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The Australia/NZ Defence Industry & Aerospace Report On-Line

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Welcome to Vol. 8, No. 50 of the Weekly DIAR.com e-Newsletter - 'Serving the national Defence, internal security & border protection communities'

Each Monday the **DIAR.com e-Newsletter** provides an up-to-date listing of all Australia's major Defence and National Border Protection corporate press releases, speeches, reports and other defence business news items. Each news item is summarised by headline and a brief extract, with full digital copies of source material available by request to the contact numbers below up to a cap determined by your level of base subscription. DIAR.com is provided on either a single-user or group subscription basis, as determined by the applicable user licence agreement. On-forwarding of the e-Newsletter is strictly prohibited in the absence of subscribers having first concluded a copyright authority with the publishers.

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ARMY BULLDOZERS HEADING TO FIGHT VICTORIAN BUSHFIRES: Subsequent to Emergency Management Australia (EMA) activating the Commonwealth Disaster Plan, the Attorney-General, Philip Ruddock - as Minister responsible for national emergency management - has signed off on the provision of two Army fuel tankers to deliver diesel fuel to fire trucks and bulldozers at the fire fighting front line. Ruddock says a further request for assistance seeks to establish whether ADF assets could be used to effect temporary repairs in areas where bridges are burned, and beyond safe use. Up to six Army bulldozers and crews will arrive on Monday to assist Victorian bushfire authorities in north-east Victoria and East Gippsland to help cut firebreaks, and to clear debris caused by damaged trees. [10.12.06]

AUSMIN TALKS EXPECTED TO GET A RESULT ON HICKS TRIAL: Australian Foreign Minister Downer and Defence Minister Nelson are expected to raise at AUSMIN talks in Washington this week the need for the trial of David Hicks to be resolved as quickly as possible. Speaking to media, the Attorney-General, Philip Ruddock, confirmed an expectation the US would charge Hicks shortly after 17 January. Ruddock added, "regulations have to be proclaimed within three months (of Congress approving the military commission system), (and) that means they have to be in place before mid-January. (The regulations) provide the basis upon which a charge - and the particular charges that might be brought against David Hicks - will be outlined, and also procedures for the conduct of the military commission." [09.12.06]

GLOBAL STRATEGIC AGENDA TAKES DEFENCE MINISTER OVERSEAS: Subsequent to the rising of Federal Parliament for the year, Defence Minister Nelson has departed Australia to attend the annual Australia-United States Ministerial talks (AUSMIN) in Washington, for discussions on Iraq and Afghanistan, combating global terrorism and preventing the proliferation of weapons of mass destruction. Dr Nelson will then visit London to attend the inaugural Australia-United Kingdom Ministerial (AUKMIN) meeting, a new forum to discuss issues of mutual strategic interest, including the future of each nation's military presence in Iraq and Afghanistan. Whilst overseas, Dr Nelson's Parliamentary Secretary, Senator Sandy Macdonald, is visiting ADF troops deployed to the Regional Assistance Mission in the Solomon Island (RAMSI). [08.12.06]

IRAQ COALITION DRIVES THE RISE OF A EUROPEAN AGENDA: During his overseas travels, Dr Nelson will also meet with his Ministerial counterparts in France, and the Netherlands. He is scheduled to sign an Australia-France Defence Cooperation Agreement (DCA), which aims to provide flexibility for both nations to

pursue further cooperative activities to meet their strategic needs. In the Netherlands, Dr Nelson will discuss developments in regards to Australia's Oruzgan Province reconstruction Task Force, deployed as an element of the Netherlands Provincial Reconstruction Team. On the way back to Australia, the Minister will visit the Middle East to attend the International Institute for Strategic Studies (IISS) Gulf Dialogue in Bahrain (considered an important forum for the discussion of Gulf security issues), whilst also conducting a number of strategic bi-lateral meetings. [08.12.06]

RELEASE OF DRAFT DEFENCE-INDUSTRY POLICY STATEMENT: The Minister for Defence, Dr Brendan Nelson, has released for public comment a Draft Statement on Defence and Industry Policy. Comments on the draft statement need to be lodged by 21 December 2006, so as to enable formal Government consideration to occur early next year. In releasing the draft statement, Dr Nelson was careful to label the work as "the product of the advice provided by the stakeholders who contributed to the review process, and the intellectual horsepower of the review team." Dr Nelson is known to have been unhappy with the level of detail provided in initial drafts of the policy statement, and went on to describe the work as "an evolution that builds on the success of existing Government defence industry policy," which was last updated in 1988 via the Defence and Industry Strategic Policy Statement which led to the birth of 'Bishop's Rules'. Surf www.defenceindustryreview.com.au for further details. [08.12.06]

TWENTY-TWO KEY POINTS BEGET NINE INDUSTRY POLICY STRATEGIES: The draft policy statement argues that the Government's primary goal for industry policy should be "to ensure the cost effective delivery of equipment and support to the ADF in line with Australia's strategic circumstances." As such, and in future, this goal should be achieved through nine strategies: A strategic approach to equipping and sustaining the ADF; Maintaining priority local industry capabilities; Securing value for money through best-practice procurement; Creating opportunities for Australian firms; Encouraging small and medium enterprise; Supporting the development of skills in defence industry; Facilitating defence exports; Driving innovation in defence technology; and ensuring Defence and industry work more productively together. [08.12.06]

CENTRAL ROLE FOR STRATEGIC PLANNING LINKED TO CAPABILITY: Heading the list of defence-industry initiatives is a proposal to institute every two years a classified 'Defence-Industry Self Reliance Plan' – which will underpin delivery of both the existing Defence Capability Plan, along with the broader preparedness posture of the ADF (ie: as represented in the CDF's formal 'preparedness directive'). All these classified plans would then be distilled into a publicly-released Defence Capability Plan, which would include more extensive statements of Priority Industry Capabilities. Defence would then report to the Government each year on progress in matching strategic guidance with new capability acquisition and the involvement of local industry in delivering new military capability (and sustaining existing capabilities), via a 'Priority Local Industry Capabilities Report'. [08.12.06]

