

Project Data Summary Sheet¹³³

Project Number	AIR 7000 Phase 2B
Project Name	MARITIME PATROL AND RESPONSE AIRCRAFT SYSTEM
First Year Reported in the MPR	2014-15
Capability Type	Replacement
Acquisition Type	MOTS
Capability Manager	Chief of Air Force
Government 1st Pass Approval	Jul 07
Government 2nd Pass Approval	Feb 14
Total Approved Budget (Current)	\$5,262.5m
2016-17 Budget	\$1,108.6m
Project Stage	Integration and Test
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.

Twelve 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 has spent **\$1,145.0m as at 30 June 2017** against a planned **in-year** budget of **\$1,108.6m**, a variance of **(\$36.4m)** or **3.3** per cent. This variance is primarily due to **re-programming of Air to Air Refuelling Clearance activities payment to Financial Year 2017-18 (\$12.5m)** and **deferring procurement of Training System support, whilst advancing aircraft payments from Financial Year 2017-18.**

Project Financial Assurance Statement

As at **30 June 17**, 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.

Contingency Statement

The project has not applied contingency in the financial year.

133 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 Assurance Report* by the Auditor-General in **Part 3** of this report.

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 for the third set of four P-8A aircraft was signed in May 2016. 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 P-8A aircraft. The USN placed the full aircraft production contract for the first four Australian P-8A aircraft with Boeing in August 2015. The contract for the second set of four aircraft, Lot 7, was placed in January 2016 and the third set of four aircraft, Lot 8, was placed in March 2017 (total of 12 aircraft).

The third set of four aircraft was approved by government in February 2016 with a budget of \$1,295.4m. The additional aircraft and budget has increased the AIR 7000 Phase 2B project scope. As a result of the increased scope, an update to the Materiel Acquisition Agreement (MAA) and Schedule has occurred.

The first aircraft, initially scheduled for delivery in January 2017, was delivered in October 2016 (three months ahead of schedule). Since then aircraft two was delivered in February 2017 (six weeks ahead of schedule) and aircraft three in April 2017. The USN have advised that all aircraft, that are currently on contract, are expected to be ready for delivery on time or earlier than required.

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 first P-8A acquired under the scope of Phase 2B is defined as Increment 2, ECP 2.

AIR 7000 Phase 2C proposes to be the first major upgrade of the aircraft purchased under AIR 7000 Phase 2B (predominantly a Mission System upgrade delivered in the later ECPs of Increment 3) subject to future government approval.

The USN declared Initial Operational Capability (IOC) for the Increment 2, ECP 1 aircraft in October 2014, and declared IOC for the Increment 2 ECP 2 aircraft in August 2016. 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

Forecast dates and capability assessments are excluded from the scope of the 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 FY18/19.

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 Government approved the acquisition of an additional four (4) aircraft in February 2016.

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 to be delivered in 2017-18.

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 sustaining, the P-8A capability through a Government to Government CP 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.

Project Data Summary Sheets

ANAO Report No.26 2017-18

2016-17 Major Projects Report

<p>Major Risks and Issues</p> <p>The Project is currently mitigating the risks associated with the Aircrew Training System, Mk 54 Torpedo and High Altitude Anti-Submarine Weapon Capability (HAAWC).</p> <p>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.</p> <p>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. The project is also seeking to mitigate the impact of forecast delays in the development and timely installation of Aircrew Training Devices.</p>
<p>Other Current Sub-Projects</p> <p>N/A</p>
<p>Note</p> <p>Major risks and issues are excluded from the scope of the review.</p>

