Project Data Summary Sheet[1]

Project Number	**AIR555**
Project Name	**MC-55A PEREGRINE**
First Year Reported in the MPR	2021-22
Capability Type	New
Capability Manager	Chief of Air Force
Government 1st Pass Approval	Dec 15
Government 2nd Pass Approval	Sep 17
Budget at 2nd Pass Approval	$2,166.3m
Total Approved Budget (Current)	$2,399.4m
2024–25 In-year Budget	$170.3m
Complexity	ACAT II

Section 1 – Project Summary

1.1 Project Description

AIR555 Phase 1, now known as AIR555 MC-55A Peregrine (referred to as AIR555 throughout the document) will deliver a fleet of first-of-type (FoT) MC-55A Peregrine aircraft, based on a modified Gulfstream Aerospace Corporation (GAC) G550 aircraft. The aircraft will incorporate the next evolution of an operationally proven Airborne Intelligence, Surveillance, Reconnaissance and Electronic Warfare (ISREW) capability.

The capability will be a critical enabler for the Australian Defence Force (ADF) fifth generation war fighting platforms and will conduct routine and rapid surveillance in order to provide real time threat warning and intelligence support to the ADF, and will be a primary contributor of information to support Intelligence Mission Data production.

AIR555 is predominately a Foreign Military Sales (FMS) program through the United States Air Force (USAF). The USAF Prime Contractor for the acquisition of AIR555 is L3Harris Technologies, Inc.

Three domestic delivery agencies are involved in the major systems and Fundamental Inputs to Capability: Capability Acquisition and Sustainment Group (CASG), Security and Estate Group (SEG), and Defence Digital Group (DDG), with CASG acting as the Integrated Project Manager.

AIR555 facilities will be located at four locations. The main operating base facilities will be built as a component of the ISREW Precinct at Royal Australian Air Force (RAAF) Base Edinburgh. Construction of the facilities commenced at RAAF Base Edinburgh in 2020. Facilities at three forward operating bases will also be delivered.

1.2 Current Status

Cost Performance

In-year

As at 30 June 2025, Financial Year (FY) 2024-25 expenditure was $116.1m against FY 2024-25 budget of $170.3m. The variation was primarily due to adjustments to FMS Case apportionment across acquisition and sustainment funding sources, as well as an underspend in FMS Case disbursements.

Project Financial Assurance Statement

As at 30 June 2025, AIR555 has reviewed the project's approved scope and budget for those elements required to be delivered by Defence. Having reviewed the current financial and contractual obligations of Defence for this 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 spent contingency in FY 2024-25.

Schedule Performance

The FMS materiel delivery schedule has been impacted by risks realised through the Phase 1 engineering at the GAC facility, workforce challenges, global supply issues, and flight testing.

AIR555 provided a re-baselined schedule for sponsor and Government approval in November 2021. This resulted in an adjustment to project schedule for Initial Operational Capability (IOC) from June 2023 to June 2024.

Subsequent to this Materiel Acquisition Agreement (MAA) update, in October 2022 the USAF advised of delays to aircraft delivery. Government has been advised that this delay has impacted the IOC and Final Operational Capability (FOC) dates.

Additional notification was received from USAF in June and December 2023 and in January 2025 of further delays to aircraft delivery. Completion of Information and Communications Technology (ICT) Integration is impacted by delays to aircraft delivery.

[1]Notice to reader

In the 2024 Integrated Investment Program AIR555 Phase 1 was renamed to AIR555 MC-55A Peregrine. The remainder of the report will refer to the project as AIR555.

The forecast for IOC was updated in December 2023.

Key achievements over FY 2024-25 include:

- Completion of Ground System #1A ICT Integration in March 2025 (24 months later than planned).
- Two forward operating bases completed in Quarters 1 and 2, 2025.

The project anticipates materiel delivery of two MC-55A aircraft and three installed and integrated ground systems.

The program has engineering, integration and flight test activities yet to be completed, that have the potential to result in further schedule delays. The completion of an initial series of flight test activities are critical milestone events, that will inform the project on the residual risks associated with achieving the IOC and FOC milestones.

Materiel Capability/Scope Delivery Performance

As at 30 June 2025, this project has delivered materiel capability, being completion and delivery-in-place of Ground System 1A in March 2025.

