

Project Data Summary Sheet

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)	\$3,707.4m
2024–25 In-year Budget	\$388.5m
Complexity	ACAT II



Section 1 – Project Summary

1.1 Project Description

SEA1180 Phase 1 Offshore Patrol Vessel (OPV) (the Project) was Approved by Government in 2017 to 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 OPV is 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 OPV, the Project will acquire Seaboats 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.

On 20 February 2024, the Government released the Enhanced Lethality Surface Combatant Fleet Independent Analysis, which recommended the reduction of the number of Arafura class OPV from 12 to six. The Government accepted the recommendation.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was \$502.6m spend against FY 2024-25 budget of \$388.5m. The overspend in FY 2024-25 of \$114.1m is driven by payments to resolve commercial issues including verified scope reduction claims, offset by an underspend in production of OPV 1 to 6.

Project Financial Assurance Statement

As at 30 June 2025, SEA1180 Phase 1 has reviewed the Project's approved scope and budget for those elements required to be delivered by Defence. Having reviewed 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 remaining for the Project to complete against the revised scope.

Contingency Statement

The Project has not spent contingency in FY 2024-25.

Schedule Performance

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

The contracted keel laying milestone for OPV 1 (*Arafura*) was achieved in February 2019. Production of OPV 2 (*Eyre*) commenced in June 2019, two months ahead of schedule, with keel laying occurring on 9 April 2020. OPV 3 (*Pilbara*) commenced construction in Western Australia (WA), ahead of schedule on 27 March 2020 and the keel laying milestone for OPV 3 was achieved on 16 June 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, with keel laying on 31 March 2022. OPV 6 (*Carpentaria*) commenced construction on 1 August 2022 with keel laying on 5 December 2022. OPV 1 was launched on 16 December 2021, contractually accepted on 30 January 2025 and commissioned into service on 28 June 2025. OPV 2 was launched on 22 November 2023 and forecast to be accepted no later than October 2025.

There have been delays to construction of all vessels and the Support System, impacting the availability of vessels for constabulary operations requiring Navy to extend the ageing ACPB and other legacy vessels.

On 20 October 2023, Defence announced that the Project was listed as a Project of Concern (POC), mainly due to significant delays in delivery of both the vessels and the associated Support System.

The Final Operational Capability (FOC) date will be re-promulgated following Government's decision to reduce the scope of the Project from 12 vessels to six. The Project is also working with Navy to reduce the impact of delayed ship delivery to Initial Operational Capability (IOC).

Materiel Capability/Scope Delivery Performance
<p>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 was to be the existing Navy 25mm Typhoon Mod 0 from the ACPB until a replacement gun was identified.</p> <p>On 20 February 2024, the Government released the Enhanced Lethality Surface Combatant Fleet Independent Analysis Report and accepted the reduction of the number of OPV from 12 to six. Defence is implementing this decision. Defence issued Luerssen Australia Pty Ltd a Scope Reduction Notice on 5 March 2024. In addition as an outcome of the Independent Analysis, the OPV role was amended to focus on civil maritime security operations and enhanced regional engagement in the Southwest Pacific and Southeast Asia, and as a consequence an alternative main gun option was no longer being pursued. Aligned to this, Navy directed SEA1180 Phase 1 to cease all work on the OPV interim 25mm gun including physical installation on OPV 2 and functional design plans for all OPV and instead focus on delivery of a baseline platform.</p>

