Project Data Summary Sheet[146]

Project Number	**SEA5000 Phase 1**
Project Name	**FUTURE FRIGATES**
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
Budget at 2nd Pass Approval	$6,184.0m
Total Approved Budget (Current)	**$6,046.9m**
2020-21 Budget	**$498.4m**
Complexity	ACAT I

Section 1 – Project Summary

1.1. Project Description

As a foundation project in the Government's Continuous Naval Shipbuilding Program, SEA5000 Phase 1 – Future Frigate Design and Construction will deliver nine *Hunter* Class Frigates optimised for anti-submarine warfare to maintain the Royal Australian Navy's (RAN) Surface Combatant capability and replace the current *Anzac* Class Frigates.

This new generation of major surface combatants will provide the RAN with the critical capability required to defend Australia well into the future. 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 **BAE Systems Maritime Australia (formerly trading as** ASC Shipbuilding **Pty Ltd)**, a subsidiary of BAE Systems Australia.

1.2. Current Status

Cost Performance
In-year
As at 30 June 2021, financial year 2020-21 expenditure is $508.5m against the forecast budget of $498.4m. The variation is mainly due to higher than anticipated disbursements against Aegis Foreign Military Sales cases and the reprogramming of activities against the Head Contract **including the agreed rescheduling of the Integrated Logistics Support contract change**.

Project Financial Assurance Statement
As at 30 June 2021, project SEA5000 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, Prototyping and procurement of Long Lead Time Items for Batch 1 Build. This **has enabled** the design of the Mission and Support Systems to proceed together with mobilisation of **BAE Systems Maritime Australia (BAESMA)** to the Greenfield elements of the Osborne South **Naval** Shipyard ahead of prototyping, **which commenced in December 2020.**

In the current year (2020-21), the project achieved a significant project milestone with the commencement of Prototyping in December 2020. More recently, the project achieved the commencement of the System Definition Review in March 2021, which will further evaluate the ability of the design process to facilitate an efficient and effective build. However, the revised forecast completion date for the System Definition Review is now driving delays to subsequent design reviews including progressive zonal design reviews and Major System Reviews. The Project has also experienced schedule variance due to delays in the United Kingdom's Type 26 program, which is the Reference Ship Design for the Hunter Class frigate.

The project is expected to return to Government **for** consideration of Batch 1 **in quarter 4** 2021. **This will allow** contractual arrangements for the Batch 1 Build to be finalised and work to be undertaken to enable Ship 1 construction to commence **by** end 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 Ship 1 construction on schedule.

Defence continues to work with **BAESMA** 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,

146 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.

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. SEA5000 Phase 1 is expected to return to Government in quarter 4 2021 to seek approval of the scope and funding required for the Batch 1 Build.

Note

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

1.3. Project Context

Background
The SEA5000 Phase 1 Project is a large and complex project that will form the foundation of the Government's Continuous Naval Shipbuilding Program, as announced in the 2017 National Naval Shipbuilding Plan. The Project is in the early design and productionisation stage, and will progress through multiple Government decision-making points.

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 *Hobart* Class Guided Missile Destroyer (DDG) platform as the basis for the SEA5000 Phase 1 capability. The project was directed to return to Government in March 2015 when further decisions on SEA5000 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.

In August 2015, the Government announced bringing forward the Future Frigate program to replace the *Anzac* Class (FFH) Frigates as part of a continuous onshore build programme to commence in 2020. The ***Hunter*** Class Frigates will be built in South Australia at the Osborne South Naval Shipyard.

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.

In November 2015, an Interim Pass was approved by Government for SEA5000 Phase 1 to progress a Competitive Evaluation Process (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.

In April 2016, Government provided First Pass approval for SEA5000 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.

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 SEA5000 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.

In June 2018, the Government announced BAE's 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 design changes to incorporate the HLCRs as prescribed by Government. The nine frigates were classed as the *Hunter* Class FFG.

Uniqueness
The SEA5000 Phase 1 *Hunter* Class Frigate Project delivering nine Anti-Submarine Warfare Frigates to the Royal Australian Navy is one of the largest naval ship building projects ever undertaken in Australia. In terms of size and complexity the project is second only to the SEA 1000 Future Submarines.