MORE ACTIVE PROGRAM TO DEVELOP SMALL DEFENCE ENTERPRISES: Consistent with earlier statements made by Dr Nelson, the draft defence-industry policy statement also contains a recommendation that prospective suppliers for large military capability acquisition projects (or sustainment contracts) will be required to fully examine the scope for involvement by Australian firms when bidding for work. The Government's clear expectation, the statement says, is that "suppliers will use Australian sub-contractors where it is cost-effective to do so." For predominantly overseas acquisitions, the statement says, "the goal will be to secure enforceable commitments to provide Australian firms with the opportunity to compete on their merits to supply multinational programs that Australia is involved in." [08.12.06]

NEW DEFENCE-INDUSTRY ROUNDTABLES & DEFENCE EXPORTS UNIT: The draft statement goes onto propose the creation of an annual series of Defence-Industry Roundtable discussions involving both large and small firms to ensure "unhindered and constructive" communication. A confidential feedback mechanism to Defence will also be established to inform an "ongoing procurement reform process," while industry will be afforded "improved access to end-users through Defence-led focus groups to help suppliers improve the effectiveness of their products." Subsequent to the appointment of Jim Molan as Defence Materiel Advocate in 2005, the draft statement proposes the establishment of "a dedicated Defence Export Unit within the Department of Defence with the objective of further boosting defence exports by Australian firms." [08.12.06]

DEFENCE CONTRACTING CONSULTATIONS RUNNING TO FEBRUARY: Following a series of industry briefing sessions held in Canberra, Melbourne, Sydney, Brisbane, Adelaide, Hobart, Perth and Darwin over the last few weeks, the Defence Materiel Organisation (DMO) has now released for comment draft contracting forms arising from progression of the Procurement Improvement Program (PIP), described as "a major change initiative which will ultimately lead to the development of improved procurement and contracting templates which will incorporate best national and international commercial practices, reflecting the global nature of Defence business." The DMO says the templates "will support better business outcomes for both the Commonwealth and Defence industry by modernising and standardising contracts." Stakeholder consultation and feedback will continue until 12 February 2007. Surf www.defence.gov.au/dmo/gc/pip for details. [08.12.06]

ASC 2005/06 ANNUAL REPORT DECLARES \$18.5 MILLION PROFIT: ASC Pty Ltd (the former Australian Submarine Corporation) has released its 2005/06 annual report, detailing \$260m of annual revenue (cf \$229.3m in 2004/05), and declaring an \$18.5m of profit (cf \$16.1m in 2004/05) on shareholders' equity of \$114.2m (up 6% from the previous year) – thus yielding a 16.2% return on equity, compared with 15% in 2004/05. ASC Managing Director, Greg Tunny, said delivery of outstanding performance outcomes on 'Collins-class' submarine support/maintenance had helped to drive record financial results for the year. A full analysis of ASC's financial results and their implications for supporting the air warfare destroyer program (and ultimately, full privatization of the company in 2008), will be provided in the December edition of Australian Defence Business Review (ADBR) magazine. Email busicom@ozemail.com.au to reserve and electronic copy. [08.12.06]

REDEVELOPMENT OF THE ADF'S SCHOOL OF SIGNALS: The Parliamentary Joint Standing Committee on Public Works has received a reference to examine a proposed \$101.3m redevelopment of the ADF's School of Signals, currently located at Simpson Barracks, Watsonia (Victoria). The redevelopment includes the construction of new working and teaching facilities, the refurbishment of some existing facilities, and the construction of new live-in accommodation rooms for long-term trainees. Defence says it is aiming to create a signals training institution that is matched to the high technology equipment and high calibre personnel required to effectively develop the ADF as a fully networked defence force. The redevelopment at Watsonia also provides an opportunity to allow for the collocation of the school's Maritime Wing from HMAS 'Cerberus'. Subject to Parliamentary clearance, construction will commence in early-2008, and will be completed by late-2009. [08.12.06]

COMET GRANTS TO BENEFIT SPECIAL MILITARY/POLICE OPERATIONS: Sydney-based RNO Industries has been awarded a \$64,000 Department of Industry 'Commercialising Emerging Technologies' (COMET) grant to help bring to market the company's 'Blueprint OPS' solution, which Industry Minister, Ian Macfarlane, says provides a "relatively low-cost tactical system" for use in the field by police, military, fire and ambulance services. According to Macfarlane, the 'Blueprint OPS' system "integrates operational planning with multimedia real-time intelligence and information in the operational environment. An internet search shows other systems are either designed for desk-based intelligence, for higher strategic-level command and control, or for more complex systems designed for military use in war situations." The program is one of four NSW projects sharing in more than \$2m via the latest round of innovation funding. Surf www.ausindustry.gov.au for details. [08.12.06]

UK TO INVOLVE AUSTRALIA IN NEW UAV DEVELOPMENT PROGRAM: BAE Systems (BAES) has been contracted as the industry lead and prime contractor for a £124m Joint (with the UK Ministry of Defence) project to develop a world-class unmanned air vehicle (UAV) technology demonstrator called 'Taranis'. Working with Rolls-Royce (propulsion), Smiths Aerospace (vehicle systems), QinetiQ and BAES Australia (flight control computing), the four-year 'Taranis' project has been positioned at the head of the UK Government's Strategic Unmanned Air Vehicle (Experimental) - SUAV(E) – program, with expectations it will yield a UAV with fully integrated autonomous systems and low observable features. Ground testing of the 'Taranis' UAV is expected to take place in early 2009, with the first flight trials taking place in 2010. [08.12.06]

