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## Australia: Future Defence Procurements



Since 2009, the Australian government has approved more than 125 proposals for new or enhanced defence capabilities reaching a total value of over \$17.3 billion. Additionally, over this period the armed forces of the country have taken delivery of a number of major defence systems including C-17 heavy lift aircraft, F/A-18F combat aircraft, Bushmaster

protected mobility vehicles and two large amphibious/sea lift vessels. According to the planning of the Australian authorities by the end of this decade the delivery of three Air Warfare Destroyers, two Landing Helicopter Dock amphibious ships and the initial two F-35A Joint Strike Fighter aircraft will be completed. Additionally, the government decided to further procure ten C-27J Battlefield Airlift aircraft, the EA-18G Growler electronic attack capability, to replace the land vehicle fleet and to enhance navy's submarine capabilities.

Regarding the navy's capabilities, Australia will significantly enhance their fleet by introducing two new Canberra Class Landing Helicopter Dock ships in the middle of this decade. Additionally, will develop an amphibious capability based around an Amphibious Ready Element, initially focusing on security, stabilization, humanitarian assistance and disaster relief tasks. Australia will also improve their submarine capability by replacing the existing Collins Class fleet with expanded fleet of (12) conventional submarines which will be assembled in South Australia. The importance of this program is also highlighted by the fact that since 2009, the government has approved expenditure of over \$200 million to fund design, modeling, analysis and technology studies so as to examine the submarine program. Finally, there is already a commitment of acquiring (24) MH-60R Seahawk naval combat helicopters. These helicopters will replace Australia's current S 70B-2 Seahawk fleet and operate primarily from ANZAC Class frigates, Hobart Class Air Warfare Destroyers.



Regarding the armed forces, the Government is committed of acquiring deployable protected and armored vehicles offering improved firepower, protection and mobility compared to existing systems. This will include new medium and heavy trucks to replace the Army's existing ageing fleet. Thus the government decided to acquire additional Bushmaster vehicles. The replacement of the current fleet of CH-47D Chinook utility helicopters with seven new CH-47F helicopters will be continued so as to enhance the air assault and the aero-medical evacuation capabilities of the army.



Acknowledging the importance of the air combat capability and its role in the national security framework, the government decided

to remain committed of acquiring the fifth-generation F-35A Joint Strike Fighter aircraft, with three operational squadrons planned to enter service beginning around 2020 to replace the F/A-18A/B Hornet aircraft. The Government has also decided to acquire (12) new-build EA-18G Growler electronic attack aircraft enhancing significantly the air forces electronic warfare capabilities. Additionally, in the future ten 27J Battlefield Airlifters will be procured in order to replace the DHC-4 Caribou aircraft. Finally, the Australian authorities will further assess and analyze the value of investment in unmanned aircraft for focused area, overland intelligence, surveillance and reconnaissance, including for use in border security operations.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

**Australia: Future Defence Budget**

**Australian Government**  
**Department of Defence**

In Australia, the historical annual average defence spending since the end of the Vietnam War is approximately 2.2% of Australia's Gross

Domestic Product (GDP). Since 2000, the annual average has been lowered to 1.8% of GDP with the Defence budget remaining below 2% of GDP across this period. The main reason is that Australian authorities adjust the country's defence budget according to the broader economic environment, reflecting the country's strategic and economic conditions and the armed forces the operational tempo. The Australian authorities are committed to increase the defence funding towards a target of 2% of GDP. Of course this is a rather long-term objective which will be implemented in an economically responsible manner as and when fiscal circumstances allow.

A direct consequence of the aforementioned philosophy the Australian authorities have, is that the government will support a defence budget which will ensure that the armed forces will be able to deliver their core capabilities and thus protect the country's national security interests doing that with fiscal discipline and within the priority of improving the sustainability of the budget. Additionally, authorities recognize that planning for defence always involves unpredictable circumstances/parameters that can change plans with little warning.

Therefore the Australian government has decided that the Defence funding model will be based on the four-year Forward Estimates Budget cycle, determined on an annual basis taking into account contemporary strategic economic and fiscal circumstances.



