

Project Data Summary Sheet²²²

Project Number	AIR 5077 Phase 3
Project Name	AIRBORNE EARLY WARNING AND CONTROL AIRCRAFT
First Year Reported in the MPR	2007-08
Capability Type	New
Acquisition Type	Developmental
Service	Royal Australian Air Force
Government 1st Pass Approval	Dec 97
Government 2nd Pass Approval	Dec 00
Total Approved Budget (Current)	\$3,893.2m
2014-15 Budget	\$53.7m
Project Stage	Final Contract Acceptance
Complexity	ACAT III



Section 1 – Project Summary

1.1 Project Description

This project **provides** the Australian Defence Force (ADF) with an Airborne Early Warning and Control (AEW&C) capability, with the provision of six aircraft and associated supplies and support. As an integral part of a layered ADF Air Defence System, the AEW&C capability enhances surveillance, air defence, fleet support and force coordination operations in defence of Australian sovereignty and national interests.

1.2 Current Status

This project was removed from the Projects of Concern list in December 2012.

Cost Performance

In-year

In-year expenditure (to 30 June 2015) is nine per cent less than budgeted primarily due to slippage of Electronic Support Measures and Radar Improvement activities as key personnel assigned to competing AEW&C Tasks; and delays in delivery of spare parts by the contractor pushing non-subcontractor costs into the next financial year.

Project Financial Assurance Statement

As at 30 June 2015, project AIR 5077 Phase 3 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 **2014-15** financial year.

222 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.

The statement previously reported for the 2013-14 financial year, that the project had not applied contingency, was incorrect. The project had applied contingency during the 2013-14 reporting period, for Salaries related to schedule delay.

Schedule Performance

As at 30 June 2012, the Commonwealth had accepted six aircraft in a second-increment initial configuration, available to the Air Force for training and initial operations. The Commonwealth had also accepted the Mission Support Segment, Operational Mission Simulator and AEW&C Support Facility in their respective initial configurations.

Boeing failed to deliver the first aircraft in a final operational configuration in March 2012, as agreed in the settlement reached in April 2011. Under a Remediation Plan agreed with the Commonwealth in December 2011, Boeing delivered the sixth aircraft in a 'final' configuration, capable of supporting all operational tasking short of high-end war fighting in May 2012. However, delays in completing the large volume of formal documentation required for contractual acceptance of the system and negotiation of a third commercial settlement resulted in aircraft final acceptance not occurring until November 2012; a total delay to this milestone against the original contract baseline of 72 months. Materiel Release 3 which supports the declaration of Initial Operational Capability (IOC) was achieved in November 2012. Chief of Air Force declared IOC on 19 November 2012. Final acceptance of the Mission Support Segment, Operational Mission Simulator and AEW&C Support Facility occurred in December 2012.

Since the final acceptance in December 2012, the focus has been on the planning and **conduct** of remediation work to rectify identified performance shortfalls that were the subject of the commercial settlement, in particular Data Forwarding, radar performance and system stability. This remediation work was completed in December 2014 **in support of Final Materiel Release (FMR). In February 2015 the Capability Manager and Project Sponsor representative agreed that all FMR requirements had been met, representing a 27 month delay.** Final Operational Capability (FOC) was achieved **on 26 May 2015**, which **represents** a total delay to this milestone of **77 months**.

Materiel Capability Delivery Performance

In service Wedgetail aircraft have participated in a number of local and overseas exercises over the past **four** years, with each successive System (software) Build delivered to the fleet demonstrating improved integrated system performance. Radar performance in the clear has been substantially remediated and a number of shortfalls in Electronic Support Measures (ESM), Communications Datalink and residual integrated system performance have been progressively remediated. Under the November 2012 commercial settlement, the Commonwealth and Boeing agreed on a plan to resolve the remaining capability risks that **needed** to be retired in the mission systems, communications and integration areas by December 2014. **The final element of the** agreed set of residual materiel capability **was** delivered **in** December 2014 through In-Service System Software **Build 3.1 (ISB 3.1)**.