Section 2 – Financial Performance

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
Project Budget			
Nov 07	Original Approved	144.1	1
Jul 10	Real Variation – Real Cost Decrease	(21.7)	2
Dec 11	Real Variation – Transfer	(38.0)	3
Apr 12	Government Intermediate Consideration	83.5	4
Feb 14	Government Second Pass Approval	3,409.8	5
Mar 16	Real Variation - Scope	1,295.4	6
		4,729.1	
Jul 10	Price Indexation	20.5	7
Jun 17	Exchange Variation	368.7	
Jun 17	Total Budget	5,262.5	
Project Expenditure			
Prior to Jul 16	Contract Expenditure – Aircraft Acquisition Payments – Lot 6	(413.5)	8
	Contract Expenditure –Aircraft Acquisition Payments – Lot 7	(175.3)	
	Contract Expenditure – Aircrew Training System	(156.5)	
	Contract Expenditure – Aircraft Acquisition Payments – Lot 8	(139.0)	8
	Contract Expenditure – Aircraft Government Furnished Equipment	(120.4)	
	Contract Expenditure – Aircraft Retail Spares	(108.8)	8
	Contract Expenditure – PSFD MoU Contributions	(89.9)	
	Contract Expenditure – Increment 1 Contribution	(66.0)	
	Other Contract Payments/Internal Expenses	(310.9)	8,9
		(1,580.3)	
FY to Jun 17	Contract Expenditure – Aircraft Acquisition Payments – Lot 7	(339.1)	8
	Contract Expenditure – Aircraft Acquisition Payments –Lot 8	(80.2)	
	Contract Expenditure – Aircraft Acquisition Payments – Lot 6	(319.5)	
	Contract Expenditure – Aircrew Training System	(94.7)	
	Contract Expenditure – Aircraft Government Furnished Equipment	(63.4)	
	Contract Expenditure – Aircraft Retail Spares	(0.7)	
	Contract Expenditure – PSFD MoU Contributions	(14.2)	
	Other Contract Payments/Internal Expenses	(233.2)	10
Jun 17	Total Expenditure	(2,725.2)	
Jun 17	Remaining Budget	2,537.2	

Notes	
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 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	Government Second Pass Approval to fund the acquisition of an additional four P-8A aircraft and associated support systems. Whilst funding approval was provided under AIR7000 Phase 2D, funds have been merged with AIR7000 Phase 2B for administration and reporting purposes as it relates to the delivery of one capability.
7	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.
8	The amount for this line item differs from the prior year due to a revalidation of life to date expenditure.
9	Other expenditure to 30 June 2016 was comprised of Increment 3 contributions of \$40.0m, Wholesale Spares Pool of \$39.2m, Maintenance Training Device scoping and acquisition costs of \$36.4m, Mission Support System (MSS) of \$21.2m, MK 54 acquisition costs of \$17.0m, Tactical Operational Centre/Mobile Tactical Operational Centre (MTOC) scoping and acquisition costs of \$14.9m, Support and Test Equipment (S&TE) acquisition costs of \$14.4m, Aircrew Maintenance and Training costs of \$14.4m, DIRCM spares of \$10.9m, Commonwealth Project Personnel (CPP) expenses of \$8.3m, Sonobuoys acquisition cost of \$7.4m, CIOG Single Integration Environment of \$7.2m, ICT Co-operative Solution payment of \$4.9m, Field Service Representative (FSR) payments of \$4.6m, Training System Support Services of \$4.3m and other operating expenditure not attributable to the listed major contracts of \$65.9m.
10	Other expenditure to 30 Jun 2017 was comprised of Operational Loads Monitoring System \$39.0m, Increment 1 Development \$20.8m, Spare Engine \$16.8m, Sonobuoys \$15.3m, Transition Training \$14.7m, Strategic Support Partnership Contract (SSPC) \$13.7m, Search and Rescue (SAR) Kit Integration Services \$8.2m, MK54 acquisition cost of \$7.1m, Training System Spare \$4.6m, TOC/MTOC \$4.6m and other operating expenditure not attributable to the listed major contracts of \$88.4m.

