Project Data Summary Sheet¹²³

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
Budget at 2 nd Pass Approval	\$3,577.7m
Total Approved Budget (Current)	\$5,212.0m
2017-18 Budget	\$546.0m
Project Stage	Initial Materiel Release
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 an overspend for this financial year, achieving \$705.1m at 30 June 18 against a planned in-year budget of \$46.0m, a variance of \$159.1m or 29.1 per cent. This variance is primarily due to bringing forward Aircraft Payments from FY18/19, to a value of \$150.0m and FOREX variations.

Project Financial Assurance Statement

As at 30 June 18, 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, there is sufficient budget remaining for the project to complete against the agreed scope.

Contingency Statement

The project has not applied contingency in the financial year.

Schedule Performance

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 Royal Australian Air Force (RAAF) accepted the first aircraft in October 2016 ahead of schedule. Since this delivery, positive schedule performance has continued. The USN have advised that all aircraft, currently on contract, are expected to be ready for delivery on time or earlier than required.

¹²³ 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.

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.

Forecast dates and capability assessments are excluded from the scope of the review.

1.3 Project Context

Background

Note

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 was announced in January 2018, supporting the planned withdrawal of the AP-3C Orion to occur in 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.

Major Risks and Issues

The Project is currently mitigating capability and cost risks associated with the Aircrew Training System, Mk 54 Torpedo, and High Altitude Anti-Submarine Weapon Capability (HAAWC), as well as issues including establishing a Structural Fatigue Testing program. Further, the project is also monitoring schedule risks associated with the ICT support systems, which are vital to pass support data to the USN to allow for the provision of support to the ADF P-8A fleet.

A number of risks have been treated through the alignment of US and Australian sustainment processes, allowing for the effective and efficient sustainment of the P-8A. Further, a number of risks were approved to be archived as a result of mitigation and retirement, namely risks attributed to delivery of P-8A training system devices and support and support aspects of the Directed Infrared Countermeasures System.

The project has also identified issues with the (objective) Search and Rescue Kit development, the Interactive Electronic Technical Manuals, training System simulation qualification, releasability of aircrew courseware, and ADF Integrated Logistics Support systems data. Close collaboration with the USN to quantify the impact of and to rectify the issues, is proving successful.

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Other Current Sub-Projects

Project AIR 7000Ph1B received Second Pass approval in June 2018 to acquire a High Altitude Long Endurance, Remotely Piloted Aircraft System for patrol and surveillance purposes. The selected aircraft was the MQ-4C Triton platform, procured through a Cooperative Program with the United States Navy, similar to the P-8A acquisition. The Triton forms a critical aspect of the 'Family of Systems' approach, to replace the AP-3C Orion Capability. The Australian Government announced the investment decision through a joint media release statement on 26 June 18.

Note

Major risks and issues are excluded from the scope of the review.

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 Cast Decrease	(21.7)	2
Dec 11	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
	Total at Second Pass Approval	3,577.7	_
Mar 16	Real Variation – Scope	1,295.4	6
Jun 18	Real Variation – Transfer	1.0	6
		1.296.4	-
Jul 10	Price Indexation	20.5	7
Jun 18	Exchange Variation	317.3	
Jun 18	Total Budget	5.212.0	
	Project Expenditure		-
Prior to	Contract Expenditure – Aircraft	(733)	8
Jul 17	Acquisition Payments – Lot 6		
	Contract Expenditure –Aircraft Acquisition	(514.4)	
	Contract Expenditure – Aircrew Training	(251.2)	
	System	(===)	
	Contract Expenditure – Aircraft	(219.2)	8
	Acquisition Payments – Lot 8		
	Contract Expenditure – Aircraft	(183.8)	
	Government Furnished Equipment	(100 5)	
	Spares	(109.5)	0
	Contract Expenditure – PSFD MoU	(104.1)	
	Contributions		
	Contract Expenditure – Increment 1	(66.0)	
	Contribution		
	Other Contract Payments/Internal		8.9
	Expenses	(544.1)	- , -
	Other adjustments to cash reporting	2.4	
		(2,722.9)	
-			
FY to	Contract Expenditure – Aircraft	(38.5)	8
oun ro	Contract Expenditure – Aircraft	(327.1)	
	Acquisition Payments –Lot 8		
	Contract Expenditure – Aircraft	(42.3)	
	Acquisition Payments – Lot 6		
	System	(17.6)	
	Contract Expenditure – Aircraft		
	Government Furnished Equipment	(2.6)	1
	Contract Expenditure – Aircraft Retail	(2.0)	1
	Spares	(6.1)	
	Contract Expenditure – PSED Mol I	(0.1)	1
	Contributions		
	Other Contract Payments/Internal	(268.7)	10
	Expenses	()	
		(705.1)	1