'HAWK'-SIZED UAV TO BETTER POSITION BAES AUSTRALIA IN AIR 7000: Said to be about the size of a BAES 'Hawk' (operated by the RAAF as its Lead-in Fighter Trainer), the 'Taranis' project is expected to not only provide a wealth of information on UAV capabilities, but also help inform decisions on the future mix of manned and unmanned fast jet aircraft. BAES Australia is said by company officials to have already played a major role in the development of the ground station and flight trials for the system. Involvement in the 'Taranis' program is further considered to strengthen BAES Australia's ability to pitch for a leading role in the development of an ADF multi-mission UAV system, as currently proposed under phase 1B of project Air 7000. [08.12.06]

F-35 MOVES UNDER ITS OWN STEAM TOWARDS FIRST FLIGHT: Lockheed Martin (LM) has confirmed the first F-35 'Lightning II' JSF aircraft has moved under its own power for the first time, and initiating the last series of tests before its first flight. After a series of systems checks at LM in Fort Worth, the aircraft's pilot is said to have advanced the throttle and moved the aircraft out of its hangar to begin taxi tests. The jet then traveled at up to 30 knots on the runway, testing systems such as brakes and nosewheel steering. Medium-speed taxi tests of 65 knots and 80 knots are now planned, weather permitting. The first flight of the 'Lightning II' is expected in the period 11-14 December. [08.12.06]

UK STILL FIGHTING TO SECURE JSF OPERATIONAL SOVEREIGNTY: The UK House of Commons Defence Committee has urged the Ministry of Defence to play hardball on the issue of technology transfer regarding the Joint Strike Fighter (JSF), and to be prepared to walk away from the project if needs be. The UK has been seeking a guarantee of operational sovereignty over the 150 STOVL 'Lightning II' aircraft it plans to operate from the Royal Navy's new CVF aircraft carriers - due to enter service in the next decade. In a recent

Defence Procurement 2006 report, the UK Defence Committee stated - "it is still uncertain whether the US is prepared to provide the required information." It then recommended, "if the UK does not obtain the assurances it needs ... then it should not sign the MoU covering production, sustainment and follow-on development." Currently the UK has no fallback (or 'Plan B') should it withdraw from the JSF program, so would have to quickly fund an alternative aircraft development otherwise it would risk not having aircraft to operate from the two new aircraft carriers when they enter service. [08.12.06]

EUROPEAN TACTICAL BALLISTIC MISSILE DEFENCES TESTED: The Royal Netherlands Navy reports its 'De Zeven Provinciën' (LCF)-class frigate - HrMs 'Tromp' - has successfully participated in two US Navy tactical ballistic missile defence (TacBMD) test events at the Pacific Missile Range Facility near Hawaii. The 'Tromp' is equipped with Thales' SMART-L Volume Search Radar, which was fitted with a recently developed extended long range (ELR) mode capable of detection out to a maximum instrumented range of 480km – meaning it should be able to detect and track targets representing Tactical Ballistic Missiles. Initial tests at 200km and 300km using 'ARAV-B' and 'Aries' test missiles saw the 'Tromp' detecting the missiles shortly after launch, and being able to track them through a trajectory that passed the vessel at a range of 150km. According to officials, the tests clearly demonstrate that the LCF (and similarly equipped F124 frigate) anti-air warfare suite can be developed to full TacBMD capabilities. [08.12.06]

STAGE 1 OF ARMY GROWTH PLAN APPROVED BY CABINET: Defence has received approval from the Government to implement Stage 1 of its Enhanced Land Force (ELF) plan, initially involving an increase in the size of the Army by one additional Battalion, with attendant supporting battle-group and Joint capabilities. The new Battalion is to be raised in 2007, and have core capabilities in place by 2008 in order to be deployable by 2010. Under the ELF Plan, a second battalion will also be raised, bringing the total strength of the Army to eight Battalions, and requiring approximately 2600 additional personnel to be recruited. Implementation of Stage 1 of the ELF Plan also requires the acquisition of over 100 'Bushmaster' Infantry Mobility Vehicles (project Land 116), taking the size of the Australian fleet to more than 400 vehicles. [07.12.06]

INFANTRY BATTALION LOCATIONS IN 2012 NOW CONFIRMED: Defence has further confirmed that the Australian Army's growth to eight Battalions (2 Mechanized, 5 Light and 1 Commando) by 2012, will be structured in the following manner: 1RAR – Light Infantry Battalion, Townsville (Qld); 2RAR – Light Infantry Battalion, Townsville; 3RAR – Light Infantry Battalion, Townsville; 4RAR – Commando Battalion, Sydney (NSW); 5RAR – Mechanised Infantry Battalion, Darwin (NT); 6RAR - Light/Motorised Infantry Battalion, Brisbane (Qld); 7RAR – Mechanised Infantry Battalion, Adelaide (SA); and 8/9 RAR - Light/Motorised Infantry Battalion, SE Queensland. [07.12.06]

SHIPBUILDING REPORT A WIN FOR STRATEGIC DEFENCE INDUSTRY: A year-long inquiry into Naval Shipbuilding recommends the Government should better articulate its policy on local industry involvement and provide a public statement on how it intends to involve such policy in naval procurement projects. According to the Shadow Minister for Defence Industry, Procurement & Personnel, Senator Mark Bishop, the 160-odd page report calls on the Government to more explicitly declare how it values - and the weight to be given, to Australian industry involvement in major defence projects. According to Bishop, "what we found at the inquiry is Australia has a vibrant small ship building industry, and Labor believes this should be developed more at the heavy end as well ... Labor supports the local build of naval shipbuilding provided the Government gets the best deal for taxpayers." [07.12.06]