2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
1,046.8	1,089.6	1,108.6	PBS - PAES: The variation is due to earlier than planned payments for equipment, early establishment of the maintenance training contract and increase in Mission support system costs. PAES – Final Plan: The variance is due to advancing aircraft payments and re-programming of Air to Air Refuelling to Financial Year 2017-18 and the deferral of procurement of Training System support.
Variance \$m	42.9	19.0	Total Variance (\$m): 61.9
Variance %	4.1	1.7	Total Variance (%): 5.9

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
			Australian Industry	This variance is primarily due to advancing aircraft payments to account for in-year slippage of re-programming of Air to Air Refuelling clearance activities to Financial Year 2017-18 (\$12.5); and deferring procurement of Training System support.
			Foreign Industry	
			Early Processes	
			Defence Processes	
		36.4	Foreign Government Negotiations/Payments	
			Cost Saving	
			Effort in Support of Operations	
			Additional Government Approvals	
1,108.6	1,145.0	36.4	Total Variance	
		3.3	% Variance	

2.3 Details of Project Major Contracts

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature \$m	30 Jun 17 \$m			
PSFD MoU - Contributions (US Government)	Mar 12	130.4	167.3	Cost Ceiling (Capped)	MoU	1, 8
Aircraft Government Furnished Equipment (GFE) (US Government)	Apr 14	142.9	227.2	Variable	MoU	2,7,8
AAC and Aircraft Production Lot 6 (US Government)	Aug 14	159.0	777.2	Variable	MoU	3,7,8,10
Retail Aircraft Spares (US Government)	Sep 14	122.1	111.9	Variable	MoU	4,7,8
Aircrew Training Systems (US Government)	Dec 14	275.4	321.6	Variable	MoU	5,7,8,10
AAC and Aircraft Production Lot 7 (US Government)	Jun 15	182.5	766.4	Variable	MoU	6,7,8
AAC and Aircraft Production Lot 8 (US Government)	May 16	139.0	762.2	Variable	MoU	8, 9
Notes						
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 Lot 6, Lot 7 and Lot 8 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. Lot 6 production contract for acquisition of the first four aircraft was signed on 21 August 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. Lot 7 production contract for acquisition of the second set of four aircraft was signed in January 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 17 is based on actual expenditure to 30 June 2017 and remaining commitment at current budget exchange rates.					
9	Lot 8 Aircraft AAC – signature allowed the prime contractor, Boeing, to procure long-lead aircraft components prior to entering into fully defined contract arrangement. Lot 8 production contract for acquisition of the third set of four aircraft was signed in March 2017.					
10	These contract values have changed due to the separation of LOT 6 and LOT 8 contract reporting.					
Contractor	Quantities as at		Scope	Notes		
	Signature	30 Jun 17				
PSFD MoU - Contributions (US Government)	N/A	N/A	Australia's contribution to shared costs from 2012-13 to 2021-22 based on the original purchase of eight aircraft. Includes contribution to production, sustainment and follow-on development for common efforts, and project overhead and administration costs.	1		
Aircraft Government Furnished Equipment (GFE) (US Government)	Various	Various	Items to be procured in support of production of Lot 6 (aircraft 1-4), Lot 7 (aircraft 5-8) and Lot 8 (aircraft 9-12).	2		
AAC Lot 6 & Lot 8 (US Government)	Various	Various	Four Lot 6 aircraft and long-lead P-8A aircraft components.	3		
Retail Aircraft Spares (US Government)	Various	Various	Initial spares buy for the first eight aircraft.	4		
Aircrew Training Systems	Various	Various	Training Systems Support Centre, Weapons			

(US Government)			Tactics Trainers, Part Task Trainer, Operational Flight Trainers, Mission Systems Desktop Trainers and Training Support.	
AAC Lot 7 (US Government)	Various	Various	Four Lot 7 aircraft and long-lead P-8A aircraft components.	4
AAC Lot 8 (US Government)	Various	Various	Four Lot 8 aircraft and long-lead P-8A aircraft components.	5
Major equipment received and quantities to 30 Jun 17				
To date, 3 aircraft and 2 MTOCs have been delivered.				
Notes				
1	No equipment delivered as part of this MOU.			
2	GFE delivery will be to prime contractor for aircraft production.			
3	The contract for acquisition of the first four aircraft was signed in August 2015. To date, three aircraft have been delivered.			
4	No equipment has been delivered as part of this contract. The contract for acquisition of the second four aircraft was signed in January 2016.			
5	No equipment has been delivered as part of this contract. The contract for the acquisition of the third set of four aircraft was signed in March 2017.			

