed and also access to the paint shed. Luerssen Australia Pty Ltd is in discussion with the Western Australia government to make more bays available for OPV use.
4	There is a risk that OPV 2 delivery will be impacted by production delays leading to an impact on schedule Materiel Release 2, cost and capability.	Project team and Luerssen Australia Pty Ltd to focus on maintaining production quality and improving schedules and scheduling. Luerrsen Australia Pty Ltd working with partners.
5	There is a risk that the OPV Arafura's IMR will be delayed due to a lack of approved Test Plans, Test Procedures and completed Test Reports leading to an impact on the schedule.	Project streamlined the process for reviewing test procedures submitted by Luerssen Australia Pty Ltd by use of workshops, to reduce the timeframe to approval. At present all essential test procedures have been reviewed and approved, to allow testing to commence and complete.

5.2 Major Project Issues

Ref#	Description	Remedial Action
1	Nil	N/A

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
In line with Defence instruction and CASG Lesson policy, the project conducts scheduled reviews of its captured lessons information (including any observations, insights and/or lessons identified) as well as lessons information contained within the Defence Lessons Repository. The project has captured 15 lessons related to Engineering & Technical, Program-Project & Product Management, Material Logistics, Corporate Performance and Commercial Management. Three project lessons are provided below (note this does not include all project lessons):	The project has not categorized any of its lessons information as a whole-of-Defence Lesson Learned.
Lesson Type – Lessons identified. The shortcomings in Common Systems / Government Furnished Materiel (GFM) Sub-System System Item Owner Schedules directly affected project engagement and support during acquisition. This issue has since provided as feedback to the Head of Governance within the GFM Sub-Systems area.	Governance
Lesson Type – Lessons identified. There are several different risk management systems used to capture risks, issues and opportunities related to the project. The project is assessing different ways of displaying the risks to engage with senior executives and improving communication on risk between project and stakeholders.	Governance
Lesson Type – Lessons identified. Some systems can only be GFM (radar, weapons, crypto) etc., but many systems can and should be sourced commercially by the prime contractor.	Contract Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2023

Unit	Name
Division	Patrol Boats and Specialist Ships
Branch	Offshore Patrol Vessels Branch