

Project Data Summary Sheet¹⁵²

Project Number	SEA 5000 Phase 1
Project Name	FUTURE FRIGATES
First Year Reported in the MPR	2019-20
Capability Type	Replacement
Acquisition Type	Australianised MOTS
Capability Manager	Chief of Navy
Government 1st Pass Approval	Apr 16
Government 2nd Pass Approval	Jun 18
Budget at 2 nd Pass Approval	\$6,183.9m
Total Approved Budget (Current)	\$6,291.8m
2019-20 Budget	\$375.2m
Project Stage	Contract Signature
Complexity	ACAT I



Section 1 – Project Summary

1.1 Project Description

SEA 5000 Phase 1 – Future Frigate Design and Construction will deliver nine *Hunter* Class Frigates optimised for anti-submarine warfare to maintain the Navy's Surface Combatant capability and replace the current *Anzac* Class Frigates.

When operating as part of a Navy task group, the *Hunter* Class Frigate will contribute to air and surface warfare defence, as well as its primary mission of anti-submarine warfare.

The Project is currently approved for the Design and Productionisation Stage which includes the conduct of detailed design, procurement of some long lead time items, and commencement of prototyping. The Head Contract is with ASC Shipbuilding, a subsidiary of BAE Systems Australia.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2020, financial year 2019-20 expenditure is \$263.6m against the forecast budget of \$375.2m. The year to date variance is primarily due to the reprogramming of activities against the Head Contract, and lower than planned payments against FMS cases.

Project Financial Assurance Statement

As at 30 June 2020, project SEA 5000 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 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 financial year.

Schedule Performance

Government approval has been granted for Design and Productionisation and prototyping and procurement of Long Lead Time Items for Batch 1 Build. This allows the design of the Mission and Support Systems to proceed together with mobilisation of ASC Shipbuilding to the Greenfield elements of the Osborne South Shipyard ahead of the commencement of prototyping by end 2020.

In the current year (2019-20), the project achieved completion of the System Requirement Review.

The submission for Government consideration of Approval of Batch 1 Build is expected to be made in 2021, allowing for contractual arrangements for the Batch 1 Build to be finalised and proceeding work undertaken to enable Ship 1 construction to commence before the end of calendar year 2022.

While there are significant risks and challenges, as would be expected for a project of this complexity, the Project remains on track to commence prototyping and Ship 1 construction on schedule.

Defence continues to work with ASC Shipbuilding on managing risks and the associated impacts to the Project. However, some of the impacts associated with the issues identified may yet be further exacerbated by the effects of the COVID-19 pandemic. As such, senior management oversight will continue to be required as the Project progresses.

Materiel Capability Delivery Performance

The current scope of the Head Contract addresses the detailed Design and Productionisation, prototyping, and procurement of long lead time items (LLTI's) of the Hunter Class Frigate. SEA 5000 Phase 1 is expected to return to Government in 2021 to seek approval of the scope and funding required for the Batch 1 Build.

152 Notice to reader

Forecast dates and Sections: 1.2 (Materiel Capability Delivery Performance), 1.3 (Major Risks and Issues), 4.1 (Measures of Materiel Capability 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 Review Report by the Auditor-General* in Part 3 of this report.