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	N/A	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 relies 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	Aug 16	Aug 16	12	1,2
	Fleet Release 46 (Increment 2 ECP 3)	Apr 17	Oct 17	Oct 17	6	1,3
Acceptance	Accept and deliver Lot 6 Aircraft (1-4)	Nov 16 – Sep 17	Nov 16 – Aug 17	Oct 16 - Jul 17	(2)	4,5
	Accept and deliver Lot 7 Aircraft (5-8)	Dec 17 – Sep 18	Dec 17 – Aug 18	Dec 17 – Oct 18	1	4,5
	Accept and deliver Lot 8 Aircraft (9-12)	Aug 19 – Feb 20	Aug 19 – Feb 20	Aug 19 – Feb 20	0	4
	MSS and two Deployable MSS	Sep 16 – Aug 18	Nov 16 – Dec 18	Feb 17 - Dec 18	4	6
	Training System	Jan 18 – Mar 18	Mar 18 – Jun 18	Jan 18 – Jun 18	3	7
Notes						
1	Fleet Releases are the final configurations for the incremental builds of the P-8A Weapon System. Increment 2 is being					

Project Data Summary Sheets

ANAO Report No.26 2017–18
2016–17 Major Projects Report

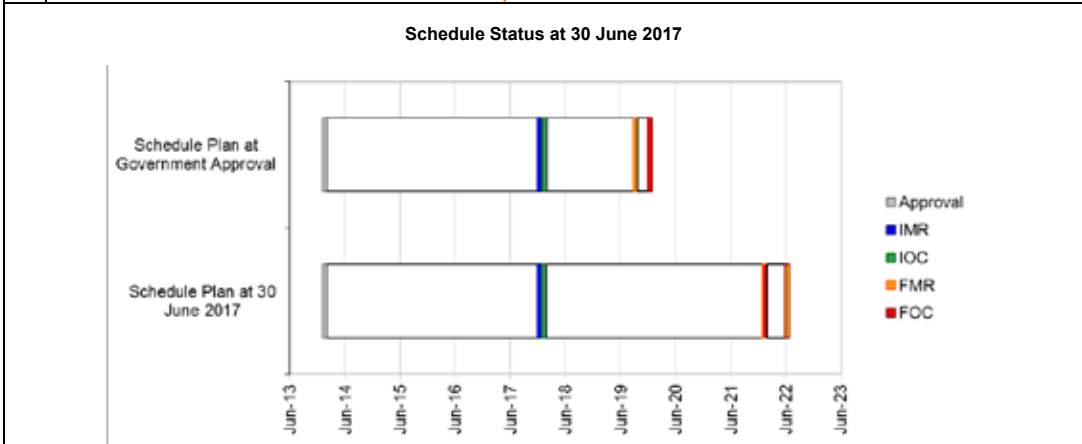
	delivered through a number of smaller Engineering Change Proposals. Variance from original planned dates are due to changes in the Boeing / USN schedule.
2	Due to data disclosure issues FR 40 was updated to 40.1 and finalised in November 2016
-3	Fleet Release 50 has been re-titled Fleet Release 46 to align with the management of the Lot 8 production contract. The capabilities planned for FR50 remain unchanged as the change was solely based on nomenclature.
4	Australian Lot 6 aircraft are scheduled for delivery in October 2016 (achieved), February 2017 (achieved), April 2017 (achieved), and July 2017. Australian Lot 7 aircraft are scheduled for delivery in December 2017, February 2018, August 2018, and October 2018. Australian Lot 8 aircraft are scheduled for delivery in August 2019, September 2019, October 2019, and February 2020.
5	Australia will adopt a model of Recognition of Prior Acceptance for Aircraft certification.
6	Variance from original planned date is due to incorrect capture of milestone in MAA v3.0. This has been corrected in MAA v4.0. Variance is due to the aligning of delivery with facilities construction completion.
7	Variance from original planned date is due to the inability of the Original Equipment Manufacturer (OEM) to deliver the full Training System as per the contract. 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	May 17	4	1, 2
In Service Date (ISD)	Nov 16	May 17	6	1
Initial Materiel Release (IMR)	Jan 18	Jan 18	0	
Initial Operational Capability (IOC)	Feb 18	Jan 18	(1)	
Materiel Release 2 (MR2)	Dec 18	Dec 18	0	
Operational Capability 2 (OC2)	Jan 19	Jan 19	0	
Materiel Release 3 (MR3)	Dec 19	Oct 19	(2)	3
Operational Capability 3 (OC3)	Jan 20	Jan 20	0	3
Final Materiel Release (FMR)	Oct 19	Jun 22	32	4
Final Operational Capability (FOC)	Jan 20	Jan 22	29	4