As such, SEA5000 Phase 1 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 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 *Hunter* Class Frigates through the life cycle.

Major Risks and Issues
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:

- Design maturity;
- Capability delivery to Navy;
- Contractor performance;
- Australian Industry Capability;
- Overall budget affordability; and
- System Integration.

In addition, the Project is managing three issues relating to information sharing with international users, budget constraints and forecasting accuracy and uncertainty in the Batch 1 Build Scope.

Other Current Related Projects/Phases
SEA5000 Phase 2 (Future Frigate - Weapons) – is scoped to deliver guided and non-guided munitions required by the *Hunter* Class Frigates. SEA5000 Phase 2 (Future Frigate – Weapons) now forms part of SEA1300 Phase 1.

Note

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

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	55.5		3
Jun 18	Government 2nd Pass Approval	5,782.7		
	Total at Second Pass Approval		6,184.0	
Aug 19	Real Variation - Transfer		3.3	4
Apr 21	Exchange Variation		(140.4)	
			(137.1)	
Jun 21	**Total Budget – SEA5000PH1**		6,046.9	
	Project Expenditure			
Prior to Jul 20	Contract Expenditure – **BAE Systems Maritime Australia (previously known as** ASC Shipbuilding **Pty Ltd)**	(254.1)		
	Contract Expenditure - US Government FMS Case (ATPGSC)	(74.1)		
	Contract Expenditure - CEA Technologies Pty Ltd	(38.0)		
	Contract Expenditure – Odense Maritime Technology	(25.2)		
	Other Contract Payments / Internal Expenses	(319.2)		
			(710.6)	5
FY to Jun 21	**SEA5000PH1**			
	Contract Expenditure – **BAE Systems Maritime Australia (previously known as** ASC Shipbuilding **Pty Ltd)**	(337.1)		
	Contract Expenditure - US Government FMS Case (ATPGSC)	(58.8)		
	Contract Expenditure - Raytheon Australia Pty Ltd	(10.4)		
	Contract Expenditure - US Government FMS Case (ATPLFZ)	(7.5)		
	Other Contract Payments / Internal Expenses	(94.7)		
			(508.5)	6
Jun 21	**Total Expenditure**		(1,219.1)	
Jun 21	**Remaining Budget**		4,827.9	

Notes	
1	CEA Technologies Radar Development Program
2	Initiating the Competitive Evaluation Process **SEA5000** for Future Frigates.
3	Conduct further combat system development activities and to secure critical support staff
4	Funding transfer between Capability Acquisition and Sustainment Group (CASG) and Estate and Infrastructure Group (E&IG) to address funding shortfall with the Naval Capability Infrastructure Subprogram (NCIS).
5	Shipyard Infrastructure requirement studies, **FMS payments for Combat System studies**, strategic advice and specialist engineering services: **Competitive Evaluation Process Participants (CEP) payment totals to $122.7m, Project and Commercial Support payment totals to $107.1m and Technical Support payment totals to $89.4m.** **Other Contract Payments / Internal Expenses includes payment totals of $19.5m to SAAB across multiple purchase orders attributed to the Enterprise Partnering Arrangement**
6	Strategic advice and Specialist engineering: **Project and Commercial Support payment totals to $65.1m, Technical Support payment totals to $24.6m, and Competitive Evaluation Process Participants (CEP) payment totals to $5.0m.** **Other Contract Payments / Internal Expenses includes payment totals of $4.5m to SAAB across multiple purchase orders attributed to the Enterprise Partnering Arrangement**

2.2 A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	Estimate Final Plan $m	Explanation of Material Movements
587.0	**506.9**	**498.4**	PBS to PAES: The variation between the Budget and Revised estimates is primarily due to the reprogramming of activities against the Head Contract. PAES to Estimate Final Plan: The variance is due to foreign exchange supplementation during Pre-ERC **and PBS** build.
Variance $m	**(80.1)**	**(8.5)**	Total Variance ($m): **(88.6)**
Variance %	**(13.6)**	**(1.7)**	Total Variance (%): **(15.1)**

