Project Data Summary Sheet[1]

Project Number	**SEA1439 Phase 5B2**
Project Name	**COLLINS CLASS COMMUNICATIONS AND ELECTRONIC WARFARE IMPROVEMENT PROGRAM**
First Year Reported in the MPR	2018-19
Capability Type	Upgrade
Capability Manager	Chief of Navy
Government 1st Pass Approval	Oct 06
Government 2nd Pass Approval	Stage 1 – Jun 15 Stage 2 – Mar 17
Budget at 2nd Pass Approval	$599.2m
Total Approved Budget (Current)	$614.2m
2022–23 Budget	$32.0m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

SEA1439 Phase 5B2 is a multiple Second Pass project that is delivering a Modernised Submarine Communications System (MSMCS) and upgraded Electronic Support measures on the Collins Class Submarines (CCSM). These enhancements will be broadly delivered in two stages;

MSMCS Stage 1 replaces obsolete Communications Centre (COMCEN) equipment on-board six CCSM. MSMCS Stage 1 upgrade is providing the submarines with improved performance, reliability and interoperability with other components of the Australian Defence Force and allied nations.

MSMCS Stage 2 is delivering urgent communications systems upgrades including satellite communications that will deliver a submarine internet protocol capability with supporting applications that will significantly reduce operator workloads and improve system management.

Funded under Stage 1, but as a standalone capability, Microwave Electronic Support (MWES) system will enable submarines to improve their ability to detect, identify, and localise intercepted signals. This is being installed independently and in parallel with Stage 1 and Stage 2.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2023, Financial Year (FY) 2022-23 expenditure is $21.5m against FY 2022-23 budget of $32.0m. The variance is predominantly due to delays experienced at Sea Acceptance Trials that have affected supplier milestone claims and lower than forecast payments for Foreign Military Sales (FMS) case.

Project Financial Assurance Statement

As at 30 June 2023, project SEA1439 Phase 5B2 has reviewed the projects approved scope and budget for those elements required to be delivered by Defence. Having reviewed the current financial 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 remaining for the project to complete against the agreed scope.

Contingency Statement

The project has not applied contingency in the FY 2022-23.

Schedule Performance

SEA1439 Phase 5B2 Stage 1 achieved Initial Materiel Release (IMR) on one platform on 26 November 2019.

SEA1439 Phase 5B2 MWES system experienced significant schedule delays from Government Second Pass Approval due to difficulties engaging with subcontractors in the early phases of the project. Contractors have now been engaged and progressing to project implementation on platforms in accordance with the schedule re-baselined at Government Second Pass Approval for MSMCS Stage 2.

Restricted movements of contractor staff across state borders due to COVID-19 delayed IMR of MSMCS Stage 2 and MWES. MSMCS Stage 2 IMR was achieved 20 October 2021. MWES IMR was further delayed as a result of COVID-19 travel restrictions affecting staff contractor movements and the completion of installation and set-to-work. Other areas of priority work conducted on the platform impacted by delays; completing equipment installation for the support facility in the Submarine Training and Systems

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.

Centre (STSC) and follow on delays in obtaining objective quality evidence. MWES IMR was achieved 2 November 2022. Initial Operational Capability (IOC) for MSMCS Stage 1 & Stage 2 and MWES has been further impacted by delays associated with cyber security accreditation and end-to-end sustainment requirements.

Materiel Capability/Scope Delivery Performance

The project has completed implementation of:

- MSMCS Stage 1 on six platforms which are now in service.
- MSMCS Stage 1 and 2 training system at the Integrated Test and Training Site (ITTS) and are in use for training.
- MSMCS Stage 2 on three platforms, which are now in service.
- MWES on five platforms which are now in service.
- MWES training system at the STSC.
- MSMCS Stage 2 and MWES are currently being installed on one platform and Stage 2 is being installed on one platform.

Note

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

1.3 Project Context

Background

In December 2004, Defence initiated investigations into CCSM potential capability enhancements and obsolescence issues regarding equipment with the Collins Class COMCEN.

Government in November 2013 agreed to the SEA1439 Phase 5B scope that would address the identified enhancement and obsolescence issues under two stages;

Stage 1 relates to the MSMCS that updated the obsolete COMCEN equipment on-board the Collins Class with a military off-the-shelf solution. Stage 1 received Second Pass Approval in June 2015 and is being implemented across all six platforms and at the ITTS.

