BENEATH THE SURFACE

What’s happening in the submarine space

The C-27J Spartan
The ADF’s next Battlefield Airlifter

JSF update
Latest on project status and industry partners
MAY:
The Government will provide $214 million for the next stage of the Future Submarine Project, with funding going towards further detailed studies and analysis to inform the Government’s decision on the design of Australia’s next submarine. The studies will inform the Government’s final decision on the design and workforce requirements for the Future Submarine, and identify and address any risks.

JUNE:
CEO DMO, Warren King, spoke at the National Press Club about our role in equipping and sustaining the Australian Defence Force (ADF). View his presentation on the DMO website.

More than $38 million has been allocated by the Government to further develop and test the next generation Hawkei Light Protected Mobility Vehicle. Defence has now reached an agreement with Thales Australia to develop six prototype Hawkei vehicles for further testing, the first of which will be delivered later this year.

JULY:
The Australian Government has signed a four year maintenance and engineering services contract with Sikorsky Helitech for the ADF’s Black Hawk and SeaHawk fleet of helicopters. Announcing the $124.8 million contract, the Minister for Defence Materiel, Jason Clare, said that “Black Hawk and Seahawk helicopters have been a key part of the Australian Defence Force for the last 25 years,” and that “the highly skilled workers at Sikorsky Helitech play an important role in keeping our helicopters flying.”

A major milestone in the Landing Helicopter Dock (LHD) shipbuilding process has been met following the launch of the second LHD in Spain. The LHDs are the largest ships ever built for the Royal Australian Navy and will provide the ADF with one of the most capable and sophisticated amphibious deployment systems in the world.

The Government has established an Australian Military Sales Office (AMSO) for Australian defence manufacturers seeking to export their products. As a priority, this one stop shop will develop a system to allow the Government to sell Australian made defence equipment that is in service with the ADF, directly to other Governments on behalf of Australian manufacturers. The AMSO is currently made up of the existing Defence Export Unit and the Defence Disposals Agency, and takes responsibility for the Global Supply Chain Program and our international materiel cooperation arrangements. It will expand its export facilitation work over the next two years into the government to government sales arena.

Access the DMO’s latest news on the DMO website.

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The DMO: www.defence.gov.au/dmo
The Defence and Industry ePortal: www.dplusi.defence.gov.au

IN THE NEWS
As I said in my email to all staff the morning after the Budget was delivered, the DMO along with defence industry continues to make a vital contribution to national security and to the equipping and safety of our Defence force.

In the DMO and Defence context we need to ensure that our plans for project delivery, maintenance and supply are achievable, and that our advice is accurate. In the national context the Government, working with Defence’s leadership, needs to ensure those plans are affordable.

Even in a time of Budget constraint, we manage a significant portion of Government expenditure on goods and services, and will spend around $38 million of taxpayers’ money every working day in the new financial year. The Defence and DMO leadership were actively engaged in the Budget process. As a result, our key areas of expenditure for the forthcoming year and over the four-year forward estimates were identified and savings were applied in areas where we thought they could be best managed.

Essential major projects for the ADF are still going ahead. Funding for direct support to military operations and to our industry programs have not been affected. Over the four years of the Budget outlook there is still more than $100 billion of expenditure on Defence, with an expectation that around $42 billion of business will be delivered through the DMO.

Delivering projects
The scope and budget for the majority of our approved capital equipment projects are largely unchanged. The Budget has more substantial implications for projects not yet approved by the Government or not yet in contract. These capabilities are still required and will be delivered, but timeframes and provisioning have been adjusted.

Maintaining capabilities
In terms of Sustainment, it was good to see that additional funds were allocated for priority areas including submarine sustainment and early work to implement the Rizzo reforms. In other areas some adjustments have been made to align with demand reductions approved by Capability Managers and the flow-on effects of changes to project approval schedules.

The Australian defence industry will continue to help us meet the materiel and sustainment needs of the ADF. In 2012–13 Sustainment represents approximately 58 per cent of the DMO’s overall spend. We must remain closely engaged with industry. Our track record in achieving SRP targets and engaging with both our customers and Industry counterparts in a structured and deliberate way will serve us well in absorbing the impacts and managing the additional pressures from the Budget.