Jun	18	Total Ex	penditure			(3,428.0)		
Jun	18	Remaini	ng Budget			1, 784.0		
Note	es							
1	Gov AIR	ernment F 7000 ente	irst Pass Approval to red the Spiral 1 MoU	initiate the Pro with the USN f	ject and or deve	d progress the project to Intermediate Consideration. At First Pass, lopment of the P-8A weapon system.		
2	Han	d back of c	contingency funding d	ue to retiremer	nt of sp	ecific Increment 1 MoU risks.		
3	Rea	location of	f funding to Defence S	Support and Re	eform G	roup 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.							
	\$1m	was trans	sferred from DSTD g	roup due to s	urplus	funds in FY2017-18.		
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 fo	r this line item differs	from the prior y	year du	e to a revalidation of life to date expenditure.		
9	Other expenditure to 30 June 2017 was comprised of Maintenance Training Device scoping and acquisition costs of \$73.6m, Increment 3 contributions of \$60.8m, Wholesale Spares Pool of \$39.2m, Operational Load Management \$39m, Aircrew Maintenance and Training costs of \$29.1m, MK 54 acquisition costs of \$24.1m, Sonobuoys acquisition cost of \$22.7m, Commonwealth Project Personnel (CPP) expenses of \$22m, Mission Support System (MSS) of \$21.2m, DIRCM spares of \$20.3m, Tactical Operational Centre/Mobile Tactical Operational Centre (MTOC) scoping and acquisition costs of \$19.5m, Engine Spares \$16.8m, Support and Test Equipment (S&TE) acquisition costs of \$14.4m, Search and Rescue (SAR) Kit \$8.2m, 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/Spares of \$8.8m and other operating expenditure not attributable to the listed major contracts of \$107.7m.							
10	 O Other expenditure to 30 June 18 was comprised of Sustainment Transition \$29.2m, Maintenance Training Devices \$28.8m, SNS Reliability Retrofit 24.7m, Spare Engine \$23.4m, Increment 3 Development \$23.3m, Strategic Support Partnership Contract (SSPC) \$15.7m, Sonobuoys \$14.5m, Air to Air Refuelling \$14m, , MK54 acquisition cost of \$12.5m, Training System Spares \$11.9m, Transportation of Training Systems \$9.9m, Aircrew & Maintenance Training \$7.5m, Support and Test Equipment (S&TE) \$7.2m, CIO Group Single Integration Environment \$6.4m, Training System Support Services \$4.6m, Search and Rescue (SAR) Kit Integration Services \$3.6m, Ordnance \$2.9m, and other operating expenditure not attributable to the listed major contracts of \$29m. 							
2 24 1	n_vea	r Budaet F	stimate Variance					
Estir	nate		Estimate	Estimate		Explanation of Material Movements		

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
852.5	704.3	546.0	PBS - PAES: The variance is due to 1) reprogramming to future financial years of retails spares (\$75m) and engine spares (\$57m) procurements; 2) reduction due to Contingency Training no longer required (\$10m), with an increase to Training Systems (\$19m) due to a deferred payment from 2016-17; 3) foreign currency exchange price basis adjustment down from PBS 2017-18 to MYEFO 2017-18. PAES – Final Plan: The variance is due re-programme payments for the Aircraft Prime Contract after successful renegotiation of flexible finance arrangement in the latest MoU Financial Management Procedures Document agreement and foreign currency exchange adjustments from MYEFO 2017-18 to PRE-ERC 2018-19.
Variance \$m	(148.2)	(158.3)	Total Variance (\$m): (306.5)
Variance %	(17.4)	(22.5)	Total Variance (%): (36)