Stage 2 relates to the delivery of MSMCS capability enhancements including the introduction of satellite communications that provides improved data transmission/receive rates in a tactical environment and enhances networks and associated Information and Communication Technologies infrastructure. Stage 2 received Government Gate Two Approval (previously 'Second Pass') in March 2017. Stage 2 includes the following capability enhancements across all six platforms and at the ITTS:

- Wideband Satellite Communications (WBS) System;
- Classified Local Area Networks (LANs) to distribute information outside the COMCEN, referred to as the Submarine Local Area Network Environment (SUBLANE);
- Network infrastructure to allow multiple classified LANs to access the same internet protocol-enabled radio frequency bearer system; and,
- Tools and applications that effectively and efficiently manage the information flows between the shore communication centre's and the submarines, referred to as; Submarine Communication Information Exchange Management.

The MWES system will detect, identify, and localise intercepted signals. The MWES capability enhancement will maximise commonality between the CCSM and the wider Royal Australian Navy fleet. Funded under Stage 1, but as a standalone capability, MWES is being installed independently, in parallel with Stage 1 and 2, in a flexible manner, achieving installation on the best-suited boat at the time of materiel availability.

Uniqueness

SEA1439 Phase 5B2 Stage 1 addresses the obsolescence issues of the legacy maritime communications capability of the CCSM, and enhances the electronic support based on modernised architectures and standardised systems. The new and upgraded capability will enable new levels of operability and interoperability never before seen on CCSM.

For implementation of Stage 2, the majority of supplies being Government Furnished Materiel (GFM). The project has engaged Raytheon Australia as Prime System Integrator (PSI) to implement MSMCS Stage 2. The Submarine LAN and the Submarine Communication Information Exchange Management elements of Stage 2 are being supplied by the Defence Chief Information Officer Group with the funding for the development and delivery of these systems handed directly to Defence upon Government Second Pass Approval for Stage 2.

The other major component of Stage 2 is the WBS component which is supplied under a United States (US) Government FMS case.

Major Risks and Issues

The project is currently managing a number of risks including:

- Considering establishing long-term sustainment contract will take longer than anticipated, this may impact system accreditation of Information Screening and Delivery System (ISDS) at Submarine COMCEN – East. Delayed security accreditation may also impact IOC award.
- There is a risk the project team will not be able to complete and deliver essential project tasks on time because of high staff vacancy rate and recruitment timeline is impacting engaging suitably qualified persons.
- Implementation of ISDS at Submarine COMCEN is delayed because of stakeholder's decision to build a new system associated with ISDS rather than using existing version.
- There is a risk of delay with delivery of FMS equipment from the US.

The project is currently managing a number of issues including:

- ISDS at Submarine COMCEN is delayed because of stakeholder's decision to build a new system associated with ISDS rather than using existing version.
- Operators experiencing issues with WBS system.

Other Current Related Projects/Phases

Navy Minor Project (NMP) 1941. NMP 1941 was initiated to deliver an ISDS and a military message system across a number of CCSM. The ISDS has now been integrated into the SEA1439 Phase 5B2 project and has been implemented on two platforms and a shore system. NMP 1941 has reached FOC and is now due for closure.

SEA1442 Phase 6 – Protected Satellite Communications. SEA1442 Phase 6 provides WBS Ground and Space segment, as well as planning and land based infrastructure required to operate the system. The submarine fitted segment of this capability is provided by SEA1439 Phase 5B2 Stage 2.

SEA1439 Phase 5B2 is also related but not dependent on other projects within the SEA1439 program.

SEA2273 – Fleet Information Environment Modernisation is responsible to modernise the extant fleet information environment.