1.3 Project Context

Background
<p>The Project was approved by Government in 2017 to acquire 12 OPV to replace the existing ACPB. In August 2015, the Government announced that the Project 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.</p> <p>In September 2015, the Government approved funding for the commencement of the Competitive Evaluation Process (CEP) for the Project. Interim Pass Approval was provided by Government in November 2015 and First Pass Approval was provided in April 2016. The Government also announced at First Pass Approval 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.</p> <p>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 Cvmec 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.</p> <p>The contract for the construction of 12 OPV was signed with Luerssen Australia Pty Ltd on 31 January 2018. Luerssen Australia Pty Ltd nominated Cvmec Construction and Engineering Pty Ltd to construct the remaining 10 OPV and contracted Cvmec 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 Harris Communications Australia Pty Ltd as a systems integrator and Saab Australia Pty Ltd for a Situational Awareness System. The Commonwealth of Australia (CoA) elected to purchase the Rigid Hull Inflatable Boats and Rapid Intercept Crafts (the Seaboats) based on Luerssen Australia Pty Ltd's OPV design from Boomeranger Boats Oy.</p> <p>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.</p> <p>Defence listed the Project as a POC in October 2023 due primarily to the significant delays experienced in the delivery of both the vessels and the associated Support System. The POC process brings senior stakeholders from Government and industry together to set out an agreed pathway to remediate listed projects. Defence and Luerssen Australia Pty Ltd have committed to working collaboratively to resolve the significant challenges experienced with the delivery schedule for the OPV capability, as detailed in the agreed POC Remediation Plan.</p> <p>Defence issued a suspension of payment letter to Luerssen Australia Pty Ltd on 21 March 2024 due to late delivery of the support system for the OPV. This suspension was lifted when the Support System was accepted on 11 December 2024.</p>
Uniqueness
<p>The Arafura class OPV platform design is based on an existing design in service with the Royal Brunei Navy (Darussalam class). Originally, only minimal changes were considered 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. In 2022, Defence identified that changes were required to meet Australian regulatory standards primarily to improve the structural fire protection of the ship and other safety design changes, prior to conducting sea acceptance trials via Australian Maritime Safety Authority accreditation.</p>
Major Risks, Emergent Risks and Issues
<p>The Project is currently managing the following major risks:</p> <ul style="list-style-type: none">• There is a risk that the OPV Support Systems will be delivered later than currently forecast by Luerssen Australia Pty Ltd caused by the need for additional rework to meet the contracted Navy requirements resulting in delays to Acceptance of the Support System and OPV 1 Contract Acceptance.• There is a risk that the current delivery schedule and Project budget may be affected by prolonged resolution of POC remediation, commercial resolution activities, and scope reduction.• This risk rating was reduced to low and it has now been retired. There is a risk that Contract Acceptance for OPV 1 and 2 may be further delayed beyond the current Luerssen Australia Pty Ltd forecast caused by ongoing issues in production and acceptance testing activities resulting in delayed delivery of the capability to Navy.• There is a risk that Contract Acceptance for OPV 3 to 6 will be further delayed beyond the current Naval Construction Branch forecast (in the absence of schedules provided by Luerssen Australia Pty Ltd) caused by ongoing issues in production and acceptance testing activities resulting in delayed delivery of the capability to Navy.

The Project is currently managing the following emergent risks:

- There is a risk that OPV 1 (*Arafura*) Initial Operational Release (IOR) will not be achieved by Quarter 2, 2025 leading to the delayed delivery of capability to Navy.
- There is a risk that OPV 1 will be affected by not achieving Cyber Worthiness Assurance leading to an impact on achieving Fitness for Service and authority to operate.
- There is a risk that the proposed share sale and change of control of Luerssen Australia Pty Ltd by Civmec Construction and Engineering Pty Ltd may result in an inability of Luerssen Australia Pty Ltd to deliver appropriate goods and services due to information access limitations or commercial restrictions resulting in potential delays to the delivery of capability to the Navy.

The Project is currently managing the following major issues:

- There is an issue that Contract Acceptance of OPV 1 and 2 being built in Osborne have been significantly delayed due to issues in production and acceptance testing activities, resulting in late delivery of capability to Navy.
- There is an issue that contract Acceptance of OPV 3, OPV 4, OPV 5 and OPV 6 being built in Henderson, WA has been significantly delayed due to issues in ship production resulting in late delivery of the capability to Navy.
- There is an issue that inadequate access to ship building facilities in Henderson, WA inhibits OPV 3 to OPV 6 production progress.

Other Current Related Projects/Phases

SEA5000 – Hunter Class Frigates – Design and Construction. Six 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, SA, as part of the Continuous Naval Shipbuilding Program. The Hunter Class frigates will be built in Osborne, SA, alongside the first two OPV.

N2263 – Infrastructure Project for the Arafura class OPV. This 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 the new OPV being delivered by Luerssen Australia Pty Ltd.

