

## Project Data Summary Sheet<sup>1</sup>

Project Number	SEA5000
Project Name	HUNTER CLASS FRIGATE DESIGN AND CONSTRUCTION
First Year Reported in the MPR	2019-20
Capability Type	Replacement
Capability Manager	Chief of Navy
Government 1st Pass Approval	Apr 16
Government 2nd Pass Approval	Jun 18 (D&P) Jun 24 (Construction of Ships 1-3)
Budget at 2nd Pass Approval	\$25,845.5m
Total Approved Budget (Current)	\$26,055.3m
2024–25 In-year Budget	\$1,365.6m
Complexity	ACAT I



### Section 1 – Project Summary

#### 1.1 Project Description

As a foundation project in the Government's Continuous Naval Shipbuilding Program, SEA5000 – Hunter Class Frigate (HCF) Design and Construction (the project) will deliver six HCF optimised for anti-submarine warfare to maintain the Royal Australian Navy's (RAN) Tier 1 Surface Combatant capability.

This new generation of major surface combatants will provide the RAN with the critical capability required to defend Australia well into the future. HCF will contribute to air and surface warfare defence, as well as serving their primary mission of anti-submarine warfare.

In 2018 the project was approved for the Design and Productionisation (D&P) stage, which included:

- Progressing detailed design.
- Prototyping works.
- Procurement of Long Lead Time Items (LLTI) for the first three ships.

The head contract is with ASC Shipbuilding Pty Ltd (known and reported as BAE Systems Maritime Australia Pty Ltd). The HCF are being constructed in Osborne, South Australia.

In February 2024, following the Independent Analysis of the Navy's Surface Combatant Fleet, the HCF project was directed to acquire six ships of the same configuration.

On 11 June 2024, the Government approved the project to transition from the D&P stage into the Construction stage for the first three ships, with additional funding approved to commence from Financial Year (FY) 2024-25. The Head Contract was amended on 20 June 2024 to include the Construction scope in the contract, with the new scope and amended commercial arrangements taking effect on 1 July 2024. A 'cut steel' event was held at Osborne, South Australia, on 21 June 2024 to initiate the transition to the Construction stage.

#### 1.2 Current Status

##### Cost Performance

###### In-year

As at 30 June 2025, FY 2024-25 expenditure was \$1,366.4m against FY 2024-25 budget of \$1,365.6m. This \$800,000 or 0.06% overspend was a result of minor variances across the 140+ suppliers to the HCF project.

###### Project Financial Assurance Statement

As at 30 June 2025, SEA5000 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 agreed scope.

###### Contingency Statement

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

##### Schedule Performance

In June 2018, Government approval was granted for the D&P stage, inclusive of prototyping and procurement of LLTI for the first three ships. This has enabled the design of the mission and support systems to proceed, together with mobilisation of BAE Systems Maritime Australia Pty Ltd to the Osborne South Naval Shipyard ahead of prototyping, which commenced on schedule in December 2020.

<sup>1</sup>Notice to reader

In the 2024 Integrated Investment Program SEA5000 Phase 1 was renamed to SEA5000. The remainder of this report will refer to the project as SEA5000.

As reported in the 2022-23 Major Projects Report (MPR), the completion date (planned for November 2020, achieved on December 2022) for the Mission System (MS) System Definition Review (SDR) drove delays to subsequent design reviews. The project also experienced schedule delay due to a combination of factors, including COVID-19 impacts and immaturity of the United Kingdom's (UK) Type 26 frigate design, which is the Reference Ship Design for the HCF.

In June 2021, the Government agreed to defer the Ship One Cut Steel Milestone by up to 18 months, to no later than June 2024. This enabled Defence and BAE Systems Maritime Australia Pty Ltd to address design maturity and develop a contractible offer for the first three ships. The extended prototyping period initially included the construction of four HCF Schedule Protection Blocks, in addition to the five Type 26 prototype blocks that were previously approved by Government in 2018. In November 2023, the Government approved an additional two Schedule Protection Blocks. The project is using the six Schedule Protection Blocks in construction of the first ship.

The project returned to Government in June 2024 for consideration of the Batch One construction proposal. The project received Second Pass approval for construction of the first three ships, with additional funding provided from FY 2024-25.