2.2B In-year Budget/Expenditure Variance

Z.ZD III-year Buuye	2D III-year Dudger/Experiditure variance							
Estimate	Actual	Variance	Variance Factor	Explanation				
Final Plan \$m	\$m	\$m						
			Australian Industry	The over achievement of in year budget				
			Foreign Industry	was primarily due to bringing forward				
			Early Processes	Aircraft Payments from FY18/19, to a				
		9.1	Defence Processes	value of \$150.0m as requested by CFO,				
		150	Foreign Government	aligning with early aircraft delivery.				
			Negotiations/Payments					
			Cost Saving					
			Effort in Support of Operations					

			Additional Government
			Approvals
546.0	705.1	159.1	Total Variance
		29.1	% Variance

2.3 Details of Project Major Contracts

, , , , , , , , , , , , , , , , , , ,	Signature	Pric	Price at		Form of		
Contractor	Date	Signature \$m	30 Jun 18 \$m	Basis)	Contract	Notes	
PSFD MoU - Contributions (US Government)	Mar 12	130.4	155.9	Cost Ceiling (Capped)	MoU	1, 8	
Aircraft Government Furnished Equipment (GFE) (US Government)	Apr 14	142.9	229.4	Variable	MoU	2,7,8	
AAC and Aircraft Production Lot	Aug 14	159.0	775.3	Variable	MoU	3,7,8,10	
6 (US Government)							
Retail Aircraft Spares	Sep 14	122.1	111.9	Variable	MoU	4,7,8	
Aircrew Training Systems	Dec 14	275.4	321.3	Variable	MoU	5,7,8,10	
(US Government)	lup 15	100 E	762.4	Variable	Moli	679	
7	Juli 15	102.5	/02.4	variable	MOO	0,7,0	
(US Government)	May 16	139.0	756.9	Variable	Mol I	8.9	
8	ividy 10	155.0	750.5	Valiable	MOO	0, 9	
(US Government)							
PSFD MoU shared contribu Participants. Australia is res aircraft in the overall fleet. Aircraft GEE to be procured	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.						
aircraft. Price represents the has been obtained. The U purchase.	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 Aircraft AAC – signa entering into fully defined co on 21 August 2015.	Lot 6 Aircraft 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 require inventory or via other US Go	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 - s engineering and program n contract was signed May 20	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 – signatur into fully defined contract ar in January 2016.	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 are issued by the project for satisfy Australian-unique red	this table are ba mally authorisin quirements.	ased on the date ig the commitme	each LoA was is ent and/or obligat	ssued by AIR 7000 tion of funds for co	Phase 2 project ontract execution	office. LoAs or efforts to	
8 Contract value as at 30 Jur budget exchange rates.	e 2018 is based	d on actual expe	nditure to 30 Ju	ne 2018 and rema	aining commitme	nt at current	
9 Lot 8 Aircraft AAC – signatur into fully defined contract ar March 2017.	e allowed the pri rangement. Lot a	ime contractor, E 8 production cor	Boeing, to procure stract for acquisit	e long-lead aircraft ion of the third set	components prio of four aircraft w	r to entering as signed in	
10 These contract values have	changed due to	the separation	of LOT 6 and LO	T 8 contract report	ting.		
Contractor	Quantit	ies as at	Scope			Notes	
PSFD MoU - Contributions	N/A	N/A	Australia's cor	ntribution to shar	ed costs from	1	
(US Government)			2012-13 to 2 purchase of ei to production development f overhead and a	021-22 based o ght aircraft. Incluc , sustainment for common effor administration cos	in the original des contribution and follow-on ts, and project ts.		
Aircraft Government Furnished Equipment (GFE) (US Government	Various	Various	Items to be pro Lot 6 (aircraft 2 (aircraft 9-12).	ocured in support o 1-4), Lot 7 (aircraft	of production of t 5-8) and Lot 8	2	
AAC Lot 6 (US Government)	Various	Various	Four Lot 6 air	craft and long-lea	d P-8A aircraft	3	
Retail Aircraft Spares (US Government)	Various	Various	Initial spares b	uy for the first eigh	nt aircraft.	4	