SHIPBUILDING AN ENGINEERING ACTIVITY & PART OF THE ECONOMY: The Senate Committee report takes particular note of recent technological developments in shipbuilding, noting it is "no longer a discrete industry, (but) part of an increasingly sophisticated and flexible heavy engineering industry, though still dependent on highly specialised design skills which are difficult to establish and retain in periods of low and unpredictable demand. More likely than not, shipbuilding now entails modular design and construction within an contestable fabrication market, but centrally assembled." The analysis takes the Committee down the road of acknowledging that infrastructure built up as part of naval shipbuilding programs (including their skilled work forces) generally becomes part of the national industrial base, and therefore, major naval shipbuilding programs should therefore be undertaken in Australia. [07.12.06]

SUBTLE DIFFERENCE BETWEEN 'HOBART'-CLASS & THE 'DELOS/SIRIUS': Having reached the point of encouraging the government, even at a cost premium, to support a local build for both the air warfare destroyers (Sea 4000) and amphibious ships (LHDs) under Joint Project 2048, the Senate Committee notes, it "does not necessarily believe that premiums should be paid for commercial-type ships such as the oiler 'Delos' (since converted to HMAS 'Sirius') – a tanker specially equipped and rigged for replenishing other ships at sea." The committee nevertheless endorsed the decision to have the modifications done in Australia to convert the 'Delos' to its military role as an auxiliary oiler." Against all this, the Committee noted that "costs must be quantified in order to provide a true measure of actual competitive design and construction costs, as well as the costs properly attributed to non-economic or political motives." It went on to berate the Department of Defence for failing to respond to requests for quantitative data or analysis on the price premium attributed

to local construction in recent naval combatant build programs. [07.12.06]

AS NO DATA TO THE CONTRARY, LET'S SPEND THE MONEY AT HOME: To conclude, and given the absence of any credible quantitative data to the contrary (which practically limited the value of the whole inquiry exercise), the Senate Committee stated it would "like to believe that a revitalised Australian ship building industry may well hold its own when compared with overseas naval shipbuilders, particularly when the value of (each) ship's through-life support is considered. No categorical assertion, however, could be made on the basis of current evidence available." The Committee accordingly recommended that the Government, "make a public commitment to maintain Australia's naval shipbuilding and repair industry," given it was "imperative that the government develop longer term naval defence strategies from which economies of scale and continuity of demand can be derived." [07.12.06]

QUEENSLAND LOOKING TO BREAK INTO MILITARY/CIVIL UAV INDUSTRY: Speaking in Brisbane at a two-day Queensland University of Technology (QUT) workshop on aerospace automation, Queensland's State Development Minister, John Mickel, has told the forum the state government was working with the Civil Aviation Safety Authority and Kingaroy Shire Council to establish a test area and facility at Kingaroy (north-west of Brisbane) to test fly developmental unmanned aerial vehicles (UAVs). According to the Minister, "having an area to safely test these aircraft is extremely important to the development of the industry in Queensland. UAVs have a massive potential for both defence and civil applications, and exports." Mickel cited a study showing that in the next six years the industry could generate more than \$3.5b across the Asia-Pacific region. About a third of Australia's UAV industry is said to be in Queensland, led by QUT/CSIRO cooperation through the Australian Research Centre for Aerospace Automation (ARCAA). [07.12.06]

HOWARD REMAINS CAUTIOUS ON BAKER-HAMILTON AGENDA: Responding to Iraq Study Group (ISG) references to a possible US withdrawal from Iraq in 2008, Prime Minister Howard has said, "well it's a very conditions based timeline. I think if you read all of the report, they are putting forward certain propositions - but in simple terms - the coalition wants to withdraw, but it should only withdraw if it is satisfied that a stable, defensible Iraq can be left behind. For the west to pull out of Iraq in circumstances seen as defeat, would deliver an enormous boost to terrorism in the region and around the world, and it would be a huge blow to American prestige and that would have bad consequences for Australia. Now I am sure that is the view, no matter how much the tactics will change, and I am quite certain the Americans are going to reorganise their approach in different ways in Iraq. But the bottom line will still be they are not going to precipitately withdraw and that really wasn't what Baker was recommending." [07.12.06]

NEW LEGISLATION TO SUPPORT MILITARY JUSTICE REFORMS: The Minister Assisting the Minister for Defence, Bruce Billson, says two significant steps in enhancing the Australian military justice system have been taken following Parliament's passage of legislation to pave way for the creation of the Australian Military Court, and the Chief of Defence Force Commission of Inquiry into service-related deaths. According to Billson, "the permanent military court will be independent of the service chain-of-command and will replace the current system of courts martial and trial by Defence Force magistrates." The Commissions of Inquiry will be presided over by a civilian with judicial experience, however, the new court will only exercise jurisdiction under the Defence Force Discipline Act. [07.12.06]

JUSTICE REFORMS TO INCLUDE ENHANCED RIGHTS OF APPEAL: The new legislation also introduces enhanced rights of appeal on both conviction and punishment to the Defence Force Discipline Appeals Tribunal, which consists of civilian judges. Billson said the provisions in the legislation "will provide the ADF with the fairest and most impartial military court in the world. The combination of confined jurisdiction, military judges, military juries and rights of appeal are not found in any other Defence Force justice system." The new Australian Military Court will also have a statutorily independent Registrar for its administration. All prosecutions will be through the office of a new and statutorily independent Director of Military Prosecutions, thus replacing convening and appointing authorities from the chain of command. [07.12.06]

TICK FOR COUNTER MONEY LAUNDERING/TERRORIST FINANCING BILL: Commenting on the passage of the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Bill 2006, Justice Minister Ellison says "the risk-based approach to regulation (contained in the Bill) has strong industry support, as it means industry can develop and implement systems which most closely respond to their individual needs (whilst meeting) their monitoring and reporting obligations." The reforms introduce a new regulatory and reporting regime which will expand the amount of information available to the nation's financial intelligence unit - the Australian Transactions Reports and Analysis Centre (AUSTRAC) - which will now have a significantly expanded role as the national AML/CTF regulator with supervisory, monitoring and enforcement functions over a diverse range of industry sectors. [07.12.06]