Note

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

1.3 Project Context

Background

Government gave the equivalent of first pass approval for AIR 5077 Phase 3 of this project in December 1997. Following a competitive Initial Design and tendering activity, the Government gave the equivalent of second pass approval in December 2000 and a contract was signed with Boeing the next day for supply of four aircraft and associated supplies and support. In April 2004, Government gave approval to amending the contract for supply of an additional two aircraft.

The airborne early warning and control 'Wedgetail' is based on Boeing's next generation 737 aircraft, modified to accommodate various sophisticated mission systems. The primary sensor on the aircraft is a phased-array radar – with no moving parts – that can scan through 360 degrees.

In March 2007, Boeing presented the results of the schedule replan to the Commonwealth following the company's announcement in February 2007 of a two-year slip in the program. This slip resulted from problems associated with sub-system integration; supplier hardware availability; mission computing, radar and electronic support measures maturity and stability; and aircraft modification. In May 2008, Boeing advised a further delay to the program resulting from ongoing problems with radar and electronic support measures development and system integration.

In December 2008, Boeing and the Commonwealth agreed under a Deed, to enter into a modified test and

operational evaluation program aimed at determining the extent to which the aircraft system met the specification and how well it performed operationally. The DMO Program Office, Boeing and Northrop Grumman, supported by Defence Science and Technology Organisation (DSTO) and US Government agencies, also cooperated in the conduct of an independent assessment of radar performance by Massachusetts Institute of Technology Lincoln Laboratories to determine the extent of the performance shortfall based on flight test data. An operational utility demonstration was successfully conducted in Australia in April 2009 and provided insight into the operational potential of the AEW&C capability.

Based on the outcomes of these activities, the Commonwealth entered into formal negotiations with Boeing in August 2009 seeking a commercial settlement addressing, among other things, the key issues of: project delays; incremental delivery; and compensation for projected performance shortfalls. The parties reached agreement on the way ahead for the program in November 2009.

In April 2010, the Commonwealth accepted two aircraft in an initial operating capacity in order to commence training and initial operations. A third aircraft was accepted in this initial operating capacity in June 2010 and a fourth in December 2010.

Boeing failed to deliver the first aircraft in a final operational configuration in December 2010, as agreed in the settlement reached in November 2009, due to ongoing issues with Communications and ESM subsystems technical maturity and integrated system stability. The Commonwealth entered into contract negotiations with Boeing in November 2010 to refine the path to final acceptance and reached agreement in April 2011.

Boeing failed to deliver the first aircraft in a final operating configuration in March 2012, as agreed in the settlement reached in April 2011, again due to ongoing issues with Communications and ESM subsystems technical maturity and integrated system performance. In December 2011, the Commonwealth and Boeing agreed to a Remediation Plan that required Boeing to deliver the first aircraft in a final operating configuration, capable of supporting all operational tasking short of high-end war fighting, in July 2012.

The Commonwealth entered into contract negotiations with Boeing in September 2012 seeking a final commercial settlement addressing, among other things, compensation for the further delay and residual performance shortfalls. The parties reached agreement in November 2012 resulting in final acceptance of all major systems being achieved by end 2012.

Utilising compensation provided by the commercial settlement, the Commonwealth initiated a remediation program to address the remaining identified shortfalls in Data Forwarding, radar performance and system stability. The outputs from the remediation were delivered via two In-Service System Software Builds, with the final software build (ISB 3.1) delivered in December 2014.

Uniqueness

Project Wedgetail is a highly developmental project. The phased array radar, the heart of the surveillance capability, has never previously been integrated into an operational system. Northrop Grumman Corporation, the supplier to Boeing of the phased array radar, has worked to an extremely tight schedule of putting into production and integrating this unique radar, which was still undergoing initial design at the time of contract signature. Similar schedule acceleration issues have also been encountered on other mission critical systems.