While there are significant risks and challenges, as would be expected for a project of this complexity, the project commenced construction of the first ship on 21 June 2024. Defence continues to work with BAE Systems Maritime Australia Pty Ltd to mitigate risks and manage issues. The project is on track to meet the Initial Materiel Release (IMR) and Initial Operational Capability (IOC) as scheduled.

In FY 2023-24 key activities achieved included completion of the Preliminary Design Review (PDR), Production Readiness Review (PRR), and the third Integrated Baseline Review (IBR3), as well as obtaining Government Second Pass approval for construction of the first three ships.

In FY 2024-25 key activities achieved included Cut Steel for Ship 1: placing contracts for major combat system elements including the CEA Technologies Pty Ltd Phased Array Radar (CEAFAR) and the Thales Towed Array Sonar; progression of prototyping activities; continued progress of the zonal design program; ramp up of the Construction stage; consolidation of the first two units; and induction of the first block into blast and paint.

In FY 2025-26 key activities planned are delivery of low voltage electrical switchboards into the yard; approval of the target cost estimate for Ship Two; progression of CEAFAR integration with the Aegis Combat Management System; installation of first combat system equipment in the Land Base Test Site (LBTS); and installation of propulsion motors into Ship One.

#### **Materiel Capability/Scope Delivery Performance**

In February 2024, following the Independent Analysis of the Navy's Surface Combatant Fleet, the Government committed to the construction of six HCF of the same configuration in two batches of three. This is an update from the previous Government's commitment to build nine HCF in three batches of three. The Government has approved the construction of the first three frigates and the delivery of the support system. The project will return to Government for approval of the subsequent three frigates later in this decade.

As at 30 June 2024, the scope of the head contract addressed the D&P stage, inclusive of prototyping and procurement of LLTI for the first three ships. Under the existing head contract D&P scope and budget, BAE Systems Maritime Australia Pty Ltd is also fabricating a 'proof of concept test rig' as a risk reduction measure for the fabrication of the mast.

As at 30 June 2025, BAE Systems Maritime Australia Pty Ltd has commenced construction of 35 of 78 units for Ship 1, placed sub-contracts for 73 LLTI supplies, progressed prototyping activities on five prototype blocks, and progressed the 'proof of concept test rig' in preparation for production masts for Ships 1 to 3. CEA Technologies Pty Ltd has delivered three Mobile Test Systems which have been shipped to the United States (US) for integration with the Aegis Combat System (ACS).

### 1.3 Project Context

#### **Background**

The project will form the foundation of the Government's Continuous Naval Shipbuilding Program, as announced in the 2017 National Naval Shipbuilding Plan and updated in the 2024 Naval Shipbuilding and Sustainment Plan. As at 30 June 2025, the project is continuing to deliver the approved scope of the D&P stage and is progressing as planned in the Construction stage. The project will continue to progress through multiple Government decision-making points for subsequent project stages.

The project was initiated in June 2014 with an Initial Pass approved by Government to commence capability development activities. Key activities and announcements over subsequent years included:

- August 2015 Government announced bringing forward the Future Frigate program to replace the Anzac Class Frigates as part of a continuous onshore build program to commence in 2020.
- September 2015 Interim Pass approved by Government for CEA Technologies Pty Ltd Radar Development activities.
- November 2015 Interim Pass approved by Government to progress a Competitive Evaluation Process (CEP).
- April 2016 First Pass approval for SEA5000 Phase 1 to complete the CEP based on tenders received from three ship designers.
- October 2017 Government announced decision to select the ACS together with an Australian Interface developed by Saab Australia Pty Ltd as the Combat Management System solution for the Future Frigate.

June 2018 Government announced BAE Systems Maritime Australia Pty Ltd Global Combat Ship – Australia as the capability best suited to Defence needs. The frigates were classed as the Hunter Class Fast Frigate Guided.

March 2020, the HCF project was elevated to a Project of Interest, due to significant schedule, technical, workforce and cost challenges. February 2022, the project sought Interim Pass approval from Government to contract BAE Systems Maritime Australia Pty Ltd to construct four Schedule Protection Blocks in addition to the five Type 26 prototype blocks it was already contracted to construct under the D&P scope.

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July 2023, a PDR was conducted. The focus of the review was setting the Allocated Baseline (for the design of the Batch One ships and the Land Base Test Site), and examining options to control the accumulation of risk as detailed design progressed towards the Construction stage. In line with the forecast in the 2022-23 MPR, the PDR Key Milestone was achieved on schedule in October 2023.

