

## Project Data Summary Sheet<sup>221</sup>

Project Number	<b>AIR 7000 Phase 2B</b>
Project Name	<b>Maritime Patrol and Response Aircraft System</b>
First Year Reported in the MPR	2014-15
Capability Type	Replacement
Acquisition Type	MOTS
Service	Royal Australian Air Force
Government 1st Pass Approval	Jul 07
Government 2nd Pass Approval	Feb 14
Total Approved Budget (Current)	\$3,977.8m
2014–15 Budget	\$516.4m
Project Stage	2nd Pass Approval
Complexity	ACAT II



### Section 1 – Project Summary

#### 1.1 Project Description

AIR 7000 Phase 2B seeks to acquire the materiel elements of the Maritime Patrol and Response Aircraft (MPRA) weapon system, including a Through Life Support (TLS) system, as partial replacement of the AP-3C Orion aircraft.

Eight P-8A Poseidon aircraft will be purchased for the Royal Australian Air Force (RAAF) through a Cooperative Program (CP) with the United States Navy (USN). The scope of the CP includes the Production, Sustainment and Follow-on Development (PSFD) of the United States Navy and RAAF P-8A Poseidon fleet.

#### 1.2 Current Status

##### Cost Performance

###### In-year

The project spent \$531.5m against a planned in-year budget of \$516.4m, a variance of \$15.1m or 3.0 per cent. This variance is primarily due to the decision to bring forward \$14.8m of 2015-16 expenditure for MK54 Torpedo acquisition (under Foreign Military Sales (FMS) Case AT-P-AZO) into 2014-15. In addition, the project made early aircraft payments of A\$19.7m, which were offset by a combined reduction in spend across all remaining project elements of A\$19.4m.

###### Project Financial Assurance Statement

As at 30 June 2015, the AIR 7000 Phase 2B Project Office 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 the project, current known risks and estimated future expenditure, Defence considers, as at the reporting date, that there is sufficient budget remaining for the project to complete against the agreed scope.

#### 221 Notice to reader

Future dates and Sections: 1.3 (Major Risks and Issues), 4.1 (Measures of Materiel Capability Delivery Performance), 5.1 (Major Project Risks) and 5.2 (Major Project Issues) are out of scope for 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.

#### Contingency Statement

The project has not applied contingency in the financial year.

#### **Schedule Performance**

In August 2014, an Advanced Acquisition Contract (AAC) was signed by the USN, on behalf of Australia, for the first four RAAF P-8A aircraft. The AAC for the second set of four P-8A aircraft was signed in June 2015. The AAC allows the Prime Contractor, Boeing, to acquire long lead items in order to ensure that all required components are available on time for assembly of the Lot 6 P-8A aircraft. The USN currently plans to place the full aircraft production contract for the first four Australian P-8A aircraft with Boeing in third quarter 2015.

The first aircraft, initially scheduled for delivery in January 2017, is now expected to be available in November 2016, which supports the Materiel Acquisition Agreement (MAA) required in-service date range of November 2016 to January 2017. A final contract for the first four aircraft is expected to be signed in the third quarter of calendar year 2015, and the final set of four aircraft is expected to be contracted in Financial Year 2015-16. The USN have advised that all aircraft are expected to be ready for delivery on time or earlier than required.

All other supplies and project events are expected to be delivered/completed in accordance with the agreed MAA schedule.

#### **Materiel Capability Delivery Performance**

The P-8A Poseidon is being developed under a spiral development program by the USN. The spiral development consists of an evolution of increments, each of which has a number of Engineering Change Proposals (ECP) that define the maturing configurations of the increment. The variant of the P-8A to be acquired under the scope of Phase 2B is defined as Increment 2, ECP 2.

AIR 7000 Phase 2C proposes to upgrade the aircraft purchased under AIR 7000 Phase 2B to the Increment 3 configuration, subject to future government approval.