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

1.3 Project Context

<p>Background</p> <p>The SEA 5000 Program is a large and complex program tied into the National Naval Shipbuilding Plan. The Program is in the early design and productionisation stage, and has multiple Government decision-making points.</p> <p>In June 2014 an Initial Pass was approved by Government to commence capability development activities, which included conducting studies through to Interim Pass regarding the feasibility of utilising the <i>Hobart</i> Class Guided Missile Destroyer (DDG) platform as the basis for the SEA 5000 Phase 1 capability. The project was directed to return to Government in March 2015 when further decisions on SEA 5000 Phase 1 would be taken in the context of the planned 2015 Defence White Paper (DWP) and subject to successful implementation of the Air Warfare Destroyer (AWD) Reform Program.</p> <p>In August 2015, the Government announced bringing forward the Future Frigate program to replace the <i>Anzac</i> Class (FFH) Frigates as part of a continuous onshore build programme to commence in 2020. The Future Frigates are to be built in South Australia based on a Competitive Evaluation Process (CEP).</p> <p>In September 2015, an Interim Pass was approved by Government for CEA Radar Development activities to complete the development of radar technology demonstrators, and remaining supporting activities through to 2018.</p> <p>In November 2015, an Interim Pass was approved by Government for SEA 5000 Phase 1 to progress the CEP and other activities through to First Pass consideration scheduled for the second quarter of 2016. Government approval was given for the High Level Capability Requirements (HLCRs) for the Future Frigate and the criteria by which frigate designs would be shortlisted for further development through the CEP.</p> <p>In April 2016, Government provided First Pass was approval for SEA 5000 Phase 1 to complete the CEP (based on tenders received from the three ship designers that had been shortlisted), conduct combat system related activities that support integration of the CEA Technologies suite of radars, and develop capability proposals to support Gate 2 consideration in 2018.</p> <p>In October 2017, the Government announced the decision to select the Aegis Combat Management System together with an Australian Interface developed by SAAB Australia as the Combat Management System solution for the Future Frigate. This further interim pass included approval for SEA 5000 Phase 1 to provide funds to progress combat system work ahead of Gate 2 in addition to providing for workforce and schedule protection up to April 2018.</p> <p>In June 2018, the Government announced BAES Global Combat Ship - Australia (GCS-A) as the capability best suited to Defence needs. A Smart Buyer assessment was not conducted for this project as a similar risk review process had already been conducted as part of the CEP. The platform system is based on the existing Type 26 Global Combat Ship (GCS) design, with changes to meet the High Level Capability Requirements (HLCR's) as prescribed by Government. The nine frigates were classed as the <i>Hunter</i> Class FFG.</p> <p>Uniqueness</p> <p>The SEA 5000 Phase 1 <i>Hunter</i> Class Frigate Project delivering nine Anti-Submarine Warfare Frigates to the Royal Australian Navy is the largest naval ship building project ever undertaken. In terms of size and complexity the project is second only to the SEA 1000 Future Submarines.</p> <p>As such, SEA 5000 Phase 1 will be delivered in a number of stages to achieve the objectives of Continuous Naval Shipbuilding (CNS). Each stage requiring separate approvals by Government to ensure the project remains within cost constraints.</p> <p>While the principles of Defence's Capability Life Cycle will be applied to this project, due to the longevity, and staged nature of the project, a unique approach will be required to manage the nine <i>Hunter</i> Class Frigates through the life cycle.</p> <p>Major Risks and Issues</p> <p>The Project is currently managing risk at both a strategic and tactical level. Strategic risks identified within Section 5 broadly fall under a number of key areas being:</p> <ul style="list-style-type: none"> • Design maturity; • Capability delivery to Navy; • Contractor performance; • Australian Industry Capability; • Overall budget affordability; and • System Integration. <p>In addition, the Project is managing one issue relating to information sharing with international users.</p> <p>Other Current Related Projects/Phases</p> <p>SEA 5000 Phase 2 (Future Frigate - Weapons) – is scoped to deliver guided and non-guided munitions required by the <i>Hunter</i> Class Frigates.</p>
<p>Note</p> <p>Major risks and issues are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>

