

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

Project Number	SEA3036 Phase 1
Project Name	PACIFIC PATROL BOAT REPLACEMENT
First Year Reported in the MPR	2017-18
Capability Type	Replacement
Capability Manager	Chief of Navy
Government 1st Pass Approval	Apr 16
Government 2nd Pass Approval	Apr 16
Budget at 2nd Pass Approval	\$504.5m
Total Approved Budget (Current)	\$517.5m
2023–24 Budget	\$48.6m
Complexity	ACAT II



### Section 1 – Project Summary

#### 1.1 Project Description

SEA3036 Phase 1 – Pacific Patrol Boat Replacement (PPB-R) is acquiring 24 vessels to replace the 22 Pacific Patrol Boats (PPBs) gifted to 12 Pacific Island countries between 1987 and 1997 and to provide two boats for Timor-Leste as part of Australia’s Pacific Maritime Security Program (PMSP). The project also includes disposal of the current PPB fleet and upgrades to Pacific Island infrastructure to enable safe berthing of the new Guardian Class Patrol Boats (GCPBs).

#### 1.2 Current Status

##### Cost Performance

###### In-year

As at 30 June 2024 Financial Year (FY) 2023-24 expenditure was \$51.7m against the FY 2023-24 budget of \$48.6m. The variance of \$3.1m is mainly due to works in progress on the new additional Boat 23, which was added into the acquisition contract on 21 June 2024. This and the budget for additional Boat 24 will be phased into the SEA3036 project budget.

###### Project Financial Assurance Statement

As at 30 June 2024, project SEA3036 Phase 1 has reviewed the approved scope and budget for those elements required to be delivered by the project. 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 applied for contingency in the Financial Year (FY). The project has utilised a portion of the contingency funding applied for in the FY 2022-23, primarily for engineering modifications to provide additional barriers and controls. This has reduced and treated potential risks to health and safety from hydrogen sulphide gas, which naturally occurs in the black and grey water systems of vessels. Long-term remediation will continue to be applied over the coming years to ensure the risk remains low.

##### Schedule Performance

The project is currently within the delivery phase. To date, 19 GCPBs have been delivered to their respective recipient nations as follows:

- Vessel 1 to Papua New Guinea (PNG) in November 2018.
- Vessel 2 to Tuvalu in April 2019.
- Vessel 3 to Tonga in June 2019.
- Vessel 4 to Samoa in August 2019.
- Vessel 5 to Solomon Islands in November 2019.
- Vessel 6 to Fiji in March 2020.
- Vessel 7 to Palau in September 2020.
- Vessel 8 to Kiribati in June 2021.
- Vessel 9 to Tonga in October 2020.
- Vessel 10 to PNG in March 2021.
- Vessel 11 to Solomon Islands in May 2021.
- Vessel 12 to Vanuatu in July 2021.
- Vessel 13 to PNG in October 2021.
- Vessel 14 to Federated States of Micronesia (FSM) in March 2022.
- Vessel 15 to Cook Islands in May 2022.
- Vessel 16 to FSM in August 2023.

#### Notice to reader

1. Forecast dates and Sections: 1.2 (Materiel Capability/Scope Delivery Performance), 1.3 (Major Risks and Issues), 4.1 (Measures of Materiel Capability/Scope Delivery Performance), and 5 (Major Risks and Issues) are excluded from the scope of the ANAO’s review of this Project Data Summary Sheet. Information on the scope of the review is provided in the *Independent Assurance Report* by the Auditor-General in **Part 3** of this report.