The USN declared Initial Operational Capability (IOC) for the Increment 2, ECP 1 aircraft in October 2014, and expects to declare IOC for the Increment 2, ECP 2 aircraft five months prior to the first P-8A delivery to Australia. Through the CP, Australia has had significant insight into, and influence on Search and Rescue Kit and Harpoon 1G integration, the work being undertaken on the Increment 2, ECP 2 configuration, and has high confidence that the aircraft (and supporting systems) will provide the capability required by the MAA.

#### Note

The capability assessments and forecasts by the project are not subject to the ANAO's assurance review.

### 1.3 Project Context

#### **Background**

Project AIR 7000 Phase 2B is an ACAT II project, seeking to acquire the P-8A Poseidon MPRA capability, as partial replacement for the AP-3C Orion capability, under a CP with the USN. IOC is planned for 2018, allowing the withdrawal of the AP-3C Orion to occur around 2019.

In December 2011, Government approval was provided to participate in the CP for development of P-8A aircraft and, in March 2012, the Project entered into an initial 10-year Memorandum of Understanding (MoU) with the USN for P-8A PSFD. The MoU defines Australia's contribution towards the joint costs for PSFD, and the separate funding of Australian-unique deliverables and effort.

The Increment 3 Project Arrangement was signed in September 2012 to enable Australia to participate in the incremental upgrade to Phase 2B. This upgrade will be incorporated under AIR 7000 Phase 2C.

In February 2014, Government Second Pass Approval was for the Project to acquire eight P-8A Poseidon aircraft, along with associated support and training systems.

The Project Office issues Procurement Requests (PRs) to advise the CP of Australia's intent to acquire materiel through the CP. After an appropriate scope, schedule and cost have been advised by the CP, the Project Office issues a Letter of Authority (LOA) which provides Australia's financial commitment for the

acquisition. The Project formally submitted its first PR through the CP in June 2014, which covered aircraft, aircrew training devices, aircraft spares, aircraft support and test equipment, transition training and other support elements.

On 4 September 2014, Defence signed a LOA authorising the USN to procure Australian P-8A initial aircraft spares.

In May 2015, the USN signed the contract for Australia's P-8A Aircrew Training Devices.

Sustainment and in-service support will provide opportunities for Australian Industry involvement. Further opportunities exist for Australian Industry in facilities and infrastructure development.

In accordance with the approved acquisition strategy, opportunities for Australian Industry participation in the broader USN P-8A Global program will exist on a competitive contracting basis throughout the life-cycle of the P-8A. Opportunities include component manufacture, component repair, and research and design services.

AIR 7000 Phase 2B also seeks to generate Australian industry participation in the acquisition, sustainment and follow-on development phases of the program through the Australian Industry Capability and Boeing Global Supply Chain.

#### **Uniqueness**

The RAAF P-8A aircraft will be identical to the USN P-8A aircraft, except for minor configuration differences due to national requirements (such as different aircraft marking schemes). Other support elements, such as training devices and spares, will also be kept as common as technically possible.

AIR 7000 Phase 2B is acquiring, and will sustain, the P-8A capability through a Government to Government Cooperative Program with the USN. This arrangement is distinctly different from the traditional Foreign Military Sales (FMS) or Direct Commercial Sales (DCS) arrangements.

The benefits of a CP include significantly enhanced insight and influence over the development of the weapon system, better awareness and control of project costs drivers and risks, better access to technical and sustainment data, and access to the USN wholesale spares warehouse. A down-side of the CP is some ambiguity in administrative aspects of the project, as described further below.

#### **Major Risks and Issues**

The Project is currently mitigating the risks associated with Air Vehicle and Tactical Operation Centre (TOC) integration into the Single Information Environment (SIE) and TOC software configuration. There is also a potential schedule risk associated with the installation of the Aircrew Training System.

A number of risks for the effective and efficient sustainment of the P-8A are also currently being treated through efforts to more closely align the US and Australian sustainment processes. The current aircraft cost risks corresponding to the uncertainty of the aircraft unit price are expected to be retired on signature of the final production contracts in Financial Year 2015-16.