The ADF is the first to operate an aircraft of this configuration and capability and significant effort has been devoted by the Royal Australian Air Force (RAAF) in developing operational doctrine and tactics for its deployment.

Major Risks and Issues

Integration of the radar and other mission critical systems such as electronic support measures, communication systems and data links has proved to be more complex than originally anticipated. Initial planning for the project was optimistic, resulting in an aggressive schedule that had been compressed to such a high level that there was no margin for re-work or risks being realised.

Radar performance was subject to detailed independent analysis and operational assessment in preparation for the contract settlement negotiations held in late 2009, resulting in a determination that performance will not achieve specification at final delivery and further development will be required.

Subsequently, a radar remediation program was established. This program included a radar collaborative research and development program, **known as the AEW&C Radar Collaborative Study (ARCS)**. A contract for the collaborative program was signed on 21 June 2010 and performance in the clear has been recovered to very close to specification. The initial scope of work had been completed in December 2012, but was extended to mid 2014 due to its success and an opportunity to align development with the In-Service software release cycle. Improvements have been validated through laboratory and flight testing, with the

agreed final Radar configuration the subject of a checkout flight conducted in March 2014, in parallel with the ongoing quantitative assessment of related clutter performance improvements.

Performance deficiencies associated with Mission Computing, Tactical Data Links, and ESM subsystems, have also been investigated through a separate program of remediation work. Problem investigation and technical analysis commenced in May 2013, with resultant design changes being progressively developed, tested, and delivered in June 2014, with final release through an In Service System Software Build in December 2014.

With delivery of the final remediation products complete, technical risks related to Wedgetail acquisition have been retired. A small number of residual activities will be transitioned to relevant sustainment organisations along with their associated low-medium risks.

Other Current Sub-Projects

N/A

Section 2 – Financial Performance

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	\$m	Notes
Project Budget			
Dec 97	Original Approved	2,170.4	1
Jul 98	Real Variation – Transfer	(170.4)	2
Nov 99	Real Variation – Transfer	807.9	3
Apr 01	Real Variation – Budgetary Adjustments	(166.0)	4
Mar 02	Real Variation – Transfer	(3.9)	5
Jun 04	Real Variation – Scope	225.6	6
Aug 04	Real Variation – Budgetary Adjustments	(2.4)	7
Aug 04	Real Variation – Transfer	(14.0)	8
Jun 05	Real Variation – Transfer	(1.0)	8
Aug 05	Real Variation – Budgetary Adjustments	(4.8)	9
		671.0	
Jul 10	Price Indexation	1,111.1	10
Jun 15	Exchange Variation	(59.3)	
Jun 15	Total Budget	3,893.2	
Project Expenditure			
Prior to Jul 14	Contract Expenditure – Boeing (SAC)	(3,044.8)	11
	Contract Expenditure – US Government	(101.7)	12
	Contract Expenditure – Boeing (ARCS)	(34.6)	
	Other Contract Payments / Internal Expenses	(332.7)	13
		(3,513.8)	
FY to Jun 15	Contract Expenditure – Boeing (SAC)	(14.3)	
	Contract Expenditure – Boeing (ARCS)	(11.1)	
	Other Contract Payments / Internal Expenses	(23.7)	14
		(49.1)	
FY to Jun 15	Total Expenditure	(3,562.9)	
Jun 15	Remaining Budget	330.3	