Notes

- Variance due to the delay in accepting the first MTOC actually occurring in February 2017
- When declaring MR1, CASG acknowledged the Threshold Search and Rescue Store capability would not be delivered and would be rescheduled to be delivered at IMR, at the completion of OT&E activities late in 2017.
- Milestones MR3 and OC3 are new milestones associated with the approval of the third set of 4 aircraft.
- FMR & FOC dates have moved to accommodate the purchase of an additional four aircraft.



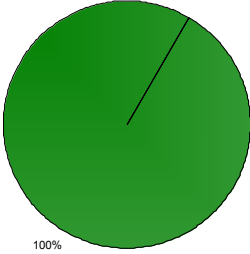
Note

Forecast dates in Section 3 are excluded from the scope of the review.

Section 4 – Materiel Capability Delivery Performance

4.1 Measures of Materiel Capability Delivery Performance

Pie Chart: Percentage Breakdown of Materiel Capability Delivery Performance

 <p>100%</p>	<p>Green: The project expects to meet capability requirements as expressed in the MAA and supporting suite of Capability Definition Documentation and in accordance with the requirements of the relevant Technical Regulatory Authorities.</p> <p>Amber: N/A</p> <p>Red: N/A</p>
<p>Note This Pie Chart represents Defence's expected capability delivery. Capability assessments and forecast dates are excluded from the scope of the review.</p>	

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"> 4 x P-8A aircraft delivered to RAAF Edinburgh (EDN). 2 x MTOCs (previously delivered) in the following configurations: <ul style="list-style-type: none"> 1 x MTOC installed within Main Operating Base (MOB) temporary facility (not deployable). 1 x MTOC temporarily installed at Forward Operating Base (FOB) either within interim fixed facility or deployable shelters. 7 x trained aircrews. 3 x trained Mission Support System teams. 7 x trained maintenance teams. Delivery of spares, Ground Support Equipment (GSE) and Support and Test Equipment (S&TE) to support MOB and FOB operations. Publications to support supply, maintenance and operations for IOC. Network Connectivity between all delivered P-8A aircraft and Australian Single Information Environment. <p>IMR is expected to be achieved in January 2018.</p>	Not yet achieved
Final Materiel Release (FMR)	<p>By FMR the following will be delivered:</p> <ul style="list-style-type: none"> 12 x P-8A aircraft delivered to EDN. All spares, GSE and S&TE to support the additional Rate of Effort (6,600 hours) at both MOB and FOB. 3 x MTOC delivered and installed. Three Media Fly Away Kits delivered and interfaced with SIE sufficiently to allow organic deployment to non-MTOC supported bases. Delivery of HAAWC Wing Kits. <p>FMR is expected to be achieved in June 2022.</p>	Not yet achieved
<p>Note The definitions of IMR and FMR were updated in the latest MAA, which was approved in October 2016.</p>		