The project has also identified issues with CP process development and aircraft fatigue testing results and are working with the USN to quantify the impact of these issues.

#### **Other Current Sub-Projects**

N/A

## Section 2 – Financial Performance

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

Date	Description	\$m	Notes
<b>Project Budget</b>			
Nov 07	Original Approved	144.1	1
Jul 10	Real Variation – Real Cost Decrease	(21.7)	2
Dec 11	Real Variation – Transfer	(37.9)	3
Apr 12	Government Intermediate Consideration	83.5	4
Feb 14	<b>Government Second Pass Approval</b>	<b>3,409.8</b>	5
		3,433.7	
Jul 10	Price Indexation	20.5	6
Jun 15	Exchange Variation	379.5	
Jun 15	<b>Total Budget</b>	<b>3,977.8</b>	
<b>Project Expenditure</b>			
Prior to Jul 14	Contract Expenditure – Increment 1 Contribution	(66.0)	7
	Contract Expenditure – PSFD MoU Contributions	(30.4)	
	Other Contract Payments/Internal Expenses	(26.5)	
		(122.9)	
FY to Jun 15	Contract Expenditure – PSFD MoU Aircraft Acquisition Payments – Lot 6	(121.5)	8
	Contract Expenditure – PSFD MoU Aircraft Retail Spares	(119.5)	
	Contract Expenditure – PSFD MoU Aircraft Government Furnished Equipment	(102.5)	
	Contract Expenditure – PSFD MoU Aircrew Training System	(63.9)	
	Contract Expenditure – PSFD MoU Contributions	(38.1)	
	Contract Expenditure – PSFD MoU Aircraft Acquisition Payments – Lot 7	(3.1)	
	Other Contract Payments/Internal Expenses	(82.9)	
		(531.5)	
Jun 15	<b>Total Expenditure</b>	<b>(654.4)</b>	
Jun 15	<b>Remaining Budget</b>	<b>3,323.4m</b>	
<b>Notes</b>			
1	Government First Pass Approval to initiate the Project and progress the project to Intermediate Consideration. At First Pass, AIR 7000 entered the Spiral 1 MoU with the USN for development of the P-8A weapon system.		
2	Hand back of contingency funding due to retirement of specific Increment 1 MoU risks.		
3	Reallocation of funding from DMO to Defence Support and Reform Group to develop AIR 7000 Phase 2B facilities requirements.		
4	Government Intermediate Consideration Funding Approval required to progress the project to 2nd Pass Government approval. Includes costs of project planning documentation development and contractor project support services.		
5	Government Second Pass Approval to fund the acquisition of eight P-8A aircraft, and associated support systems and sustainment arrangements.		
6	Until July 2010, indexation was applied to project budgets on a periodic basis. The cumulative impact of this approach was \$17.4m. In addition to this amount, the impact on the project budget as a result of out-turning was a further \$3.1m having been applied to the remaining life of the project.		

7	Other expenditure to 30 June 2014 was comprised of Commonwealth Project Personnel (CPP) expenses of \$8.3m, Mission Support System (MSS) scoping costs of \$6.2m, Increment 3 contributions of \$3.1m, Contractor expenses of \$2.3m and other operating expenditure not attributable to the listed major contracts of \$6.6m.
8	Other expenditure to 30 June 2015 was comprised of Increment 3 contributions of \$19.8m, MK 54 acquisition costs of \$17.0m, MSS acquisition costs of \$15.0m, Support and Test Equipment acquisition costs of \$14.4m, and other operating expenditure not attributable to the listed major contracts of \$16.7m.