Section 2 – Financial Performance¹

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
Project Budget			
Sep 15	Original Approval	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	
Jun 25	Exchange Variation	68.3	
Jun 25	Total Budget	3,707.4	
Project Expenditure			
Prior to Jul 24	Contract Expenditure – Luerssen Australia Pty Ltd	(1,190.8)	5
	Contract Expenditure – Nova Systems Australia Pty Ltd	(80.0)	
	Contract Expenditure – Boomeranger Boats Oy	(31.0)	
	Other Contract Payments/Internal Expenses	(253.0)	6
		(1,554.7)	
FY to Jun 25	Contract Expenditure – Luerssen Australia Pty Ltd	(98.5)	7
	Contract Expenditure – Nova Systems Australia Pty Ltd	(14.8)	
	Contract Expenditure – Boomeranger Boats Oy	(3.0)	
	Other Contract Payments/Internal Expenses	(386.2)	8
		(502.6)	
Jun 25	Total Expenditure	(2,057.3)	
Jun 25	Remaining Budget	1,650.1	
Notes			
1	Funding in support of bringing the 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 and Completion of CEP, which included Project Support, a Risk Reduction Design Study and Schedule Protection Activities.		
4	This approval included \$103.7m to support the transition from ACPB to the OPV, 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.		

¹Notice to reader

As per the JCPAA 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	Other Contract Payments/Internal expenditure comprises of: (\$80.6m) for the Project Office AUC, (\$64.8m) for OPV Transition, (\$54.7m) of Government Furnished Equipment, (\$35.4m) for Gate 1 activities and (\$17.5m) for other contract payments/internal expenses.
7	On 21 March 2024, the Project issued a suspension of payment letter to Luerssen Australia Pty Ltd for not delivering the support system for the OPV, which was subsequently lifted upon acceptance of the Support System in December 2024.
8	Other Contract Payments/Internal expenditure comprises of: (\$359.4m) for Scope Reduction Activities, (\$18.3m) for Project Office AUC and (\$8.4m) for other contract payments/internal expenses.

2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	In-year Budget \$m	Explanation of Material Movements
468.7	388.0	388.5	<u>Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES)</u> : The variance is due to delays in vessel construction and delivery of the associated support system. <u>PAES to In-Year Budget</u> : Variance is due to foreign exchange supplementation in January 2025.
Variance \$m	(80.7)	0.5	Total Variance (\$m): (80.2)
Variance %	(17.2)	0.1	Total Variance (%): (17.1)

2.2B In-year Budget/Expenditure Variance

In-year Budget \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		(37.3)	Australian Industry	The overspend in FY 2024-25 of \$114.1m is driven by payments to resolve commercial issues including verified scope reduction claims, offset by an underspend in production of OPV 1 to 6.
		(14.3)	Foreign Industry	
		-	Early Processes	
		180.2	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		(14.5)	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
388.5	502.6	114.1	Total Variance	
		29.4	% 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 25 \$m			
Nova Systems Australia Pty Ltd	Jun 16	12.6	92.7	Firm or Fixed	Standard Defence Contract	1, 4
Luerssen Australia Pty Ltd	Jan 18	1,988.0	1,917.3	Fixed with forecast Escalation	Standard Defence Contract (Complex)	1, 2, 3
Boomeranger Boats Oy	Oct 19	42.2	54.5	Fixed with forecast Escalation	Modified Standard Defence Contract	1, 2
Notes						
1	Contract value as at 30 June 2025 is based on actual expenditure to 30 June 2025 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 2025 value will reflect a variance to prior reporting period.					
2	The price is the value in out-turned dollars (as at 30 June 2025) using CoA 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 2025 includes this estimate, which is the reason for the large difference between the two figures.					
3	The decrease in price from the prior year was due to scope reduction activities.					
4	The decrease in value of the Nova System Australia Pty Ltd contract is a result of reduced service levels, which were adjusted to align with changing project requirements.					

Project Data Summary Sheets

Auditor-General Report No.16 2025–26
2024–25 Major Projects Report

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
Nova Systems Australia Pty Ltd	N/A	N/A	Support to the OPV Project	-
Luerssen Australia Pty Ltd	6	6	6 OPV	-
Boomeranger Boats Oy	41	29	19 Rigid Hull Inflatable Boats and 10 Rapid Intercept Craft	1
Major equipment accepted and quantities to 30 Jun 25				
OPV 1 Accepted and commissioned to Navy.				
17 Seaboats have been delivered from Boomeranger Boats Oy.				
Notes				
1	Contract Change Proposal (CCP) 004 reduced the scope from 41 Seaboats to 29 Seaboats.			