Section 5 – Major Risks and Issues

5.1 Major Project Risks

Identified Risks (risk identified by standard project risk management processes)	
Description	Remedial Action
The Project has identified capability and performance risks associated with respective integration of the Air Vehicle and the Tactical Operations Centres (TOC) into the Defence single Information (SIE)	Integration of the Air Vehicle and the Tactical Operations Centres (TOC) into the Defence Single Information Environment (SIE) risks have been downgraded to low due to successful and effective mitigation strategies, however capabilities require testing prior to risk closure.
The Project has identified schedule risks associated with development and timely installation of the Aircrew Training Devices (ATD), aircrew training and potential delays importing training devices and spares due to export control restrictions and contract delays .	<ul style="list-style-type: none"> Expedited construction of Operational Conversion Facility. Continued, regular, engagement with USN and Boeing regarding Aircrew Training Device development and acceptance. 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 ATDs spares and data. Software acceptance tasks and hardware delivery and installation tasks have been uncoupled in the schedule, to support timely installation of the ATDs The Australian Embassy in the US has been closely engaged with their US State Department counterparts to enable export control decisions to be expedited.
The Project has identified supportability risks associated with: <ul style="list-style-type: none"> potential delays importing Training System to support Ready for Training, due to export control restrictions and contract acquisition of a suitable range and depth of retail spares to support P-8A operations. 	<ul style="list-style-type: none"> Continued engagement with relevant USN agencies regarding the integration of USN-provided sustainment services. Engagement of additional contractor resources to assist development of detailed plans/processes for the Sustainment System. Analysis of more mature spares modelling data, and a remodelling/adjustment of future spares purchases. Agreement of access to USN wholesale spares pool. <p>The risk associated with the development of processes and establishing arrangements in support of the P-8A Sustainment System was realised as an issue with a medium rating.</p>
Emergent Risks (risk not previously identified but has emerged during 2016-17)	
Description	Remedial Action
The Project has identified capability and performance risks associated with the Mk 54 torpedo and the UNIPAC III (objective) Search and Rescue Kit.	<ul style="list-style-type: none"> Continued work with the US Navy to further investigate resolution and understanding of Mk54 performance and capability. The UNIPAC III project resources have been rescoped to ensure effective resources have been applied to the program. The COA continues to work with the USN to schedule the most cost and time effective methods for approvals for this capability to be deployed from a P-8A. This risk has a low impact on capability as the interim Search and Rescue capability approved and is in place.
The Project has identified schedule risks associated with development and timely installation of the: <ul style="list-style-type: none"> High Altitude Anti-submarine Warfare Weapon Capability for the MK54 torpedo. Direct Infrared Counter Measures system. 	<ul style="list-style-type: none"> For the High Altitude Anti-submarine Warfare Weapon Capability for the MK54 torpedo the primary mitigation is to track development and acquisition under the extant PSFD MOU, to align RAAF capability delivery schedules with the USN. This mitigation also provides greater access to technical data than available under an FMS procurement, to assist in earlier AUS technical assessment and activity. The DIRCM USN developmental test schedule has yet to mature, with delays being experienced due to flight testing to be conducted by both the USN and USAF. ISRPO continue to monitor the situation to ensure capability schedules are met.

5.2 Major Project Issues

Description	Remedial Action
Cooperative Program process development . 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.	<ul style="list-style-type: none"> Work closely with the USN to adapt existing FMS/DCS arrangements, where beneficial for the project. Identify those areas where existing arrangements are not adaptable or beneficial to the project, and prepare/approve new arrangements as early as possible.
Unexpected fatigue testing results 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.	<ul style="list-style-type: none"> Ongoing engagement between Australian and USN subject matter experts to understand the causes of the unexpected signs of fatigue and the required remediation actions. Incorporation of an Operational Loads Monitoring System on at least one P-8A aircraft has now been contracted with Boeing by the USN.
S&TE Support Solution for P-8A deficient. The deficiencies may cause an issue for both operational maintenance and serviceability.	S&TE Support Solutions for P-8A issues were resolved and the have been or closed.
Note	
Major risks and issues in Section 5 are excluded from the scope of the review.	