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Aircrew Training (US Government	Systems t)	Various	Various	Training Systems Support Centre, Weapons Tactics Trainers, Part Task Trainer, Operational Flight Trainers, Mission Systems Desktop Trainers and Training Support.	
AAC Lot 7 (US Government	t)	Various	Various	Four Lot 7 aircraft and long-lead P-8A aircraft components.	4
AAC Lot 8		Various	Various	Four Lot 8 aircraft and long-lead P-8A aircraft	5
(US Government	t)			components.	
Major equipment received and quantities to 30 Jun 18					
To date, seven aircraft and two MTOCs have been delivered.					
Notes					
1	No equipment d	elivered as part	of this MoU.		
2	GFE delivery wil	I be to prime co	ntractor for aircr	aft production.	
3	The contract for acquisition of the first four aircraft was signed in August 2015, with all four aircraft being delivered.				
4	The contract for been delivered.	acquisition of th	e second four ai	ircraft was signed in January 2016. To date, three al	rcraft have
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

	beight ternen t						
Revi	iew	Major System/Platform Variant	Original Planned	Current Planned	Achieved/Forecast	Variance (Months)	Notes
Com	ponent	Multi-Mission Maritime Aircraft	N/A	N/A	2002	N/A	1
Deve	ance elopment	(subsequently called the P-8A Poseidon)					
Syst	em Design	P-8A SDD	May 04	May 04	May 04	0	2
Deve	elopment						
(SDL Mile:	D) - stone B						
Desi	ign	P-8A SDD	Jul 07	Aug 07	Aug 07	1	
Rea	diness			-	-		
Review							
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
Note	es						
1	Component A	dvance Development was a compe	etitive award to	o multiple con	tractors to define alternation	ve Multi Missio	n Aircraft
Í	concept syste	em architectures and evaluate asso	ciated risks a	nd proposed i	mitigations.		
2	SDD phase v	as used to design, develop and tes	st the P-8A sy	rstem.			
3	Milestone C r	epresents Low Rate Initial Producti	on (LRIP) Ap	proval and en	try into the Production and	d Deployment I	Phase.
4	US Defense	Acquisition Board approved the def	erral of the Fu	ull Rate Produ	uction (FRP) decision from	n the original pl	anned to
	allow for com	pletion of the testing and subseque	ent reporting a	s well as add	ing an additional LRIP (Lo	t IV).	
5	AIR 7000 Pha	ase 2B relies on the Design Review	processes of	f 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	Nov 17	7	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, 7
	Accept and deliver Lot 7 Aircraft (5-8)	Dec 17 – Sep 18	Dec 17 –Aug 18	Oct 17 – Oct 18	1	5, <mark>7</mark>
	Accept and deliver Lot 8 Aircraft (9-12)	Aug 19 – Feb 20	Aug 19 – Feb 20	Aug 19 – Jan 20	(1)	6, 7
	MSS and two Deployable MSS	Sep 16 – Aug 18	Nov 16 – Dec 18	Feb 17 – Feb 19	9	8
	Training System	Jan 18 – Mar 18	Mar 18 –Jun 18	Mar 18 – Jul 18	4	9

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. Variance from original planned dates are due to changes in the Boeing / USN schedule.

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P-8A Poseidon

2	Due to data disclosure issues FR 40 was updated to 40.1 and finalised in November 2016.
3	Fleet Release 50 was re-titled Fleet Release 46 to align with the management of the Lot 8 production contract. The capabilities planned were unchanged as the change was solely based on nomenclature. The release of this variant was delayed by seven months due to developmental issues in the new capabilities to be incorporated.
4	Australian Lot 6 aircraft are scheduled for delivery in October 2016 (achieved), February 2017 (achieved), April 2017 (achieved), and July 2017 (achieved).
5	Australian Lot 7 aircraft are scheduled for delivery in October 2017 (achieved), January 2018 (achieved), May (achieved) 2018, and October 2018.
6	Australian Lot 8 aircraft are scheduled for delivery in August 2019, September 2019, October 2019, and January 2020.
7	Australia will adopt a model of Recognition of Prior Acceptance for Aircraft certification.
8	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 delivery of an additional Mobile Tactical Operations Centre (MTOC 32).
9	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