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			
Oct 06	Original Approved (Government First Approval)	4.1		1
Apr 10	Real Variation – Scope	1.4		1
Sep 12	Real Variation – Scope	1.6		1
Feb 15	Government First Pass Approval – Stage 1	36.7		2
Jun 15	Government Second Pass Approval – Stage 1	203.9		3
Mar 17	Government Second Pass Approval – Stage 2	351.4		4
	Total at Second Pass Approval		**599.2**	
Jan 20	Real Variation – Budgetary Adjustment	2.5		5
Jul 10	Price Indexation		0.4	6
Jun 23	Exchange Variation		12.2	
	Total Budget		**614.2**	
	Project Expenditure			
Prior to Jul 22	Contract Expenditure – Raytheon Australia	(177.5)		7
	Contract Expenditure – FMS Case (AT-P-LFQ)	(78.8)		
	Contract Expenditure – ASC Pty Ltd	(61.5)		
	Contract Expenditure – Jenkins Engineering Defence	(45.6)		
	Other Contract Payments / Internal Expenses	(19.2)		8
			(382.6)	
FY to Jun 23	Contract Expenditure – ASC Pty Ltd	(10.0)		
	Contract Expenditure – Raytheon Australia	(4.1)		
	Contract Expenditure – Jenkins Engineering Defence	(3.1)		
	Contract Expenditure – FMS Case (AT-P-LFQ)	(3.0)		9
	Other Contract Payments / Internal Expenses	(1.2)		8
			(21.5)	
Jun 23	**Total Expenditure**		**(404.1)**	
Jun 23	**Remaining Budget**		**210.1**	

Notes	
1	Original approved funding was for development of the Function and Performance Specifications (FPS) for the future implementation of SEA1439 Phase 5B2 to provide high data rate communications fit for CCSM.
2	Government approved SEA1439 Phase 5B2 Stage 1 funding for risk reduction funding for the development of the design of 5B2.
3	Government approved SEA1439 Phase 5B2 MSMCS Stage 1 to provide a solution to address COMCEN obsolescence issues.
4	Government approved SEA1439 Phase 5B2-A MSMCS Stage 2 for WBS and SUBLANE implementation. There was no Government First Pass Approval for Stage 2 as this is a capability enhancement of Stage 1.
5	In January 2020, a budget adjustment was applied ($2.5m) as a correction to project financial reporting. The project's total approved budget has remained the same as approved by Government.

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.

6	Up until July 2010, indexation was applied to project budgets on a periodic basis. The cumulative impact of this approach was $0.4m.
7	The scope of this contract is explained further in Section 2.3 – Details of Project Major Contracts.
8	Other Contract Payments/Internal Expenses: Operating expenditure, minor contract expenditure and other capital expenditure not attributable to the listed contracts.
9	US Government supply (FMS Case) for WBS.

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	Estimate Final Plan $m	Explanation of Material Movements
26.9	43.1	32.0	Portfolio Budget Statement (PBS) to Portfolio Additional Estimate Statement (PAES): Due to increase in project management cost and capability assurance budget. PAES to Final Plan: Variance is predominantly due to the reprogramming of payment for long lead items.
Variance $m	16.1	(11.1)	Total Variance ($m): 5.0
Variance %	60.0	(25.8)	Total Variance (%): 18.7

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan $m	Actual $m	Variance $m	Variance Factor	Explanation
		(9.3)	Australian Industry	The variance is predominantly due to delays experienced at Sea Acceptance Trials that have affected supplier milestone claims and lower than forecast payments for FMS case.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		(1.2)	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
32.0	21.5	**(10.5)**	**Total Variance**	
		(32.8)	**% 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			
ASC Pty Ltd	July 12	N/A	91.9	Variable	Standard Defence Contract	1, 6
Raytheon Australia	Feb 15	32.9	191.9	Firm or Fixed	Standard Defence Contract	2, 3, 6
Jenkin Engineering Defence	Jul 16	10.4	49.9	Firm or Fixed	Standard Defence Contract	4, 5, 6, 7
US Government – FMS Case (AT-P-LFQ)	Jun 17	98.0	112.3	Reimbursement (for FMS)	FMS	6