Section 2 – Financial Performance

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
Project Budget			
Jun 14	Original Approved (Initial Pass Approval)	62.8	
Sep 15	Interim Pass Approval	52.6	1
Jan 16	Pre 1st Pass Approval	22.1	2
Apr 16	Government 1st Pass Approval	208.2	
Oct 17	Interim Pass Approval (Combat System)	55.5	3
Jun 18	Government 2nd Pass Approval	5,782.7	
	Total at Second Pass Approval	6,183.9	
Aug 19	Real Variation - Transfer	3.3	
Mar 20	Exchange Variation	104.6	4
		107.9	
Jun 20	Total Budget	6,291.8	
Project Expenditure			
Prior to Jul 19	Contract Expenditure - ASC Shipbuilding Pty Ltd	(65.7)	
	Contract Expenditure - BAE Systems Ltd	(56.8)	
	Contract Expenditure - Navantia	(36.2)	
	Contract Expenditure - CEA Technologies Pty Ltd	(35.1)	
	Contract Expenditure - Fincantieri S.P.A.	(29.7)	
	Contract Expenditure - US Government FMS Case	(20.6)	
	Other Contract Payments / Internal Expenses	(172.9)	5
		(417.0)	
FY to Jun 20	Contract Expenditure - ASC Shipbuilding Pty Ltd	(172.5)	
	Contract Expenditure - US Government FMS Case	(26.9)	
	Contract Expenditure - CEA Technologies Pty Ltd	(2.9)	
	Other Contract Payments / Internal Expenses	(61.3)	6
		(263.6)	
Jun 20	Total Expenditure	(680.6)	
Jun 20	Remaining Budget	5,611.2	
Notes			
1	CEA Technologies Radar Development Program.		
2	Initiating the Competitive Evaluation Process (CEP), Stage 1 of the SEA 5000 Phase 1 Project, for Future Frigates.		
3	Conduct further combat system development activities and to secure critical support staff.		
4	Funding transfer between CASG and E&IG to address funding shortfall with the Naval Capability Infrastructure Subprogram.		
5	Shipyards Infrastructure requirement studies, strategic advice and specialist engineering services; Odense Maritime Technology \$23.1m, Deloitte Touche Tohmatsu \$15.2m, Jacobs Australia Pty Ltd \$13.7m, SAAB Australia Pty Ltd \$14.3m, BMT Design & Technology Pty Ltd \$9.4m, Ernst & Young \$8.3m, DMTC Ltd \$8.1m, BECA Consultants Pty Ltd \$7.3m, QinetiQ Pty Ltd \$7.2m, RAND Corporation \$5.9m, KPMG \$5.6m, SME Gateway Pty Ltd \$5.2m, GHD Pty Ltd \$4.6m, Ashurst Australia \$4.2m. Other remaining Contract Payments totals to \$40.8m.		
6	Strategic advice and Specialist Engineering; Deloitte Touche Tohmatsu \$9.1m, Raytheon Australia Pty Ltd \$8.5m, SAAB \$5.2m, DMTC Ltd \$4.8m, BMT Design & Technology Pty Ltd \$3.3m, Jacobs Australia Pty Ltd \$3.0m, SME Gateway Pty Ltd \$2.9m, Ernst & Young \$2.6m, Gibbs & Cox (Australia) Pty Ltd \$2.4m, QinetiQ Pty Ltd \$2.3m, Freebody Cogent Pty Ltd \$1.7m, Odense Maritime Technology A/S \$1.7m, The Dumonde Group Pty Ltd \$1.7m, Centrix - Pm (Aust) Pty Ltd \$1.5m, Ashurst Australia \$1.3m, and the Rand Corporation (Australia) \$1.0m. Other remaining Contract Payments totals to \$8.3m.		

2.1A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
492.3	372.9	375.2	PBS to PAES: The variation between the Budget and Revised estimates is primarily due to the reprogramming of activities against the Head Contract. These adjustments are not anticipated to impact on key milestones including the commencement of prototyping by end 2020, and commencement of construction by end 2022. PAES to Financial Plan: The variance is due to foreign exchange supplementation during Pre-ERC build.
Variance \$m	(119.4)	2.3	Total Variance (\$m): (117.1)
Variance %	(24.3)	0.6	Total Variance (%): (23.8)

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		(72.1)	Australian Industry	The main drivers for this underspend include delays associated with activities against the Head Contract, and delays in contracting CEA for
		(39.5)	Foreign Industry	
			Early Processes	
			Defence Processes	

			Foreign Government Negotiations/Payments	acquisition of test equipment for the Land Bases Test Site. Plus the existing Foreign Military Sales case being delayed for payment from June to July 20, and the delay in receiving the new FMS Case which has put a stop to the payment of the Initial Deposit. Other drivers for this underspend include Maritime Information Environment In-Service Support contract, WAMA, other contracted services associated with Combat Management System, Nulka and delay in finalising the agreement for Shipyard licenses.
			Cost Saving	
			Effort in Support of Operations	
			Additional Government Approvals	
375.2	263.6	(111.6)	Total Variance	
		(29.7)	% Variance	