Materiel Release 1 (MR1) In Service Date (ISD) Initial Materiel Release (IMR) Initial Operational Capability (IOC) Materiel Release 2 (MR2) Operational Capability 2 (OC2) Materiel Release 3 (MR3) Operational Capability 3 (OC3)	Jan 17 Nov 16 Jan 18 Feb 18 Dec 18 Jan 19 Dec 19 Jan 20 Oct 19 Jan 20	May 17 May 17 Nov 17 Jan 18 Nov 18 Jan 19 Nov 19 Nov 19 May 22	4 6 (2) (1) (1) 0 (1) (2) 31	1, 2 1 3 4 5 5
In Service Date (ISD) Initial Materiel Release (IMR) Initial Operational Capability (IOC) Materiel Release 2 (MR2) Operational Capability 2 (OC2) Materiel Release 3 (MR3) Operational Capability 3 (OC3)	Nov 16 Jan 18 Feb 18 Dec 18 Jan 19 Dec 19 Jan 20 Oct 19 Jan 20	May 17 Nov 17 Jan 18 Nov 18 Jan 19 Nov 19 Nov 19 May 22	6 (2) (1) (1) 0 (1) (2) 31	1 3 4 5 5
Initial Materiel Release (IMR) Initial Operational Capability (IOC) Materiel Release 2 (MR2) Operational Capability 2 (OC2) Materiel Release 3 (MR3) Operational Capability 3 (OC3)	Jan 18 Feb 18 Dec 18 Jan 19 Dec 19 Jan 20 Oct 19 Jan 20	Nov 17 Jan 18 Nov 18 Jan 19 Nov 19 Nov 19 May 22	(2) (1) (1) (1) (1) (2) (3)	3 3 4 5 5
Initial Operational Capability (IOC) Materiel Release 2 (MR2) Operational Capability 2 (OC2) Materiel Release 3 (MR3) Operational Capability 3 (OC3)	Feb 18 Dec 18 Jan 19 Dec 19 Jan 20 Oct 19 Jan 20	Jan 18 Nov 18 Jan 19 Nov 19 Nov 19 May 22	(1) (1) 0 (1) (2) 31	3 4 5 5
Materiel Release 2 (MR2) Operational Capability 2 (OC2) Materiel Release 3 (MR3) Operational Capability 3 (OC3)	Dec 18 Jan 19 Dec 19 Jan 20 Oct 19 Jan 20	Nov 18 Jan 19 Nov 19 Nov 19 May 22	(1) 0 (1) (2) 31	4 5 5
Operational Capability 2 (OC2) Materiel Release 3 (MR3) Operational Capability 3 (OC3)	Jan 19 Dec 19 Jan 20 Oct 19 Jan 20	Jan 19 Nov 19 Nov 19 May 22	0 (1) (2) 31	5
Materiel Release 3 (MR3) Operational Capability 3 (OC3)	Dec 19 Jan 20 Oct 19 Jan 20	Nov 19 Nov 19 May 22	(1) (2) 31	5 5
Operational Capability 3 (OC3)	Jan 20 Oct 19 Jan 20	Nov 19 May 22	(2)	5
	Oct 19 Jan 20	May 22	31	-
Final Materiel Release (FMR)	Jan 20		51	6
Final Operational Capability (FOC)		May 22	28	6
Notes				
 Variance due to the delay in accepting 	g the first MTOC actually occ	urring in February 2017.		
2 When declaring MR1, CASG acknowledge	edged the Threshold Search	and Rescue Store capabil	ity would not be delive	ered until
IMR. This was achieved, at the com	pletion of OT&E activities late	e in November 2017.		
3 Due to positive schedule performation	nce across all areas of the	project all requirements	for IMR were deliver	ed prior
to forecast date, enabling Air Force	e to claim IOC on schedule.			
4 Forecast to meeting Explosive Ord	nance stock level requirem	ents in accordance with	the original plan.	
5 Milestones MR3 and OC3 are new mi	lestones associated with the	approval of the third set of	4 aircraft.	
6 FMR & FOC dates have moved to according	commodate the purchase of a	an additional four aircraft.		
Schedule Plan at Government Approval Schedule Plan at 30 June 2018	Jun-15 Jun-16 Jun-18 Jun-18 Jun-18 Jun-18 Jun-19 Ju	Jun-20 Jun-21	■ App ■ IMR ■ IOC ■ FMF ■ FOC	roval R

Note

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

Variance

Notes

Section 4 - Materiel Capability Delivery Performance



4.2 Constitution of Initial Materiel Relea	se and Final Materiel Release	
Item	Explanation	Achievement
Initial Materiel Release (IMR)	4 x P-8A aircraft delivered to RAAF Edinburgh (EDN).	Achieved
	2 x MTOCs (previously delivered) in the following configurations:	
	1 x MTOC installed within Main Operating Base (MOB) temporary facility (not readily 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.	
	IMR was achieved in November 2017.	
Final Materiel Release (FMR)	12 x P-8A aircraft delivered to EDN.	Not yet achieved
	 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.	
	FMR is expected to be achieved in May 2022.	
Note		