Notes	
1	ASC Pty Ltd engagement related to SEA1439 Phase 5B2 is not a single contract. ASC Pty Ltd is engaged under a number of separate Survey and Quote (S&Q) tasks under the provisions of the In-Service Support Contract (ISSC) CSP/2012/1. At contract signature, no S&Q tasks had been raised for SEA1439 Phase 5B2.
2	Raytheon Australia received $32.9m in interim funding by the Commonwealth of Australia (CoA) to achieve Detail Design Review (DDR) prior to full contract award in March 2016 when the CoA issued a Notice to Proceed post Government Second Pass Approval for Stage 1.
3	The Raytheon Australia PSI contract has been amended on multiple occasions. The major contract changes are Contract Change Proposal (CCP) 006 for early implementation of Stage 1 on one platform, and CCP008 for the introduction of Stage 2 work scope.
4	CCP001 was negotiated with a revised scope for the MWES element of the project.
5	CCP002 was approved for remediation works at the ITTS and option to procure two additional systems.
6	Contract value as at 30 June 2023 is based on actual expenditure to 30 June 2023 and remaining commitment at current exchange rates.
7	CCP003 was approved to re-baseline milestones affected because of COVID-19 consequences. There is no change to the contract price.

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 23		
Raytheon Australia	7	7	Deliveries consist of six Stage 1 & 2 platform fits, and one Stage 1 & 2 Training System fitted at the ITTS.	-

ASC Pty Ltd	6	6	Deliveries consist of platform integration on six CCSM of Stage 1 & 2 and MWES.	-
Jenkins Engineering Defence Pty Ltd	5	7	Deliveries consist of six MWES platform fits, and one MWES fitted at the ITTS.	-
US Government – Foreign Military Sales (AT-P-LFQ)	7	7	Deliveries consist of six WBS platform fits, and one WBS training system fitted at the ITTS.	-

Major equipment accepted and quantities to 30 Jun 23

Stage 1 systems have been implemented on six platforms which are now in operational service. Stage 1 & 2 training system have been implemented at the ITTS and are in use for training. Stage 2 has been implemented on three platforms that are now in service. MWES has been implemented on five platforms and are now in service. MWES training system has been implemented at the STSC.

Notes

N/A

2.4 Australian Industry Capability

Summary

The project has contracted Australian Industry Capability (AIC) targets based opportunities where appropriate, to identify Local Industry Capability which is captured in Raytheon Australia Pty Ltd and Jenkins Engineering Defence Pty Ltd's AIC Plans in support of their design, manufacturing, delivery and installation activities for various systems on six CCSM.

The project has no contracted AIC targets for ASC Pty Ltd. The project's contract with ASC Pty Ltd is under a number of separate S&Q tasks under the provisions of an ISSC. AIC targets are not applicable to the project's S&Q tasks.

The project has no contracted AIC targets for US Government, because the FMS is a government-to-government agreement and therefore contains different obligations on partner nations in terms of developing industry capability and compliance with domestic policy. As such compliance with the domestic Industry Policy and the AIC Program is not mandated.

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	Stage 1	Jul 15	N/A	Jul 15	0	-
	MWES	Nov 16	Sep 18	Oct 18	23	1
	Stage 2	Sep 17	Oct 17	Oct 17	1	2
Preliminary Design	Stage 1	Nov 15	N/A	Nov 15	0	-
	MWES	Jan 17	Jan 19	Feb 19	25	1
	Stage 2	Jan 18	Feb 18	Jul 18	6	2
Critical Design	Stage 1	Mar 16	Apr 16	Apr 16	1	2
	MWES	Apr 17	Mar 19	Sep 19	29	1
	Stage 2	May 18	Jun 18	May 18	0	-

Notes

1	MWES FPS had taken longer than expected to finalise. DDR completed 8 May 2019. DDR acceptance signed on 19 September 2019.
2	Variance is due to delays in processing and acceptance of documentation delivered by the contractor.

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	MSMCS Stage 1	May 17	Jun 17	Jul 17	2	1, 4
	MWES	May 18	Nov 19	Mar 20	22	2
	MSMCS Stage 2	Jun 19	Jul 19	Jul 19	1	1, 6, 8
Acceptance	MSMCS Stage 1	Jun 24	Apr 18	Jan 18	(77)	7
	MWES	Jul 19	N/A	Aug 21	25	2, 5
	MSMCS Stage 2	Jun 20	N/A	Jun 20	0	3, 6, 8

Notes

1	MSMCS Stage 1 & Stage 2 System Integration is based on completion of CAT 3 Testing by the PSI in accordance with completion milestones within the PSI contract and the Test and Evaluation Master Plan (TEMP).
2	MWES System Integration is based on First-of-Type (FOT) Set-to-Work. System acceptance is based on completion of successful FOT Harbour Acceptance Trial completion. Original system integration date based on planned FOT installation that was subsequently transferred to a different platform in a later maintenance period.