November 2023, the Government approved an additional two Schedule Protection Blocks. This approval was intended to mitigate the risks of the loss of shipyard workforce prior to a Government approval to enter into the Batch One Construction Contract in Quarter 2, 2024.

February 2024, following the Independent Analysis of the Navy's Surface Combatant Fleet, the HCF project was directed to acquire six ships of the same configuration.

June 2024, the project obtained Government Second Pass approval for construction of the first three ships. The project remains a Project of Interest with a revised exit criteria aligned with Ship 1 Vessel Acceptance Date.

#### Uniqueness

SEA5000 will be delivered in a number of stages to achieve the objectives of Continuous Naval Shipbuilding, with each stage requiring separate approvals by Government to ensure the project remains within cost constraints.

While the principles of the One Defence Capability System will be applied to the project, due to the longevity, and staged nature of the project, a unique approach will be required to manage the six ships through the life cycle. An example of this is the requirement to return to Government for approval to commence construction and sustainment for ships 1 – 6 and their support system.

#### Major Risks, Emergent Risks and Issues

The project office is currently managing project delivery risks identified within Section 5.2 Emergent Risks, which broadly fall under a number of key areas being:

- **Finance.** In-year funding constrains.
- **Combat System.** Reference ship limitations.
- **Engineering.** Margins remain challenged.
- **Combat Systems Workforce.** Insufficient Suitably Qualified and Experienced Person (SQEP).

The project office is currently managing project delivery issues identified within Section 5.3 Major Project Issues, which fall under key area being:

- **Commonwealth of Australia (CoA) Workforce.** Insufficient SQEP.

The following capability realisation risks within Section 5.1 Major Project Risks were transferred to Navy during FY 2024-25 and will be removed at the next MPR:

- Ship design maturity.
- Combat System Integration.
- Operating capability delivered to Navy.

#### Other Current Related Projects/Phases

**SEA1442 Maritime Communications Modernisation.** This project is part of a multi-phased program for the enhancement of the RAN's maritime communications capability to upgrade communication systems, addressing obsolescence to improve communications management.

**SEA5011 Phase 1 – Modernisation of Maritime Electronic Warfare.** This program will develop, deliver and sustain an integrated and networked Electromagnetic Manoeuvre Warfare capability through procurement of new, augmentation and improved capabilities for the RAN Fleet.

**SEA1397 Phase 5B – Nulka Missile Decoy Enhancements.** This project is developing the Nulka Launch sub-system including integration of the Nulka system and upgrade of the systems.

**SEA4000 Phase 6 – Air Warfare Destroyer – Aegis Capability Upgrade.** This project is accountable for the upgrade of the ACS from Baseline 8 to Baseline 9, as well as the insertion of a new Australian Combat Management System - replacing the Australian Tactical Interface with a Saab developed Australian Interface.

**AIR6500 Phase 1 – Integrated Air and Missile Defence Command and Control.** This project will provide deployable sensors and operations centres with command and control systems that will act as the primary interface to multi-domain contributory capabilities.

## Section 2 – Financial Performance<sup>2</sup>

### 2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
	<b>Project Budget</b>		
Jun 14	Original Approved (Initial Pass Approval)	62.8	
Sep 15	Interim Pass Approval	52.6	1
Jan 16	Pre First Pass Approval	22.1	2
Apr 16	Government First Pass Approval	208.2	

<sup>2</sup>Notice 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.