2.3 Details of Project Major Contracts

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature \$m	30 Jun 20 \$m			
CEA Technologies Pty Ltd	Nov 14	0.943	44.0	Fixed	AUSDEFCON (Complex)	1,7
Navantia	Oct 14	8.8	36.2	Fixed	AUSDEFCON (Complex)	2
US Government (AT-P-GSC)	Jan 16	5.46	265.1	Reimbursement	FMS	3,7
Fincantieri S.P.A.	Aug 16	10.9	29.7	Fixed	AUSDEFCON (Complex)	4
BAE Systems Ltd	Jul 16	10.9	56.8	Fixed	AUSDEFCON (Complex)	5
ASC Shipbuilding Pty Ltd	Dec 18	1,904.1	2,275.7	Variable	AUSDEFCON (Complex)	6,7

Notes

- Continuing Risk Reduction radar development activities.
- Design Studies, Risk Reduction activities and Participant Services Contract during CEP. This contract was closed on 4 July 2018.
- US Government Initial MOU was for SEA 5000 Feasibility and Technical Integration Study. Contract value was increased for additional Feasibility and Technical Risk Reduction Studies including CEAFAR/Cooperative Engagement Capability (CEC) and integration of CEAFAR into the Aegis Combat System. Contract value also includes acquisition of Long Lead Time Items for Development Sites.
- Participants Services Contracts during CEP. This contract was closed on 4 July 2018.
- Participants Services Contracts during CEP and Advance Work Arrangement following CEP. This contract was closed on 4 February 2019.
- Design and Productionisation for Hunter Class Frigates.
- Contract values as at 30 June 2020 is based on actual expenditure to 30 June 2020 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 20		
CEA Technologies Pty Ltd	N/A	N/A	Risk Reduction Studies and Radar Development.	
Navantia	N/A	N/A	Risk Reduction Design Studies and Participant Services during CEP.	
US Government	N/A	N/A	Feasibility and Integration studies and acquisition of LLTIs.	
Fincantieri S.P.A.	N/A	N/A	Participants Services Contracts during CE.	
BAE Systems Ltd	N/A	N/A	Participants Services Contracts during CEP and Advance Work Arrangement following CEP.	
ASC Shipbuilding Pty Ltd	N/A	N/A	Design and Productionisation for Hunter Class Frigates.	
Major equipment accepted and quantities to 30 Jun 20				
N/A				
Notes				

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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	Mission System	Sep 19	N/A	Sep 19	0	1
System Definition	Mission System	Nov 20	N/A	May 21	6	1,4
Preliminary Design	Mission System	N/A	N/A	Aug 22	N/A	1,2
Critical Design	Mission System	Nov 22	N/A	Sep 23	10	1,5
	Combat System	Feb 23	N/A	Dec 23	10	3,5
	HCF Platform	Jun 24	N/A	Mar 25	9	1,5
Notes						
1	Current Contracted' dates as forecast in the Contractor Master Schedule are maturing prior to the Initial Integrated Baseline Review (IBR1). Exit from IBR1 will set the Initial Performance Measurement Baseline.					
2	The Preliminary Design Review does not have a contracted date, but will be included in the baseline schedule at the Initial Integrated Baseline Review (IBR1).					
3	Previous design reviews for the Combat System are outside the scope of SEA 5000 Phase 1.					
4	Additional design work is required before the System Definition Review can commence.					
5	The later forecast for the System Definition Review has driven delays to subsequent design reviews.					

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	N/A	N/A	Dec 20	N/A	1
	Ship 1 Build commencement	TBA	N/A	Dec 22	N/A	1
Acceptance	Ship 1	TBA	TBA	TBA	N/A	2
Notes						
1	While these milestones are yet to be contracted, the forecasts refer to the timeframes being worked to by the project.					
2	SEA 5000 Phase 1 has approval to procure long lead time items (LLTIs), and perform prototyping, detail Design and Productionisation of the Hunter Class Frigate. This milestone is expected to be defined by Government in subsequent Second Pass Approvals.					