The AIR555 facilities built at RAAF Base Edinburgh are being managed with consideration of the existing Intelligence, Surveillance and Reconnaissance (ISR) Enterprise. The Interim Operating Facility, the first facility to be delivered through SEG, was completed in Quarter 4, 2022. The simulator facility was completed in Quarter 1, 2023. The Main Operating Base was completed in Quarter 2, 2024. Two forward operating bases were completed in Quarters 1 and 2, 2025.

The project anticipates materiel delivery of two MC-55A aircraft and three installed and integrated ground systems.

1.3 Project Context

Background

AIR555 will deliver an ISREW capability to Defence through a FMS acquisition. Government provided initial (Government Gate 0) project approval in July 2014. The Capability Gate Review Board, in November 2014, delayed the progression of AIR555 until the Force Structure Review and Defence Capability Plan 2015 were released.

Government Gate 1 (First Pass) approval occurred in December 2015. AIR555 First to Second Pass activity included development of a detailed acquisition schedule, High Quality Cost Estimate (HQCE) and technical Risk Reduction Activities (RRA). These were conducted under FMS Cases through the USAF Big Safari ISREW program managed by the 645th Aeronautical Systems Group, with L3Harris Technologies, Inc. as the USAF Prime Contractor.

The costs developed through the HQCE, when combined with the inability to change the AIR555 Integrated Investment Program allocation and phasings, necessitated a further review of the project by the Capability Manager Gate Review (CMGR) and Investment Committee (IC). This resulted in a review of the number of aircraft and revised IOC and FOC dates. The CMGR and IC also agreed to purchase two unmodified G550 aircraft during First Pass activities, which in turn were to be delivered to L3Harris Technologies, Inc.

Gate 2 (Second Pass) Government approval was provided in September 2017. Government approved the production of four MC-55A Peregrine aircraft, two Aircraft Capability Extension Systems (ACES), two secure access control systems, one mission crew training system and one ground data processing system. CASG was also to arrange for four ACES crews, training and standardisation staff, maintenance crews, operational test and equipment, an accredited main operating base and forward operating bases, achieve airworthiness requirements and establish a System Program Office (SPO).

The Smart Buyer Process was introduced to Defence during 2016 and became a mandatory requirement for Defence projects during 2017 and onwards. As Defence's approach to market activity had commenced in 2016 the project did not undergo a Smart Buyer risk assessment or review.

AIR555 was elevated to a Project of Interest on 26 September 2023, due to a decline in schedule forecasts. Remediation activities include increased engagement with the USAF, a rebaselining of schedule, a subsequent revision of spending profile, and more detailed monitoring of flight test programs.

Uniqueness

AIR555 is a FMS acquisition program from the USAF however, it is not a traditional FMS program. AIR555 will deliver a FoT, complex, developmental program integrating new ISR systems, antennae, power system modifications, communications systems and extensive modifications to a commercial GAC G550 outer mold line.

The program will incorporate multiple phases of the major modification at the aircraft manufacturer (GAC), followed by a comprehensive mission system integration and test program at L3Harris Technologies, Inc. Both of these activities will require Federal Aviation Authority airworthiness certification (Supplemental Type Certification). In addition, there will be a military certification process to follow for specialist military equipment installed during the modification program.

AIR555 design changes to the outer mold line will require significant engineering to be compliant with the AIR555 design requirements (size, weight, weight distribution and power). These extensive modifications include additional power within the aircraft and a modification of the Rolls Royce Australia Services Pty Ltd engine, cooling and an increase of maximum zero fuel weight for the airframe.

Major Risks, Emergent Risks and Issues

The project is a developmental program with engineering, integration and flight test activities yet to be completed. These high-risk activities have the potential to result in delays to initial product delivery, with a high likelihood that scope reduction or contingency will be required.

The project is managing the following major risks:

- MC-55A Phase 2 modifications and flight-test schedule (downgraded).
- ICT Integration.
- Ground Mission System (GMS).
- Manuals and Technical Data.

- Pilot Proficiency.

The following is an emergent risk in FY 2024-25:

- Ground Support Equipment (GSE).

The project is managing the following major issues:

- Communications System Design.
- Mission System data.
- Air Vehicle Delivery.

Other Current Related Projects/Phases

DEF2289 - Joint Information Environment – description is classified.