PAIN OF PROJECT SEA 1390 KICKS IN ELECTION CAMPAIGN: Defence Minister Nelson has responded to criticisms of the Navy's guided missile frigate (FFG) upgrade by the Shadow Minister for Defence Industry, Procurement & Personnel, Senator Mark Bishop, who alleged project cost blow-outs and capability

downgrades in the remaining four ships. In turn, Dr Nelson says provisional acceptance of the first upgraded frigate (HMAS 'Sydney') "is scheduled for 15 December (while the upgraded FFGs) will remain in service with Navy for many years to come (and) until the final project Sea 4000 air warfare destroyer is delivered in 2018. The project is running behind the original schedule, and I am monitoring ... progress closely." Former Defence Minister, John Moore, announced 1 June 1999 that an \$897m contract for a six-ship FFG upgrade had been signed, for a final upgraded project Sea 1390 ship delivery "in late-2005 or early-2006." Subsequent to a project re-negotiation/re-scheduling, Bishop now says only four ships will be delivered, for an overall cost of \$1.4 billion. [07.12.06]

PROJECT DEED SIGNED FOR SINGLE LEAP, PHASE 1, ACCOMMODATION: Defence has signing a Project Deed with Plenary Living (Watpac) for the delivery of 1,395 contemporary living accommodation units for the long-term living-in of ADF personnel under Phase 1 of the single living environment and accommodation precinct (LEAP) project – set to deliver an improved standard of accommodation at several Defence bases. Initial works will be undertaken at Holsworthy Barracks (Liverpool Military Area, NSW); Gallipoli Barracks (Enoggera, Brisbane) and RAAF Base 'Amberley', at Ipswich (Qld). The Project is said by officials to be on track for Defence Force members to occupy the first facilities at RAAF Base 'Amberley' in May 2008. Expressions of Interest for Phase 2 of Single LEAP were called for on 25 October 2006. [07.12.06]

BOSSSES TO MALAYSIA TO SEE THEIR RESERVISTS AT WORK: Nineteen employers of Defence Reservists from three states (as guests of the Defence Department's Directorate of Reserve Support), have flown to Malaysia (as part of 'Bosslift Malaysia '06') to observe Reservist soldiers from the Australian Army's 11th Brigade training in the jungles at the southern end of the Malaysian peninsular. The part-time soldiers on deployment have temporarily become members of Rifle Company Butterworth, a regular rotation of Australian military personnel supporting the Australian presence at the air base, and undertaking regular exercises with the defence forces of Malaysia, Singapore and Thailand. Since 2003, six groups of employers have accompanied Reserve units to East Timor, Malaysia and the Solomon Islands, says newly-appointed Director of Reserve Support, Steve Williams. [07.12.06]

CRITICAL STEP ACHIEVED IN RNZAF C-130H 'HERCULES' UPGRADE: L-3 Communications subsidiary, SPAR Aerospace (L-3 SPAR), has successfully completed the removal of the first centre wing on the Royal New Zealand Air Force (RNZAF) C-130H aircraft – described as a critical initial step in the five aircraft fleet's refurbishment under a six-year Life Extension Program (LEP) awarded to L-3 SPAR in December 2004 - and to enable the aircraft to safely operate beyond their 2017 predicted withdrawal date. The project scope includes a comprehensive structural refurbishment (ie: inspections, modifications and replacements) in more than 100 areas of the aircraft; a complete centre wing refurbishment; fatigue improvement modifications; extensive mechanical systems modifications and replacements, including an upgraded environmental control system; a complete avionics upgrade program, including all communications, navigation and warning systems; and rewiring and electrical power distribution modification. [07.12.06]

MBDA TO UPGRADE INDONESIAN MOBILE GBADS CAPABILITY: European-based MBDA and Indonesian State-owned PT Pindad have signed an MoU under which the two companies will form an industrial partnership to develop and market vehicle-mounted missile systems. MBDA and PT Pindad will initially evaluate the integration of MBDA's 'Mistral Atlas' short-range (10+km) air defence system on Pindad's four wheeled Light Military Vehicle, to meet the Indonesian Army's requirement for a mobile, quick-reaction, vehicle-mounted missile system for protection against fast and highly manoeuvrable aerial targets. The MoU will pave the way for an industrial partnership under which PT Pindad will also be able to expand into export markets as a supplier of vehicles for MBDA's portfolio of vehicle-mounted missile systems. The 'Mistral' missile has either been selected or is already in service with the armed forces of 26 countries, including New Zealand. [07.12.06]

SAGEM DEFENCE ACQUIRES NAVAL/GROUND ELEMENT OF EADS: Sagem Defence Securite, part of the Safran Group, has acquired the naval and ground business of EADS Defence & Security Systems' defence electronics business, located at Les Ulis (near Paris), and specialising in the design and commercialisation of electronic and optronic naval and land equipment. Sagem says acquisition of the €23m turnover (2005) EADS naval/land equipment business unit will allow it to consolidate its position as the leader in the search-and-track optronics and fire control market, expand its offer in the field of self-protection for surface ships and land vehicles, and reinforce its logistical support activity. [07.12.06]

KOREAN PRESIDENTIAL VISIT YIELDS TOO MUCH INFORMATION: Speaking at a joint press conference with Prime Minister Howard after talks in Canberra, the President of the Republic of Korea (RoK), HE Roh Moo-Hyun, has told media (we) had "a very constructive dialogue on strengthening the bilateral relations between our two countries, and we discussed issues of mutual interest including the North Korean nuclear issue (ie: fully implementing UN Security Council resolution 1718), and strengthening cooperation and international fora such as APEC. Further, we shared the view that in order to have substantive progress in our

bilateral relations, it is essential that we expand economic and trade cooperation – (especially) the energy and resource sector – and we agreed to launch a joint study by private research institutions on both sides to conduct a feasibility survey on a Free Trade Agreement between our two countries.” [06.12.06]