## 2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
324.0	450.8	516.4	PBS to PAES estimate variance was caused by expenditure being brought forward into Financial Year 2014-15 to procure long-lead aircraft components and initial aircraft spares in alignment with USN contracting timetable. PAES to Final Plan estimate variance was caused by updates to foreign exchange rates, acceleration of payments covering Financial Year 2015-16 financial contributions to the CP and Aircrew Trainer scheduled payment following contract signature in June 2015.
Variance \$m	126.8	65.6	Total Variance (\$m): 192.4
Variance %	39.1	14.5	Total Variance (%): 59.4

## 2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
		14.8	FMS	Variance primarily due to the decision to bring forward \$14.8m of 2015-16 expenditure for MK54 Torpedo acquisition (under FMS Case AT-P-AZO) into 2014-15. In addition, the project made early aircraft payments of A\$19.7m, which were offset by a combined reduction in spend across all remaining project elements of A\$19.4m.
			Overseas Industry	
			Local Industry	
		19.7	Brought Forward	
			Cost Savings	
			FOREX Variation	
		(19.4)	Commonwealth Delays	
			Additional Government Approvals	
516.4	531.5	15.1	<b>Total Variance</b>	
		3.0	<b>% Variance</b>	

## 2.3 Details of Project Major Contracts

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature \$m	30 Jun 15 \$m			
PSFD MoU - Contributions (US Government)	Mar 12	130.4	158.1	Cost Ceiling (Capped)	MoU	1, 8
PSFD MoU - Aircraft Government Furnished Equipment (GFE) (US Government)	Apr 14	142.9	152.9	Variable	MoU	2,7,8
PSFD MoU - AAC Lot 6 (US Government)	Aug 14	159.0	167.4	Variable	MoU	3,7,8
PSFD MoU - Retail Aircraft Spares (US Government)	Sep 14	122.1	122.4	Variable	MoU	4,7,8

PSFD MoU - Aircrew Training Systems (US Government)	Dec 14	275.4	235.6	Variable	MoU	5,7,8
PSFD MoU - AAC Lot 7 (US Government)	Jun 15	182.5	168.2	Variable	MoU	6,7,8
<b>Notes</b>						
1	PSFD MoU shared contributions are limited to a cost ceiling, which can only be changed upon mutual written consent of the Participants. Australia is responsible for paying a proportion of the total costs based on the relative number of Australian aircraft in the overall fleet.					
2	Aircraft GFE to be procured via contract arrangements between the USN and various suppliers for both Lot 6 and Lot 7 aircraft. Price represents the total value of contracts expected to be awarded and for which Section 23 Commitment Approval has been obtained. The USN are procuring the GFE on behalf of Australia as part of a consolidated US Government purchase.					
3	Lot 6 AAC – signature allowed the prime contractor, Boeing, to procure long-lead aircraft components prior to entering into fully defined contract arrangement currently planned third quarter 2015.					
4	Retail aircraft spares requirements to be procured via US Naval Supply Systems Command (NAVSUP) contracts, from USN inventory or via other US Government agency arrangements. The majority of retail spares are to be procured via NAVSUP.					
5	Aircrew Training Devices - signature allowed the prime contractor, Boeing, to acquire the required long-lead parts, commence engineering and program management activities in support of Australian P-8A training device production. A fully defined contract was signed May 2015.					
6	Lot 7 Aircraft AAC – signature allowed the prime contractor, Boeing, to procure long-lead aircraft components prior to entering into fully defined contract arrangement currently planned second quarter 2016.					
7	'Contract signature' dates in this table are based on the date each LoA was issued by AIR 7000 Phase 2 project office. LoAs are issued by the project formally authorising the commitment and/or obligation of funds for contract execution or efforts to satisfy Australian-unique requirements.					
8	Contract value as at 30 June 2015 is based on actual expenditure to 30 June 2015 and remaining commitment at current exchange rates.					
Contractor	Quantities as at		Scope	Notes		
	Signature	30 Jun 15				
PSFD MoU - Contributions (US Government)	N/A	N/A	Australia's contribution to shared costs from 2012-13 to 2021-22 based on the purchase of eight aircraft. Includes contribution to production, sustainment and follow-on development for common efforts, and project overhead and administration costs.	1		
PSFD MoU - Aircraft Government Furnished Equipment (GFE) (US Government)	Various	Various	Items to be procured in support of production of Lot 6 (aircraft 1-4) and Lot 7 (aircraft 5-8) P-8A Aircraft.	2		
PSFD MoU - AAC Lot 6 (US Government)	Various	Various	Lot 6 long-lead P-8A aircraft components.	3		
PSFD MoU - Retail Aircraft Spares (US Government)	Various	Various	Initial spares buy for all eight aircraft.	4		
PSFD MoU - Aircrew Training Systems (US Government)	Various	Various	Training Systems Support Centre, Weapons Tactics Trainers, Part Task Trainer, Operational Flight Trainers, Mission Systems Desktop Trainers and Training Support.			