Notes	
1	This project's original DMO budget amount is that prior to achieving Second Pass Government approval.
2	Transfer to Project Olympus.
3	Merger of Project Olympus, which had been established separately to acquire classified elements of the AEW&C capability.
4	Variation for overfunding of indexation and foreign exchange at time of approval.
5	Transfer to supplement Overseas Allowances.
6	Increased scope, approved by Government in April 2004, for the acquisition of the fifth and sixth aircraft.
7	Administrative Savings harvest.
8	Transfer to Facilities.
9	Skilling of Defence Industry harvest.
10	Up until July 2010, indexation was applied to project budgets on a periodic basis. The cumulative impact of this approach was \$1,068.4m. In addition to this amount, the impact on the project budget as a result of out-turning was a further \$42.7m. \$388.1m of this amount relates to a real cost increase for contract price indexation variations beyond the supplementation provided by Government.
11	Includes System Acquisition Contract (SAC) expenditure \$2,972.6m ; Initial Design Activity (IDA) expenditure \$46.8m, and Performance Incentive Fee expenditure \$25.4m. The IDA was completed by Boeing and was an integral element of the Acquisition.
12	The scope of this contract is explained further in Section 2.3 – Details of Project Major Contracts.
13	Out of the \$332.7m Life to Date expenditure up to 30 June 2014 the majority of expenditure is associated with Prime & Support Equipment costs of \$80.9m , Facilities related expenses of \$63.2m, other project management support costs (legal, project administration, minor asset and ancillary support equipment costs etc) of \$51.8m , Independent Verification and Validation Services of \$50.3m, In Service Support expenses of \$34.0m , travel costs of \$27.3m, and External Service Provider costs of \$25.2m .
14	Out of the \$23.7m expenditure up to 30 June 2015 , the majority is associated with In Service Support expenses of \$13.4m , Prime and Support Equipment costs of \$7.2m , External Service Provider costs of \$2.4m , and other project management support costs (travel, legal, DSTO support, administration etc) of approximately \$0.7m .

2.2A In-year Budget Estimate Variance

Estimate PBS \$m	Estimate PAES \$m	Estimate Final Plan \$m	Explanation of Material Movements
63.9	51.1	53.7	The variation is due to reprogramming of improvements to the fire detection system.
Variance \$m	(12.8)	2.6	Total Variance (\$m): (10.2)
Variance %	(20.0)	5.1	Total Variance (%): (16.0)

2.2B In-year Budget/Expenditure Variance

Estimate Final Plan \$m	Actual \$m	Variance \$m	Variance Factor	Explanation
			FMS	Variation mainly due to slippage of: Electronic Support Measures and Radar Improvement activities as key personnel assigned to competing AEW&C Tasks; delayed delivery of 3 aircraft spares; reduced Electronic Warfare spares cost due to removal of item and cost refinement as final deliveries occur; delays in signature of Reliability Improvement contract; and other items. Offset by increased activity on Broadcast Intelligence remediation due to revised schedule.
		(4.9)	Overseas Industry	
		(0.8)	Local Industry	
			Brought Forward	
			Cost Savings	
		0.7	FOREX Variation	
		0.4	Commonwealth Delays	
			Additional Government Approvals	
53.7	49.1	(4.6)	Total Variance	
		(8.6)	% Variance	

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			
Boeing (SAC)	Dec 00	2,257.7	3,059.1	Variable	DEFPUR 101	1, 5
US Government	Jul 01	97.9	105.7	FMS	FMS	2, 3, 5
Boeing (ARCS)	Jun 10	5.6	52.9	Fixed	ASDEFCON (Services)	4, 5
Notes						
1	Current SAC Price is now shown as Expenditure to Date (\$3,059.1m at 30 June 2015) (includes Performance Incentive Fee and IDA as described at Section 2.1). The Contract is now complete.					
2	Current US Government Price is shown as Expenditure to Date (\$101.7m at 30 June 2015) plus remaining Balance (\$4.0m).					
3	The scope of this contract is explained further below.					
4	Reflects further additions to ARCS for remediation work scope. Contract value as at 30 June 2015 is based on Expenditure to Date (\$45.7m at 30 June 2015) and remaining commitment at current exchange rates (\$7.2m).					
5	Contract value as at 30 June 2015 is based on actual expenditure to 30 June 2015 and remaining commitment at current exchange rates, and includes adjustments for indexation (where applicable).					
Contractor	Quantities as at		Scope	Notes		
	Signature	30 Jun 15				
Boeing (SAC)	4	6	Boeing 737-700 Increased Gross Weight AEW&C Aircraft	1		
US Government	N/A	N/A	AEW&C Hardware and US Air Force Support			
Boeing (ARCS)	N/A	N/A	Radar Subsystem Performance Remediation			
Major equipment received and quantities to 30 Jun 15						
Acceptance of six aircraft, capable of supporting high-end War fighting tasking. Acceptance of Flight and Mission training simulators. Engineering and maintenance arrangements established.						
Notes						
1	In April 2004, government gave approval to amend the contract for supply of an additional two aircraft.					