Section 2 – Financial Performance[2]

2.1 Project Budget (out-turned) and Expenditure History

Date	Description	$m		Notes
	Project Budget			
Aug 14	Original Approved (Government Interim Approval)	3.2		
Apr 15	Real Variation – Real Cost Increase	3.4		1
Jan 16	Government First Pass Approval	102.1		2
Jan 16	Real Variation – Real Cost Increase	149.7		2
Feb 18	Government Second Pass Approval	1,907.9		
	Total at Second Pass Approval		**2,166.3**	
May 19	Real Variation – Budgetary Adjustment	(2.9)		3
Aug 21	Real Variation – Transfer	0.4		4
Sep 21	Real Variation – Transfer	2.0		5
Sep 22	Real Variation – Transfer	43.7		6
Oct 23	Real Variation – Transfer	4.0		7
May 24	Real Variation – Transfer	12.0		8
Oct 24	Real Variation – Transfer	(2.4)		9
			56.8	
Jun 25	Exchange Variation		176.3	
Jun 25	**Total Budget**		**2,399.4**	
	Project Expenditure			
Prior to Jul 24	Contract Expenditure – FMS Case AT-D-QCS	(1,010.6)		
	Contract Expenditure – FMS Case AT-D-SAB	(562.1)		
	Contract Expenditure – FMS Case AT-D-SAA	(132.9)		
	Contract Expenditure – FMS Case AT-D-GCA	(78.3)		
	Contract Expenditure – Rolls Royce Australia Services Pty Ltd	(19.2)		
	Other Contract Payments/Internal Expenses	(32.0)		
			(1,835.1)	
FY to Jun 25	Contract Expenditure – FMS Case AT-D-SAB	(67.1)		
	Contract Expenditure – FMS Case AT-D-QCS	(41.1)		
	Contract Expenditure – FMS Case AT-D-GCA	(0.1)		
	Other Contract Payments/Internal Expenses	(7.7)		10
			(116.1)	
Jun 25	**Total Expenditure**		**(1,951.2)**	
Jun 25	**Remaining Budget**		**448.3**	

Notes	
1	Update to Pre-First Pass Project Development Fund to progress the project through continued engagement with stakeholders.
2	Post- First Pass guidance transfer to procure two aircraft and conduct RRA to inform Second Pass. This amount is inclusive of the First Pass approval amount.
3	Budgetary adjustment correction to re-profile journal.

[2]Notice to reader

As per the JCPAA MPR Guidelines, financial figures in the PDSS have been rounded to one decimal point. Section 2 financial tables may include totals and percentages that are impacted due to the rounding of the original financial data.

4	Transfer of Air Force Head Quarters (AFHQ) project administrative contingency budget to CASG to manage.
5	Transfer of AFHQ project administrative budget to CASG to manage.
6	Transfer of SEG budget to CASG to manage.
7	Transfer of funds between Approved Acquisition Projects – Return of SEG remaining unspent funding.
8	Transfer of funds across Key Internal Categories within Group and/or Bill Split – Return of Enterprise Estate and Infrastructure Program unspent Delivery Phase funding.
9	Transfer of ($3.1m) to SEG was for ISREW capability related facility works and return of $0.7m from Defence Science and Technology Group back to Project to support Innovation Science and Technology activities.
10	Other Contract Payments/Internal Expenses: Includes Ground Systems ($2.6m), above the line contractor support ($2.0m), Training ($1.6m), ad hoc expenditure ($1.0m), and travel ($0.5m).

2.2A In-year Budget Estimate Variance

Estimate PBS $m	Estimate PAES $m	In-year Budget $m	Explanation of Material Movements
224.2	165.2	170.3	Portfolio Budget Statements (PBS) to Portfolio Additional Estimates Statements (PAES): The variation is due to rescheduling of aircraft modification and flight testing activities. PAES to In-year Budget: The increase in estimate from PAES to In-year budget is due to exchange fluctuations.
Variance $m	(59.0)	5.1	Total Variance ($m): (53.9)
Variance %	(26.3)	3.1	Total Variance (%): (24.0)

2.2B In-year Budget/Expenditure Variance

In-year Budget $m	Actual $m	Variance $m	Variance Factor	Explanation
		-	Australian Industry	FY 2024-25 expenditure was $116.1m against the budget of $170.3m. The variation was primarily due to adjustments to FMS Case apportionment across acquisition and sustainment funding sources, as well as an underspend in FMS Case disbursements.
		-	Foreign Industry	
		-	Early Processes	
		-	Defence Processes	
		(54.2)	Foreign Government Negotiations/Payments	
		-	Cost Saving	
		-	Effort in Support of Operations	
		-	Additional Government Approvals	
170.3	116.1	**(54.2)**	**Total Variance**	
		(31.8)	**% Variance**	