PSFD MoU - AAC Lot 7 (US Government)	Various	Various	Lot 7 long-lead P-8A aircraft components.	5
Major equipment received and quantities to 30 Jun 15				
No major equipment received to date.				
Notes				
1	No equipment delivered as part of this contract.			
2	GFE delivery will be to prime contractor for aircraft production.			
3	No equipment delivered as part of this contract. In Financial Year 2015-16, this 'long-lead aircraft components' contract will be modified to contract the delivery of the first four P-8A aircraft.			
4	Australia has requested Retail Aircraft Spares delivery to commence August 2015 and conclude by May 2016.			
5	No equipment delivered as part of this contract. In Financial Year 2015-16, the 'long-lead aircraft components' contract will be modified to contract the delivery of the final four P-8A aircraft.			

### Section 3 – Schedule Performance

#### 3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Planned	Achieved/Forecast	Variance (Months)	Notes
Component Advance Development	Multi-Mission Maritime Aircraft (subsequently called the P-8A Poseidon)	N/A	N/A	2002	-	1
System Design Development (SDD) - Milestone B	P-8A SDD	May 04	May 04	May 04	0	2
Design Readiness Review	P-8A SDD	Jul 07	Aug 07	Aug 07	1	-
Milestone C	P-8A SDD	May 10	Aug 10	Aug 10	3	3
FRP Decision	P-8A Increment 2	Apr 13	Dec 13	Jan 14	8	4,5
Notes						
1	Component Advance Development was a competitive award to multiple contractors to define alternative Multi Mission Aircraft concept system architectures and evaluate associated risks and proposed mitigations.					
2	SDD phase was used to design, develop and test the P-8A system.					
3	Milestone C represents Low Rate Initial Production (LRIP) Approval and entry into the Production and Deployment Phase.					
4	US Defense Acquisition Board approved the deferral of the Full Rate Production (FRP) decision from the original planned to allow for completion of the testing and subsequent reporting as well as adding an additional LRIP (Lot IV).					
5	AIR 7000 Phase 2B will be relying on the Design Review processes of the USN.					