<ul style="list-style-type: none"> <li>• Vessel 17 to PNG in October 2023.</li> <li>• Vessel 18 to Samoa in November 2023.</li> <li>• Vessel 19 to Fiji in February 2024.</li> </ul> <p>In addition, from 1 July 2023 the project has achieved the following Key Milestones on time:</p> <ul style="list-style-type: none"> <li>• Vessel 19 (Fiji) launch milestone achieved 21 August 2023.</li> <li>• Vessel 20 (Timor-Leste) launch milestone achieved 27 November 2023.</li> <li>• Vessel 21 (Kiribati) launch milestone achieved 21 February 2024.</li> <li>• Vessel 22 (Tuvalu) launch milestone achieved 27 May 2024.</li> </ul> <p>Vessel 21 is scheduled for delivery in July 2024 and Vessel 22 is scheduled for delivery in September 2024. Vessel 20 was ready for delivery in May 2024 but Timor-Leste has formally advised Defence that it was not in a position to receive GCPBs. Due to long lead times for critical equipment, the two vessels added to the contract in June 2024 are currently scheduled for delivery. FOC is now expected to be achieved.</p> <p>To date the prime contractor key milestones have been met in alignment with the contract schedule, with the exceptions to this being:</p> <ul style="list-style-type: none"> <li>• Delivery of the first vessel was approximately five weeks later than contracted as a result of delays in establishing a steel production facility, vessel production activities and the resolution of first of class issues. This delay incurred a corresponding delay to achievement of Initial Materiel Release (IMR) / Initial Operational Capability (IOC) which was achieved on 30 November 2018.</li> <li>• Delivery of five vessels were delayed by COVID-19 impacts, however, these did not impact the overall project timeline with Boats 6-9 delivered seven months late but Boats 10-13 delivered on time.</li> <li>• Delivery of six vessels were delayed due to rectification of a latent defect and engineering modifications for the installation and commissioning of a fixed gas detection system, both of which provided improved safety assurances to the crew. Boats 14-18 were delayed by 11 months, and vessels 19-21 will be delayed by nine months due to this issue. These issues have not impacted the negotiated delivery dates of Boats 22-24.</li> <li>• Delivery of GCPB 20 has been delayed, as Timor-Leste advised Defence it was not in a position to receive GCPBs at the scheduled date.</li> </ul> <p>Aspects of the project involving Pacific Island Country Infrastructure upgrades, which were originally anticipated to be minor, have been completed with the Defence Cooperation Program Infrastructure Project completing an enhanced scope of major upgrades to ensure the vessels can be supported after delivery.</p> <p>Disposal of the existing PPBs is progressing in alignment with project needs.</p>
<p><b>Materiel Capability/Scope Delivery Performance</b></p> <p>The first 19 of 24 GCPBs have been delivered to their recipient nations. COVID-19 caused delay to delivery of vessels to Cook Islands, FSM, Kiribati, Palau, and PNG.</p> <p>The emergence of a latent defect and directive to deliver more robust safety monitoring systems delayed the delivery of Vessels 16 to 21.</p> <p>The delivery of Vessel 20 has been delayed as Timor-Leste advised Defence it was not in a position to receive GCPB.</p> <p>Delays have been absorbed within the overall project delivery schedule.</p> <p>The scope has been increased from 22 to 24 GCPBs via contract change during June 2024.</p>
<p><b>Note</b></p> <p>Forecast dates and capability assessments are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>

### 1.3 Project Context

<p><b>Background</b></p> <p>SEA3036 Phase 1, PPB-R Project was initiated in 2014 under the auspices of PMSP to replace the 22 PPBs that were gifted to 12 Pacific Island Countries between 1987 and 1997 with GCPBs.</p> <p>The 12 PPB nations are Cook Islands, FSM, Fiji, Kiribati, Palau, PNG, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Timor-Leste have also been offered and in December 2017 accepted the offer to receive two GCPBs although were not originally part of the PPB program.</p> <p>A Request for Tender was released in March 2015 for up to 21 vessels no longer than 40 metres, built to a commercial standard with a steel hull. The tender also included a support contract for an initial period of seven years. The tender closed in June 2015, evaluations were completed in September 2015 with an Offer Definition and Improvement Activity concluded in January 2016. Austal Ships Pty Ltd was the preferred tenderer.</p> <p>Combined Pass Project Approval was achieved in April 2016. Both the acquisition and support contracts were signed with Austal Ships Pty Ltd in May 2016. The initial acquisition contract was for 19 vessels with a costed option for an additional two vessels. In April 2018, the project exercised the costed option for two additional vessels for Timor-Leste.</p> <p>Construction of the first vessel commenced in April 2017 with acceptance by the Commonwealth of Australia (CoA) (combined IMR and IOC) in November 2018. The last vessel is currently anticipated to be accepted by the CoA.</p> <p>Due to a delay in the acceptance and handover of the first boat of approximately five weeks, caused by the establishment of a dedicated steel production facility and resolution of first-of-class issues, Liquidated Damages have been accrued. Agreement has also been reached on provision of goods and services in kind to the CoA in alignment with the value of Liquidated Damages accrued.</p> <p>In August 2021, the vessel that was gifted to Samoa in August 2019 ran aground on a reef and its replacement, Boat 22, was added to the acquisition contract via a contract change in November 2022.</p> <p>In March 2023 the vessels given to Tuvalu and Vanuatu were damaged in a cyclone. Vanuatu's vessel will be repaired but after</p>
---