PROTECTIVE SECURITY INITIATIVE NOT TO PROVOKE THE NORTH: Further explaining what Prime Minister Howard said were “differences” between Australia and the RoK on the Protective Security Initiative (PSI), President Roh said the Korean Government “supports the principles and goals of the PSI ... although we would like to evade any situation that could bring a possible or physical conflict between North Korea and Korea. On all other areas, we are fully cooperating ... my government’s position is that it is wise to refrain from actions that could cause a physical arms confrontation between the two Koreas because, after all, the purpose of action by the international community, whether it be a PSI or any other action, is to bring peace.” [06.12.06]

TRADE DEFICIT CARP POINTS TO DEAL ON PROJECT LAND 17?: Responding to an RoK media question pointing out the nation runs a \$6 billion trade deficit with Australia - and calling for measures to rectify the problem - Prime Minister Howard said, “the nature of international trade is that you never have a perfect equilibrium with each individual country. There are resource and business factors that influence the trade flows between our two countries, and you have to take an aggregate approach to trading relationships. But Australia has been progressively dismantling tariff barriers and protections and I don’t see too many obstacles to the free flow of goods and services from Korea into Australia.” Australian industry (through Boeing) has been selected to supply the RoK military with airborne early warning and control (AEW&C) aircraft, whilst the Australian military is seeking new 155mm artillery – with Korea’s Samsung (ie: K9) one of the lead options. Australia (via Thales) also supplies propellant to the RoK in return for the purchase of 155mm artillery ammunition. [06.12.06]

FRENCH GUNNER LETS ‘HELLFIRE’ LOOSE FROM A WOOMERA ‘TIGER’: Lockheed Martin (LM) has confirmed the successful firing in Australia of a ‘Hellfire II’ air-to-ground missile by France’s Délégation Générale pour l’Armement (DGA). The successful launch, from an Australian Army ‘Tiger’ helicopter, took place at the Woomera Testing Range in South Australia at the hands of a first-time gunner - a French pilot – and employing the ‘lock-on-before-launch’ technique. The firing is said to have scored a direct hit with the missile on a target six kilometers away, and comes on top of an earlier series of seven ‘Tiger’ ARH/Hellfire’ missile evaluation test flights. The most recent evaluation was accomplished under the auspices of the Defence Materiel Organisation (DMO) and the Australian Army. [06.12.06]

ROOM FOUND FOR IMPROVEMENT IN ADF LEARNING CULTURE: The Chief of the Defence Force, ACM Angus Houston, has released the report of a Learning Culture Inquiry into ADF Schools and Training Establishments, commissioned in response to the Senate Committee report into ‘The Effectiveness of Australia’s Military Justice System’. Houston says that after a six-month review across all ADF schools and training establishments, the Inquiry “found no evidence of a systemic culture that supported bullying or harassment ... but there is room for improvement (while in) ... some areas ... the ADF is not a best-practice learning organisation at this stage.” Houston added the report had concluded that “the underlying culture within training institutions still has some way to go before Defence’s explicit Equity and Diversity policies are fully supported.” [06.12.06]

CAMPAIGN TO SUPPORT DEFENCE EQUITY & DIVERISTY POLICIES: ACM Houston advised media that Defence had accepted 46 of the 47 recommendations from the inquiry, with the only exceptions being that: Defence will continue to use single-Service values statements as the basis for values-based training in the ADF; and that the Defence Values (Professionalism, Loyalty, Integrity, Courage, Innovation and Teamwork) are complimentary and provide an over-arching foundation for the Defence organisation. A Defence action plan to implement Learning Culture Inquiry recommendations has further agreed they will broaden reforms currently in place by building on the strong cultural values of the three Services. In many cases, says Defence, the report’s recommendations “will enhance work that is already being done.” [06.12.06]

OPPOSITION CLAIMS CONCESSIONS IN MILITARY JUSTICE BILL: Creating a court of record and enforcing unanimous verdicts for serious offences are just some of the major concessions won by a bipartisan committee in setting up Australia’s first permanent military court, says the Shadow Minister for Defence Industry, Procurement & Personnel, Senator Mark Bishop. The Defence Legislation Amendment Bill before Parliament, adds Bishop “reflects a Government ‘U-turn’ from the previous proposed legislation.” Major changes to the Bill claimed by the Opposition include: making the proposed Permanent Military Court one of record (albeit with a startling set of caveats); the appointment of judges by the Governor-General (rather than the Defence Minister); the appointment of the chief military judge for 10 years (not five); automatic promotion after five years for judges up to a fixed rank (rather than promotion being proscribed during the term of appointment); and unanimous verdicts for serious crimes. “But the Bill remains at heart a propaganda effort, with the minimal change proposed being presented as ground-breaking reform,” said Senator Bishop. [06.12.06]

EOS BOOSTS CANBERRA MANAGEMENT TEAM: Electro Optic Systems (EOS) Chairman, Fred Bart, has announced that the Executive Chairman of Phoslock Water Solutions Ltd (and a former Managing Director of JP Morgan's Mining and Metals business in the Asia-Pacific), Robert Schuitema, has joined the board of Canberra-based EOS as a non executive director. Schuitema spent 14 years with Chase Manhattan and JP Morgan (1989-2002), the last six as a Managing Director specialising in raising funds for a range of mining and metals and oil and gas companies. EOS further confirmed the resignation of John Gordon and Mrs Cheryl Bart as directors. Following an investment of \$55m over the last 10 years to update its space sensor product suite, EOS said 4 October it would tender for a six year/A\$780m USAF 'Space Fence' program to upgrade both the quantity and quality of information on objects in near earth orbit – ranging from satellites to tiny bits of space junk. [06.12.06]

