



Submission No 8

Review of the Defence Annual Report 2010 - 2011

Organisation: Department of Defence

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**SUBMISSION TO THE DEFENCE SUB-COMMITTEE
REVIEW OF THE 2010-2011 DEFENCE ANNUAL REPORT – ISSUES RAISED
BY AIR POWER AUSTRALIA**

16 March 2012

1. On 7 February 2012, the Defence Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade ('the Committee') received submissions from Air Power Australia (APA) and RepSim principals asserting the 'catastrophic technical failure' of the F-35 Joint Strike Fighter (JSF) Program—and inferring that the Government is being misled by the Defence Materiel Organisation (DMO) and Lockheed Martin with 'significantly optimistic cost and schedule estimates'.
2. On 27 February 2012, the Committee—on tabling its report on its Review of the 2009-10 Defence Annual Report—identified cost, schedule and capability, as its main concerns with the JSF Program.
3. APA (represented by Messrs Goon and Mr Kopp) and RepSim (represented by Mr Mike Price) are mainly critical of F-35 cost estimates and capabilities, and in their testimony, made several errors of fact and misrepresentations about F-35 capability.
4. In response to APA and RepSim's claims that AIR 6000 is a failed project, AIR 6000 Phase 2A/B Stage 1 (14 aircraft) has not triggered any DMO 'failed project' criteria. Specifically:
 - a. **Cost** is currently within the approved cost envelope.
 - b. **Capability** is expected to meet RAAF's planned Initial Operational Capability requirements as advised to Government in 2009.
 - c. **Schedule** remains on schedule to deliver our first two aircraft in 2014 for US-based training.
5. In regard to F-35 costs, and despite APA's assertions to the contrary, the Department of Defence has always made considerable effort to be clear on what is included in AIR 600 project cost estimates. The U.S. decision to defer 179 U.S. aircraft over the next six years will increase the cost of Australia's 14 aircraft but the AIR 6000 project remains within the cost envelope approved by the Government in 2009.
6. APA's criticisms of the F-35's aerodynamic performance and stealth capabilities, and their claim that the F-35 will not be competitive in 2020, is inconsistent with years of detailed analysis undertaken by Defence, the JSF Program Office, Lockheed Martin and the eight other F-35 partner nations.
7. To comprehensively rebut many of APA's assertions in regard to F-35 performance would require release of highly sensitive U.S. data. As neither APA nor RepSim have access to the detailed classified F-35 data, their analysis is basically flawed through incorrect assumptions and lack of knowledge of classified F-35 performance information. Without this knowledge, APA and RepSim can only speculate on the F-35's capabilities and its ability to counter extant and evolving threats.
8. Defence maintains that the F-35's ability to meet Defence's requirements has been carefully considered. In accordance with the endorsed processes and using the endorsed Defence Intelligence Organisation (DIO) threat assessments, detailed requirements were developed by a team of air combat professionals with those requirements independently scrutinised by DSTO analysts.

9. Over the past decade, the AIR 6000 project team has assessed how well the F-35 will meet those requirements. The analysis has utilised classified information, sophisticated analysis tools, professional analysts and air combat professionals in the form of our highly skilled fighter pilots, to determine the ability of the F-35 to meet Australia's air combat needs now and into the foreseeable future.
10. We remain confident that the F-35 in RAAF service will meet those requirements, noting that the F-35 will undergo technology refresh and block upgrades over the life of the Program to ensure the aircraft retains its capability edge (i.e. including software updated every two years and hardware every four years).
11. The answer from this work is that the F-35 is the right aircraft for Australia.
12. The JSF Program continues, however, to be closely monitored by Defence. The Minister for Defence has clearly stated our commitment to acquiring 14 F-35A aircraft and that the schedule for delivery of the next 12 aircraft is under consideration.
13. The Minister has explained that Defence will conduct an exhaustive review of the risks of a capability gap and will recommend options for Government consideration later in 2012. The Minister has also stated that any decision on the next tranche of F-35A aircraft is unlikely to be a priority for 2012.

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