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Section 5 – Major Risks and Issues

5.1 Major Project Risks	
Identified Risks (risk identified by standard project risk manage	gement processes)
Description The Project has identified schedule risks associated with development of the Aircrew Training Devices (ATD) and Maintenance Training Devices (MTD), delivery of spares and establishment of Training System support services due to contract delays.	 Continued, regular, engagement with USN and Boeing regarding Aircrew and Maintenance Training Devices development and acceptance and prioritised delivery of spares. A successfully executed strategy to establish training system support services through already established Australian contracted services, has seen this component of this risk retired.
The Project identified supportability risks associated with the importing of the Training System and range and depth of the retail spares to support P-8A Operations have been closed or reassessed to Low. No further reporting will occur.	Whilst these risks were realised in the current year, projects mitigation actions, reduced and positioned them all for retirement. The successful actions were: Training System Support Services:
	 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.
	Contract Award of the Contractor Operational and Maintenance Service contract, provided at RAAF Base Edinburgh.
	Retail Spares:
	 Analysis of more mature spares modelling data, and a remodelling/adjustment of future spares purchases.
	Agreement of access to USN wholesale spares pool.
The Project identified schedule risks associated with the Mk 54 torpedo.	The Project is working collaboratively with the FMS case manger, the Capability Managers and the USN, to ensure the risk is avoided.
The Project identified schedule risks associated with the UNIPAC III (objective) Search and Rescue Kit.	 The Project has increased resources to identify and assist with program remediation actions, including enhanced collaboration with supplier and working closely with USN to approve and deliver this capability. This risk has a low impact on capability as the interim Search and Rescue capability approved and is in place.
There is a chance that the HAAWC capability will be delivered post FMR leading to failure to achieve the MAA milestone.	 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 Project identified schedule risks associated with development and timely installation of the Direct Infrared Counter Measures system.	 Risk was not realised as technical issues with the system were remedied by the manufacturer. Risk has been retired as a result. No further reporting will occur.
Emergent Risks (risk not previously identified but has emerge	ed during 2017-18)
Description	Remedial Action
The project has identified a capability risk, in that the	• The Project is working with all stakeholders to ensure the
USN Interactive Electronic Technical Manuals may not	review requirements and schedule.
be integrated with Defence systems by required date.	 An interim stand alone system is being implemented as a risk treatment to ensure maintenance capability is unaffected.
KC-30 AAR data may not releasable to Boeing, restricting the ability to implement the high fidelity simulation required in the aircraft flight simulator. This poses a risk to the effectiveness of aircrew training.	Negotiations are ongoing to ensure appropriate data can be released to Boeing, and the activity remains on schedule.

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 The ICT solutions established to provide Engineering and Maintenance support systems for ADF P-8A fleet, may be affected by COA projects external to AIR7000. This may affect the automated processing of data, crucial to the USN in providing Integrated Logistics Support to the ADF fleet.
 COA agencies are using an alternate solution to transfer data; using manual methods.
 Project Manager is maintaining communications with all stakeholders to ensure schedule is communicated and maintained.

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. This has been closed and will no longer be reported.	 The projects actions as described below were effective and have allowed for the effective sustainment of the P-8A. 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.	 Ongoing engagement between Australian and USN subject matter experts to understand the causes of the unexpected signs of fatigue and a suitable Structural Management strategy. Incorporation of an Operational Loads Monitoring System on aircraft eight scheduled for delivery in October 2018.
Support & Test Equipment Support Solution for P-8A deficient have been resolved and are now closed. No further reporting will occur.	The Project executed effective mitigation strategies which ensured sufficient Support & Test Equipment was available to the operating units. This required equipment being loaned or leased until the full complement of equipment was provided.
An issue has arisen in which the Operational Flight Trainer (OFT) can not obtain the required Level D qualification.	A road map has been developed to achieve level D qualification of the OFT if still necessitated by the customer, noting the Simulator is currently undergoing testing as to its effectiveness as a Level C+ device.
Releasability of aircrew courseware has led to delays in the initial delivery. This is creating inefficiencies in the conduct of the in country training program, but did not delay the train systems in service date.	 Confirm USN understanding of the requirements of ADFs baseline courseware requirements to rectify the shortfalls in the initial courseware delivery. Confirmation the through life support requirements of the Australian Courseware are defined, to design an efficient and sustainable work flow deliver process.
ADF Integrated Logistics Support systems may not provide the depth of data required by the USN to allow for effective support to the ADF fleet.	 In depth USN business requirement reviews have been conducted, identifying stakeholder concerns and solutions to the reported issues. All stakeholders have considered current and future states to provide cost effective through life support solutions.
Note	
Major risks and issues in Section 5 are excluded from the sco	ope of the review.