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System / Platform Variant	Original Planned	Current Planned	Achieved /Forecast	Variance (Months)	Notes
Preliminary Design	Airborne Mission System	Jul 02	N/A	Jun 02	(1)	1
	Operational Mission Simulator	Jan 03	N/A	Apr 03	3	
	Mission Support System	Mar 03	N/A	Apr 03	1	
	Operational Flight Trainer	Aug 03	N/A	Jul 03	(1)	
	Airborne Early Warning and Control Support Facility	Nov 03	N/A	Oct 03	(1)	
Critical Design	Airborne Mission System	Feb 03	N/A	Dec 02	(2)	
	Operational Mission Simulator	Nov 03	N/A	Nov 03	0	
	Mission Support System	Dec 03	N/A	Nov 03	(1)	
	Operational Flight Trainer	May 04	N/A	Apr 04	(1)	

	Airborne Early Warning and Control Support Facility	Oct 04	N/A	Sep 04	(1)	
Notes						
1	Variances to Design Reviews were due to various minor causes.					

3.2 Contractor Test and Evaluation Progress

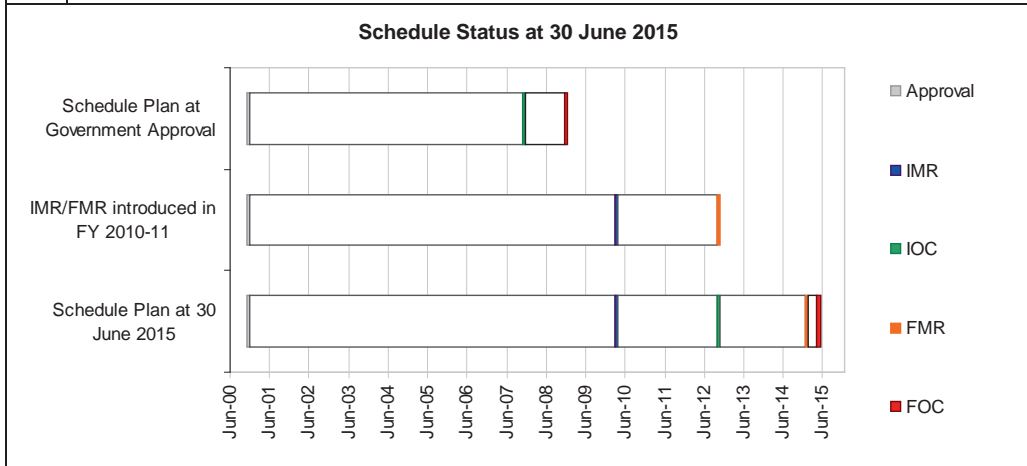
Test and Evaluation	Major System / Platform Variant	Original Planned	Current Planned (Note 1)	Achieved /Forecast (Note 1)	Variance (Months)	Notes
System Integration	Airborne Mission System	Mar 06	May 12	Nov 12	80	2
	Operational Mission Simulator	Mar 06	Dec 10	Nov 10	57	3, 4
	Operational Flight Trainer	Dec 05	Dec 05	Dec 05	0	
	Mission Support System	Jul 06	Oct 08	Oct 11	63	5
	AEW&C Support Facility	Dec 06	Dec 10	Jul 11	57	6
Acceptance	Airborne Mission System	Nov 06	May 12	Nov 12	72	3
	Operational Mission Simulator	May 06	Sep 11	Oct 11	62	3, 4
	Operational Flight Trainer	Mar 06	Nov 08	Feb 09	35	7
	Mission Support System	Aug 06	Jul 11	Oct 11	62	3, 4
	AEW&C Support Facility	Mar 07	Mar 11	Feb 12	59	3, 4
Notes						
1	These dates reflect the completion of testing relating to the Contract Specification and do not include testing associated with the additional compensatory work agreed under the commercial settlements.					
2	Airborne Mission System (AMS) integration challenged progress of the AMS development and test program. Most significant challenges related to finalisation and integration of the mission computing, datalinks, and electronic support measures subsystems, including integrated maturity, loading and latency, and stability. Supplier hardware availability presented challenges to the type and production program.					
3	Problems associated with sub-system integration; mission computing, loading and latency, radar and electronic support measures maturity and stability; and supplier hardware availability.					
4	Ground Support Segments were impacted by AMS schedule delays.					
5	System Integration Test and Evaluation, previously reported as completed in May 2009, was resumed as a result of deficiencies subsequently revealed during integrated mission testing.					
6	The requirement for formal Acceptance Test and Evaluation for AEW&C Support Facility (ASF) Home Maintenance Base was removed via Contract Change Proposal action in September 2011 with achievement of compliance being conducted via 'Analysis'. As a result, the date for completion of ASF System Integration Test and Evaluation reverted to that for the already-completed System Integration Test and Evaluation for ASF Electronic Warfare Squadron.					
7	Disagreement between Boeing and Commonwealth over specification requirements.					