Oct 17	Interim Pass Approval	55.5	3
Jun 18	Government Second Pass Approval (D&P)	5,782.7	
Aug 19	Real Variation – Transfer	3.3	5
Sep 22	Real Variation – Transfer	(9.8)	6
Mar 23	Real Variation – Transfer to DST05000 Phase 1	(12.5)	7
Jun 24	Government Second Pass Approval (Batch 1 Construction)	19,680.6	4
	<b>Total at Second Pass Approval</b>	<b>25,845.5</b>	
Jun 25	Exchange Variation	209.7	
Jun 25	<b>Total Budget</b>	<b>26,055.3</b>	
	<b>Project Expenditure</b>		
Prior to Jul 24	Contract Expenditure – BAE Systems Maritime Australia Pty Ltd	(2,302.5)	
	Contract Expenditure – Foreign Military Sales (FMS) Case AT-P-LFZ	(225.5)	
	Contract Expenditure – FMS Case AT-P-GSC	(212.7)	
	Contract Expenditure – CEA Technologies Pty Ltd 2	(106.6)	
	Contract Expenditure – Odense Maritime Technology A/S	(42.9)	
	Other Contract Payments/Internal Expenses	(747.7)	8
		<b>(3,637.9)</b>	
FY to Jun 25	Contract Expenditure – BAE Systems Maritime Australia Pty Ltd	(1,094.3)	
	Contract Expenditure – FMS Case AT-P-LFZ	(134.8)	
	Contract Expenditure – Thales Australia Ltd	(57.7)	
	Contract Expenditure – Saab Australia Pty Ltd 2	(38.0)	
	Contract Expenditure – CEA Technologies Pty Ltd 2	(13.7)	
	Other Contract Payments/Internal Expenses	(27.9)	
		<b>(1,366.4)</b>	
Jun 25	<b>Total Expenditure</b>	<b>(5,004.3)</b>	
Jun 25	<b>Remaining Budget</b>	<b>21,051.0</b>	
<b>Notes</b>			
1	CEA Technologies Pty Ltd Radar Development Program.		
2	Initiating the CEP for Future Frigates.		
3	Conduct further combat system development activities and to secure critical support staff.		
4	The project received Second Pass approval for construction of the first three ships.		
5	Funding transfer between Capability Acquisition and Sustainment Group (CASG) and Security and Estate Group (formerly known as the Estate and Infrastructure Group) to address funding shortfall with the Naval Capability Infrastructure Sub-program.		
6	Funding transfer between CASG and Navy to address funding shortfall due to Interim Arrangement.		
7	Funding transfer between Naval Shipbuilding and Sustainment Group and Defence Science and Technology Group.		
8	Other Contract Payments/Internal expenditure comprises of: Project and Commercial Support (\$335.7m) - which includes; Deloitte Touche Tohmatsu LLC (\$32.0m), Odense Maritime Technology A/S (\$12.9m). Technical Support (\$248.4m) - which includes; CEA Technologies Pty Ltd (\$50.4m) and SAAB Australia Pty Ltd 1 (\$39.4m). CEP Participants (\$122.5m) - which includes; BAE Systems Australia Ltd (\$56.6m), Navantia Australia Pty Ltd (\$36.2m) and Fincantieri S.p.A (\$29.7m). Thales Australia Pty Ltd. (\$29.5m) and SAAB Australia Pty Ltd 2(\$11.6m).		

## 2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	In-year Budget \$m	Explanation of Material Movements
744.9	1,356.2	1,365.6	<u>Portfolio Budget Statements (PBS) to Portfolio Additional Estimate Statements (PAES)</u> : The project transitioned to the construction phase on 1 July 2024 with the commencement of construction of the first three ships. The variance reflects the increased budget to fund the construction phase. <u>PAES to In-year Budget</u> : The movement is due to foreign exchange.
Variance \$m	611.3	9.4	Total Variance (\$m): 620.7
Variance %	82.1	0.7	Total Variance (%): 83.3

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## 2.2B In-year Budget/Expenditure Variance

In-year Budget \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		0.5	Australian Industry	This \$800,000 or 0.06% overspend was a result of minor variances across the 140+ suppliers to the HCF project.
		0.3	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
1,365.6	1,366.4	0.8	<b>Total Variance</b>	
		0.1	<b>% Variance</b>	