2.4 Australian Industry Capability

Summary
The Project has contracted Australian Industry Capability (AIC) Plans based on opportunities to maximise internationally competitive Australian industry involvement that are captured in Luerssen Australia Pty Ltd's AIC Plan and Nova Systems Australia Pty Ltd AIC Plan in support of Shipbuilding and Integrated Logistic Support activities.
The Project has no contracted AIC Plan for Boomeranger Boats Oy, as the Seaboats are procured direct from an overseas manufacturer. This contract pre-dates the enhanced AIC framework policy.
Note
AIC Plans for contracts worth more than \$20 million are published on Defence's website.

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 CCP001 and incorporated under Contract Amendment 3.					
2	CCP007 proposed to delay the SSDD by 12 months and reduce the SSDD 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.					

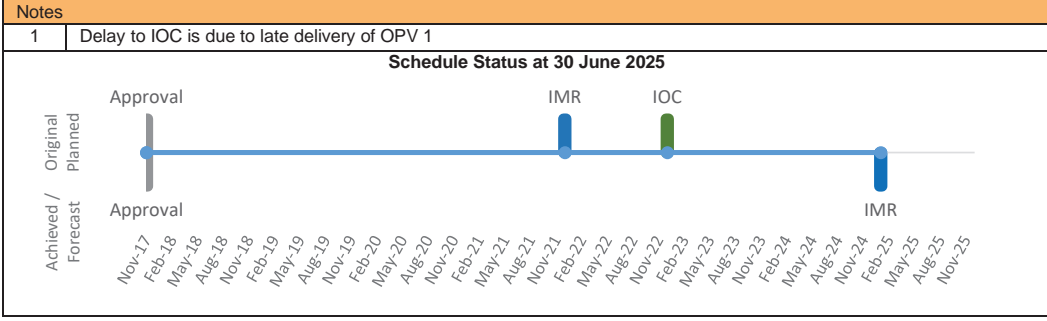
3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
Acceptance	OPV 1 (<i>Arafura</i>)	Dec 21	Jan 25	Jan 25	37	1, 4
Acceptance	OPV 2 (<i>Eyre</i>)	Sep 22	NFP	NFP	NFP	1, 4
Acceptance	OPV 3 (<i>Pilbara</i>)	May 23	NFP	NFP	NFP	2, 3, 4
Acceptance	OPV 4 (<i>Gippsland</i>)	Feb 24	NFP	NFP	NFP	2, 3, 4
Acceptance	OPV 5 (<i>Illawarra</i>)	Nov 24	NFP	NFP	NFP	3, 4
Acceptance	OPV 6 (<i>Carpentaria</i>)	NFP	NFP	NFP	NFP	3, 4

Notes						
1	The COVID-19 pandemic impacted multiple aspects relating to construction and in particular, activities at Osborne Shipyard in SA from March to October 2020. COVID-19 has continued to have an adverse and significant effect on production and ship building operations including supply chain disruptions, resource limitations and resulted in hard border closures between WA and SA.					
2	Commercial issues between Luerssen Australia Pty Ltd and Cimec Construction and Engineering Pty Ltd also resulted in additional schedule delays to delivery of OPV 3 and OPV 4 being constructed in Henderson, WA. These issues included the competition for skilled workers between the mining and manufacturing industries within WA 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 Cimec Construction and Engineering Pty Ltd in Henderson, WA. This resulted in Luerssen Australia Pty Ltd needing to adapt their German based production system for Henderson, WA, which is a major component of the EVMS.					
4	Initial changes to OPV 1 and OPV 2 delivery dates were made via CCP in August 2021 and initial changes to OPV 3 and OPV 4 were made via CCP in September 2022. Further changes to contracted dates for OPV 1 to 6 were made via CCP 172 in May 2025 with effect 1 July 2025. This CCP gave effect to the commercial resolution between Luerssen Australia Pty Ltd and the CoA and formalised the reduction in the scope of the contract. The IBR for OPV 3 to OPV 6 has also been rescheduled via CCP172 and is currently forecast to be conducted at a late date. The planned Acceptance dates are currently sourced from the draft Earned Value Management Plan and schedule which is yet to be approved.					