## Project Data Summary Sheets

Auditor-General Report No.20 2024–25  
2023–24 Major Projects Report

<p>considering costs and risks, it is not economically viable to repair Tuvalu's vessel. The Project received approval in December 2023 to add to the contract a replacement vessel for Tuvalu along with a second vessel for Kiribati. The Project commenced negotiation with Austal Ships Pty Ltd for two additional vessels via a contract change which was approved in June 2024.</p> <p>The project is scoped and funded to complete minor infrastructure upgrades to existing infrastructure, enabling safe and secure berthing of the new, slightly larger, vessels. Responsibility for execution of the infrastructure upgrades was officially transferred from the project to Defence International Policy Division in September 2019, and later transferred to Pacific Division upon its creation in July 2023. The infrastructure upgrades within the original scope of SEA3036 Phase 1 have been completed and after a comprehensive investigation of Pacific infrastructure, the PMSP infrastructure project is carrying out a significantly more complex infrastructure upgrade for each of the PMSP nations receiving a GCPB.</p>
<p><b>Uniqueness</b></p> <p>The GCPB is a vessel being built to commercial standards that will be gifted to 13 nations. The vessels are being built to International Maritime Organisation requirements, under the Australian Maritime Safety Authority flag. Lloyds Register is the classification society and the vessels will meet class requirements. However, ultimately the GCPB will not be put into class. The project's Capability Manager is Chief of Navy with Pacific Division as the Sponsor of the PMSP. Once gifted, each vessel will become a sovereign asset of the recipient nations and Australia will assist and support their operation and sustainment.</p>
<p><b>Major Risks and Issues</b></p> <p>As at 30 June 2024, the project has mitigated the below major risks:</p> <ul style="list-style-type: none"> <li>• Supplier being unable to achieve project milestones due to personnel shortage and supply chain delays.</li> <li>• Project being unable to achieve milestones due to personnel shortage within Project and Stakeholder teams.</li> <li>• Relatively inexperienced crews in some countries having enough practical experience to be ready to commence familiarisation training on the new GCPBs.</li> </ul> <p>Using contingency funding, the project implemented engineering changes to improve the robustness of the controls separating the crew from the hazard across the class. This is no longer a major issue, however, additional contingency funding will be applied to roll out further engineering enhancements that will ensure the risk remains low over the long term.</p>
<p><b>Other Current Related Projects/Phases</b></p> <p>N/A</p>
<p><b>Note</b></p> <p>Major risks and issues are excluded from the scope of the Auditor-General's Independent Assurance Report.</p>