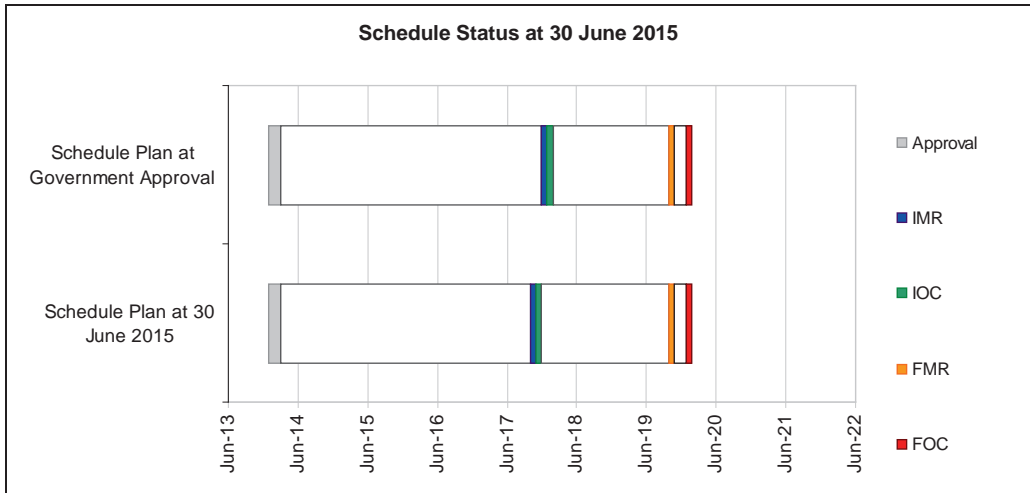
### 3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Planned	Achieved/Forecast	Variance (Months)	Notes
System Integration	Fleet Release 30 (Increment 2 ECP 1)	Apr 14	Dec 14	Dec 14	8	1
	Fleet Release 40 (Increment 2 ECP 2)	Aug 15	Jun 16	Jun 16	11	1
	Fleet Release 50 (Increment 2 ECP 3)	Apr 17	Apr 17	Apr 17	0	1
Acceptance	Accept and deliver Lot 6 Aircraft (1-4)	Nov 16 – Sep 17	Nov 16 – Sep 17	Nov 16 – Sep 17	0	2,3
	Accept and deliver Lot 7 Aircraft (5-8)	Dec 17 – Sep 18	Dec 17 – Sep 18	Dec 17 – Sep 18	0	2,3
	MSS and two DMSS	Sep 16 – Aug 18	Sep 16 – Aug 18	Nov 16 – Jan 18	(7)	4
	Training System	Jan 18 – Mar 18	Jan 18 – Mar 18	Jan 18 – Jun 18	3	5
<b>Notes</b>						
1	Fleet Releases are the final configurations for the incremental builds of the P-8A Weapon System. Increment 2 is being delivered through a number of smaller Engineering Change Proposals.					
2	Australian Lot 6 aircraft are scheduled for delivery in November 2016, March 2017, June 2017, and September 2017. Australian Lot 7 aircraft are scheduled for delivery in December 2017, March 2018, June 2018, and September 2018.					
3	Australia will adopt a model of Recognition of Prior Acceptance for Aircraft.					
4	Variance from original planned date is due to incorrect capture of milestone in MAA V3.0. This will be corrected in MAA V3.1.					
5	Variance from original planned date is due to the inability of the OEM to deliver the Aircrew Training Devices in a timeframe consistent with the MAA. All training devices are contracted to be delivered prior to the commencement of the first conversion training courses.					

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

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Materiel Release 1 (MR1)	Jan 17	Nov 16	(2)	
In Service Date (ISD)	Nov 16	Nov 16	0	
Initial Materiel Release (IMR)	Jan 18	Nov 17	(2)	
Initial Operational Capability (IOC)	Feb 18	Dec 17	(2)	
Materiel Release 2 (MR2)	Dec 18	Oct 18	(2)	
Operational Capability 2 (OC2)	Jan 19	Dec 18	(1)	
Final Materiel Release (FMR)	Oct 19	Oct 19	0	
Final Operational Capability (FOC)	Jan 20	Jan 20	0	
<b>Notes</b>				
1	N/A			

