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COMMENT ON THE F-35 PROGRAM

As part of the Fiscal 2011 U.S. Defense Department Budget Requests, Secretary Gates on 01Feb10 proposed US\$11 billion for the F-35 Program and outlined a strategy to stabilize project cost and schedule. He also changed and upgraded the leadership of the JSF Program Office. Following Secretary Gates' announcement, Senator Faulkner released a statement welcoming the decisive action taken by the U.S. Government to reduce risk in the F-35 Program.

Is the program behind schedule?

Obviously, otherwise Secretary Gates would not have taken action to reduce risk in the program including extending the test program by about a year. The action could also be seen as a warning to Lockheed Martin to be more proactive in highlighting issues in the program as soon as possible and not cause the Secretary to become involved. Lockheed Martin has accepted that the program is running six months behind the latest adjusted schedule and regrets the delays required to get all 19 System Development and Demonstration (SDD) aircraft into productive ground and flight test and believes they are on track after working through the most difficult transition phase from development to production.

Will the program encounter more delays?

The Pentagon's Cost Assessment Program Evaluation (CAPE) Team, using past fighter programs as a guide, said that JSF might slip two years and break its \$80 billion budget by as much as \$16 billion over the coming six years. JSF officials disagreed with the methodology of the CAPE study, saying that modern design and management tools have resulted in fewer problems being found in testing than on previous programs. Secretary Gates accepted the CAPE findings and ordered provisions to shift \$2.8 billion from future production into the development phase in case the pessimistic assessment proves accurate. As an additional yardstick, one could compare the JSF program issues with the longer delays of the less complex Boeing 787 airliner and Airbus A400M military transport.

Will the program breach Nunn-McCurdy limits?

The Nunn-McCurdy amendment refers to a permanent provision in U.S. Congressional budget authorization acts that require specific action to be taken if projects exceed original baseline estimates by 30% (significant) or 50% (critical). In the case of a cost escalation of 50%, the program is to be terminated unless the Pentagon confirms that the program is essential, costs are reasonable and management is in control of costs. A close reading of Secretary Gates' statements and his actions would indicate that the Pentagon plans to confirm all three elements if the Program is able to perform to the reset program milestones and satisfy development objectives.

The Williams Foundation believes that for Australia's New Air Combat Capability (NACC) project, the U.S. Defense FY11 Budget Request is good news, reaffirming U.S. commitment of additional funding to the JSF Program. Secretary Gates also stated that the F-35 program is on track to become the backbone of U.S. air superiority for the next generation.

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