2.3A Details of Project Major Contracts – Price

Contractor	Signature Date	Price at		Type (Price Basis)	Form of Contract	Notes
		Signature $m	30 Jun 25 $m			
FMS Case – AT-D-GCA	Dec 15	81.8	79.5	Reimbursement (for FMS)	FMS	1
FMS Case – AT-D-SAA	Dec 15	134.4	133.0	Reimbursement (for FMS)	FMS	1
FMS Case – AT-D-QCS	Aug 17	0.4	1,111.7	Reimbursement (for FMS)	FMS	1, 2
FMS Case – AT-D-SAB	Jan 18	546.5	741.1	Reimbursement (for FMS)	FMS	1, 3
Rolls Royce Australia Services Pty Ltd – Spare Engine	Aug 21	18.3	21.1	Firm or Fixed	Standard Defence Contract	1, 4

Notes	
1	Variations due to exchange rate fluctuations.
2	Original FMS Case $0.4m to engage USAF contractors to commence contractual documentation in anticipation of executable contract at AIR555 Second Pass Approval. Amendment 1 $1,032.0m update included modification and delivery of the first two MC-55A aircraft, associated ground systems, long lead items and period of performance extensions. Amendments 2 and 3 were administrative changes to the contract with nil increase in value. Amendment 4 $41.4m was to account for a Flight Simulator Training Device (FSTD); however $40.8m of this was funded from sustainment. Modification 2 was an administrative movement of funds between FMS case lines to facilitate USAF execution with nil change to overall cost or scope. Modification 3 was an administrative increase in Period of Service to enable USAF contracting, with nil change to overall cost or scope.
3	Original FMS Case $546.5m to procure, modify and deliver remaining two MC-55A aircraft, also delivery of remaining ground systems and integrated logistics support (ILS) to meet FOC requirements. Amendment 1 $222.1m for spares, support and test equipment, Fly Away Kits (FAK) and initial training for airborne and ground based operator crews, however $87.5m of this was funded from sustainment. Amendment 2 $84.0m for spares and workforce elements, however $76.1m of this was funded from sustainment. Amendment 3 was an administrative change to extend several Periods of Service,

	with FMS funding reallocated to enable subsequent changes to USAF contracting. The amendment did not change the overall cost of the FMS case.
4	Direct Commercial Sale for the procurement of a Rolls Royce Australia Services Pty Ltd BR710 spare engine.

2.3B Details of Project Major Contracts – Contracted Quantities and Scope

Contractor	Contracted Quantities as at		Scope	Notes
	Signature	30 Jun 25		
FMS Case - AT-D-GCA	N/A	N/A	To provide First to Second Pass program management, technical and engineering services to support AIR555 schedule and technical RRA.	-
FMS Case - AT-D-SAA	2	2	Procure two green unmodified GAC G550 aircraft.	-
FMS Case - AT-D-QCS	2	2	Modification of two aircraft and associated support equipment, associated ground systems, long lead items period of performance extensions, a FSTD, and administrative changes.	-
FMS Case - AT-D-SAB	2	2	Procure, modify and deliver two green unmodified GAC G550 aircraft including remaining GMS, ILS to support FOC. Amendments to initial contract increased contract scope to include spares, support and test equipment, flyaway kits, initial training for airborne and ground based operator crews, and workforce elements.	1
Rolls Royce Australia Services Pty Ltd	1	1	Procurement of Spare Engine.	-
Major equipment accepted and quantities to 30 Jun 25				
Nil				
Notes				
1	A FSTD is procured under this FMS Case but funded and accounted for within the Sustainment Budget and therefore is not included in this table.			

2.4 Australian Industry Capability

Summary
The project has no contracted Australian Industry Capability (AIC) Plan/Schedule for its United States (US) Government FMS acquisition as the US Foreign Government arrangement does not include the contractual provision or obligations for AIC. The project has no contracted AIC Plan/Schedule for Rolls Royce Australia Services Pty Ltd as this was a direct sole source procurement from Rolls Royce (Australia) sourced from Rolls Royce (Germany) as the Original Equipment Manufacturer.
Note
AIC Plans for contracts worth more than $20 million are published on Defence's website.