Additionally, the government has determined that the Ministry of Defence will manage its resources/budget with the annually updated four-year Forward Estimates funding model and a subsequent six-year general guidance for Defence planning purposes and any requirements for additional founding will be met through prioritization within the Defence budget.

One of the problems the country's defence authorities will have to tackle in the near future is to maintain a workforce of approximately 59,000 permanent members after the drawdown of military resources from Afghanistan, Solomon Islands and Timor-Leste.

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 Fiber Optics Cable Repair System**

A company specializing in high-precision optical passive devices, equipment and fiber optic network systems, in the frame of an offset program, is proposing collaboration to a foreign company active in fiber optic equipment sales and/or manufacturing in order to act as a local representative on its Advanced Fiber Optics Cable Repair System.

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

Mail at: [g-menexis@epicos.com](mailto:g-menexis@epicos.com)

**Development of an effective Text Mining and Trends Prediction software application**

A company providing solutions for corporate and/or governmental organizations critical information systems is proposing the development of a robust Text Mining and Trends Prediction software application. This application will identify trends by analyzing data which is held in unstructured formats such as documents. It will find possible applications in several research, academic, governmental or corporate organizations where fast and accurate exploitation of data hidden within large document volumes is required.

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

Mail at: [g-menexis@epicos.com](mailto:g-menexis@epicos.com)

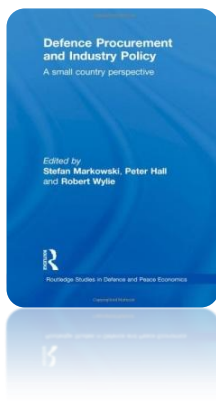


**Navy and the Nation: The Influence of the Navy on Modern Australia, by David Stevens, John Reeve**



This book represents another important step along the path towards greater recognition and understanding of Australia's naval heritage. Drawing 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.

**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.



### **Australia's Virgin-Tiger tie-up gets green light**

Australia's foreign investments regulator on Tuesday approved Virgin's purchase of a 60 percent stake in low-cost rival Tiger Airways, clearing the deal's last major hurdle.

Virgin told the Australian Securities Exchange that the Foreign Investment Review Board had green-lighted the acquisition, paving the way for a partnership set to boost its rivalry with major carrier Qantas.

"This confirmation satisfies another condition for the proposed acquisition of Tiger Australia, which will enable Virgin Australia to access the budget market segment and expedite the growth of Tiger Australia," Virgin said in a statement.

It said the tie-up "still remains subject to certain conditions" and Virgin expected the transaction to be complete by mid-July.

Australia's competition watchdog gave the deal the all-clear last month, ruling that it was unlikely to lead to a substantial decrease in competition. Had it not gone ahead, it said Tiger would likely have exited the market.

Tiger Airways Australia, the loss-making local subsidiary of Singapore's Tiger Airways, has a history of poor financial and operational performance.

It was grounded by Australia's air safety regulator for six weeks in 2011 in an unprecedented move over concerns about pilot proficiency, training and fatigue management.

Tiger Australia launched in November 2007 and services 16 domestic routes with 11 aircraft.

**Source:** 2013 AFP, Agence France-Presse (AFP)

### **Croatia former defense minister retried over graft**

A former Croatian defence minister on Monday pleaded not guilty to charges of mismanaging state funds in a 2004 deal to buy military trucks, in a retrial before a Zagreb court.

In 2010 Berislav Roncevic was sentenced by the Zagreb county tribunal to four years in jail for abuse of power and mismanaging state funds in the deal, which prosecutors argued had cost the Croatian state around 1.4 million euros (\$1.7 million) more than it should have.

But in April the Supreme Court annulled the verdict, ruling that the price used by prosecutors to establish the real value of the 39 purchased trucks, which was taken from a previous public tender that was later annulled, was only hypothetical.

The Supreme Court ordered a retrial and Roncevic did not serve his sentence.



His aide Ivo Bacic, indicted in the same affair and earlier sentenced to two years in jail, also pleaded not guilty on Monday.

Prosecutors say the two men bought 4.7 million euros' worth of trucks from Italy's Iveco, a division of Fiat, via a Croatian dealer without going through the public bidding process.

The trucks cost some 1.4 million euros more than the most expensive vehicles offered in an earlier public tender for the same trucks, which had been annulled.