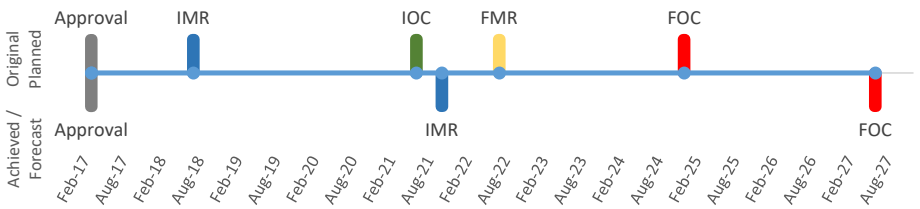
3	MSMCS Stage 1 & Stage 2 acceptance is based on the Commonwealth's acceptance of the completion of CAT 4 testing in accordance with completion milestones within the PSI contract and the TEMP.
4	Variance is due to extended duration for processing and acceptance of documentation delivered by the contractor.
5	MWES implementation delayed due to immature procurement strategy and FPS. This has now been resolved with implementation completed in FOT platform. Commonwealth's acceptance is at completion of CAT 4 testing. Completion of CAT4 testing and Harbour Acceptance Trial on FOT platform delayed due to COVID-19 related travel and working condition restrictions. Additional delay to CAT 4 testing due to COVID-19 travel restrictions between states and unavailability of platform resulting in deferral of CAT 4 testing.
6	Implementation schedule understanding has matured since the Materiel Acquisition Agreement (MAA) was originally developed.
7	System acceptance achieved six months early due to the acceleration of the MSMCS Stage 1 installation with platform 2 installation brought forward 77 months from a Full Cycle Docking to an earlier Mid Cycle Docking.
8	Systems Operation and Verification Testing (SOVT) of WBS system under Stage 2 completion is acceptance of supplies from the US Government under the FMS case. SOVT transitions supplies from US Government to the Capability, Acquisition and Sustainment Group (CASG). CASG transition the WBS to the submarine sustainment organisation. SOVT of WBS system is not a precondition to Stage 2 acceptance.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR) Stage 1	Jul 18	Nov 19	16	1, 2
IMR MWES	Feb 18	Oct 22	56	1, 3, 6, 8
IMR Stage 2	Dec 20	Oct 21	10	1, 4, 5, 8
Initial Operational Capability (IOC) Stage 1, 2 & MWES	Jun 21	Delayed from Dec 22	Not for Publication (NFP)	1, 4 , 7, 10
Final Materiel Release (FMR) Stage 1	Jul 22	Delayed from Oct 22	NFP	1 ,4, 8, 11
FMR MWES	Jun 19	Sep 26	87	1, 3, 8, 9
FMR Stage 2	Jul 22	Sep 26	50	1, 4, 8
Final Operational Capability (FOC) Stage 1, 2 & MWES	Dec 24	Jun 27	30	1, 4

Notes	
1	Original Planned dates for Stage 1 and MWES are in accordance with revision 2 of the MAA. Original planned dates for Stage 2 are in accordance with revision 4 of the MAA.
2	Stage 1 IMR claim agreed 26 November 2019. Variance due to delay in obtaining all objective quality evidence to support IMR claim.
3	MSMCS MWES implementation delayed due to immature procurement strategy and FPS. This has now been resolved with implementation completed in FOT platform, but has had consequential impact to the MWES implementation plan, IMR and FMR.
4	Original IOC, FMR and FOC was for MSMCS Stage 1 and MWES. MAA Version 4.0 updated IOC to also include MSMCS Stage 2.
5	IMR Stage 2 variance is due to delay of sea acceptance trial schedule as a result of COVID-19 related travel restrictions and delay in obtaining objective quality evidence to support trials assessment.
6	IMR MWES variance due to installation and set-to-work delay resulting from COVID-19 travel restrictions, installation schedule conflict resulting in contractor resources being allocated to one platform and delay in completing of Support System equipment in the STSC.
7	IOC date amended to reflect delay in achieving MSMCS Stage 2 (see Note 5) and MWES IMR (see Note 6).
8	MAA Version 5.0 updated IMR MWES and IMR Stage 1 and 2.
9	FMR MWES is now aligned with FMR Stage 2.
10	Project has achieved all necessary prerequisites identified in MAA Version 5.0 milestone completion measures of effectiveness criteria. IOC date was revised to address cyber security accreditation and end-to-end sustainment requirements.
11	FMR Stage 1 variance due to delay in maintenance period.