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan $m	Actual $m	Variance $m	Variance Factor	Explanation
		6.4	Australian Industry	The variation is mainly due to higher than anticipated disbursements against Aegis Foreign Military Sales cases and the reprogramming of activities against the Head Contract including the agreed rescheduling of the Integrated Logistics Support contract change.
		3.7	Foreign Industry	
			Early Processes	
			Defence Processes	
			Foreign Government Negotiations/Payments	
			Cost Saving	
			Effort in Support of Operations	
			Additional Government Approvals	
498.4	508.5	10.1	Total Variance	
		2.0	% Variance	

2.3 Details of Project Major Contracts

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 21 $m			
CEA Technologies Pty Ltd	Nov 14	0.9	44.0	Fixed	Standard Defence Contract	1,5
The United States Government (AT-P-GSC)	Jan 16	5.5	253.5	Reimbursement	Foreign Military Sales (FMS)	3,5
BAE Systems Maritime Australia (previously known as ASC Shipbuilding Pty Ltd)	Dec 18	1,904.1	2,338.6	Variable	Standard Defence Contract	4,5
Odense Maritime Technology	Mar 19	0.3	62.4	Variable	Standard Defence Contract	4,5
Raytheon Australia Pty Ltd	Apr 19	6.8	15.3	Variable	Standard Defence Contract	2,5
Raytheon Australia Pty Ltd	Oct 19	9.0	34.6	Variable	Standard Defence Contract	2,5
The United States Government (AT-P-LFZ)	Sep 20	626.6	551.6	Reimbursement	Foreign Military Sales (FMS)	5

Notes

1	Continuing Risk Reduction radar development activities.
2	Supply of Combat Systems Technical Support Services.
3	US Government Initial MOU was for SEA5000 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.
4	Design and Productionisation for Hunter Class Frigates.
5	Contract values as at 30 June 2021 is based on actual expenditure to 30 June 2021 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 21		
CEA Technologies Pty Ltd	N/A	N/A	Risk Reduction Studies and Radar Development.	
The United States Government (AT-P-GSC and AT-P-LFZ)	N/A	N/A	Feasibility and Integration studies and acquisition of LLTIs.	
BAE Systems Maritime Australia (previously known as ASC Shipbuilding Pty Ltd)	N/A	N/A	Design and Productionisation for Hunter Class Frigates.	
Raytheon Australia Pty Ltd	N/A	N/A	Supply of Combat Systems Technical Support Services.	
Odense Maritime Technology	N/A	N/A	Identification of Support Requirements during Design and Productionisation Phase	

Major equipment accepted and quantities to 30 Jun 21

N/A

Notes

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	
System Definition	Mission System	Nov 20	N/A	Nov 21	12	1,4
Preliminary Design	Mission System	N/A	N/A	Jul 23	N/A	1,3,4
Critical Design	Mission System (SCDR)	Nov 22	N/A	Sep 24	22	1,2,4
	Combat System	Feb 23	N/A	Oct 24	20	1,2,4
	Mission System (FCDR)	Jun 24	N/A	Oct 25	16	1,2,4

Notes	
1	Forecast dates for events occurring more than 18 months from the current date are not robust and should be considered indicative dates only as the contractor continues to define the schedule.
2	The revised forecast date for the System Definition Review has driven delays to subsequent design reviews. Delayed achievement of the System Definition Review is the result of design delays experienced in the Type 26 Program, which are having a flow-on impact to activities in the Hunter Class frigate project.
3	There is currently no contracted date for the Preliminary Design Review – Mission System, however this date has been included in the baseline schedule as part of the initial Integrated Baseline Review (IBR1).
4	Abovementioned milestone/event dates derived from Contract Master Schedule include hard constraints. This means the dates are considered achievable and will not move if schedule slippage occurs.

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	1,3
Acceptance	Ship 1	TBA	TBA	TBA	N/A	2

1	Prototyping commencement occurred on time as at December 2020. Ship 1 cut steel milestone remains subject to ongoing negotiations with BAESMA. The forecast identified above refers to the timeframes currently being worked to by the project.
2	SEA5000 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. As such, the current forecast has been informed in consultation with BAESMA.
3	The risk to commencement of Ship 1 cut steel remains high but is still considered achievable at this stage. The production by design zone methodology should allow construction of low risk blocks to commence in December 2022 as planned, which will enable the design for higher risk and more complex blocks to mature.