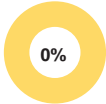

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Dec 21	Jan 25	37	-
Initial Operational Capability (IOC)	Dec 22	NFP	NFP	1
Final Materiel Release (FMR)	NFP	NFP	NFP	-
Final Operational Capability (FOC)	NFP	NFP	NFP	-



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: Following the release of the Independent Analysis of Navy's Surface Combatant Fleet, which was announced in February 2024, the Project will now deliver six OPV. The capability/scope has been reassessed as part of the reduction in scope activities. The percentage has been calculated based on the value of the remaining vessels, the support system, and initial design activities.
	Amber: N/A
	Red: The OPV weapon systems was to include a main gun and two 0.5 inch calibre machine guns with the Seaboats used for Constabulary Operations. Due to technical certification concerns by Navy, Luerssen Australia Pty Ltd was directed to terminate the main gun contract with Leonardo Australia Pty Ltd and implement an interim gun solution. Following the Enhanced Lethality Surface Combatant Fleet Independent Analysis Navy has directed the installation of the interim 25mm gun to cease, and for the Project to instead focus on delivery of a baseline platform. An interim gun solution has been provided on OPV 1 and 2.
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

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, are sufficient to support OT&E. IMR was achieved January 2025.	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. Forecast dates for IOC are NFP.	Not yet Achieved
Final Materiel Release (FMR)	OPV delivered in accordance with Government Approved scope. The final OPV delivered ready for OT&E. Those Naval Shipbuilding and Sustainment Group FIC elements including transition into sustainment as defined by the OPV Support System sufficient to support OT&E for each OPV. FMR will be determined following POC actions and Scope Reduction negotiations. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	OPV delivered in accordance with Functional Performance Specification and Operating and Support Intent. The final OPV delivered and OT&E completed. All facilities accepted. All support organisations functioning. FOC will be dependent on FMR discussions. Forecast dates for FOC are NFP.	Not yet Achieved

Section 5 – Major Risks, Emergent 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 that the OPV Support System will be delivered later than currently forecast by Luerssen Australia Pty Ltd caused by the need for additional rework to meet the contracted Navy requirements resulting in delays to Acceptance of the Support System and OPV 1 Contract Acceptance.	This risk has been retired as OPV 1 Support System was accepted by Defence on 11 December 2024. This risk will be removed from next year's Major Projects Report (MPR).

2	There is a risk that current delivery schedule and project budget may be affected by prolonged: <ul style="list-style-type: none"> Resolution of POC activities. Commercial resolution activities. Scope reduction. 	This risk rating was reduced to low and now it has been retired as commercial resolution has been reached with Luerssen Australia Pty Ltd. This risk will be removed from next year's MPR.
3	There is a risk that Contract Acceptance for OPV 1 and 2 will be further delayed beyond the current Luerssen Australia Pty Ltd forecast caused by ongoing issues in production and acceptance testing activities resulting in delayed delivery of the capability to Navy.	This risk has been retired as it is similar to the issue Ref# 1 in section 5.3. This risk will be removed from next year's MPR.
4	There is a risk that Contract Acceptance for OPV 3 to 6 will be further delayed beyond the current NCB forecast (in the absence of schedules provided by Luerssen Australia Pty Ltd) caused by ongoing issues in production and acceptance testing activities resulting in delayed delivery of the capability to Navy.	This risk has been retired as it is similar to the issue Ref# 2 in section 5.3. This risk will be removed from next year's MPR.

5.2 Emergent Risks

Emergent Risks (risk not previously identified, or has increased in rating, which have emerged during 2024–25)		
Ref#	Description	Remedial Action
1	There is a risk that OPV 1 IOR will not be achieved by Quarter 2, 2025 leading to delay delivery of capability to Navy.	Defence is regularly monitoring defined schedule post ship acceptance. This risk has been retired and will be removed from next year's MPR.
2	There is a risk that OPV 1 will be affected by not achieving Cyber Worthiness Assurance leading to an impact on achieving Fitness for Service and authority to operate.	This risk rating has been downgraded to Medium. Defence is working with Luerssen Australia Pty Ltd to develop the documentation products, and is also conducting a security program in accordance with Navy Directive Cyber Worthiness policy until full assurance is gained.
3	There is a risk that proposed buyout of Luerssen Australia Pty Ltd by Civmec Construction and Engineering Pty Ltd may result in an inability of Luerssen Australia to deliver appropriate goods and services due to information access limitations or commercial restrictions resulting in potential delays to the delivery of capability to the Navy.	This risk rating to be reviewed in Quarter 3, 2025 to reflect the change of control status as approved by Defence in June 2025. Defence is undertaking due diligence activities assessing the risk of the contract scope being performed by Luerssen Australia Pty Ltd as owned by Civmec Construction and Engineering Pty Ltd. Defence is also holding senior level meetings to review and agree the implementation strategy of consent.