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved /Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	N/A	Apr 10	N/A	1
Materiel Release 2	N/A	Nov 11	N/A	
Materiel Release 3	Jul 11	Nov 12	16	
Initial Operational Capability (IOC)	Dec 07	Nov 12	59	
Final Materiel Release (FMR)	Nov 12	Feb 15	27	
Final Operational Capability (FOC)	Dec 08	May 15	77	

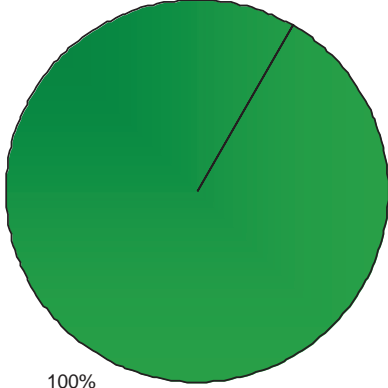
Notes

- 1 Delays to system delivery due to problems associated with sub-system integration, supplier hardware availability, radar and electronic support measures maturity, and aircraft modification.



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: Performance requirements for FMR and FOC have been met. FMR was achieved in February 2015 and FOC was achieved in May 2015.</p>
	<p>Amber: N/A</p>
	<p>Red: N/A</p>
<p>Note This Pie Chart does not necessarily represent capability achieved. The capability assessments and forecasts by the project are not subject to the ANAO's assurance review.</p>	

4.2 Constitution of Initial Materiel Release and Final Materiel Release

Item	Explanation	Achievement
Initial Materiel Release (IMR)	Initial acceptance of two aircraft.	Achieved
Final Materiel Release (FMR)	Final delivery of six aircraft capable of high-end war fighting with supporting systems and logistics.	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
N/A	N/A
Emergent Risks (risk not previously identified but has emerged during 2014-15)	
Description	Remedial Action
N/A	N/A

5.2 Major Project Issues

Description	Remedial Action
A previously identified obsolescence risk with operational equipment has been realised as an issue that the project is required to address. This obsolescence issue affects Wedgetail's interoperability with high-end coalition forces.	This issue is currently being remediated through an incremental approach agreed by RAAF, with an interim fix addressed under AIR 5077 Phase 3. This agreed approach is accommodated within the project's overall transition to in-service management.