## 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			
US Government FMS Case AT-P-GSC	Jan 16	5.5	261.5	Reimbursement (for FMS)	FMS	1, 7
BAE Systems Maritime Australia Pty Ltd	Dec 18	1,904.1	14,149.1	Variable	Standard Defence Contract	2, 7
US Government FMS Case AT-P-LFZ	Sep 20	626.6	1,471.0	Reimbursement (for FMS)	FMS	3, 7
CEA Technologies Pty Ltd 2	Sep 21	27.8	138.3	Firm or Fixed	Standard Defence Contract	4, 7
Saab Australia Pty Ltd 2	Jul 23	2.7	57.4	Firm or Fixed	Standard Defence Contract	5
Thales Australia Ltd	Sep 23	66.3	398.1	Firm or Fixed	Standard Defence Contract	6, 7, 9
CEA Technologies Pty Ltd 4	Oct 24	938.6	932.1	Firm or Fixed	Standard Defence Contract	8
<b>Notes</b>						
1	US Government Initial Letter of Offer and Acceptance (LOA) was for SEA5000 Feasibility and Technical Integration Study. Contract value and scope increased for additional Feasibility and Technical Risk Reduction Studies including CEAFAR /Cooperative Engagement Capability and integration of CEAFAR into the ACS. Contract value and scope was further increased for acquisition of LLTI for Development Sites.					
2	BAE Systems Maritime Australia Pty Ltd Major Contract changes during the reporting period FY 2024-25 was the addition of the Batch 1 construction scope.					
3	Initial LOA was for the acquisition of Australian Surface Combatants ACS long lead items. Contract value and scope has been increased to include additional major weapons system equipment and services for three shipsets.					
4	The development and testing of new interface between Aegis and CEAFAR systems.					
5	Strategic Management System Services under the Australian Combat Management System Enterprise Partnering Agreement for Design and Engineering Services for the Australian Combat System Interface with ACS, scope has grown from initial planning to include design and delivery services for Hunter.					
6	Towed Array Sonar LLTI and three shipsets.					
7	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).					
8	Provision of three Phased Array Radars and related services for three shipsets.					
9	Date amended to correct contract signature date.					

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
US Government FMS Case AT-P-GSC	N/A	N/A	Feasibility and Integration studies	-
BAE Systems Maritime Australia Pty Ltd	N/A	N/A	D&P for HCF.	-
US Government FMS Case AT-P-LFZ	3	3	Three shipsets of ACS long lead items.	-
CEA Technologies Pty Ltd 2	N/A	N/A	Development and testing of new interface between Aegis and CEAFAR systems.	-
Saab Australia Pty Ltd 2	N/A	N/A	Design and Engineering Services for the Australian Combat System Interface with ACS.	-
Thales Australia Ltd	3	3	Towed Array Sonar LLTI and three shipsets.	-

Major equipment accepted and quantities to 30 Jun 25	
N/A	
Notes	
N/A	N/A

#### 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 which is captured in CEA Technologies Pty Ltd, BAE Systems Maritime Australia Pty Ltd, Saab Australia Pty Ltd and Thales Australia Ltd AIC Plans in support of their program and project management, systems integration, data management, business intelligence support and assurance activities.
The project has no contracted AIC Plan for its US Government FMS acquisition as the US Foreign Government arrangement does not include the contractual provision or obligations for Australian Industry Content.
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 Review (SRR)	MS and Support System (SS)	Sep 19	N/A	Sep 19	0	1
System Definition Review (SDR)	Mission System	Nov 20	Apr 22	May 22	18	1, 2
	Support System	Nov 20	Mar 23	Dec 22	25	1, 2, 3
Preliminary Design Review (PDR)	Mission System	N/A	Oct 23	Oct 23	N/A	1, 2, 4
Critical Design Review (CDR)	Mission System CDR	Nov 22	N/A	N/A	N/A	6
	Mission System (Final Critical Design Review)	Jun 24	NFP	NFP	NFP	2, 5
	Support System (Support System Critical Design Review)	Apr 25	NFP	NFP	NFP	2, 5
Notes						
1	The achieved dates for the SRR, SDR and PDR are based on the dates that the associated Head Contract Key Milestones were achieved. Achievement of SRR and Mission System SDR (MS-SDR) were September 2019 and May 2022 respectively. Head Contract Key Milestones are generally achieved a number of months after the conduct of the design review exit event to enable the Key Milestone Criteria (e.g. closure or downgrading of action items) to be completed.					
2	The delayed achievement of the MS-SDR, primarily as a result of design delays experienced in the UK Type 26 Program, resulted in delays to subsequent design reviews. The MS-SDR included an element that was focused on the LBTS (Development and Sustainment) (LBTS (D&S)).					
3	In Quarter 3, 2021, the conduct of the SS-SDR exit event was deferred to October 2022, by mutual agreement between Defence and BAE Systems Maritime Australia Pty Ltd. The delay enabled the Integrated Logistics Support artefacts to be further matured, thus significantly increasing the likelihood of achieving an optimal outcome from the design review process.					
4	The PDR exit event was conducted in July 2023. The review focused on setting the Allocated Baseline (for the design of the Batch One ships and the LBTS (D&S)). It also examined options to control the accumulation of risk as detailed design progressed towards the Batch One construction stage.					
5	Forecast dates for events occurring more than 18 months from the current date are not robust and should be considered indicative dates only.					
6	The MS-CDR was removed from the Head Contract during FY 2023-24 reporting period.					