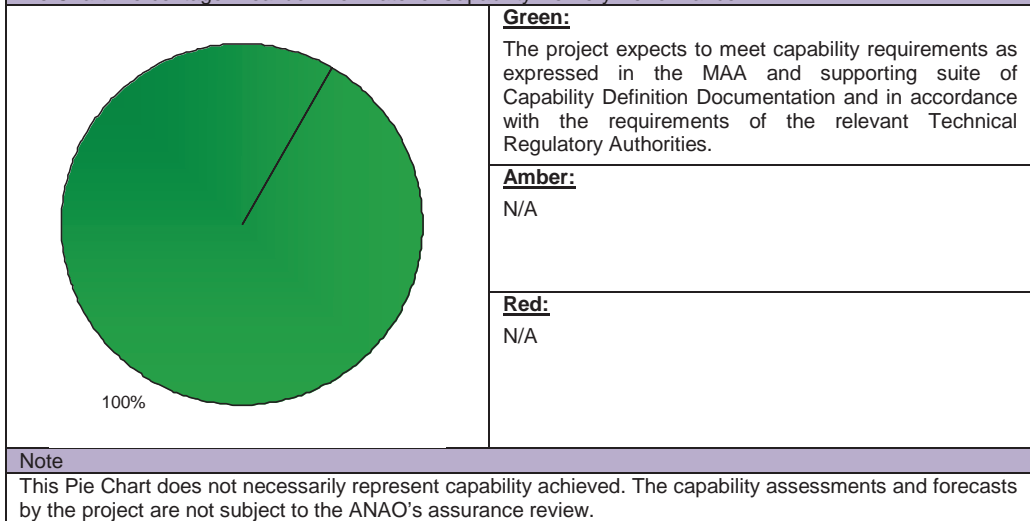




## Section 4 – Materiel Capability Delivery Performance

### 4.1 Measures of Materiel Capability Delivery Performance

Pie Chart: Percentage Breakdown of Materiel Capability Delivery Performance



### 4.2 Constitution of Initial Materiel Release and Final Materiel Release

Item	Explanation	Achievement
Initial Materiel Release (IMR)	<p>By IMR the following will be delivered:</p> <ul style="list-style-type: none"> <li>4 x P-8A Increment 2 ECP 2 Aircraft delivered to RAAF Edinburgh (EDN).</li> <li>Four trained crews to support operations, maintenance and MSS at Main Operating Base (MOB) and Forward Operating Base (FOB).</li> <li>Two Deployable MSS able to support operations at MOB and FOB.</li> <li>Spares, Consumables, Ground Support Equipment (GSE) and Support and Test Equipment (S&amp;TE) to</li> </ul>	Not achieved

	<p>support MOB and FOB operations.</p> <ul style="list-style-type: none"> <li>• Appropriate support and sustainment arrangements to support IOC.</li> </ul>	
Final Materiel Release (FMR)	<p>By FMR the following will be delivered:</p> <ul style="list-style-type: none"> <li>• An additional 4 x P-8A Increment 2 ECP 2 aircraft delivered to EDN.</li> <li>• All spares, Ground Support Equipment GSE and S&amp;TE to support the allocated Rate of Effort (ROE) (5,500 hours) at both MOB and FOB.</li> <li>• The full integration into the Single Information Environment of previously delivered two Deployable MSS and one MSS.</li> <li>• 100% Explosive Ordnance to meet agreed war stock requirements.</li> <li>• Appropriate support and sustainment arrangements to support FOC.</li> </ul>	Not achieved

## Section 5 – Major Risks and Issues

### 5.1 Major Project Risks

Identified Risks (risk identified by standard project risk management processes)	
Description	Remedial Action
<p>The Project has identified capability risks associated with respective integration of the Air Vehicle and the Tactical Operations Centres into the Defence Single Information Environment (SIE). An additional capability risk is being closely managed to ensure alignment of the aircraft and Tactical Operations Centre software at aircraft delivery.</p>	<ul style="list-style-type: none"> <li>• Define SIE integration requirements via working groups with USN to access security accreditation data.</li> <li>• USN agencies working with Boeing to enable midpoint release of software for aircraft enabling integration and testing to proceed as planned.</li> <li>• Scheduled US Site Assistance visits to install latest software prior to first aircraft arrival in Australia.</li> </ul>
<p>The Project has identified schedule risks associated with development and timely installation of the Aircrew Training Devices, aircrew training and potential delays importing spares due to export control restrictions.</p>	<ul style="list-style-type: none"> <li>• Expedited construction of Operational Conversion Facility.</li> <li>• Continued, regular, engagement with USN and Boeing regarding Aircrew Training Device development.</li> <li>• Continued work with US Navy International Programs Office and US Department of State to ensure clear understanding of US export controls for Australian P-8A spares and data.</li> </ul>
<p>The Project has identified supportability risks associated with</p> <ul style="list-style-type: none"> <li>- development of the P-8A Sustainment System (incorporating Engineering, MSS, Supply, Training and Maintenance), and</li> <li>- the acquisition of a suitable range and depth of retail spares to support P-8A operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued engagement with relevant USN agencies regarding the integration of USN-provided sustainment services.</li> <li>• Engagement of additional contractor resources to assist development of detailed plans/processes for the Sustainment System.</li> <li>• Analysis of more mature spares modelling data, which will be delivered by December 2015, and a remodelling/adjustment of future spares purchases.</li> <li>• Agreement of access to USN wholesale spares pool.</li> </ul>