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	10	9	10	9	9	9	9	65																																																			
Final Contract Acceptance	Project Status	10	9	10	10	10	9	10	68																																																			
	Explanation	<ul style="list-style-type: none"> • Technical Understanding: Aircraft is on operations and undergoing modifications to meet operational requirements. • Technical Difficulty: Operational Test and Evaluation has been successfully completed. • Operations and Support: Materiel and support systems are fully matured with aircraft currently on operations. 																																																										
<table border="1"> <caption>Project Maturity Score Progression</caption> <thead> <tr> <th>Project Stage</th> <th>2013-14 Maturity Score</th> <th>2014-15 Maturity Score</th> </tr> </thead> <tbody> <tr><td>Enter DCP</td><td>13</td><td></td></tr> <tr><td>Decide Viable Capability Options</td><td>16</td><td></td></tr> <tr><td>1st Pass Approval</td><td>21</td><td></td></tr> <tr><td>Industry Proposals / Offers</td><td>30</td><td></td></tr> <tr><td>2nd Pass Approval</td><td>35</td><td></td></tr> <tr><td>Contract Signature</td><td>42</td><td></td></tr> <tr><td>Preliminary Design Review(s)</td><td>45</td><td></td></tr> <tr><td>Detailed Design Review(s)</td><td>50</td><td></td></tr> <tr><td>Complete Sys. Integ. & Test</td><td>55</td><td></td></tr> <tr><td>Complete Acceptance Testing</td><td>57</td><td></td></tr> <tr><td>Initial Materiel Release (IMR)</td><td>60</td><td></td></tr> <tr><td>Final Materiel Release (FMR)</td><td>63</td><td></td></tr> <tr><td>Final Contract Acceptance</td><td>65</td><td></td></tr> <tr><td>MAA Closure</td><td>66</td><td></td></tr> <tr><td>Acceptance Into Service</td><td>67</td><td></td></tr> <tr><td>Project Completion</td><td>70</td><td></td></tr> </tbody> </table>										Project Stage	2013-14 Maturity Score	2014-15 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 Materiel Release (IMR)	60		Final Materiel Release (FMR)	63		Final Contract Acceptance	65		MAA Closure	66		Acceptance Into Service	67		Project Completion	70	
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Section 7 – Lessons Learned

7.1 Key Lessons Learned

Project Lesson	Categories of Systemic Lessons
In the context of pre-project planning, the need to better appreciate the effort involved in being a customer of a first-of type program.	First of Type Equipment
Underestimating the length of time required and effort involved in undertaking these phases when applied to a complex, highly developmental system.	Schedule Management
Better appreciating the challenges involved in contractor management in a complex developmental project.	Contract Management
Recognising the need for proactive risk management and the use of high-end risk management tools.	First of Type Equipment
The need for industry to pay greater attention to adequately resourcing complex and highly developmental projects.	Resourcing
Early recognition of the need for proactive stakeholder engagement throughout the project.	Contract Management
The need to provide adequate resources with sufficient lead-time to develop and execute the evaluation and negotiating phases for the in-service support component of a first of type capability.	Resourcing Contract Management
Appropriate investment in pre-contract work (such as an IDA phase) to better understand the technical risks, clarify Defence's appetite for it and adjust requirements, acquisition strategy and expectations.	First of Type Equipment
Improving governance to support a more disciplined consideration of strategic trade-offs between performance, cost and schedule post contract signature.	Contract Management Schedule Management
Taking a colder, harder look at risk before contract signature.	First of Type Equipment
Tempering the biases towards overoptimism and underestimation of risk by both industry and Defence, and making allowances for the biases and risks in the commitments made to government and the Capability Manager.	First of Type Equipment
Accepting and accommodating the likelihood of incremental delivery of capability in developmental projects.	First of Type Equipment
Applying greater workforce, management focus and governance to the definition, planning and execution of the Integrated Logistics Support and sustainment components of the project in keeping with their significant share of total system life-cycle costs.	Resourcing Governance

Section 8 – Project Line Management

8.1 Project Line Management in 2014-15

Position	Name
General Manager	Ms Shireane McKinnie
Division Head	AVM Leigh Gordon
Branch Head	AIRCDRE Adam Brown
Project Director	Mr Peter Kiss
Project Manager	Mr Brian Harrison