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	8	7	8	8	8	8	8	55																																		
Integration and Test	Project Status	8	8	8	7	8	8	7	54																																		
	Explanation	<ul style="list-style-type: none"> Cost: All major, initial, deliverables are now on contract. Contracted prices are within Project Budget. The Project Office have confidence that the remaining budget is sufficient. Technical Understanding: Sustainment arrangements have been agreed in concept, but further work is required to document executable procedures. The CP with the USN provides insight and access to the P-8A capability. Operations and Support: Australia continues to develop the mechanisms required to execute the proposed Cooperative Sustainment arrangements with the USN. 																																									
<table border="1"> <caption>Project Maturity Score Data</caption> <thead> <tr> <th>Project Stage</th> <th>Maturity Score</th> </tr> </thead> <tbody> <tr><td>Enter DCP</td><td>13</td></tr> <tr><td>Decide Viable Capability Options</td><td>16</td></tr> <tr><td>1st Pass Approval</td><td>21</td></tr> <tr><td>Industry Proposals / Offers</td><td>30</td></tr> <tr><td>2nd Pass Approval</td><td>35</td></tr> <tr><td>Contract Signature</td><td>42</td></tr> <tr><td>Preliminary Design Reviews</td><td>45</td></tr> <tr><td>Detailed Design Review(s)</td><td>50</td></tr> <tr><td>Complete Sys. Integ. & Test</td><td>55</td></tr> <tr><td>Complete Acceptance Testing</td><td>57</td></tr> <tr><td>Initial Material Release (IMR)</td><td>60</td></tr> <tr><td>Final Material Release (FMR)</td><td>63</td></tr> <tr><td>Final Contract Acceptance</td><td>65</td></tr> <tr><td>MAA Closure</td><td>66</td></tr> <tr><td>Acceptance Info Service</td><td>67</td></tr> <tr><td>Project Completion</td><td>70</td></tr> </tbody> </table>										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 Reviews	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 Info Service	67	Project Completion	70
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 Reviews	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 Info Service	67																																										
Project Completion	70																																										
2015-16 MPR Status - - - - -					2016-17 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 would have avoided the post-signature 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
Precision of description about what is included under the PSFD MoU.	Contract Management
Greater focus in regards to Australian Industry involvement within MoU.	Requirements Management
Scope of the MoU, does not contemplate other USN organisations (NAVSUP, SPAWAR).	Contract Management
Use of a US Cooperative Program contract support model should be used with caution, if the activity will be subcontracted primarily back to Australian Industry to support. Consider direction contract arrangements within Australia, with reachback to US CONUS OEM as required if IP, export and data support can be assured.	Contract Management
Airworthiness Certification of USN product may not meet Australian WHS requirements. Consider what SFARP approach needs to be taken when introducing into service.	Requirements Management
Export controls need to be closely monitored to ensure the articles receive appropriate Congressional approval in time for shipment, particularly for classified items.	Contract Management
When interfacing with US ICT organisations, it is very difficult to arrange access with the correct subject matter experts. Consider strong relationships under a cooperative program to ensure the right people are making decisions.	Requirements Management
Procurements through different parts of the USN organisation have different schedules and may take significantly longer than others. Ensure the contracting processes and timelines for the organisation conducting the contract management are well understood, before beginning the Procurement Process.	Contract Management
Purchase of OEM engines are more expensive through the CP than via DCS with the OEM - however ensure the articles can be supported by the USN.	Contract Management
INMARSAT connectivity and who pays for each segment is rarely clear. Ensure ownership of SIM cards as well as assigning the aircraft tail number to the correct SIM card is well understood.	Requirements Management
NAVAIR structures engineers supporting PMAs are generally conservative until they know more detail. Ensure they are aligned with the PMA priorities in terms of timeliness of product delivery	Requirements Management
SPAWAR manages a large number of components in the TOC across the USN, of which only a small number are needed for an aircraft platform. As a consequence, large numbers of "common" TOC components may be changed as part of a suite of TOC upgrades across the USN fleet, and rolled into what was a relatively minor air vehicle change. This may well hold up delivery of a new mission system software drop while awaiting the software regression testing to be complete on the overall configuration build change for the TOC.	Requirements Management
Consider co-location or moving of Acq staff to the sustainment organisation as part of the SPO creation. This will ensure a better flow of knowledge transfer and ownership of the history of a particular requirement.	Resources
Ensure the transition plan is approved well in advance of the first aircraft delivery (12 months or more).	Requirements Management

Section 8 – Project Line Management

8.1 Project Line Management in 2015–16

Position	Name
Division Head	AVM Catherine Roberts
Branch Head	AIRCDRE Adam Brown (to Dec 16) AIRCDRE Leon Phillips (Dec 16–current)
Program Director	GPCAPT Debbie Richardson
Project Manager	WGCDR Peter Hay (to Jan 17) WGCDR James Badgery (Jan 17–current)