DMO staffing levels
The Budget does have a direct impact on DMO’s total workforce allocation, and this will continue to be carefully managed to achieve the best outcomes. Civilian staff can continue to be used in ADF positions to offset any shortfalls in military postings to the DMO. The DMO will contribute to the overall requirement for civilian workforce reductions. The specific impacts for each Group are currently being worked through across Defence. Current forecasts suggest that for the DMO, this reduction will be in the order of 175 full-time civilian positions in 2012–13, rising to over 260 positions in 2013–14 and the years ahead.

Defence is confident that natural attrition can be used as a key tool for managing workforce reductions. Any identified workforce change proposals will, of course, be subject to consultation.

I will get back to you when additional information comes to me in regard to specific impacts on DMO projects and our people.

Warren King
CEO DMO
A key recommendation of the Rizzo Review is now being implemented following the signing of a contract for the repair and maintenance of the Navy’s eight Anzac-class frigates.

The contract, between the DMO and Naval Ship Management (Australia), is the first of the long term, performance-based Group Maintenance Contracts (GMC) for the repair and maintenance of the Navy’s major surface ships. Industry will have continuity of work, allowing them to maximise resource utilisation and invest in infrastructure and strategic work-skills, which will lead to a more efficient and effective delivery of service. It also benefits Navy through better forecasting of fleet availability.

The reforms follow extensive engagement with Defence industry to develop a better model for the grouping or ‘batching’ of ship repair and maintenance jobs. The intention is to now roll out similar GMCs for other surface ship fleets.

The contract has an anticipated value of $300 million over five years, with the potential for rolling year-on-year contract extensions.

A handful of Australian Air Force Cadets and students from Queensland’s Aviation High School will get up close and personal with aircraft and jet engines in the United Kingdom (UK) later this month thanks to the support of the DMO.

The students are participating in this year’s UK Schools Aerospace Challenge; an international internet-based aero-engineering and design competition.

The Minister for Defence Materiel, Jason Clare, announced that the DMO would sponsor the students attending the program in July with funding from the Industry Skilling Program Enhancement Package.

The young Aussies are the cream of the crop, having passed a rigorous training program in Amberley in April. Their preparation involved team presentations and visits to a number of Defence industry companies in the South East Queensland area including QDS, Boeing, TAE, Micreo and GE Aviation.

The UK Schools Aerospace Challenge will familiarise the cadets with different aircraft and jet engines and enable them to get behind the controls of a helicopter and fly in an airborne classroom environment. Students will also get a peek inside aerospace factories that very few people get to see, including a tour of the Rolls Royce Aerospace Engine factory.

The challenge equips budding aviation specialists with skills to enhance their career opportunities by testing their problem solving and presentation techniques. The 2012 challenge will require students to develop and present alternative solutions to the task of training pilots to operate a Remote Piloted Aerospace System.

Group Captain Warren Bishop, Project Director of the DMO’s New Airlift Project Office, will escort the cadets to the UK.

He said the DMO’s support will go a long way.

“Through the DMO sponsorship, the cadets and students have been given an excellent opportunity to look at the Defence Industry as a ‘real’ career option, as well as being part of an excellent international Defence Industry opportunity,” he said.
The efforts of those working on Australia’s submarines are often overshadowed by highly critical commentary. The commentary covers a broad range of issues; the need for a national submarine capability, the level of performance and availability that should be expected and the level of funding required.

What often goes unheard in these debates is the opinions of those who are actually on the ground working to strengthen our current and future submarine capabilities.

In this context, the Government made some key submarine announcements in May:

- $214 million of funding to go towards further studies and analysis for the future submarines project.
- The creation of a new position within the DMO—General Manager Submarines—who is responsible for all materiel-related aspects of submarine support across Defence.
- Additional funding for submarine sustainment (part of the 2012–13 budget) to enhance the availability of the Collins Class.

