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*Special Focus: Australia*

The main objective of the Australian Armed Forces is to guarantee the direct defence of Australia and its unique strategic interests. To achieve this, Armed forces are prepared to conduct military operations and other tasks as directed by the Government. Apart from the conduct of current operations, the government's key initiative in 2010-11 will be the implementation of the first stages of the

Strategic Reform Program (SRP). The aforementioned program comprises a comprehensive set of reforms that will fundamentally overhaul the entire organization, driving efficiency and creating around \$6.4b in cost reductions over the Forward Estimates that are necessary to deliver Force 2030.

Force 2030 is the new Defence White Paper that explains how the Government plans to strengthen the foundations of Australia's defence. Additionally, it sets out the Government's plans for Defence for the next few years, and how this plans will be achieved. Furthermore it provides an indication of the level of resources that the Australian government is planning to invest in defence and the main objectives that the Armed Forces should accomplish.

It is regardless to say that the effort of the government to reduce the amount of funds allocated in defence does not mean that the defence budget of the country will be totally diminished. The total Defence funding for 2010-11 is \$26,896.6m and with these funds the different branches of the armed forces should fulfill their scope and further enhance their abilities.

The Navy's primary objective is to defend Australia, contribute to regional security, support Australia's global interests, shape the strategic environment and protect the national interests. This is achieved by providing maritime patrol and response, interdiction and strategic strike, protection of shipping and offshore territories and resources, maritime intelligence collection and evaluation, hydrographic and oceanographic operations, and escort duties. Peacetime activities include maritime surveillance and response within Australia's offshore maritime zones, hydrographic, oceanographic and meteorological support operations, humanitarian assistance, and maritime search and rescue. The main priority of the navy for 2011 is to stabilize, recover and grow the workforce, particularly in submarine and engineering disciplines and additionally will continue to focus on introducing new capabilities in area air warfare, littoral warfare, amphibious lift, anti-ship missile defence and naval aviation.



The Army's primary objective is to contribute to the defence objectives through the provision of capabilities for land and special operations. Additionally, the Army will provide forces for peacetime national tasks, including forces with a capability to enhance the national domestic security response to terrorist, chemical, biological, radiological or explosive incidents. Furthermore, the Army will continue to sustain or preserve the ability to deploy and sustain a brigade group and a battalion group, in a different area of operations, for a prolonged period of time. The major activity for the army during 2010-11 will be to rebalance the Army and Reserve reform and to ensure that its internal balance and mix of full-time and part-time land force elements can meet its objectives. Additionally, it will continue to further develop and refine the Army Sustainment Campaign Plan so as to ensure that is capable of supporting current operations and concurrently posturing itself to meet potential future operations. It will ensure that it delivers and is able to employ the land warfare capabilities required in an adaptive and changing environment.



The main goal of the Australian Air Force is to apply capabilities that will protect Australia and its national interests by providing a unique combination of flexibility, reach, precision and speed of response. As part of the Strategic Reform Program (SRP), the Air Force will conduct an end-to-end system review of the delivery of Air Force Capabilities, move to a more comprehensive business model and identify the associated principal cost drivers. Air Force will then implement a series of deep and sustainable reform activities focused on reducing the cost of capability delivery and to instill a culture of cost consciousness in the service.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## Australian Defence Industry



Australia's defence industry comprises an important part of the country's wider national economic and industrial capacity. The national defence industry, including the primes and Small to Medium Enterprises (SMEs) employs around 29,000 people. SMEs account for approximately 50% of the employment in the sector. Nevertheless, about 70% of the value of defence materiel produced in Australia for the national

Defence Ministry is initially sourced from eight prime contractors. In total the aforementioned companies recorded sales revenue of 3.8 million US dollars. Despite the predominant place that these eight companies have in the local industry around 30% of their work is subsequently subcontracted to smaller firms in Australia and overseas. Estimations suggest that there are over 3,000 SMEs in Australia's defence industry.

The aforementioned data highlights the important place that SMEs have in Australian defence industry and the enhanced position that may have in the future. One of the main factors that will shape the future of the defence SMEs is innovation and their ability to place themselves in a constantly changing national and international environment.