CDSS GRADUATION 'CLASS OF 2006' FROM 22 COUNTRIES: Forty-eight senior Australian and overseas military officers and Defence civilians (from Asia, the South Pacific, the US, NZ, the Middle East, the UK and Europe) have just graduated from the Centre for Defence and Strategic Studies (CDSS), in Canberra. CDSS is the senior element of the Australian Defence College, and is located at the College's Weston Creek campus. The Defence and Strategic Studies Course is said to promote a deep understanding of global, regional and national issues of defence and strategic significance, and aims to provide the knowledge and skills required by military and civilian officers who are expected to become senior leaders and managers operating in the national security environment. Officers attending the Centre can study for either a Graduate Diploma awarded by the Centre or a Master of Arts awarded by Deakin University. [06.12.06]

US NAVY TECHNOLOGY FOR LOST 'BLACK HAWK' HELICOPTER SEARCH: The Royal Australian Navy (RAN) has requested assistance from the US Navy (USN) to help it locate a 'Black Hawk' helicopter recently lost in operations off Fiji. Given the lost helicopter's Aircraft Beacon Locator will transmit location signals for at least 30 days, the USN is to provide a Towed Position Locating (TPL) drone for fitment to the survey ship, HMAS 'Melville', in Noumea. Should the position of the aircraft be established with any degree of confidence by the 'Melville', detailed surveillance of the helicopter's resting site would be required using a Remotely Operated Vehicle (ROV) sourced from either the USN or commercial ROV operators. Defence says that planning for any potential recovery of the aircraft "would be subject to the outcome of the location operations, and will be considered in due course." [06.12.06]

HAMILTON SUNSTRAND ACQUIRES UK-BASED PAGE GROUP: United Technologies Corp subsidiary, Hamilton Sundstrand, has completed its acquisition of Sunbury (UK)-based Page Group - a designer and manufacturer of advanced electronically controlled LED lighting and related power systems, warning panels and cockpit controls for the aerospace industries. The Page Group currently employs 200 people and had 2005 revenues of £23m. Windsor Locks (Connecticut)-based Hamilton Sundstrand had 2005 revenues of US\$4.4b, and 17,000 people world-wide. The company designs, manufactures and services aerospace systems and provides integrated system solutions for commercial, regional, corporate and military aircraft. It also is a major supplier for international space programs. [06.12.06]

FIRST BOEING RAAF C-17 DEBUTS IN FLY-PAST OVER CANBERRA: Having flown-in directly from Hawaii to a hearty reception at the RAAF's VIP fleet base at Fairbairn in Canberra on 4 December, the first of the RAAF's four Boeing C-17 'Globemaster III' strategic air transports (A41-206) has undertaken a series of East-West fly-pasts along Lake Burley Griffin (and accompanied by a RAAF PC-9 aircraft) prior to heading off to RAAF Base 'Amberley' (Qld) to join the newly re-tasked and relocated (from RAAF Base 'Richmond' (NSW) No.36 Squadron. Australia's second C-17 is scheduled for delivery in July 2007, with the final two aircraft set to arrive during 2008. [05.12.06]

DRAMATIC RESCUE FOR LOST SUBMARINE RESCUE VEHICLE: The failure of a winching system during certification trials off the West Australian coast of the Australian submarine rescue vehicle 'Remora', has seen two specialist contractors spend 15 hours on the sea bed in 130 metres of water before being rescued. The 'Remora' is operated by civilian diving contractor Cal Dive, and was being attended by its mother ship, the MV 'Seahorse Standard', when the primary winching system failed. Both contractors have since exited the 'Remora' unharmed after it was raised close to the surface using a secondary recovery system, which then subsequently failed, thus sending the 'Remora' back to the ocean floor. Cal Dive is now assessing the nature of recovery operations for the 'Remora', and is working closely with Defence Maritime Services (DMS) to determine recovery arrangements. [05.12.06]

NAMMO MOVES TO CONSOLIDATE US WEAPONS POSTION: Norwegian-based Nammo AS (Nordic Ammunition Company) has signed an agreement to acquire Mesa (Arizona)-based Talley Defence Systems, effective 1 January 2007. Nammo and Talley have a long-standing business relationship, with over 25 years of cooperative development, production and marketing of shoulder-launched weapon systems internationally and for the US military. Talley has more than 40 years of experience in propellant systems, and has since 1960 been a pioneer in developing aircrew escape systems, automobile airbag components, shoulder-

launched weapons and other key propellant-loaded devices. Talley has 220 employees, and achieved revenue of US\$62.6m in 2005. The Nammo Group has subsidiaries in Finland, Germany, Norway, Sweden, Switzerland and the USA, with company revenues in 2005 reaching \$240m. [05.12.06]

GLOBAL SIMULATION STAGE MOVES TO URBAN C2 OPERATIONS: US-based Engenuity Technologies Inc is to offer a significant upgrade to its 'Stage' family of simulation software, through a strong focus on consolidating simulation technology into a single, unified toolset - 'Stage' Scenario 5.4, 'Helisim' 6.0 and 'Flightsim' 10.0. The product update plays a key role in Engenuity's Adaptable Intelligent Modeling and Simulation (AIMS) strategy – with partners Diamond Visionics, AEGIS Technologies Group and Boston Dynamics – to allow customers in the military simulation and training industry to quickly and cost-effectively create adaptable simulation applications with greater immersive reality, intelligence, and real-time adaptability. Engenuity officials see its customers increasingly needing to create “sophisticated, simulated urban command and control scenarios, as well as highly accurate simulations for deployment strategies in conflict zones. The latest version of 'Stage' addresses this need by expanding the range of tools and features, such as support for UAVs, on-the-fly terrain creation, and behavioral simulation.” [05.12.06]