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

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

Date	Description	\$m	Notes
	<b>Project Budget</b>		
Aug 14	Original Approved (Initial Pass Approval)	5.7	1
Jan 15	Real Variation – Transfer	1.2	2
May 16	Government Combined Pass Approval	497.6	
	<b>Total at Second Pass Approval</b>	<b>504.5</b>	
Oct 23	Real Variation – Transfer	14.2	3
Jun 24	Exchange Variation	(1.3)	
Jun 24	<b>Total Budget</b>	<b>517.5</b>	
	<b>Project Expenditure</b>		
Prior to Jul 23	Contract Expenditure – Contractor - Austal Ships Pty Ltd	(317.0)	
	Other Contract Payments / Internal Expenses	(44.6)	4, 5
		(361.7)	
FY to Jun 24	Contract Expenditure – Austal Ships Pty Ltd	(44.4)	
	Other Contract Payments / Internal Expenses	(7.4)	6
		(51.7)	
Jun 24	<b>Total Expenditure</b>	<b>(413.4)</b>	
Jun 24	<b>Remaining Budget</b>	<b>104.1</b>	
<b>Notes</b>			
1	This amount was for Initial Pass Project Approval.		
2	Transfer of funding to Defence Materiel Organisation, now known as Capability Acquisition and Sustainment Group (CASG), to support Offer Definition Improvement Activity and Anthropometric Study. In the 2022-23 Major Projects Report (MPR) this figure was not included in the Total at Second Pass Approvals. This has now been reverted to the report provided in the 2021-22 MPR.		

#### Notice to reader

2. As per the JCPAA 2022-23 MPR Guidelines, financial figures in the PDSS have been rounded to one decimal point. Section 2 financial tables may include totals and percentages that are impacted due to the rounding of the original financial data.

3	Transfer of funding to Naval Shipbuilding and Sustainment Group for acquisition of Vessel 22.
4	Other contract payments and expenditure comprises of and other project support contracted staff costs (\$21.1m), other direct project costs (\$11.8m), infrastructure costs (\$8.1m) and Pre Combined Pass expenditure (\$3.6m).
5	The project finances include a historical discrepancy due to the change from cash to accrual accounting therefore the 2022-23 report incorrectly reported the prior to July 2022 contracted staff costs as \$16.9m rather than \$17.7m.
6	Other contract payments and expenditure includes, project support contracted staff costs of (\$8.4m) and other costs resulting in an adjustment of \$1.0m due to the payment of accrued funds.

## 2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
45.0	44.7	48.6	<u>Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES):</u> Variation (\$-0.2m) due to reprogramming of the prime contract during Additional Estimates Budget Update.  <u>PAES to Final Plan:</u> Variation (\$3.8m) due to Budget Estimates Budget Update and foreign exchange fluctuations.
Variance \$m	(0.2)	3.8	Total Variance (\$m): 3.6
Variance %	(0.5)	8.6	Total Variance (%) 8.1

## 2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		3.1	Australian Industry	The variance of \$3.1m is mainly due to works in progress on the new additional Boat 23, which was added into the acquisition contract 21 June 2024.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		-	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
48.6	51.7	3.1	<b>Total Variance</b>	
		6.5	<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 24 \$m			
Austal Ships Pty Ltd	May 16	321.1	436.3	Fixed	Standard Defence Contract	1, 2
<b>Notes</b>						
1	Contract Value as at 30 June 2024 is based on actual expenditure to 30 June 2024 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).					
2	The price at 30 June 2023 includes the addition of Boats 20-21, which were added into the Austal Ships Pty Ltd contract on 12 April 2018, Boat 22, which was added into the Austal Ships Pty Ltd contract on 1 November 2022, and Boats 23-24 which were added into the Austal Ships Pty Ltd contract on 21 June 2024.					

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

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 24		
Austal Ships Pty Ltd	19	24	PPB-R vessels, conversion training and associated support system products.	1
<b>Major equipment accepted and quantities to 30 Jun 24</b>				
<ul style="list-style-type: none"> <li>4 x GCPB gifted to PNG.</li> <li>1 x GCPB gifted to Tuvalu.</li> <li>2 x GCPB gifted to Tonga.</li> <li>2 x GCPB gifted to Samoa.</li> <li>2 x GCPB gifted to Solomon Islands.</li> <li>2 x GCPB gifted to Fiji.</li> <li>1 x GCPB gifted to Palau.</li> <li>1 x GCPB gifted to Kiribati.</li> <li>1 x GCPB gifted to Vanuatu.</li> <li>2 x GCPB gifted to Federated States of Micronesia.</li> <li>1 x GCPB gifted to Cook Islands.</li> </ul>				