### The Primes in Australian Defence Industry

Prime	Parent Company/Owner	Country of Origin	Key business in Australia	Per cent of parent's total revenue from Australian sales and exports	Stock Exchange listed on
ASC Pty Ltd	Australian Government	Australia	Submarine maintenance and ship construction	Not applicable	Not applicable
Australian Aerospace	EADS	France, Germany & Spain	Helicopters	< 1	Euronext Paris
BAE Systems Australia	BAE	UK	Varied, including aircraft maintenance and upgrades, ship construction and maintenance, upgrades to the M113 armoured personnel carriers and support to the Black Hawk helicopters	3.2	London Stock Exchange
Boeing Defence Australia	Boeing	US	Aircraft production and maintenance	0.5	New York Stock Exchange
Raytheon Australia	Raytheon	US	Combat systems integration	1.3	New York Stock Exchange
Saab Systems	Saab AB	Sweden	Land and maritime combat management and C2 systems	3.1	Stockholm Stock Exchange
Lockheed Martin Australia	Lockheed Martin	US	Electronic and Information systems delivery and support	< 1	New York Stock Exchange
Thales Australia	Thales	France	Ship upgrades and maintenance, production of military vehicles and provision and maintenance of EO	3	Euronext Paris

### Ministry of Defence, Australia

Innovation is as key driver of productivity. It refers to the introduction of new or improved

goods and services and the implementation of better processes. It can include the development of new technology, an adaptation of existing technology to a new use or organizational and managerial change. Hence, innovation is a prerequisite for the maximization of productivity. Australian SME's have often provided an innovative niche capability in support of defence, especially in the area of high technology.

The country's authorities acknowledged this and created new programs that will further enhance their innovation, productivity and competitiveness.

A total of 445.7 million US dollars in programs especially for the defence industry out to 2019 will be invested. This funding includes 44.9 million US dollars to sustain the Priority Industry Capabilities (PICs), 59.9 million US dollars for the Global Supply Chain (GSC) program, 34 million US dollars for the Defence Export Unit, 89 million US dollars, for the Skilling

Australia's  
Defence Industry  
program, 49.2 million US  
dollars for the Industry  
Skilling Program  
Enhancement package



and 27.1 million US dollars for the Defence Future Capability Technology Centre Program. Finally, as approved in 2009, the government is investing 51 million US dollars in research and development through funding for the Capability and Technology and Demonstrator program, as well as 31.6 million US dollars for the Capability and Technology Demonstrator Extension program.

The increased globalization of the defence industry in recent years has enabled Australia to source many of its defence acquisitions from other countries. Of course this has weakened the prospect of the Australian SMEs as they had to compete with the "giants" of the industry. On the other hand new paths have been opened for them as they had a clear advantage in becoming a part of the global supply chain by creating synergies with the foreign companies activated in Australia. The approach that Australia SMEs will have towards this will, in a great extent, from their future.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## Epicos "Industrial Cooperation and Offset Projects"



Epicos "Industrial Cooperation and Offset Projects" provides a unique set of online tools enabling the structure, identification and implementation of comprehensive Offsets programs, through a searchable database. By introducing different offset projects and ideas proposed by local A&D industry it ensures the optimum cost for Prime Contractors and reassures that the priorities of local industry are fully met...

[For Further Information Press Here](#)

### Advanced fully digital optical flame detector for fire detection in hangars housing critical assets, such as aircraft, helicopters and various ammunitions



A leading company in the design, manufacturing and installation of advanced automatic fire alarm & extinguishing systems used in diversified applications, is proposing the utilization of a new optical, fully digital flame detector to be integrated into fire detection and extinguishing systems used in military hangars providing improved fire detection sensitivity (almost all open flames), high false alarm immunity and wide area coverage. The program will include the development of a flame detector tester to be used for continuous sensor performance evaluation.

[For Further Information Contact our ICO Department](#)

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### Development of all-composite cab and/or vehicle body components for existing or future military ground vehicles



A leading company in the development and manufacturing of composite products for ballistic protection and structural composite applications is proposing the development of a new all-composite cabin for future or existing wheeled and tracked military vehicles. In addition or alternatively, the company is proposing the incorporation of composite vehicle body components and parts in existing or future vehicle frames. Apart from weight reduction and the associated benefits (quicker response, less fuel required, potential for additional cargo etc) the incorporation of composite vehicle superstructure will allow for the integration of other important features, like personnel protection

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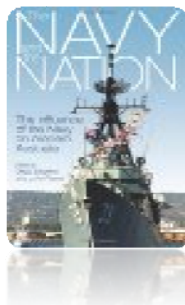


**Defence Procurement and Industry Policy: A small country perspective, by Stefan Markowski, Peter Hall, Robert Wylie**



Arms purchases are among the most expensive, technologically challenging and politically controversial decisions made by modern-day governments. This volume presents a general framework for understanding smaller country defence procurement supported by country, industry and project studies. The second part of the book focuses on defence procurement in seven smaller industrial nations with widely varying historical and political settings (Australia, Canada, Israel, Singapore, Spain, Sweden and The Netherlands), whereas the third part consists of two Australian case studies of the procurement issues raised in, respectively, the naval shipbuilding industry and in a major, complex defence project. The book addresses the needs of public and private sector managers, military planners, procurement specialists, industry policy-makers, and defence procurement and industry educators.