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Section 6 – Project Maturity

6.1 Project Maturity Score and Benchmark

							Attri	butes				
Maturity S	core			Schedule	Cost		Requirement	Technical Understanding	Technical Difficulty	Commercial	Operations and Support	Total
Project St	age	Benchm	ark	10	8		8	8	9	8	9	60
Initial Mat	teriel	Project S	Status	10	8		9	8	8	8	9	60
Release (IMR)	Explanat	tion	 Requered and the second second	uirements: In prsed require uation Plan. Inical Difficu and Evaluat the project	ntegrat ements ulty. Th tion. To comple	tion and s in acc ne Proje o date a eting th	ordance ct is cor numbe e first tw	with the C ducting a of operat	s have vo operation gated ap ional role four gate	erified ach nal Test an oproach to es have be es.	evement of d Operational en satisfied
70 60 50 40 30 20 10	13-(1	₃ -21	_30_	_35)42	-45-(50	(55)(57-6	0-63	-65	66-67	
0 +	Options Enter DCP	1st Pass Approval Decide Viable Capability	Industry Proposals / Offers	Contract Signature 2nd Pass Approval	Review(s) Preliminary Design Review(s)	Detailed Design	Complete Sys. Integ. &	(IMR) Complete Acceptance	Final Materiel Release (FMR) Initial Materiel Release	Final Contract Acceptance	Acceptance Into Service MAA Closure	Project Completion
	20)16-17 MP	R Status	\$				20)17-18 MPI	R 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	Contract Management
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.	
The CP model has allowed Australia to work closely with the USN in the future	Requirements Management
requirements definition and planning for the P-8A. This has been to the significant	
mutual benefit of both the USN and Australia.	
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,	Contract Management
SPAWAR). Consider how support from other US agencies can be assured.	
Use of a US Cooperative Program contract support model should be used with	Contract Management
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.	
Airworthiness Certification of USN product may not meet Australian WHS	Requirements Management
requirements. Consider what SFARP approach needs to be taken when introducing	
Into service.	
Export controls need to be closely monitored to ensure the articles receive appropriate	Contract Management
Congressional approval in time for snipment, particularly for classified items.	
When interfacing with US ICT organisations, it is very difficult to arrange access with	Requirements Management
the correct subject matter experts. Consider strong relationships under a cooperative	
program to ensure the right people are making decisions.	Or a trace of Management
Procurements through different parts of the USN organisation have different schedules	Contract Management
and may take significantly longer than others. Ensure the contracting processes and	
understeed, before beginning the Procurement Process	
SATCOM connectivity and who pave for each comment is rarely clear. Ensure	Poquiromente Management
swipership of each data segment is well understood	Requirements Management
SPAN/AP manages a large number of companents in the TOC screes the LISN of	Baguiramente Management
which only a small number are needed for an aircraft platform. As a consequence	Requirements Management
large numbers of "common" TOC components may be changed as part of a suite of	
TOC ungrades 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.	
Consider co-location or moving of Acg staff to the sustainment organisation as part of	Resources
the SPO creation. This will ensure a better flow of knowledge transfer and ownership	
of the history of a particular requirement.	
Ensure the transition plan is approved well in advance of the first aircraft delivery	Requirements Management
(12 months or more).	

Section 8 – Project Line Management

8.1 Project Line Management in 2017-18

Position	Name
Division Head	AVM Catherine Roberts
Branch Head	AIRCDRE Leon Phillips
Program Director	GPCAPT Debbie Richardson (to Dec 17)
-	GPACPT Martin Nussio (Jan 18 – Current)
Project Manager	WGCDR James Badgery

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