COTS SOFTWARE INNOVATION MAKES ITS MARK AT I/ITSEC IN FLORIDA: Global military and civil simulation leader CAE, and its COTS software company - Terrain Experts Inc (Terrex) – have announced at the Orlando (Florida) Interservice/Industry Training, Simulation, and Education (I/ITSEC) conference the release of a new 'S-Mission' software suite designed to make the development and creation of synthetic environments with realistic computer-generated forces (CGF) much easier and simpler. In short, Terrex has taken CAE's 'Strive' simulation framework and developed a turnkey COTS software product with a complete set of pre-defined entities, models, and behaviors. CAE officials expressed a belief that the 'S-Mission' suite would become “a world-leading suite of integrated COTS software for modeling and simulation applications across the broader simulation marketplace.” [05.12.06]

ROCKWELL COLLINS SELECTED FOR JSF PILOT TRAINING DEVICES: Lockheed Martin has confirmed its selection of Rockwell Collins to provide the image generation system for 'Lightning II' JSF pilot training devices. As part of the award, two image generator configurations will be installed: one in a Full-Mission Simulator; and the second in a Deployable Mission Rehearsal Trainer. The award also includes database generation tools and a database preview station, both based on 'EPX' technology - a new Rockwell Collins offering made possible by its May 2006 acquisition of the Evans & Sutherland visual systems business. EPX technology, featuring unique layered architecture software, runs on hardware with a range of prices and capabilities, allowing customers to select the right hardware platform for their specific training missions. [05.12.06]

TEXTRON COMPLETES ACQUISITION OF OVERWATCH SYSTEMS: Textron Inc has confirmed that its Textron Systems business unit has completed the acquisition of Morristown (New Jersey)-based Overwatch Systems – a developer and marketer of integrated systems that enable analysts to generate actionable intelligence faster and more effectively for the war fighter, first responder, analyst and policy maker. Textron Inc officials indicated the combination with Overwatch Systems would enable growth opportunities for both companies, as well as improved support for common customers. Through this transaction, they said, “Textron complements its core aerospace and defence business and advances its strategy to add key capabilities to its existing strong businesses while further serving its government, military and related customers.” [05.12.06]

LEADERSHIP SUCCESSION AT 'RAPID' CENTRE IN CANBERRA: Former Raytheon Australia executive, Ms Pamela Price, has been selected to succeed Mike Kalms as General Manager of the Department of Defence's Rapid Prototyping Development and Evaluation (RPDE) centre. Prior to her service at Raytheon, Ms Price had a 20-year career with the Royal Australian Navy – reaching the rank of Commander. Speaking on the appointment, the Chief of the Capability Development Executive (CCDE), LtGen David Hurley said, “Ms Price will provide Rapid with sound stewardship. Her technical knowledge and ability to encourage team and individual contributions will be a great asset in understanding the issues and generating the best creative environment to address them.” [04.12.06]

CHANGES TO ADF POLICE INVESTIGATORY POWERS: Releasing an audit report into the ADF's investigative capability containing 99 recommendations, the Chief of the Defence Force (CDF), Air Chief Marshal Angus Houston, has flagged fundamental changes are now in store in almost every aspect of Service policing. A particular feature of the new arrangements will be the establishment of a joint ADF investigative agency, independent of Service chains of command – and reporting directly to the CDF through the new Provost Marshal of the ADF. According to Houston, “this capability will investigate more serious incidents with a Service connection and will fundamentally change the way policing in the ADF is organised and conducted.” [04.12.06]

CSC TO INTEGRATE SAP IN 'ROMAN' ERP UPGRADE: CSC Australia has been awarded a \$15m contract for the upgrade of Defence's financial information management system, in particular, by updating the ROMAN

system to a contemporary version of the core application supplied by SAP. According to Defence officials, the upgrade will improve the Department's ability to effectively manage its budget of nearly \$20 billion, and assets of over \$55 billion. Through a series of Federal Government-wide initiatives, CSC has progressively become a preferred SAP systems integrator, and for this latest Defence project will be assisted by Catalyst Interactive and Cubic Consulting - who will provide training to 5,000 users across 300 locations involved in the upgrade. [04.12.06]

APEC SCENARIO FOR QUEENSLAND COUNTER-TERRORISM EXERCISE: Federal Government agencies (the Australian Federal Police, the ADF, ASIO and the Attorney-General's Department) will team up in Brisbane this week with the Queensland Police, the Department of Premier and Cabinet, Queensland Fire and Rescue Services and Queensland Ambulance for Exercise 'Maroon Luminary', a large counter-terrorism exercise being undertaken as part of security preparations for next year's Asia Pacific Economic Cooperation (APEC) meetings. The exercise has been designed to rehearse arrangements under the National Counter-Terrorism Plan in regard to the hosting major events. [04.12.06]

ORDERS COMING THICK AND FAST FOR C-27J 'SPARTAN': Alenia Aeronautica's C-27J 'Spartan' has beaten out EADS-CASA's C-295 for a Romanian Ministry of Defence requirement for seven medium-sized transport aircraft - worth €220m - with a final contract expected to be signed by the end of the year. In addition to the Romanian order, the C-27J has been sold to Italy (12), Greece (12), Bulgaria (8) and Lithuania (3), and is also under evaluation by Ireland, Malaysia, Saudi Arabia, the Czech Republic, Slovakia, Slovenia and Taiwan. The C-27J can take off and land from unprepared landing strips of less than 500m. With a maximum weight on take-off of 30,000kg; it can transport 62 combat-equipped soldiers or up to 46 paratroopers. In its air-ambulance version the C-27J can accommodate 36 stretchers and 6 medical staff. The C-27J and C-295 are both currently competing for the USAF/US Army Joint Cargo Aircraft (JCA) program, and are also likely to contest Australia's battlefield airlifter (project Air 8000) requirement, along with the short fuselage C-130J. [04.12.06]

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