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	TBA	TBA	N/A	1,2
Initial Operational Capability (IOC)	TBA	TBA	N/A	1,2
Final Materiel Release (FMR)	TBA	TBA	N/A	1,3
Final Operational Capability (FOC)	TBA	TBA	N/A	1,3
Notes				
1	SEA5000 Phase 1 has approval to procure long lead time items (LLTIs), perform prototyping and detail Design and Productionisation of the Hunter Class Frigate.			
2	These milestones are expected to be defined by Government in in 2021 when approval for Batch 1 Build is sought.			
3	These milestones are expected to be defined by Government in subsequent Second Pass Approvals.			
Schedule Status at 30 June 2020				
Not Applicable				
Note				
Forecast dates in Section 3 are excluded from the scope of the Auditor-General's Independent Assurance Report.				

Section 4 – Materiel Capability Delivery Performance

4.1 Measures of Materiel Capability Delivery Performance

Pie Chart: Percentage Breakdown of Materiel Capability Delivery Performance	
Not Applicable	Green: The project does not currently have any materiel capability delivery approved. The project is currently approved for detailed design and productionisation, prototyping, and procurement of Long Lead Time Items for the <i>Hunter</i> Class Frigate. Capability requirements continue to be refined and assessed against the Second Pass approved scope, cost and schedule. SEA 5000 Phase 1 is expected to return to Government in 2021 to seek approval of the scope and funding required for Batch 1 Build.
	Amber: N/A
	Red: N/A
Note	
This Pie Chart 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)	Note 1	Not yet achieved
Initial Operational Capability (IOC)	Note 1	Not yet achieved
Final Materiel Release (FMR)	Note 1	Not yet achieved
Final Operational Capability (FOC)	Note 1	Not yet achieved
Note		
1	SEA 5000 Phase 1 has approval to procure long lead time items (LLTIs), perform prototyping and detailed Design and Productionisation of the Hunter Class Frigate. These milestones are expected to be defined by Government in subsequent Second Pass Approvals.	

Section 5 – Major Risks and Issues

5.1 Major Project Risks

Identified Risks (risk identified by standard project risk management processes)	
Description	Remedial Action
Due to the level of design maturity of the reference ship design there is a risk that the Hunter Class Frigate design may not meet intended service life expectations.	The Hunter Class Frigate program in cooperation with the UK Ministry of Defence and ASC Shipbuilding has initiated a program in order to fully quantify both the design and management aspects of the Hunter Class Frigate.
The Type 26 is designed to UK Ministry of Defence Standards for Royal Navy's needs. There is a Risk that design changes for the Royal Australian Navy are not identified in sufficient time to allow their implementation resulting in costly rework.	The SEA5000 Phase 1 project has initiated an analysis of the impact of any differences between the Standards applied on the T26 and that used by the RAN. It is also intended to conduct a Capability Requirements Review to understand if there are any differences between Hunter Class and the RAN's functional requirements.
Acquisition of the Hunter Class Frigate maybe affected by overall funding or programming issues arising from internal cost growth / forecasting accuracy and external budget constraints, leading to an impact on capability and schedule.	The SEA5000 Phase 1 project uses a process of progressive Government approval. The approved scope of the project is limited to the design, productionisation and contracting of limited equipment which have long production timelines. The project conducts on-going engagement with the Head Contract and other major providers to facilitate improved cost management. Acquisition and cost models are refined through the execution of discrete contract scopes and design reviews to enable the project to meet budgeting and programming expectations along with proactive management of cost risk.
There is a risk that when production commences the design may not be sufficiently mature necessitating design changes, causing rework and resulting in additional costs and possible schedule overruns.	The project is conducting assurances on high resource demand risk areas to understand exposure. ASC Shipbuilding is implementing a workforce management plan to address workforce shortages. BAE Systems' UK is recruiting additional designers to ensure the Type 26 design is mature prior to design separation for the <i>Hunter</i> Class Frigate specific design.
The workforce requirements for the SEA5000 Phase1 capability are not fully funded within Navy's approved guidance.	The Directorate of Navy Workforce Requirements is analysing the Scheme of Complement and Shore Enabler requirement to ensure it accurately captures the workforce required to sustainably crew the Hunter Class Frigate. Positions will be prioritised to ensure a requisite workforce capability is available to support the Hunter Class Frigate introduction into service.
The Commonwealth does not provide adequate assurance over ASC Shipbuilding's performance in executing the Head Contract leading to less optimal value for money outcomes.	An Integrated Baseline Review (IBR) is being undertaken which will set a performance management baseline which enables the Commonwealth to accurately measure cost and schedule performance. IBR's are planned to be conducted periodically during the Design and Productionisation phase, and during Batch 1 Build ramp up.