## Project Data Summary Sheets

Auditor-General Report No.20 2024–25  
2023–24 Major Projects Report

Notes	
1	Two additional vessels were included into the scope of supply in April 2018 following acceptance in December 2017 by the Timor-Leste Government of the offer from the Australian Government to receive two boats. The vessel that was gifted to Samoa in August 2019 ran aground on a reef in August 2021 and its replacement was added to the project by contract change in November 2022. The Project has added two additional vessels by contract change in June 2024: one additional vessel for Kiribati and another to replace the Tuvalu vessel that was damaged in a cyclone in March 2023.

#### 2.4 Australian Industry Capability

Summary	
The project has contracted Australian Industry Capability (AIC) targets based on opportunities to maximise competitive Australian industry involvement, where appropriate. Austal Ships Pty Ltd's AIC Plan identifies local industry activities which are captured in support of their design, manufacturing, project management, engineering, integrated logistic support and training activities.	
Note	
AIC Plans for contracts worth more than \$20 million are published on Defence's website. Australian Industry Capability is excluded from the scope of the Auditor-General's Independent Assurance Report.	

### Section 3 – Schedule Performance

#### 3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/Forecast	Variance (Months)	Notes
System Requirement Conduct	Mission System	Aug 16	N/A	Aug 16	0	-
	Support System	N/A	Nov 16	Nov 16	0	1
Preliminary Designs Conduct	Mission System	Oct 16	N/A	Oct 16	0	-
	Support System	N/A	May 17	May 17	0	1
Detailed Design Conduct	Mission System	Feb 17	N/A	Feb 17	0	-
	Support System	N/A	Nov 17	Nov 17	0	1
Notes						
1	A contract change was executed in November 2016 to introduce the conduct of Support System Requirement Review, Support System Preliminary Design Review and Support System Detailed Design Review.					

#### 3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/Forecast	Variance (Months)	Notes
Harbour Acceptance Trials (HAT) Complete	PPB-R Boat 1	Jul 18	N/A	Oct 18	3	1
	PPB-R Boat 2-5	Aug 19	N/A	Sep 19	1	-
	PPB-R Boat 6-9	Aug 20	N/A	Aug 20	0	-
	PPB-R Boat 10-13	Aug 21	N/A	Aug 21	0	-
	PPB-R Boat 14-18	Oct 22	N/A	Nov 23	13	7
	PPB-R Boat 19-21	Jul 23	N/A	Apr 24	9	7
	PPB-R Boat 22	Jul 24	N/A	Jul 24	0	-
	PPB-R Boat 23-24	TBA	N/A	TBA	TBA	9
Acceptance	PPB-R Boat 1	Oct 18	N/A	Nov 18	1	1, 2, 3
	PPB-R Boat 2-5	Nov 19	N/A	Nov 19	0	3
	PPB-R Boat 6-9	Nov 20	N/A	Jun 21	7	4
	PPB-R Boat 10-13	Oct 21	N/A	Oct 21	0	3
	PPB-R Boat 14-18	Dec 22	Nov 23	Nov 23	11	5
	PPB-R Boat 19-21	Oct 23	TBA	TBA	TBA	5, 8
	PPB-R Boat 22	Sep 24	Sep 24	Sep 24	0	6
	PPB-R Boat 23-24	NFP	NFP	NFP	NFP	6