Section 3 – Schedule Performance

3.1 Design Review Progress

Review	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Requirements	Aircraft Phase 1	N/A	N/A	Oct 16	N/A	1
	Aircraft Phase 2	N/A	N/A	Dec 16	N/A	1
Preliminary Design	Aircraft Phase 1	N/A	N/A	Jun 17	N/A	1
	Aircraft Phase 2	N/A	N/A	Jun 19	N/A	1
Critical Design	Aircraft Phase 1	N/A	N/A	Nov 17	N/A	1
	Aircraft Phase 2	N/A	N/A	Sep 20	N/A	1
Notes						
1	The Commonwealth of Australia (CoA) is not in contract for the above major reviews, nor similar reviews with the USAF due to being a FMS Case arrangement. The USAF (Prime) and L3Harris Technologies, Inc. (USAF Prime Contractor) have contractual arrangements in place with each other that does include similar major reviews. However, the CoA is not privy to these contractual arrangements.					

3.2 Contractor Test and Evaluation Progress

Test and Evaluation	Major System/Platform Variant	Original Planned	Current Contracted	Achieved/ Forecast	Variance (Months)	Notes
System Integration	Completion of Ground System #2 ICT Integration in Australia	Oct 22	N/A	NFP	NFP	1, 3, 4, 5, 6
	Completion of Ground System #1A ICT Integration	Apr 23	N/A	Mar 25	23	1, 3, 4, 7
	Completion of Ground System #3 ICT Integration in Australia	Jan 24	N/A	NFP	NFP	1, 4, 5
	Completion of Ground System	NFP	N/A	NFP	NFP	1, 4, 6

	#1B ICT Integration in Australia					
Acceptance	Completion of DDG Acceptance Test and Evaluation (AT&E)	Dec 23	N/A	NFP	NFP	1, 2, 5

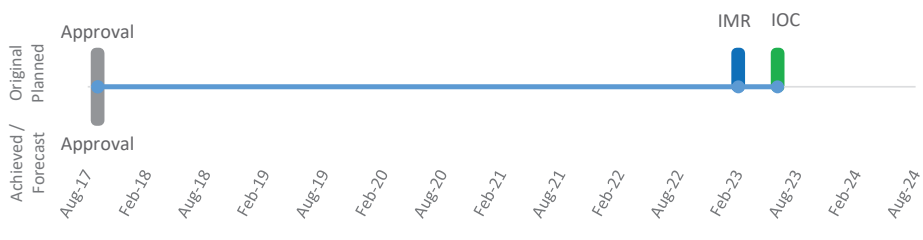
Notes	
1	Future dates for capability realisation are not for public release.
2	AT&E acceptance by DDG is an internal Defence milestone, with no associated contract.
3	Delays associated with Phase 1 engineering and COVID-19 workforce have impacted forecast completion milestones.
4	N/A - The CoA does not have a commercial relationship with contractors under the FMS acquisition arrangement.
5	Notifications were received from USAF in October 2022, June 2023, December 2023 and January 2025 of additional delays to aircraft delivery (with the project moderating the forecasted delays), impacting flight test and certification requirements). Completion of ICT Integration is also impacted by delays to aircraft delivery.
6	Delay associated with a reorganisation of materiel delivery schedule.
7	Reduction associated with decision to retain equipment in United States of America rather than integrate into Australia.

3.3 Progress Toward Materiel Release and Operational Capability Milestones

Item	Original Planned	Achieved/Forecast	Variance (Months)	Notes
Initial Materiel Release (IMR)	Feb 23	NFP	NFP	1, 2, 4, 5
Initial Operational Capability (IOC)	Jun 23	NFP	NFP	2, 4, 5
Final Materiel Release (FMR)	NFP	NFP	NFP	3, 4, 6
Final Operational Capability (FOC)	NFP	NFP	NFP	4, 5

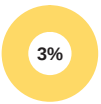
Notes	
1	IMR definition was expanded from only being arrival of Aircraft #1, to end of ADF integration and include initial operating ground systems and a Forward Operating Base (FOB), which resulted in a forecast variance required to achieve the milestone.
2	IMR and IOC have been re-baselined due to Phase 1 engineering and COVID-19 workforce issues. An updated MAA was approved by the Capability Sponsor in April 2022.
3	FMR definition was expanded from only being arrival of Aircraft #4, to include operating ground systems, three forward operating bases, one deployable system and completion of Operational Test and Evaluation (OT&E), which resulted in a forecast variance required to achieve the milestone.
4	Future dates for capability realisation are not for public release.
5	Notification was received from USAF in October 2022, June 2023, December 2023 and January 2025 of additional delays to aircraft delivery (with the project moderating the forecasted delays), impacting flight test and certification requirements.
6	Government guidance has reduced schedule for achievement of FMR.

