

**The.Firm**

**From:** The.Firm [the.firm@internode.on.net]  
**Sent:** Wednesday, 8 November 2006 12:26 PM  
**To:** 'Bruce Billson, MP [b.billson.mp@aph.gov.au]'  
**Cc:** 'APA Peer Review Group'; 'Brice Pacey, Defence Adviser [brice.pacey@defence.gov.au]'; 'David Fawcett, MP <david.fawcett.mp@aph.gov.au>'; 'David Johnston, Senator'; 'Dennis Jensen, MP <Dennis.Jensen.MP@aph.gov.au>'  
**Subject:** FW: DEFENCE INDUSTRY POLICY: THE RISKS ARE NOW MATERIALISING

Dear Mr Billson,

Further to my last, I and my colleagues are disappointed that the fine work done by Industry, Defence and the Government in developing the Strategic Policy for Defence and Industry of 1998 has been pushed aside and that those now charged with the responsibility are themselves falling prey to these risks and, I suggest, unknowingly so.

It gives one little confidence when people such as the Chief of the Air Force and the Chief Defence Scientist state, several times, before a Parliamentary Committee that they “don’t know what they don’t know” and did so as if, somehow, proud of the fact! (Refer JSCFADT inquiry into ADF air superiority – 31 March 2006)

It also gives one little if any confidence when our Chief of Defence Force makes statements to Parliamentary Committees which, by any measure let alone related statements made by his peers in the USAF, are so obviously untrue and, in fact, contradict those of his peers in America who are in a far better position to know.

The deskilling of Defence was also identified during the development of the Industry Policy of 1998 as being a serious risk. It would appear this risk has also materialised or is well on its way to fruition.

I am reminded of not dissimilar circumstances pre the 1991 Gulf War when things got so bad in the US Department of Defence that the US Congress declared “the US Department of Defence is broken” and instituted what became known as the Goldwater-Nichols Act. Sadly, I am now of the opinion that this is where we are at with our own Department of Defence.

I assure you these conclusions have not been drawn lightly nor without careful and rigorous analyses to underpin what I am saying. Minister, I seek to share with you and the Defence Minister the results of these analyses in the hope that they will assist in the formulation of a way forward to constructively fix what is broken in Defence today. There is also a model which we are confident would aid in such activities.

Best Regards,

Peter Goon

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-----Original Message-----

**From:** The.Firm [SMTP:the.firm@internode.on.net]  
**Sent:** Wednesday, November 08, 2006 7:47 AM  
**To:** 'Bruce Billson, MP [b.billson.mp@aph.gov.au]'  
**Cc:** 'APA Peer Review Group'; 'Brice Pacey, Defence Adviser [brice.pacey@defence.gov.au]'; 'David Fawcett, MP <david.fawcett.mp@aph.gov.au>'; 'David Johnston, Senator'; 'Dennis Jensen, MP <Dennis.Jensen.MP@aph.gov.au>'  
**Subject:** DEFENCE INDUSTRY POLICY: THE RISKS ARE NOW MATERIALISING



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Dear Mr Billson,

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I refer back to June 1998 and the launch of the last major re-write of the Defence Industry Policy, moreover the period of development of this policy from 1996.

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During this period, I and many of my colleagues in Industry worked closely with Defence with people like Allan Tebb and Greg Johannes et al and the office of the then Defence Industry Minister, Mrs Bronwyn Bishop, in the development of this policy. The resulting 'Strategic Policy for Defence and Industry' was an exceptionally good policy that is yet to be implemented.

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During its development, a number of risks were identified in relation to the influx of overseas prime contractors onto our shores and the possible effects this could have on our Industry. Strategies were put in place in the policy to address and mitigate these risks. These strategies were developed on the basis of modern day thinking about risk which follows the 'there's no gain without pain, no advance without risk' paradigm or, more simply stated, that "risks, properly managed, equal opportunities". Inter alia, this approach resulted in the win-win basis that underpinned what became 'Bishop's Rules for Defence Industry'.

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As stated above, this policy is yet to be implemented. As a result, the risks that had been identified are now materialising.

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For instance, as one example, while Australia wrestles with the current skills crisis – an ailment of most western societies today - there are forces at work whose interests do not lie in our national interest (ie. they come from offshore). Their activities in Defence, such as what is euphemistically referred to as Project Archangel, will likely lead to the loss of many jobs in and the decimation of our Aerospace Industry. More particularly, their activities will lead to the loss of sovereign control of key defence capabilities.

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I seek the opportunity to discuss the results of the analyses that have led to these conclusions with a view to working with the Government and Defence, as was done back in the mid 1990s, to treat these risks and stop them materialising to fruition. A signed copy of this letter is attached.

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Very Best Regards,

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07 November 2006

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*"Air Power Australia - Defining the Future"*

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**Attachments:**



E-Letter\_Minist  
or-Assisting\_Ri..

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