

**The.Firm**

**From:** The.Firm [the.firm@internode.on.net]  
**To:** 'LtGen David Hurley CCDG <david.hurley@defence.gov.au>'  
**Cc:** 'APA Peer Review Group'; 'Crosland, Glenn MAJ'  
**Subject:** FOLLOW UP RESPONSE TO YOUR REQUEST



Dear Lt Gen Hurley,

Thank you for taking my call and for your time this morning.

I believe the list of nine points on page 87 of Section 3 to Submission No 20 provides the overview requested. A copy is attached along with a copy of Part 3 of Submission No 20 (consisting of Section 3 and 4 plus endnotes) should you wish to drill into the detailed results of the supporting analyses.

As with nearly all our papers/submissions, this has been peer reviewed by domain experts both here in Australia and overseas, many of whom have 'the wisdom that comes from having been there before'.

This 'air dominance' capability responds to and supports the Denial Strategy outlined in the Defence 2000 White Paper with a single but fundamentally important amendment; being, a definition of the area of regional interest more appropriate to a post 2010 region with its emerged and emerging capabilities.

On the issue of costs, despite those who say that 'the Kopp and Goon proposals are out of the ball park, cost wise' and would lead to Defence 'having to mothball the Army and/or the Navy', the aim and the resulting outcome would be the exact opposite. Given the chance, this can be demonstrated. Moreover, when people say such things about these proposals, might I suggest you ask to see their analyses; or, in T&E terms, test the evidence.

As for the list on Page 87, most if not all the capabilities proposed could be funded within the envelope of the budgetary requirements of the existing Defence plans. This would be through the cost/capability improvements and related savings embodied in the Industry Proposals provided to Defence back in 2001/02, as amended to the current day. Also, since the related plans are evolutionary in nature, discretely packaged, and intentionally structured under Australian control, the flexibility exists to modify these plans and related expenditures during implementation should there be changes in the conditions upon which these plans are based.

Specifically on the NACC capability needs, the force mix option proposed by Industry is more capable than; more cost effective than; and far less risky than current plans. Again, given the chance, these attributes can be demonstrated, both quantitatively and qualitatively.

The cost effectiveness of this option leads to significant cost/capability improvements and related savings out to 2015 and 2020. In summary, these take the form to 2015 of more than \$4,500 million (2004 PV discounted dollars) of savings in operations, maintenance and upgrade costs, and over US\$2,000 million (in 'then year' dollars) of savings in capital item acquisition costs.

I am surprised there are people, particularly Air Force people, who are so dismissive of what has been proposed yet are not prepared to test the evidence or support their views with hard data. All that has been proposed can be achieved within the budgets that are required for the current plans and, therefore, will not, as some claim, "distort Defence's budget at some expense to land and maritime capabilities". In fact, the basic aims behind these proposals include greater complementarity with and

support for the Land and Sea elements of Australia's Defence; for example, greater ISR and strategic air lift capabilities than are currently planned.

Very Best Regards,

14 June 2006

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*"Air Power Australia - Defining the Future"*

**Attachments:**



Sub20\_Min\_Part-3\_  
Section-3-and...



Sub20\_Min\_Part-3\_  
Section-3-and...



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