Understandably, these announcements have led to continued commentary on the status of our submarine projects. There are many difficult jobs in Defence and Commodore (CDRE) John Chandler arguably has one of the most difficult. As Director General Submarines, he oversees sustainment activities of the Collins Class fleet. With more than two decades of experience in working on the ADF’s submarines and surface ships, CDRE Chandler has a unique appreciation of his situation.

But with so much negativity surrounding Collins Class, how does CDRE Chandler handle the constant media scrutiny and get on with the job?

Submarines are just as complex as the space shuttles going out into space and unless you’re working on them you don’t always know the goals that are being kicked.

DMO Naval Architect, Submarine Engineering, Danielle Hodge.
HMAS Dechaineux on exercise.
The Collins submarine project operates as a tri-partisan enterprise arrangement between the DMO, Navy and industry. They have aligned objectives and are continuously looking to strengthen this enterprise arrangement.

“We can’t change what people say about our project, but we can change how we go about our business,” he said.

“It’s no secret that we’ve struggled to understand some of the responsibilities that come with being the ‘parent’ Navy for Collins, throughout its life. What is less well known is the effort that has gone into achieving what we have with this capability in a resource constrained environment.”

“People at all levels of the Collins project continue to apply themselves above what is reasonably expected. They do so because they have a personal interest in the challenges of our work, and also because they believe in its importance. Our people undoubtedly add value to Collins, and in the process they are laying the foundations for the future submarine project.”

CDRE Chandler, his team and his counterparts in Navy and industry are focussed on a long term goal. While Collins is a part of Australia’s submarine capability, it will eventually be replaced by future submarines under SEA 1000. As a result, the team is focussed on more than just the Collins assets; their attention is on submarine capability as a whole. The skills, manpower and industry capacity developed through experience with the Collins project will strengthen our understanding of the requirements of future submarine projects as well as our ability to deliver.

In the same vein, the current effort being invested into the Air Warfare Destroyer program is developing Australia’s ship building expertise for future projects.

That’s why it’s so important that we get the processes of these projects right. In terms of Collins, the remediation strategy being pursued through the Project of Concern process and the transition to a performance-based sustainment contract are key elements of this work.

Interestingly, one of the DMO’s naval architects in the Directorate of Submarine Engineering has a foot in each camp. While Danielle Hodge currently works on the Collins project, she’s actually part of the SEA1000 team; something she believes makes a lot of sense.

“Submarines is such a specialist area; you can’t just build a workforce from zero – you’ve got to build it up over time,” she said.

“You can’t just build a submarine from scratch either; you need to learn the lessons from past platforms so that you don’t experience the same issues over and over again.”

“All of the work that goes into Collins will help to de-risk the SEA 1000 project.”

From enhancing submarine safety to transforming the way inventory and spares are ordered and organised, the work that’s happening every day at all levels of the Collins Class project is preparing us for the arrival of the next generation of submarines.

In May, the Government announced that HMAS Collins had completed a two week international military exercise in Malaysia, the South China Sea and Singapore. BERSAMA SHIELD gave the ADF an opportunity to hone valuable capability skills with various partner nations including Malaysia, New Zealand, Singapore and the United Kingdom.
The Landing Helicopter Dock (LHD) will be a game changing platform for the ADF. While it will extend the capabilities of the ADF, it will require a significant sustainment effort to ensure it can meet the Navy’s needs for its service life.

The area responsible for the LHD, the Amphibious Deployment and Sustainment (ADAS) team, has just welcomed a new Program Manager, Patrick Fitzpatrick. The DMO Bulletin recently met with Patrick (better known as Paddy) to learn more about his experience and vision for this demanding area.

Q: Can you walk us through your background and how you came to this position?

A: I’ve got an engineering background. I started with aerospace company Short Brothers in Belfast. I mostly worked on missiles, particularly the Seacat missile, which the Australian Navy used many years ago. I eventually moved onto aircraft and worked for a range of companies including Boeing, Airbus and Agusta.