## 5.2 Major Project Issues

Description	Remedial Action
<p><b>Cooperative Program process development.</b> The Cooperative Program approach is less regulated than the more conventional FMS or DCS acquisition strategies. As a result, some additional effort is required to develop acquisition and sustainment processes in order to optimise the full benefits of the partnership.</p>	<ul style="list-style-type: none"> <li>• Work closely with the USN to adapt existing FMS/DCS arrangements, where beneficial for the project.</li> <li>• Identify those areas where existing arrangements are not adaptable or beneficial to the project, and prepare/approve new arrangements as early as possible.</li> </ul>
<p><b>Unexpected fatigue testing results.</b> During a contracted Wing-Fuselage Full Scale Fatigue Test, Boeing discovered unexpected signs of structural fatigue. USN expect this to be a localized issue affecting a finite number of components that will likely require some additional maintenance or replacement during scheduled depot overhauls, but that would not be expected to have widespread consequences for P-8A fleet operations or fleet longevity.</p>	<ul style="list-style-type: none"> <li>• Ongoing engagement between Australian and USN subject matter experts to understand the causes of the unexpected signs of fatigue and the required remediation actions.</li> <li>• Consideration of incorporating an Operational Loads Monitoring System on at least one P-8A aircraft.</li> </ul>

## 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	5	5	5	5	5	5	5	35
2nd Pass Approval	Project Status	5	5	5	6	8	7	5	41
	Explanation	<ul style="list-style-type: none"> <li>• <b>Technical Understanding:</b> The CP with the USN provides insight and access to the P-8A capability.</li> <li>• <b>Technical Difficulty:</b> AIR 7000 Phase 2B will be relying on Design Review processes of the USN. The Full Rate Production decision for Increment 2 aircraft was made in January 2014.</li> <li>• <b>Commercial:</b> Australia is leveraging off existing mature USN contract arrangements.</li> </ul>							

Project Stage	Maturity Score
Enter DCP	13
Decide Viable Capability Options	16
1st Pass Approval	21
Industry Proposals / Offers	30
2nd Pass Approval	35
Contract Signature	42
Preliminary Design Review(s)	45
Detailed Design Review(s)	50
Complete Sys. Integ. & Test	55
Complete Acceptance Testing	57
Initial Material Release (IMR)	60
Final Material Release (FMR)	63
Final Contract Acceptance	65
MAA Closure	66
Acceptance Into Service	67
Project Completion	70

2014-15 MPR Status - - - - -

## Section 7 – Lessons Learned

### 7.1 Key Lessons Learned

Project Lesson	Categories of Systemic Lessons
The signed PSFD MoU does not provide explicit detail on those activities which will be undertaken in the interests of both nations by the CP (paid for by shared funding) and those which are Australian unique (paid for in addition to the shared financial contribution). Clearer definition of this division in the MoU or the subordinate documents would have avoided the subsequent negotiation required to resolve this ambiguity.	Contract Management
The CP model has allowed Australia to work closely with the USN in the future requirements definition and planning for the P-8A. This has been to the significant mutual benefit of both the USN and Australia.	Requirements Management

## Section 8 – Project Line Management

### 8.1 Project Line Management in 2014–15

Position	Name
Division Head	AVM Leigh Gordon
Branch Head	AIRCDRE Adam Brown
Program Director	GPCAPT Leon Phillips (to Dec 14) GPCAPT Debbie Richardson (Jan 15–current)
Project Manager	WGCDR Peter Hay