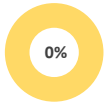
Schedule Status at 30 June 2023



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 currently achieving the Materiel Capability Requirements as expressed in the MAA.
	**Amber:** N/A
	**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)	Modification of one platform and the ITTS with Stage 1 including: • Verification & validation and certification completed in accordance with approved plans; • Training system delivered along with initial crew and trainer training; and, • Spares and support arrangements in place. IMR report endorsed and released for approval by the regulatory authority.	Achieved
Initial Operational Capability (IOC)	Operationally employ MSMCS Stage 1 and Stage 2 and MWES on one platform and associated Fundamental Inputs to Capability such as crew training and Integrated Logistics Support.	Not yet Achieved
Final Materiel Release (FMR)	MSMCS Stage 1, 2 and the MWES elements installed on six platforms and one ITTS. Support arrangements including Materiel Transition Plans, spares, training and other Integrated Logistics Support requirements required to transition the materiel system into operational services and sustainment.	Not yet Achieved
Final Operational Capability (FOC)	Operationally employ MSMCS Stage 1, 2 and MWES in six platforms, the ITTS and associated Fundamental Inputs to Capability such as crew training & Integrated Logistics Support.	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 of delay to introduce capability because of emergent work impacting delivery of GFM to prime systems integrator leading to delay to contracted milestones.	Use contract instrument to vary contracted milestones to align with revised schedule. This risk has been downgraded and will be retired.
Emergent Risks (risk not previously identified but has emerged during 2022–23)		
Ref#	Description	Remedial Action
1	Considering establishing long-term sustainment contract will take longer than anticipated, this may impact system accreditation of ISDS at Submarine COMCEN – East. Delayed security accreditation may also impact IOC award.	Sustainment business unit is implementing an interim sustainment contract while progressing work to establish long-term sustainment contract.
2	There is a risk the project team will not be able to complete and deliver essential project tasks on time because of high staff vacancy rate and recruitment timeline is impacting engaging suitably qualified persons.	Supplement skill shortfalls by employing specialist external service providers and prioritise and complete essential tasks first.

3	There is a risk of delay with delivery of FMS equipment from the US.	Keep stakeholders informed of possible delay and also investigate option of having additional spare items in-country to mitigate future delivery. This risk is now downgraded after delivery of FMS equipment.

5.2 Major Project Issues

Ref#	Description	Remedial Action
1	ISDS at Submarine COMCEN is delayed because of stakeholder's decision to build a new system associated with ISDS rather than using existing version.	Project stakeholders conducted workshop to revise and agree with schedule and scope to consider new build.
2	Operators experiencing issues with WBS system.	Project and sustainment organisation have engaged subject matter experts to identify root cause of defect and remediate as required.

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 Lessons 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 eight lessons related to Contract Management, FOT Equipment, Schedule Management, Governance, and Requirements 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 Lessons Learned.
Lesson Type – Observation. Regular detailed and customised reporting addressed directly to stakeholders ensures that information is received in high visibility projects or fast tracked schedules where there is no float. Stakeholder engagement through regular detailed and customised reporting will ensure stakeholders are engaged supportive and operating in a coordinated manner.	Schedule Management
Lesson Type – Observation. SEA1439 Phase 5B2 Engineering staff have gained considerable knowledge of communication systems on CCSM and believe this is opportune time to share this knowledge with Future Submarine Program. SEA1439 Phase 5B2 has recently shared design/installation knowledge and Foreign Military Sales knowledge with Future Submarine Program.	Requirements Management First of Type Equipment Contract Management
Lesson Type – Observation. Regular and close stakeholder engagement is essential where SEA1439 Phase 5B2 manages budget and reporting requirement to reduce risks of delivering scope under the MAA, but is not the Commonwealth representative of a contract.	Governance

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2023

Unit	Name
Division	Submarines
Branch	Collins Submarine Program