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 2021

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 *Hunter* Class Frigate. Capability requirements continue to be refined and assessed against the Second Pass approved scope, cost and schedule. SEA5000 Phase 1 is expected to return to Government in **quarter 4** 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	SEA5000 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 maturity of the **Reference Ship Design and the increased weight of the Type 26 and Hunter Class Frigate**, 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 **BAESMA** has initiated a program in order to fully quantify both the design and management aspects of the Hunter Class Frigate. **The program is undertaking a series of reviews and analysis to support and progress design.**
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 Type 26 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.	**This risk has been realised and transitioned into an issues (refer to Section 5.2 below.**
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. **BAESMA** 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 *Hunter* Class Frigate specific design. **Review boards and working groups established to increase understanding and confidence in capability to be realised.**
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 **BAESMA's** performance in executing the Head Contract leading to less optimal value for money outcomes.	An Integrated Baseline Review (IBR) **has been** undertaken which will set a performance management baseline which enables the Commonwealth to accurately measure cost and schedule performance. IBRs are planned to be conducted periodically during the Design and Productionisation phase, and during Batch 1 Build ramp up. 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 **BAESMA's** delivery of their Plans and obligations. **With such measures in place, formal approval was given in May 2021 for elements of this risk to be reduced to BAU activities with the remainder merged with other risks. Subsequently this risk has been downgraded/retired.**
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 **BAESMA** 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 **now licenced** for **BAESMA to occupy** and use these facilities. **The Osborne facilities are now available to BAESMA and officially opened by the Prime Minister of Australia.**
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. **Noting the above remedial actions, formal approval was given in May 2021 for elements of this risk to be reduced to BAU activities, with the remainder merged with other risks. Subsequently, this risk has been downgraded/retired.**
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. **Noting the above remedial actions, formal approval was given in May 2021 for elements of this risk to be reduced to BAU activities, with the remainder merged with other risks. Subsequently, this risk has been downgraded/retired.**
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. **Multiple working groups have been established to support the engagement.** **Noting the above remedial actions, formal approval was given in May 2021 for elements of this risk to be reduced to BAU activities, with the remainder merged with other risks. Subsequently, this risk has been downgraded/retired.**
Competing Project objectives may impact the Hunter Class Frigate's ability to maximise Australian Industry Content.	Commonwealth to work with **BAESMA** 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. **The program is also conducting Requirement Reviews to understand and assess any potential issues/gaps.** **Noting the above remedial actions, formal approval was given in May 2021 for elements of this risk to be reduced to BAU activities, with the remainder merged with other risks. Subsequently, this risk has been downgraded/retired.**
BAESMA 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. **Design of these facilities is now underway, being led by Estate and Infrastructure Group.** **Noting the above remedial actions, formal approval was given in May 2021 for elements of this risk to be reduced to BAU activities, with the remainder merged with other risks. Subsequently, this**

	risk has been downgraded/retired.
Work needs to be undertaken to ensure the Build Scope Statement contains a minimum level of uncertainty acceptable to Defence and Government	**This risk has now been realised as an issue (refer to Section 5.2 below).**
Emergent Risks (risk not previously identified but has emerged during 2020–21)	
Description	Remedial Action
The current Design and Productionisation scope realises a Batch 1 design that does not form a suitable basis for future batches, given the expectation of further capability insertion into future batches.	**The Phase 1 Project is preparing advice regarding next steps to understand and inform decisions.**

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.
Acquisition 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 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. Note this issue was previously reported as a risk in Section 5.1 above.**
Work needs to be undertaken to ensure the Build Scope Statement contains a minimum level of uncertainty acceptable to Defence and Government.	**The SEA5000 Phase 1 Project is working collaboratively with BAESMA to meet a quarter 4 2021 approach to Government for the Build Scope. BAESMA to deliver its build scope response and costings for Commonwealth evaluation. Note this issue was previously reported as a risk in Section 5.1 above.**
Note	
Major risks and issues in Section 5 are excluded from the scope of the Auditor-General's Independent Assurance Report.	

Section 6 – Lessons Learned

6.1 Key Lessons Learned

Description	Categories of Systemic Lessons
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 7 – Project Line Management

7.1 Project Line Management as at 30 June 2021

Position	Name
Division Head	Ms Sheryl Lutz
Branch Head	**CDRE Scott Lockey**