Roncevic, who has claimed that the charges are politically motivated, was defence minister between 2003 and 2008.

He was then named interior minister but was sacked from that post in October 2008 due to a spate of violence including several mafia-style murders in the capital Zagreb.

Croatia's fight against high-level corruption was a key condition to join the European Union.

The former Yugoslav republic is set to become the 27-nation bloc's newest member on July 1, but Brussels continues to closely monitor its anti-graft fight.

Former powerful prime minister Ivo Sanader was sentenced in November to 10 years for corruption and faces a series of other graft indictments.

**Source:** 2013 AFP, Agence France-Presse (AFP)

### **ICAO signs deal to keep HQ in Montreal until 2036**

The International Civil Aviation Organization on Monday signed a deal with Canadian authorities that will keep the UN agency's headquarters in Montreal until at least 2036.

The announcement came a few days after Qatar withdrew its bid to relocate the agency's headquarters to Doha from Montreal, where it has been headquartered since its creation in 1947 after the end of World War II.

"Montreal's multicultural and aerospace-intensive environment is very well-suited to our organization's State Council representatives, delegates and international staff," said ICAO Secretary General Raymond Benjamin.

Qatar had surprised Ottawa with a proposal at the end of April to relocate the UN agency from Montreal, arguing that the Canadian city was too cold and too far from Europe and Asia.

It also complained that delegation members had encountered difficulties in obtaining Canadian visas.

"We're very grateful to Canada for its recent streamlining of diplomatic protocols and enhancing of ICAO's working environment," Benjamin said in a statement.



The deal reached Monday extends the ICAO's lease for 20 years past its 2016 expiration date.

"Today is a great day for Montreal, for Quebec and for Canada -- our joint efforts have paid off," said Canadian Foreign Minister John Baird.

"Each level of government, and many other stakeholders as well, recognized the importance of keeping ICAO where it belongs, and we joined forces to work together in true team spirit to get the job done."

**Source:** 2013 AFP, Agence France-Presse (AFP)

### **Air China says orders 100 Airbus A320 jets worth \$8.8 bn**

Air China said on Friday it had ordered 100 Airbus A320 series medium-range single-aisle passenger jets, which carry a catalogue price of \$8.8 billion (6.8 billion euros).

Air China said in a statement it would acquire 60 of the aircraft for itself and 40 would be bought by its subsidiary Shenzhen Airlines.

"The transaction will expand the overall fleet capacity of the group and optimise the fleet structure," Air China said in a notification to the Hong Kong Stock Exchange where its shares are listed, saying it would add nearly 16 percent to capacity.

The airline group said it also "expects the Airbus aircraft will deliver more cost efficient performance and provide more comfortable services to passengers."

It said the aircraft were worth \$8.8 billion at catalogue prices but that "the Airbus Company has granted to (Air China) significant price concessions..."

The exact amount of the discount remains to be negotiated, Air China said in a notification to the Hong Kong Stock Exchange.

The aircraft are set to be delivered in stages from 2014 to 2020, and that it would fund the purchases from a mix of cash generated from operations, commercial bank loans and other financial instruments.

As part of the transaction, Airbus agreed to buy back six larger A340 series aircraft, added Air China.

Airbus has a factory in China that assembles A320 series aircraft.

**Source:** 2013 AFP, Agence France-Presse (AFP)

**Brazilian aircraft in Haiti take-off mishap: UN**

A Brazilian military aircraft carrying UN peacekeepers damaged its landing gear on take-off from Port-au-Prince's international airport, causing it to veer off a runway, the UN mission said Monday.

No one was injured in the mishap, which occurred Sunday as the KC-137 was taking off with 131 passengers and 12 crew members, the UN said.

Air traffic was disrupted with several US-bound flights suspended, airport officials said.

"The aircraft is immobilized on part of the runway with its landing gear stuck in the mud, but air traffic is open. We are using 7,500 feet of runway instead of 10,000," said Pierre Andre Laguerre, the airport director.

An investigation is under way, and a team of Brazilian experts were due to arrive in Port-au-Prince to help move the aircraft, he said.

**Source:** 2013 AFP, Agence France-Presse (AFP)