I then became involved in project and program management. I came to Australia nine years ago to work for GKN Aerospace in Melbourne, and became involved with the Joint Strike Fighter. I then felt I wanted to use my skills for a new challenge and PMADAS was the challenge I was looking for so that’s how I came to this DMO position.

Q: What do you see as being the major challenges for ADAS going forward?

A: LHD is our biggest project and transitioning from our current build-stage to operation in the ADF will be a major challenge. It will be an integration of the services, working together on a large capability. The second challenge I would say is that it’s a large platform and we need to build up competent resources both within Defence and external to Defence to sustain it.

Q: What are the significant milestones ADAS will reach before the year’s end?

A: Our first milestone is coming up later this year; the arrival of the hull of the first LHD in Williamtown, Victoria, so that the ship’s superstructure and systems can be integrated. The second milestone fast approaching is the start of production of the watercraft that will be based on board the LHD—the Landing Craft Medium.
The Royal Australian Air Force (RAAF) will still receive its first pair of F-35 Joint Strike Fighters (JSF) in 2014 but will wait two years longer for the next 12 jets to be delivered, following this year’s Federal Budget.

The 12 additional F-35s were planned for delivery by 2017 but will now be received by 2019.

Defence Minister Stephen Smith indicated that the timeline aligned Australia’s JSF acquisition with the United States (US) Air Force, which earlier this year deferred 179 of its own aircraft from earlier “Low Rate Initial Production” batches.

Mr Smith said any gaps in capability caused by the delays in the JSF program would be considered by Government this year.

“Government will consider whether any alternative options need to be implemented to supplement and ensure our air combat capability in the light of JSF delays,” Mr Smith said.

An obvious option is the Super Hornet but no decisions have been taken. Australia’s air combat capability is a vital part of our national security framework. I will not allow, and the Government will not allow, a gap in our air combat capability.”

Air Vice-Marshall (AVM) Kym Osley, Program Manager of the New Air Combat Capability team, said Defence would be making a submission on the Air Combat Capability to the Government this year once some ongoing studies are concluded.

AVM Osley said the RAAF would proceed with plans to locate their first two F-35s with the JSF’s Pilot Training Centre in the US.

This would help train the initial group of flying instructors and pilots for operational test and evaluation.

But F-35 maintenance training would likely be pushed back closer to the first aircraft arriving in Australia around 2018-19.

AVM Osley said Japan would probably be the first country in our region with fifth-generation fighters when they receive the JSF in 2016.

“The US Marines and US Air Force will probably have F-35s in our region in a similar timeframe,” he said.

“The US have continued to give the F-35 a high priority, and remain committed to fielding the aircraft in large numbers.”

This article, written by Corporal Max Bree, was first published in Air Force News.
At the 2012 Air Power Conference, Chief of Air Force, Air Marshal Geoff Brown, explained why the JSF remains a priority capability.

“Our operating environment is not becoming any less complex and we do not expect our preparedness requirements to reduce,” he said.

“The requirement to maintain persistent air coverage in most operational environments is a key element of our preparedness.”

A number of Australian companies are helping to bring this advanced aircraft to life, and many are being recognised in the manufacturing world for their extraordinary efforts.

In the last edition of the DMO Bulletin, we brought you news of Quickstep’s efforts in advanced composites manufacturing. Here’s an overview of two more Australian companies that have recently been recognised for their work on the JSF.

**Marand Precision Engineering**

This Victorian based company, the largest Australian supplier on the JSF program, was crowned Victorian Manufacturer of the Year in May. The award recognises Marand’s expert performance and innovative techniques in the large business category. The company holds a long term agreement with BAE Systems to manufacture vertical tails for the F-35. It is also producing engine removal and installation trailers for the JSF’s F135 engine as well as JSF tooling for BAE Systems United Kingdom.

**TAE**

This Queensland aerospace engineering company has won the Manufacturers’ Monthly Endeavour Award for Global Integration. TAE was the first Australian company to successfully develop Aluminium Vacuum Brazing technology; a specialist technique for joining aluminium components. It is one of only a handful of companies in the world that has this capability.