#### 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	Prototyping commencement	Dec 20	Dec 20	Dec 20	0	-
	Ship One construction commencement	Dec 22	N/A	Jun 24	18	1, 2
Acceptance	Ship One	NFP	NFP	NFP	NFP	3
	Ship Two	NFP	NFP	NFP	NFP	-
	Ship Three	NFP	NFP	NFP	NFP	-
Notes						
1	In June 2021 the Government approved the deferral of the Ship One construction commencement from December 2022 to no later than June 2024.					

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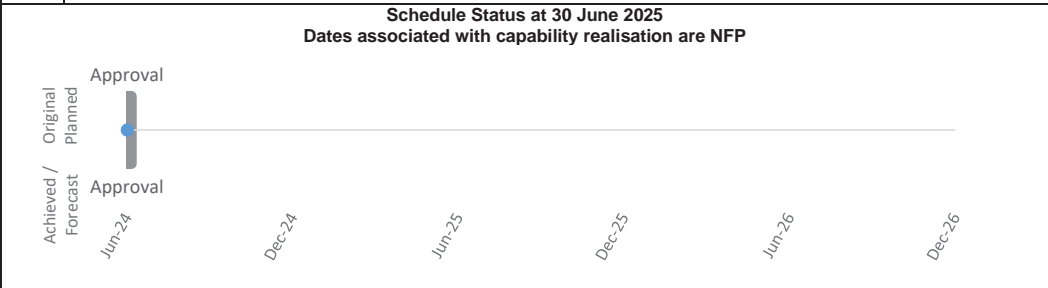
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2	Ship One construction commenced in June 2024.
3	These dates were approved by Government in June 2024 and took effect commercially on 1 July 2024.

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

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	NFP	NFP	NFP	1
Initial Operational Capability (IOC)	NFP	NFP	NFP	2
Final Materiel Release (FMR)	TBD	TBD	N/A	3
Final Operational Capability (FOC)	TBD	TBD	N/A	3

Notes	
1	BAE Systems Maritime Australia Pty Ltd has a contracted Vessel Acceptance Date which is considered equivalent to IMR. These dates were approved by Government in June 2024.
2	Operational Capability Milestones dates were approved by Government in June 2024. Dates associated with capability realisation are NFP.
3	These milestones are expected to be defined by Government in the Batch 2 (ships 4-6) Second Pass Approval.



## Section 4 – Materiel Capability/Scope Delivery Performance

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

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	<b>Green:</b> As at 30 June 2025, the project expects to meet the materiel capability requirements as expressed in the Materiel Acquisition Agreement.
	<b>Amber:</b> N/A
	<b>Red:</b> N/A
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)	CoA signature of the Supplies Acceptance Certificate for Ship 1. Forecast dates for IMR are NFP.	Not yet achieved
Initial Operational Capability (IOC)	HCF Ship 1 delivered and Operational Test and Evaluation completed by Navy. Forecast dates for IOC are NFP.	Not yet achieved
Final Materiel Release (FMR)	Note 1	Not yet achieved



Final Operational Capability (FOC)	Note 1	Not yet achieved
Notes		
1	FMR and FOC will not be set until after Government approval for Batch 2 (ships 4-6).	

