



REPORT OF THE

INDEPENDENT REVIEW INTO THE PERFORMANCE OF THE HOBART CLASS AIR WARFARE DESTROYER PROGRAM

Conducted by Prof Donald C. Winter and Dr John White

OBJECTIVE PER TERMS OF REFERENCE

Independent assessment of the Air Warfare Destroyer (AWD) Program's cost, schedule and quality performance, identification of remediations and mitigations to improve that performance and recommendations for the transition into operational service with the RAN and to realise the national security benefits of the Program and the long term benefits of the Program for the Australian shipbuilding industry.

INVESTIGATIONS

Investigations included briefings by Commonwealth of Australia, Alliance and industrial participants, visits to AWD construction and engineering facilities in Australia, and conversations with individuals formerly associated with the program.

Utilised ANAO and FMI reports versus conducting independent reviews of productivity.

ASSESSMENT OF CAUSES FOR COST AND SCHEDULE GROWTH

Two direct causes that were identified are:

- 1) The initial program plan for AWD development and production was unrealistic in its cost and schedule estimates.
- 2) The Alliance, as structured, composed and staffed, has been unable to effectively manage the AWD Program.

The contributing causes include:

- 1) Systems engineering on the AWD Program has been of limited effect.
- 2) The AWD Alliance and ASC were unable to effectively manage the AWD block subcontractors.
- 3) The oversight provided by the Commonwealth of Australia has been of limited effect.

The two systemic issues, which could affect any other naval shipbuilding program in Australia, were identified as:

- 1) The limited base of shipbuilding activity in Australia materially impacted the AWD Program.
- 2) The Commonwealth of Australia has not developed a long term shipbuilding plan that can cost-effectively support the needs of the RAN, while sustaining the Australian industrial shipbuilding base.

OPTIONS

Potential Options constrained by inability to change the design, industrial participants, facilities and workforce. Also, time is of the essence—more difficulties can be expected.

Need to improve the program management function through the insertion of an experienced shipbuilding program management team.

Examined multiple options - from limited management change (as ANAO recommended), to program termination and development of a new acquisition strategy.

KEY RECOMMENDATIONS

Key recommendations include increasing the shipbuilding management capacity of the AWD program through the insertion of an experienced management team.