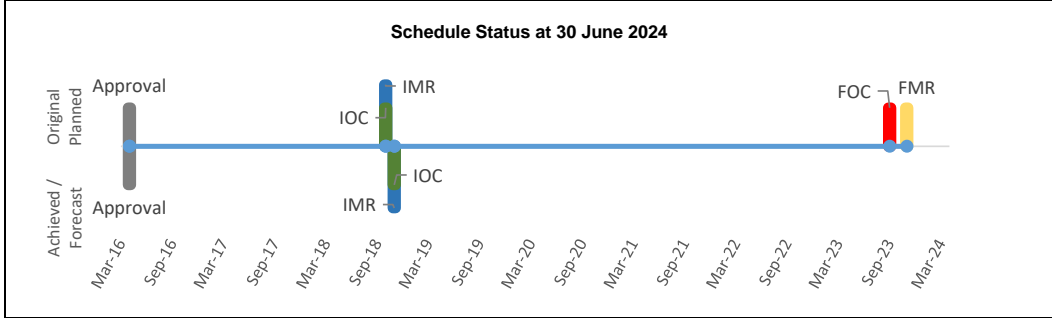
Notes	
1	The variance of three months is primarily due to equipment supply chain delays and first-of-class issues with set-to-work activities.
2	Testing of Vessel 1 includes operation-like test activities in advance of acceptance of Vessel 1.
3	Acceptance marks the successful completion of all tests and crew conversion training. The CoA accepts the vessel from the contractor and then gifts the vessel to the receiving nation.
4	The variance of seven months is due to COVID-19 pandemic travel restrictions restricting the crew for Vessel 8 travelling to Australia to undertake conversion training and receive their vessel. The delay of 10 months to Vessel 8 was absorbed within the overall program schedule.
5	Vessels 16 to 21 were delayed by a latent defect on the engine exhaust silencer for which a replacement design silencer has now been accepted, and the addition of safety equipment with a long lead time of approximately seven months to delivery. The greatest delay was to vessel 16, by 13 months, however this was absorbed via an accelerated delivery

	timeline that saw Vessels 16-18 delivered within 14 weeks.
6	The delivery date of Vessels 22-24 was constrained by the lead time for critical equipment delivery and was not impacted by any delays to previous vessels.
7	HAT are not a contracted milestone, however, the variation in contract milestones outlined in Note 5 has had an indirect impact on verification activities.
8	There is an additional delay to Vessels 19-21 as Timor-Leste has formally advised Defence it was not ready to accept Vessel 20.
9	Acceptance trials are not a contractual milestone. At June 30 Austal Ships Pty Ltd had not yet developed their detailed schedule for the additional vessels 23 & 24 and therefore had not yet advised the project of their expected dates for acceptance trials.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Oct 18	Nov 18	1	1, 2
Initial Operational Capability (IOC)	Oct 18	Nov 18	1	3
Final Materiel Release (FMR)	Nov 23	NFP	NFP	1, 2, 4
Final Operational Capability (FOC)	Sep 23	NFP	NFP	5





Notes	
1	IMR and FMR dates were not scheduled at Combined Pass Government Approval.
2	IMR and FMR were achieved at acceptance of vessels by the CoA and handover to program partner nation.
3	IOC was achieved at acceptance of the first vessel and handover into operational service. This occurred simultaneously with IMR. The variance of one month is a result of delayed commencement of Sea Acceptance Trials and HAT for the first vessel, leading to a delay to delivery.
4	The new forecast date for FMR is the contracted delivery date of Vessel 24 and the date that the boat is expected to be delivered to the recipient Nation.
5	The new forecast date for FOC is the date at which it is expected that that all boats will have completed final post-acceptance activities and be accepted into operational service by the recipient Nation.



Note
Forecast dates in Section 3 are excluded from the scope of the Auditor-General's Independent Assurance Report.

## Section 4 – Materiel Capability/Scope Delivery Performance

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

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	<b>Green:</b> The project expects to meet the current capability requirements as expressed in the Materiel Acquisition Agreement. Temporary repairs have resulted in the lifting of operational limitations that were previously reported. A permanent solution will be incorporated on all remaining vessels prior to delivery. Additional modifications will be retrofitted to vessels currently in service prior to the closure of the project, ensuring all vessels in the fleet will achieve a permanent solution to the issue.
	<b>Amber:</b> N/A
	<b>Red:</b> N/A
	<b>Blue:</b> The project has added two vessels into the project scope.
Note	
This Traffic Light Diagram represents Defence's expected capability delivery. Capability assessments and forecast dates are excluded from the scope of the Auditor-General's Independent Assurance Report.	