## 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 HCF Batch 1 design, presented at Batch 1 submission, does not provide a sustainable design due to restrictions on margins, platform limitations, design uncertainty, and Reference Ship Design intent, resulting in a compromised capability.	The project is tracking naval architecture limits and design margins closely through head contract deliverables such as the Margin Monitoring Program, the Quarterly Weight Report, and the Mandated System Review process.  Per Note below, this risk was transferred to Navy during FY 2024-25 and will be removed from next year's MPR.
2	There is a risk, caused by design delays and accumulated technical debt that the HCF design is not sufficiently mature to maintain continuous, efficient production in Quarter 2, 2024. The result is schedule slippage and higher costs.	Design maturity is being achieved via a staged release approach. The maturity of design zones is sequenced to ensure spatial design, planning, and procurement activities are completed to support the shipyard production schedule.  Per Note below, this risk was transferred to Navy during FY 2024-25 and will be removed from next year's MPR.
3	There is a risk, caused by the evolving Combat System design, that combat system integration into the ship is not sufficiently mature.	The project, BAE Systems Maritime Australia Pty Ltd, and other key combat system suppliers will refine their combat system integration and assurance roles through an update to the head contract Statement of Work and deliverables such as the Engineering Management Plan, System Integration Plan and Combat System Assurance Plan.  Per Note below, this risk was transferred to Navy during FY 2024-25 and will be removed from next year's MPR.
4	There is a risk, due to competition in the labour market, realised at Vessel Acceptance Date, the Future Navy Workforce is unable to raise, train and sustain sufficient Navy Workforce to support RAN Navy capabilities and provide seaworthiness assurance.	The project, with Navy and BAE Systems Maritime Australia Pty Ltd, will identify training opportunities such as high fidelity simulators, and conduct workforce modelling/analysis to identify key skillsets required.  Per Note below, this risk was transferred to Navy during FY 2024-25 and will be removed from next year's MPR.
Note		
<p>Risks previously reported in 5.1 in prior Project Data Summary Sheet (PDSS) were a combination of strategic and tactical capability realisation and project delivery risks.</p> <p>Following Government approval for Batch 1, a comprehensive risk review was undertaken by the HCF Project Management Office. This review examined risks in the context of both the D&amp;P and Construction phases. As a result of the review, all capability related risks have been transferred to the Navy Sponsor for management. Now that the Project has been approved to enter the Construction Phase, the risk reporting within the PDSS now reflects only those technical and programmatic risks facing project delivery.</p>		

### 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, driven by in-year funding constraints within the Integrated Investment Program (IIP) that may result in inability to deliver the Program on schedule.	This risk is being treated through regular engagements with industry and key stakeholders.
2	There is a risk that the integration of future combat system elements into the HCF will be constrained due to reference ship design limitations.	The entire ship design is reviewed regularly through technical forums and workshops with all relevant industry and Defence stakeholders.
3	There is a risk that the final maturation of the HCF design consumes allocated margins resulting in design rework and pressure on production to achieve the build schedule.	The design is complex, complicated and physically densely packed, requiring constant review of the critical design margins. This is achieved through technical forums and workshops with all relevant industry and Defence stakeholders.
4	There is a risk that there will be insufficient skilled personnel to design and integrate the combat system.	The project works to actively recruit and train skilled workers in Combat Systems Integration across both Industry and Defence.

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2024–25 Major Projects Report



5.3 Major Project Issues

Ref#	Description	Remedial Action
1	Availability of a skilled, qualified, and experienced workforce within the CoA to conduct assurance of the design construction of the HCF.	The project works to actively recruit, train and retain a skilled, qualified and experienced workforce in accordance with the strategies outlined in the Defence Workforce Plan.

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 20 lessons. The three project strategic lessons and three project level lessons (non-strategic) are listed below.	
Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Government Furnished Material, data and information requirements need to be clearly defined, articulated and agreed between the platform designer, the various branches, divisions and System Program Office's responsible for delivery, and materiel suppliers. This is required in terms of both the level of data maturity required, and schedule required by dates to enable the platform designer to meet key project milestones.	Program, Project & Product Management
Strategic Lesson Type – Observation. A Lessons and Opportunities Framework finalised and agreed to ensure lessons learnt are more robustly captured, assessed and where relevant encapsulated within processes, plans and procedures.	Decision Support
Strategic Lesson Type – Observation. A Quality Management Plan compliant with CASG Quality Management System and in accordance with the guidance included in International Organisation for Standardisation Standard 9004:2018 is required to ensure continuous and sustained success, particularly within a project that is highly complex.	Decision Support
Project Level Lessons (non-strategic) Description	Categories of Systemic Lessons
Project level lesson – A document suite for each IBR, which details the roles and responsibilities of stakeholders and a timeline. A kick-off meeting with all key stakeholders to review the requirements of IBR prior to commencement. This will enable the program to manage conflicting priorities and business as usual.	Program, Project & Product Management
Project level lesson – Early commencement of planning for IBR to understand key stakeholders required for consultation and development of activities and timelines.	Program, Project & Product Management
Project level lesson – Conduct debrief sessions post reviews to enable collaboration and identification of potential Corrective Action Requests for discussion.	Program, Project & Product Management

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Major Surface Combatants and Combat Systems Division
Branch	Hunter Class Frigate Branch