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	The Head Contract has data access plans which ensures the Commonwealth obtains unfettered access to relevant Contractor data, information and systems. Audit plans are being developed to manage ASC Shipbuilding's delivery of their Plans and obligations.
The Prime may not have access to the required industrial base (infrastructure, supply chain, workforce) to support prototyping and construction activities.	The Head Contract deliverables, such as the Continuous Naval Shipbuilding Strategy and Plan, Workforce Management Plan and Supply Chain Management Plan are to be progressively delivered by ASC Shipbuilding ensuring access to and obligations to develop further the workforce and supply chains required to deliver the Hunter Class Frigates. Australian Naval Infrastructure (ANI) was stood up in 2017 to deliver infrastructure in the Osborne Naval Shipyard and is negotiating a licence for occupation and use of these facilities with ASC Shipbuilding.
The sustainment of the Hunter Class frigate may be affected by overall funding or programming issues arising from internal cost growth / forecasting accuracy and external budget constraints, leading to an impact on capability and schedule.	The project uses a process of progressive Government approval. Discrete funding scopes are approved by Government for the execution of limited contract scopes as required. Benchmarking and lessons learnt from the sustainment of the existing fleet is used to refine cost. Cost is updated through a Life Cycle Costing model to forecast sustainment requirements to maximise cost quality for subsequent Government approval of the next stage of activity.
The project may not be able to fully deliver Government Furnished Material to meet key milestones impacting cost and schedule.	The Program is currently developing plans and processes to acquire and manage the delivery of Government Furnished Material to support the Program design time frames.
There is a chance that the technical complexity of incorporating combat system and sensors with the selected ship design may delay capability milestones.	Ships Division will lead ongoing technical engagements between the shipbuilder and suppliers to share relevant information to enable efficient incorporation of combat system and sensors into the platform.
Competing Project objectives may impact the Hunter Class Frigates ability to maximise Australian Industry Content.	Commonwealth to work with ASC Shipbuilding to better understand the Australian industrial base and identify more opportunities to invest in, and develop local industry capability and capacity. AIC obligations are built into the Head Contract via the AIC Strategy and Plans.
Combat Systems integration is complex and may not support timely achievement of capability requirements.	Ships Division will lead an ongoing review of the viability of planned systems for the Batch 1 ship deliveries. This will include the identification and resourcing of technical activities to develop an integrated systems approach.
ASC Shipbuilding does not have access to an adequate land based test functionality to support the functional integration of the Combat System for Ship 1 IOC.	Design considerations are being developed for provision of a Land Based Testing System.
Emergent Risks (risk not previously identified but has emerged during 2019–20)	
Description	Remedial Action
Work needs to be undertaken to ensure the Build Scope Statement contains a minimum level of uncertainty acceptable to Defence and Government.	The SEA 5000 Phase1 project is working collaboratively with ASC Shipbuilding and central agencies to ensure the levels of cost and schedule uncertainty in the upcoming Gate 2 submission is fully understood.