TAE is currently supplying vacuum brazed chassis for the F-35 JSF avionics suite. The Director of the DMO’s JSF Industry Team, John Wilshire, said the JSF project is creating new opportunities for Australian industry to excel.

“It’s bringing advanced manufacturing techniques and processes within reach of Australian Small to Medium Enterprises, which augurs well for the future of the Australian defence and aerospace industry,” he said.

“The work that has been captured by Australian industry on this program has now reached over $300 million, and will increase rapidly once when the F-35 enters into full rate production.”
Imagine flying a JSF in your lunch break.

We came pretty close to this when an F-35 cockpit demonstrator came to Canberra as part of an Australia-wide tour. The Lockheed-Martin initiative gave Defence, Government and the media an opportunity to experience what it’s like to be behind the controls of this advanced aircraft.

What a thrilling experience it was! From take off to landing, we got to see just what our future ADF pilots will be flying. The dash itself is very user-friendly and just like an iPhone or iPad—it’s all touch based and very intuitive. Lockheed Martin F-35 Test Pilot, Al Norman, said this will appeal to the technology-savvy pilots of the future.

The Defence Industry will now have access to improved information about Australian Defence projects, following reforms to the Defence Capability Plan (DCP). The Ministers for Defence and Defence Materiel announced the reforms in July, following consultation with the Australian Defence Industry earlier in the year.

According to the Minister for Defence, Stephen Smith, the Public DCP equips industry with information about Defence’s capability development priorities and forward planning guidance. “It provides information for industry on project cost, schedule and local industry content,” he said.

Future public versions of the DCP will contain those priority projects planned for either first or second pass approval over the four year Forward Estimates period. This will give industry more reliable information about the Government’s investment priorities for ADF capability.

The Government is also planning to release a new document to compliment the DCP; the Defence Capability Guide. This will communicate the Government’s longer-term capability intentions to Industry by providing general information on projects over the six year period following the four years of the DCP.

According to Minister Smith, these reforms, when coupled with Defence’s other reform activities, will ensure the Defence capability planning information available to industry is based on affordable and realistic views about the priority equipment the ADF needs.

The Minister welcomes industry feedback on the 2012 DCP. View the DCP on the DMO Website.

The Commonwealth Scientific and Industrial Research Organisation (CSIRO) has become the sixth Australian entity to receive a grant under the New Aircraft Combat Capability Industry Support Program.

The CSIRO is working with Lockheed Martin, Ferra Engineering, the Royal Melbourne Institute of Technology and the CAST Cooperative Research Centre to further develop an advanced titanium cutting process. This technique involves heating the material with a laser to reduce the force and effort required to cut the titanium.

After proving the concept, the CSIRO plans to license this technology to all potential Australian machining contractors via a royalty fee license. This will enhance the competitive edge of Australian companies bidding for machining contracts.
It can fly further, faster and higher while carrying more cargo than its predecessor, the Caribou. These, in a nutshell, are some of the key reasons why the Australian Government has approved the C-27J Spartan as the ADF’s next battlefield airlifter.

Announcing the purchase at this year’s Air Power Conference in Canberra, the Minister for Defence, Stephen Smith, and the Minister for Defence Materiel, Jason Clare, outlined the details of the package that comes with a total price tag of some $1.4 billion. Under a Foreign Military Sales (FMS) agreement with the US Government, 10 aircraft and several support elements will be acquired to replace the Caribou aircraft that was retired from service in 2009. Other support and infrastructure components make up the remainder of the package.

So what are the benefits of this new capability? According to the Ministers, Defence’s analysis confirmed it as the best aircraft for the job.

“The acquisition of the C-27J will significantly improve the ADF’s ability to move troops, equipment and supplies,” they said.

“The C-27J has the capacity to carry significant load and still access small, soft, narrow runways that are too short for the C-130J or runways which are unable to sustain repeated use of larger aircraft.”

Speaking to the DMO Bulletin, the C-27J Project Manager, Wing Commander (WGCDR) Roger Mohr, echoed with similar comments.