### 4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	First vessel and associated support system technical documentation, initial spares and logistics documentation delivered and accepted by the CoA. IMR was achieved on 30 November 2018.	Achieved
Initial Operational Capability (IOC)	First vessel accepted into the Pacific Island Country operational service. IOC was achieved on 30 November 2018.	Achieved
Final Materiel Release (FMR)	Last vessel delivered, completed delivery of all remaining Acquisition Project Support deliverables and accepted by the CoA including completion of transition tasks in accordance with the PPB-R Transition Plan. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	All post-acceptance activities complete and vessels accepted into their Program Partner Country operational service. Forecast dates for FOC are NFP.	Not yet Achieved

## Section 5 – Major Risks and Issues

### 5.1 Major Project Risks

Identified Risks (risk identified by standard project risk management processes)		
Ref#	Description	Remedial Action
1	There is a risk that ship acceptance will be affected by Austal Ships Pty Ltd unable to meet production schedule milestones leading to an impact on cost, schedule, and reputation.	At 30 June 2024 this risk was downgraded to medium due to Austal Ships Pty Ltd continuing to demonstrate that they can manage workforce availability, supply chain issues and competing priorities to achieve targets, and will be removed from the next MPR.
2	There is a risk that key project milestones delivery will be affected by a lack of availability of suitably qualified, experienced and authorised project and stakeholder personnel, leading to an impact on cost, schedule and technical performance.	At 30 June 2024, this risk was downgraded to low due to the gradual decrease in project complexity and increase in project staffing and will be removed from the next MPR.

3	There is a risk that acceptance of the vessels for less experienced crews may be affected with a delay to commencement or of the inability to complete familiarisation training, leading to an impact on capability outcomes, cost, schedule, reputation and health & safety.	The successful pre-handover training and assessment, supported by Australian resources, have resulted in increased confidence that less experienced crews will be able to develop maturity. At 30 June 2024, this risk is assessed as medium and will be removed from the next MPR.
---	---	---

#### 5.2 Emergent Risks

##### Emergent Risks (risk not previously identified but has emerged during 2023–24)

Ref#	Description	Remedial Action
N/A	N/A	N/A

#### 5.3 Major Project Issues

Ref#	Description	Remedial Action
1	Detection of low-level hazardous gas on board vessels indicates the controls for preventing the escape of gases from the black and grey water tanks may not be fully effective.	Engineering enhancements have been developed and rolled out across vessels in service and an enhanced suite of engineering modifications have been applied to vessels in service. This issue is now assessed as a low risk and will be removed from the next MPR. Additional engineering work will be applied using additional contingency funding to ensure that the risk remains low over the long term.

Note
Major risks and issues in Section 5 are excluded from the scope of the Auditor-General's Independent Assurance Report.

## Section 6 – Lessons Learned

### 6.1 Key Lessons Learned

Description	Categories of Systemic Lessons
In line with Defence instruction and CASG Lessons policy, the project conducts scheduled reviews of its captured lessons information (including any observations, insights and/or lessons identified) as well as lessons information contained within the Defence Lessons Repository (DLR). The project has captured 19 lessons. The three lessons the project identified as systemic or strategic in nature, that have been documented in the DLR, are listed below:	N/A
DLR Lesson Type – Lessons identified. Allocate schedule allowance to enable ramp-up and learning of Defence requirements for contractors inexperienced with Defence contracting templates.	Program, Project & Product Management
DLR Lesson Type – Insights. Use of review teams for assurance on contract development when tailoring Defence contracting templates.	Commercial Management
DLR Lesson Type – Lessons identified. Work with contractor to ensure the broader implications of key milestone delay and quality issues are understood and encourage early advice on delay.	Program, Project & Product Management

## Section 7 – Project Structure

### 7.1 Project Structure as at 30 June 2024

Unit	Name
Division	Patrol Boats & Specialist Ships Division
Branch	Specialist Ships Acquisition Branch

## Project Data Summary Sheets

Auditor-General Report No.20 2024–25  
2023–24 Major Projects Report