5.2 Major Project Issues

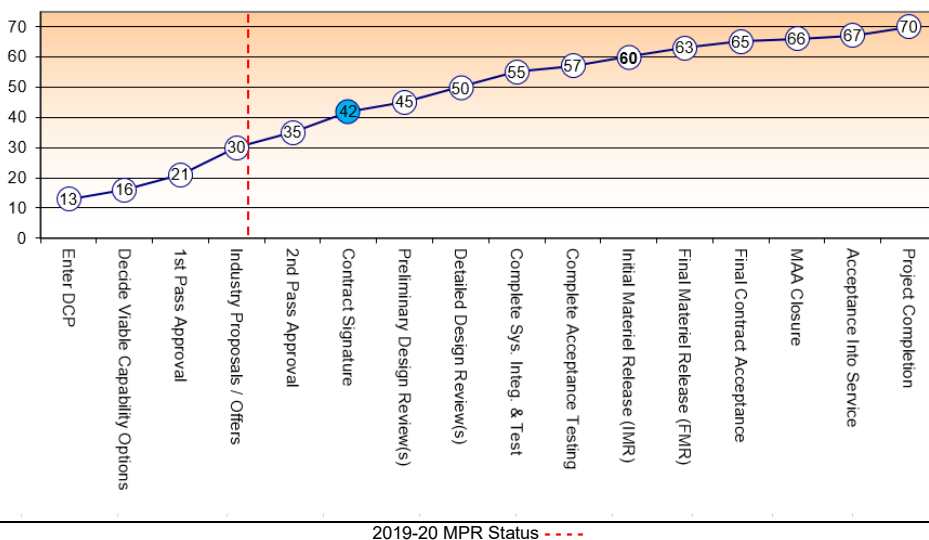
Description	Remedial Action
The UK, AUS, US and Canada cannot effectively share information to support the iterative design cycle for the Hunter Class Frigate Program.	Actively manage & implement actions arising from Global Combat Ship (GCS) User Group through weekly teleconferences. Hold discussions between the relevant US and UK security authorities to clarify bilateral agreements. Implement GCS User Group document handling template. Provide support and oversight of Data Management System (DMS) development.
Note	
Major risks and issues in Section 5 are excluded from the scope of the Auditor-General's Independent Assurance Report.	

Section 6 – Project Maturity

6.1 Project Maturity Score and Benchmark

Maturity Score		Attributes							Total
		Schedule	Cost	Requirement	Technical Understanding	Technical Difficulty	Commercial	Operations and Support	
Project Stage	Benchmark	6	6	6	6	6	6	6	42
Contract	Project Status	4	5	5	5	4	5	3	31

Signature	Explanation	<p>Schedule: The project Schedule is understood, but will not be agreed until the contracted Integrated Baseline Review (IBR) is completed.</p> <p>Cost: Costs are being managed in accordance with the Acquisition Phase Cost Model as outlined in the Head Contract.</p> <p>Requirement: While design work is informed by the Requirements, these Requirements are constrained by the mandated use of the Reference Ship Design with changes to meet the High Level Capability Requirements (HLCR's) as prescribed by Government. The nine frigates were classed as the <i>Hunter</i> Class FFG. Due to this Requirements will only be defined when the scope for Batch 1 Build is agreed.</p> <p>Technical Understanding: Considering the project is in a Design and Productionisation phase, the Technical Understanding will be matured and provided for as the project progresses through the multiple forecast design reviews.</p> <p>Technical Difficulty: Regarding the current design maturity the Technical Difficulty is considered to be feasible, but would not be considered to be planned while the project is still in a Design and Productionisation phase.</p> <p>Commercial: While the project has contracted with ASC Shipbuilding for Design and Productionisation, there is a broader activity which is maturing to identify and engage with other industry partners to maximise the opportunities of Australian Industry Capability (AIC). Currently ASC Shipbuilding is experiencing delays in contracting with these industry partners.</p> <p>Operations and Support: The Issue of Operations and Support is understood, and is being further developed by the various Fundamental Inputs to Capability (FIC) leads. It is planned that Operation and Support elements will be defined as part of the Batch 1 Build Business Case to be submitted to Government in 2021.</p>
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Section 7 – Lessons Learned

7.1 Key Lessons Learned

Description	Categories of Systemic Lessons
Government Furnished Material (GFM), data and information requirements need to be clearly defined, articulated and agreed between the platform designer, the various CoA Branches, Divisions and SPO'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.	Schedule Management

Section 8 – Project Line Management

8.1 Project Line Management as at 30 June 2020

Position	Name
Division Head	Ms Sheryl Lutz
Branch Head	Mr Derek Gill
Project Director	CAPT Peter Mingay

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