Schedule Status at 30 June 2025



Section 4 – Materiel Capability/Scope Delivery Performance

4.1 Measures of Materiel Capability/Scope Delivery Performance

Traffic Light Diagram: Percentage Breakdown of Materiel Capability/Scope Delivery Performance	
	**Green:** The AIR555 Project Office (PO) expects to substantially deliver all deliverables and capability requirements as per agreement with Government.
	**Amber:** The Project's approach to stay within budget will defer the delivery of FAK and additional spares. This will be reflected in next year's Project Data Summary Sheet (PDSS).
	**Red:** N/A
Note	
This Traffic Light Diagram represents Defence's expected capability delivery.	

4.2 Constitution of Materiel Release and Operational Capability Milestones

Item	Explanation	Achievement
Initial Materiel Release (IMR)	• One MC-55A Peregrine aircraft available for training and operations. • Ground Systems installed, integrated, and available to support one MC-55A. • One FOB sufficient to support operations. Forecast dates for IMR are NFP.	Not yet Achieved
Initial Operational Capability (IOC)	• Two MC-55A crews. • One ground based mission crew. • Two maintenance Crews. • In-service support available to support operation of one MC-55A. • Established SPO. • One MC-55A FSTD 'Stage 1' Available for Training. Forecast dates for IOC are NFP.	Not yet Achieved
Final Materiel Release (FMR)	• A fleet of MC-55A Peregrine aircraft available for training and operations. • Ground Systems installed, integrated, and available to support one MC-55A. • Accredited FOB facilities. • One Modular Processing System available to deploy from the Main Operating Base. • Completion of OT&E. Forecast dates for FMR are NFP.	Not yet Achieved
Final Operational Capability (FOC)	• MC-55A crews available to support operation. • ACES crews available to support operation of one MC-55A. • Maintenance crews available to support operation. • Training and standardisation staff. • Achievement of all airworthiness requirements to support scope of intended operations. • Establishment of all initial operational support, logistics and commercial maintenance arrangements to support the scope of intended operations. • Established SPO to support the full capability. • MC-55A FSTD upgrade to 'Stage 2' available for training. Forecast dates for FOC are NFP.	Not yet Achieved

Section 5 – Major Risks, Emergent Risks and Issues

5.1 Major Project Risks

Identified Risks (risk identified by standard project risk management processes)		
Ref#	Description	Remedial Action
1	There is a risk that the MC-55A Phase 2 modification will be impacted by unforeseen design and integration complications, leading to an impact on cost and schedule.	The AIR555 Resident Project Team (RPT) will conduct a review of the L3Harris Technologies, Inc. design against the AIR555 Functional Performance Specification and will monitor system performance through insight into laboratory test activities.
2	There is a risk that the AIR555 ICT integration will be affected by differences between the US and Australian Certification and Accreditation (C&A) standards, leading to schedule delays in approvals.	The AIR555 PO has initiated a C&A Working Group with L3Harris Technologies, Inc./Military Platform Integration (MPI)/CASG/Australian Signals Directorate to work through the differences. Also, DDG-MPI are developing C&A timelines and resourcing requirements. DDG-MPI are also engaging with certification agencies at senior levels to improve engagement and response.
3	There is a risk that the AIR555 GMS operation will be affected by inadequate design information, leading to delayed integration with Australian networks.	The AIR555 PO has re-established Technical Interchange Meetings to increase data exchange between the US Government and DDG to ensure CoA has access to the required design information. This risk has been retitled due to completion of Phase 1 testing and resolution of some design risks.
4	There is a risk that the MC-55 publications manuals and technical data will contain some deficiencies during initial in-service, leading to an impact on capability and aircraft delivery.	The AIR555 RPT is working with L3Harris Technologies, Inc. on the content, look and feel of the Aircraft's Flight Manuals to ensure an adequate solution is delivered. The RPT is also working to ensure that any L3Harris Technologies, Inc. Publication Management System meet CoA requirements. During the training period in 2023, Australian staff reviewed the manuals and procedures to ensure they were fit for purpose. This risk has been downgraded due to maturing development of publications manuals and will be removed from next year's Major Projects Report (MPR).
5	There is a risk that the MC-55 Pilot Proficiency will be affected by insufficient/reduced/compressed Aircraft #1 flying program leading to an impact on OT&E and IOC.	A second airframe and flying window will be utilised to conduct dedicated pilot training in order to achieve the required competencies and proficiencies needed. Generating additional opportunities for more flying hours will reduced the risks to schedule leading up to IOC. By achieving both pilot proficiency requirements and crew training requirements prior to in-service delivery, the risk to the OT&E program schedule will be reduced, which further minimises risk to IOC.