**Navy and the Nation: The Influence of the Navy on Modern Australia, by David Stevens, John Reeve**



This book represents another important step along the path towards greater recognition and understanding of Australia's naval heritage. Dawning on the expertise of maritime historians from around the globe, the editors provide an eclectic selection of essays that bring to light many hitherto neglected aspects of the development of the Australian state. Bringing together scholars from all over the world, this detailed reference examines the navy's contribution to Australia's national development—from the initial exploration and colonization of the continent to the foundation and protection of a modern, sovereign state.



### Russian-Indian second prototype 5G fighter to fly in 2011

NEW DELHI, December 20 (RIA Novosti) - The Russian-Indian second prototype fifth-generation fighter aircraft will take to the skies in early 2011, United Aircraft Corporation (UAC) President Alexei Fyodorov said on Monday. "We have put the deadline forward to the start of 2011," he said. "It is important for us that the second prototype is a development to the first, not simply a repeat," he added. Work is underway on the third prototype, incorporating even more advanced systems, he said. Russia's Sukhoi holding and India's Hindustan Aeronautics Limited (HAL) agreed in early 2010 to jointly develop a fifth-generation fighter jet based on the T-50 design. They later put the estimated project design cost at \$295 million. The contract is to be signed by HAL and UAC officials during Russian President Dmitry Medvedev's visit to India on December 20-22. The two sides agreed to develop both a single-seat and a two-seat version of the aircraft by 2016, initially focusing on the single-seat version. The costs will be shared equally between Russia and India. The first Russian prototype T-50 made its maiden flight in January 2010. The new fighter aircraft is expected to enter service with the Indian Air Force by 2020.

**Source:** Ria Novosti

### HarTech Technologies Releases Version 4.0 of the Generic Blackboard (GBB) Development Framework

HarTech Technologies LTD has released version 4.0 of the Generic Blackboard (GBB) Development Framework. The GBB Development Framework enables developers to implement Distributed Multi Agent Systems (DMAS) and applications without the need to cater and devote effort for all the "troubling" issues of Data sharing and Distribution, Agent activation, Intersystem messaging, Multi threading and Multi-process activation.

[For Further Information Press Here](#)

### Russia's GDP to reach pre-crisis levels by 2012

MOSCOW, December 16 (RIA Novosti) - Russian Prime Minister Vladimir Putin on Thursday pledged that national GDP would return to pre-crisis levels by the first half of 2012. "A number of experts have said that GDP will reach pre-crisis levels by the end of 2012, and other experts say it will happen by the end of 2011," Putin said during his annual televised Q&A session. "I believe, that the truth, as usual, lies somewhere in the middle." Putin described this year's GDP growth of 3.4 percent as "satisfactory." Before the crisis, Russia's GDP growth averaged 7 percent.

**Source:** Ria Novosti



### EU probes Hungarian aid for Malev airline

European regulators announced Tuesday an "in-depth investigation" into tens of millions of euros of potentially illegal Hungarian state aid for national airline Malev.

The formal probe will examine a string of support measures granted by Budapest to the troubled carrier, summed up as "several capital injections and shareholder loans" throughout privatisation and subsequent re-nationalisation.

"In particular, the commission has doubts that Malev would have been able to obtain financing from the market on the terms conceded by the Hungarian authorities," competition officials said in a statement.

The Hungarian State Holding Company (MNV) said in September that the Hungarian government had already injected a total of 52.5 million euros (69 million euros) into the ailing company.

Privatised in 2007, Malev was effectively re-nationalised in February when the Hungarian state bought a 95-percent stake in the debt-ridden airline from its Russian-backed owner, the AirBridge consortium.

After a "preliminary investigation," the commission said it "also has doubts as to whether these measures meet the criteria of the commission's guidelines for the rescue and restructuring of firms in difficulty."

In 1997, the Hungarian state had already come to its rescue when it had bought the national carrier back from Italy's Alitalia, which had acquired it in 1993.

**Source:** 2009 AFP, Agence France-Presse (AFP)

### AirFrance-KLM says snow causes 35 mln euro chill

The latest two bouts of winter weather which have paralysed airports in the French capital will cost Air France-KLM 25-35 million euros, the airline's chief operating officer said on Tuesday.

"Everything that happened over the weekend represents a total of around 15 to 20 million euros," Pierre-Henri Gourgeon said on Europe 1 radio.

"We already had an earlier episode a little less severe a couple of weeks ago which accounted for 10 to 15 million euros," he added.

Gourgeon apologised to passengers for the disruptions and praised the airline's employees for doing their utmost to help clients in the difficult situations.

Weather-related delays and cancellations were still severely affecting Paris's two main airports on Monday evening.

**Source:** 2009 AFP, Agence France-Presse (AFP)