“On warfighting operations or in providing humanitarian assistance, the aircraft offers vital options for commanders because of its ability to land on smaller and more challenging airfields,” he said.

WGCDR Mohr said another plus is that it has been trialled and tested by other defence forces.

“International forces have already deployed the Spartan to Afghanistan, so we have a good understanding of the full range of military tasks the aircraft can support,” he said.

“This is giving us a head start in terms of how we maintain and sustain the aircraft. For example initial logistic support, like training for aircrew and maintenance personnel, will be provided through the FMS program, utilising the system that has been established in the US.”

“We have now signed a separate agreement through the C-27J manufacturer, Alenia, to ensure the Air Force has an effective and affordable support solution for the life of the fleet.”

WGCDR Mohr said collaboration between the DMO, CDG and Air Force was crucial in gaining Government approval for the acquisition.
"The DMO facilitated the analysis of critical capability data, provided input into key capability plans, assessed the various logistic and support proposals, both in acquisition and sustainment over the life-of-type, and presented the acquisition case to Government for combined pass approval," he said.

"The analysis conducted by the DMO, in conjunction with CDG, concluded that the acquisition of the C-27J through the US FMS program provided the lowest risk solution, the best value for money, and the best fit for the defined capability requirement."

On arrival in Australia it is expected that the C-27Js will initially be based at RAAF Richmond.

FAST FACT

The first Spartans are expected to arrive by early 2015, with initial operating capability scheduled for the end of 2016.

A major benefit of the C-27J is its ability to access short, narrow airfields.
The RAAF No. 2 Squadron celebrated the delivery of the final Wedgetail Airborne Early Warning and Control (AEW&C) aircraft in early June.

The squadron, based at RAAF Williamtown, is enjoying training exercises and simulations, upgrading, and fine tuning the first of type enhanced surveillance, command and control aircraft.

When fully operational, the six aircraft will significantly enhance the Intelligence, Surveillance and Reconnaissance capability of the ADF.

It’s anticipated that Initial Operating Capability (IOC) will be declared towards the end of the year.

To highlight the achievements of the Wedgetail aircraft operations and sustainment teams, a number of journalists were invited to the base for a briefing and tour last week.

Officer Commanding (OC) No. 42 Wing, Group Captain (GPCAPT) Tracey Friend told the group that a Wedgetail was on its way to Alaska to participate in Exercise RED FLAG after a successfully participating in Exercise BERSAMA SHIELD in April.

She said the incremental delivery strategy allowed the squadron to train and operate the aircraft in all its developing stages while gaining experience with the capability.

From there they have been able to work with Boeing and their industry partners to modify the aircraft to enhance its performance to meet operational and training needs.

“In November last year, a Wedgetail aircraft was the first Australian aircraft of its size to successfully complete air-to-air refuelling as a receiver,” GPCAPT Friend said.

“Air-to-air refuelling has huge benefits in terms of long distance global travel; with the help of our coalition partners, and in time our own Multi-Role Tanker Transport aircraft, the Wedgetail can potentially fly anywhere in the world.”

The fleet of aircraft are being sustained under a Wedgetail One Team strategy which has seen Boeing and industry representatives embedded and working alongside RAAF personnel and DMO representatives as one team at both RAAF Base Williamtown and RAAF Base Amberley.

The Wedgetail One Team strategy is aimed at providing the best value-for-money engineering, maintenance, training and supply support through a cost-plus fixed-fee contract.

OC AEWCSPO GPCAPT Graham Edwards said the strategy involved all parties collaborating to openly and quickly solve problems.

“We are all focused on getting the aircraft ready,” he said.
NURTURING AUSTRALIAN INDUSTRY

A strong local industry will help us to meet the future challenges of equipping and sustaining the ADF. The recent Budget includes continuing commitments to a series of measures to further industry development; schemes like the Skilling Australian Defence Industry program, the Priority Industry Capability initiative, and the Global Supply Chain Program.