5.2 Emergent Risks

Emergent Risks (risk not previously identified, or has increased in rating, which have emerged during 2024–25)		
Ref#	Description	Remedial Action
1	There is a risk that sufficient GSE will not be available upon delivery of Aircraft #1, resulting in a reduction of aircraft capability and a delay to IOC.	Multiple procurements to run simultaneously, using Australian suppliers where appropriate/possible. Identify items with delivery schedule outside of scoped delivery window for IOC to become standalone procurements.

5.3 Major Project Issues

Ref#	Description	Remedial Action
1	There is a risk that the communications design will not meet operational needs, leading to an impact on sustainment costs in order to achieve the capability.	The AIR555 RPT is engaging with USAF to understand current system design limitations, with a design review to be completed to inform future decisions. The RPT will review Phase 2 flight test data to understand any additional DDG support requirements. This issue has been retired as it will be addressed through system upgrades, and will be removed from next year's MPR.
2	Some platform elements have been impacted by inadequate mission system data and replication, leading to a reduction in accuracy of some sub systems.	The AIR555 PO is developing opportunities to improve data sets in future capability upgrades. This was a risk that has now been realised.

3	The Air Vehicle delivery has been affected by critical dependencies between various modification Phases of the Program, leading to an impact to cost and schedule.	The AIR555 PO will risk manage the Flight Test program in order to recover/hold schedule. This was a risk that has now been realised. This issue has been retired and will be removed from next year's MPR.

Section 6 – Lessons

6.1 Key Lessons

In line with Defence Instructions and CASG Lessons policy, the project conducts scheduled reviews of its captured lessons information (including any observations, insights and/or lessons identified) as well as lessons Information contained within the Defence Lessons Repository. The project has captured five lessons. The four project strategic lessons and the one project level lesson (non-strategic) are listed below.

Strategic Lessons Description	Categories of Systemic Lessons
Strategic Lesson Type – Observation. Have a well-established Workforce Plan (based on the resourced schedule scope) in place for current and future demands depending on the stage of the Capability Life Cycle and project requirements. Allow for contingencies in your plan in the event that the specified resources are unavailable within the Australian Public Service or ADF. These contingencies can include reservists, contractors, shared resources with similar organisations, etc. Additional funding within the budget should be factored in for some of these contingencies, such as contractors.	Program, Project & Product Management
Strategic Lesson Type – Observation. Ensure the project scope is represented by a well maintained Work Breakdown Structure. Improving the maturity of project management artefacts (Work Breakdown Structure, schedule, risk register), and maintaining consistent tracking and reporting against these. Layers of analysis of the schedule and risk register has allowed a consistent forecasting and reporting framework.	Program, Project & Product Management
Strategic Lesson Type – Observation. Maintain a robust, consistent configuration management system to ensure project activities remain within project scope, including cost and schedule.	Engineering and Technical[1]
Strategic Lesson Type – Observation. Maintaining collaboration, transparent communication and disciplined engagement with all stakeholders is critical for managing technical requirements and facilitating risk management across the program.	Program, Project & Product Management
Project Level Lessons (non-strategic) Description	**Categories of Systemic Lessons**
Project level lesson. The project is subject to a significant workforce risk that anecdotally repeats across ISR capability programs in relation to specialist high demand skill sets for ISR and intelligence processing, exploitation and dissemination (Portable Electronic Device) work, which appears to be a systemic risk.	Program, Project & Product Management

Notes	
1	Category was updated from last year's PDSS to correctly align with Defence Lessons categories.

Section 7 – Project Structure

7.1 Project Structure as at 30 June 2025

Unit	Name
Division	Aerospace Systems Division
Branch	Aerospace Surveillance and Response Branch