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	There is an issue that Contract Acceptance of OPV 1 and 2 being built in Osborne have been significantly delayed due to issues in production and acceptance testing activities, resulting in late delivery of capability to Navy.	Issue reduced to Medium and now have been retired. Defence contractually accepted OPV 1 on 30 January 2025 and is now working with Luerssen Australia Pty Ltd for the planned acceptance of OPV 2. This issue will be removed from next year's MPR.
2	There is an issue that Contract Acceptance of OPV 3, OPV 4, OPV 5 and OPV 6 being built in Henderson, WA have been significantly delayed due to issues in ship production resulting in late delivery of the capability to Navy.	This issue is to be reviewed in Quarter 3, 2025 to reflect the commercial resolution status as agreed between Defence and Luerssen Australia Pty Ltd in May 2025.
3	There is an issue that inadequate access to ship building facilities in Henderson, WA inhibits OPV 3 to OPV 6 production progress.	This was a risk that was realised and now have been retired. Luerssen Australia Pty Ltd has made additional space and resources available for OPV 6 in January 2025. OPV 6 assembly has commenced in Henderson, WA, which is beneficial for the schedule improvements of OPV 3 to 6. This issue will be removed from next year's MPR.

Section 6 – Lessons

6.1 Key Lessons

In line with Defence Instructions 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 13 lessons. The 12 project strategic lessons are listed below. No project level (non-strategic) lessons were identified.	
Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. The shortcomings in management of Common Systems/Government Furnished Material (GFM) Sub-System Item Owner Schedules directly affected Project engagement and support during acquisition. This issue has been provided as feedback to the Head of Governance within the GFM Sub-Systems area.	Program, Project & Product Management
Strategic Lesson Type – Observation. 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 risks to engage with senior executives and improving communication on risk between project and stakeholders.	Program, Project & Product Management
Strategic Lesson Type – Observation. While certain sub-systems can only be provided as GFM (e.g. radar, weapons, crypto); many systems can and should be sourced commercially by the prime contractor.	Commercial Management
Strategic Lesson Type – Lesson Identified. Inadequate timeframe to conduct procurement can diminish the opportunity for due diligence during tender evaluations. Providing sufficient time for due diligence is crucial to ensure the integrity and effectiveness of the procurement process.	Commercial Management
Strategic Lesson Type – Lesson Identified. The use of reference ship designs from other navies provided reassurance in the procurement process but it remains crucial to thoroughly understand the intended capabilities and requirements, and ensure alignment with project objectives.	Engineering & Technical
Strategic Lesson Type – Lesson Identified. Payment milestones should be robustly designed to accommodate potential delays and fluctuations in cash flow, ensuring financial stability throughout the Project. Undertake sensitivity analysis prior to agreeing payment milestones, particularly for fixed price contracts.	Commercial Management
Strategic Lesson Type – Lesson Identified. Clear communication and thorough contract review both prior to contract execution and throughout the contract term are essential to align project expectations with contractor responsibilities, avoiding misunderstandings and potential disputes. If procurement time constraints prevent detailed contract discussions, ensure key responsibilities are clearly outlined and understood by all parties involved to prevent future misunderstandings.	Program, Project & Product Management
Strategic Lesson Type – Lesson Identified. Stakeholders' requirement for clear, concise communication. Stakeholders not being regularly informed about, and being a part of, project developments and decisions.	Program, Project & Product Management
Strategic Lesson Type – Observation. Identify and mitigate risks of taking an existing foreign design or foreign shipbuilder out of its organic shipyard to build locally in Australia. Risks include but not limited to infrastructure, workforce, processes and supply chain.	Program, Project & Product Management
Strategic Lesson Type – Observation. Develop and evaluate compliance of any Reference Ship Designs (RSD) against an agreed set of Defence requirements that includes a Certification Basis and/or agreed classification society rule set, as well as statutory obligations prior to contract signature.	Program, Project & Product Management
Strategic Lesson Type – Observation. Clear understanding between the parties regarding project management and contract data deliverables requirements prior to finalising and executing the contract.	Program, Project & Product Management
Strategic Lesson Type – Observation. The implementation of the Contracted Functional Performance Specification on to the RSD should be considered in more detail to prevent unanticipated changes in the platform design.	Engineering & Technical
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
No Project level lessons were identified in the current MPR reporting period.	N/A

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

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