The DMO’s Defence Export Unit (DEU) also plays a pivotal role in expanding the opportunities available to Australian companies. Over the last few months, the DEU has presented a collection of home-grown industry companies to key players in international defence markets. Working together under the ‘Team Australia’ banner, these companies have had the opportunity to showcase their defence products to potential overseas clients.

Defence Services Asia 2012

Fifteen companies tapped into the South East Asian market by exhibiting with the Team Australia stand at this event. A variety of products and services were on show including counter-IED devices, body armour, training, flight simulators, maritime safety equipment and shelter systems.

According to the DEU’s Maritime Specialist, Rear Admiral Davyd Thomas, the knowledge passed down to the participants was invaluable.

"It gave them access to essential market intelligence and the key military and commercial customers in the region," he said.

Trade mission to Chile

Coinciding with the International Air and Space Fair, eight Australian companies were involved in this campaign. It helped them to better understand the barriers that exist in this region and the mechanisms for facilitating business in the Defence sector.

The DEU facilitated meetings between Team Australian companies, Chilean Navy and Air Force representatives, and other private and state owned organisations. This provided the Australian companies with valuable information on the type and scale of the opportunities available in Chile. The DEU will be conducting a follow up mission to Chile in March 2013 as well as taking up to 20 companies to the Defence and Security International Exhibition in Brazil.

Trade mission to Turkey, Saudi Arabia and Oman

The DEU is pursuing opportunities in this challenging but prospective region for Australian companies. The key to this region is taking the time to build relationships; this can yield significant commercial rewards.

This recent mission provided Team Australia businesses with the opportunity to meet with government officials, military personnel and local defence suppliers in each of the countries.

Since the establishment of the DEU in early 2008, the Unit has assisted over 180 companies and helped them to secure export contracts in excess of $750 million.

For more information on the DEU visit the Defence website.

Rear Admiral Davyd Thomas meets His Highness Sheikh Mohammed bin Rashid Al Maktoum, Ruler of Dubai, United Arab Emirates, on the Team Australia stand at the 2012 Dubai Airshow.
On May 24 2012, the Australian National Audit Office (ANAO) released a report on Defence’s progress in upgrading the Army’s M113 fleet of armoured vehicles. This capability provides transport and close-combat support for infantry in battle.

The DMO and Defence as a whole welcome the ANAO’s interest in this project. The Minister for Defence, Stephen Smith, has accepted the report’s single recommendation. That said, Defence has significant concerns with some of the key findings.

The DMO’s role is to equip and sustain the ADF. When Service Chiefs identify materiel needs, it’s the DMO’s job to deliver appropriate solutions. In the case of LAND 106, Army requested the upgrade and the Capability Manager has full confidence in the effectiveness and combat capabilities that the project is delivering. Following the 2012–13 budget announcements, up to 100 M113s will be temporarily stored to reduce Army’s operating costs. This decision is purely Budget-related and does not undermine the confidence Army retains in the capability and performance of this vehicle.

The M113 upgrade project has been underway for many years—beginning prior to the DMO’s existence. The DMO and the rest of Defence acknowledge that the project has experienced schedule and contract management issues throughout its life. We also acknowledge that senior management stakeholders and Government would have benefitted from a more accurate and frank picture of the status and risks to the project between 2007 and 2010. The DMO and Defence provided the Government and other stakeholders with the best possible advice available at the time. Hindsight has exposed areas requiring improvement, but at the time, the best advice available was communicated. We have initiated additional assurance mechanisms since 2010 to improve project reporting.

The DMO and the contractor, BAE Systems, have collaborated closely over the last 18 months to overcome many of the challenges with the project, enhance production and build an open partnership.

LAND 106 is on track to deliver all vehicles in 2012. Over the last 18 months, a consistent rate of production (averaging three vehicles every week) has been maintained. The capability being delivered is a very effective and potent platform and satisfies the original requirement specified by Army. The capability is in use now, having participated in recent exercises including TALISMAN SABRE and CHONG JU. It has also just completed a very demanding deployment in Shoalwater Bay as part of Exercise HAMEL 12.

Defence has managed the contract within the procurement guidelines and the agreed capability is being delivered within budget.