Submission No 10

Review of the Defence Annual Report 2010 - 2011

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From:	
Sent:	20 March 2012 14:28
To:	'Dr Dennis Jensen, MP'; 'Senator Mark Furner, Chair'; 'Little, Robert (REPS)'
Cc:	APA_Peer_Review_Group
Subject:	APA Submission No 4 to the JSCFADT Hearings into the JSF - Thana Marketing, KPIs and the JSF Program
Attachments:	CPA21_02_JSF-Capability-Briefing_21Aug02.pdf; CR_Pg16_MUF.pdf; F135 Supplier Briefing_Aust_March-2002_Air Vehicle Concept_Pg 11_MU.PDF; DAR-Review_2010-11 _APA Sub4_ThanaM & KPIs_20Mar12.pdf

Dear Senator Furner, Dr Jensen and Mr Little:

The following submission is provided to the JSCFADT in support of your pursuit of the truth in relation to the JSF Program and Australia's involvement in same.

Subject: **DOES THE JSF FULFIL ALL THAT WAS PROMISED BACK IN 2002?**

The simple, direct, plain language answer to this question is, "**No how; No way!**".

Studying the JSF Program, in detail, by looking at the data and the facts, then testing the evidence, there can be little doubt that this is because the marketing strategy for the JSF Program and resulting marketing activities were and continue to be based upon what is known in the professional marketing community as **Thana-Marketing**.

Thana-Marketing refers to the systematic, covert, and (initially) profitable maltreatment of target customers through the use of misleading and deceptive marketing practises.

A Thana-Marketing strategy or mix represents a 'hidden set' of interrelated Ps (the "8Ps that dare not speak their name" according to Dr Mark Wickham, the author of seminal works on this form of marketing behaviour) that potentially comprise a mix of management conduct and philosophy that corrupts the marketing concept and underpins society's contempt for marketing and immoral business practices.

Thana-Marketing Mix categories include:(1) Misleading representations; (2) Price-fixing; (3) Component pricing; (4) Anti-competitive practices; & (5) Harassment.

More detailed information on Thana-Marketing may be found on ***The Marketing Association of Australia and New Zealand*** web site.

The following outlines some examples of Thana-Marketing behaviours that have been observed and analysed within the JSF Program of Record. There are many, many more.

Background

There are some 453 "*shall*" statements in the JSF Operational Requirements Document (JORD) which form the Key Performance Indicators (KPIs) of which a number have been selected as the Key Performance Parameters (KPPs).

In the main, there are two levels of specification numbers to be met by the designs of the JSF. The first are what are known as the Target Objective Specifications. These are what

the designs are supposed to meet. The second set of specifications are called the Threshold Specifications which are considered "*the bare minimum acceptable*".

The following is an illustration of these two sets of specification levels/numbers in the JSF ORD for one of the 453 KPIs, along with an outlined summary of the history of this particular KPP – the Combat Radius KPP - as reported to the US Congress in the Selected Acquisition Reports.

Combat Radius JSF ORD, March 2000 - Change 3

Variant	Threshold	Objective
CTOL (USAF Profile)	590 nm	690 nm
CV (USN Profile)	600 nm	730[1] nm
STOVL (STOVL Profile)	450 nm	550[1] nm

1. May include external fuel tank capacity that minimizes impact to signature, drag, performance, and external payload.

"The CV variant is outward to 700-plus nautical miles, the Air Force I think about 590,. . . . . oh almost 700 as well, I'm sorry. So very significant range." -

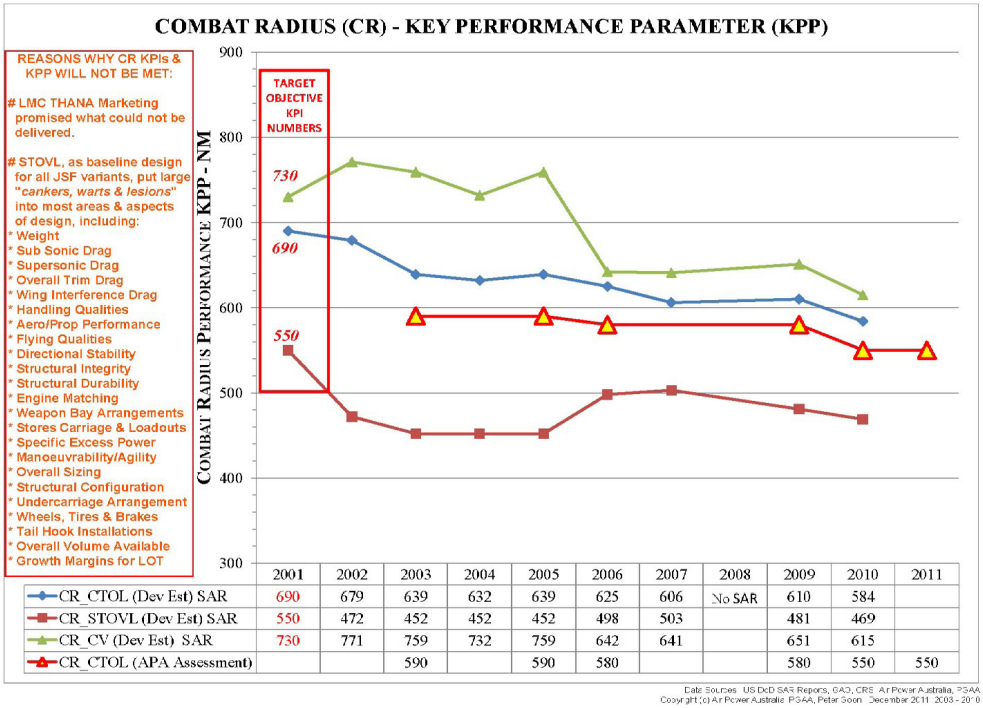
Colonel Dwyer Dennis, US JSF JPO, Aug 2002
Similarly -
AVM Ray Conroy, JSF Program Chief Negotiator
ACDRE John Harvey, NACC PO, 2002 - 2003

A. COMBAT RADIUS (CR) marketed at Target Objective Specification Level in formative years of 2001 to 2004, and into 2005 for CV while actual performance was degrading.

B. CR Key Performance Parameter (KPP) set at *bare, minimum acceptable* Threshold Specification Level.

C. COMBAT RADIUS (CR) KPP for CTOL F-35A JSF not being achieved and Risk Assessment shows will almost certainly not be met.

GRAPHICAL SUMMARY OF DATA FROM JSF PROGRAM REPORTS TO US CONGRESS



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CR_CTOL (Dev Est) SAR	690	679	639	632	639	625	606	No SAR	610	584	
CR_STOVL (Dev Est) SAR	550	472	452	452	452	498	503		481	469	
CR_CV (Dev Est) SAR	730	771	759	732	759	642	641		651	615	
CR_CTOL (APA Assessment)			590		590	580			580	550	550

Data Sources: US DoD SAR Reports, GAO, CRS, Air Power Australia, PGAA
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Back in August 2002 when the negotiations concerning Australia joining the SDD Phase of the JSF Program were at their zenith, Colonel Dwyer Dennis from the US JSF Program Office in the Pentagon, supported by Lockheed Martin's Business Development Manager

for Australia/South East Asia, Mr David Scott and other LMC representatives, publicly stated the following while in Australia:

COLONEL DWYER DENNIS: *"I'm going to talk a little bit about what we call KPPs, or Key Performance Parameters. The key performance parameters on a program are those requirements that are the make or break on a program."*

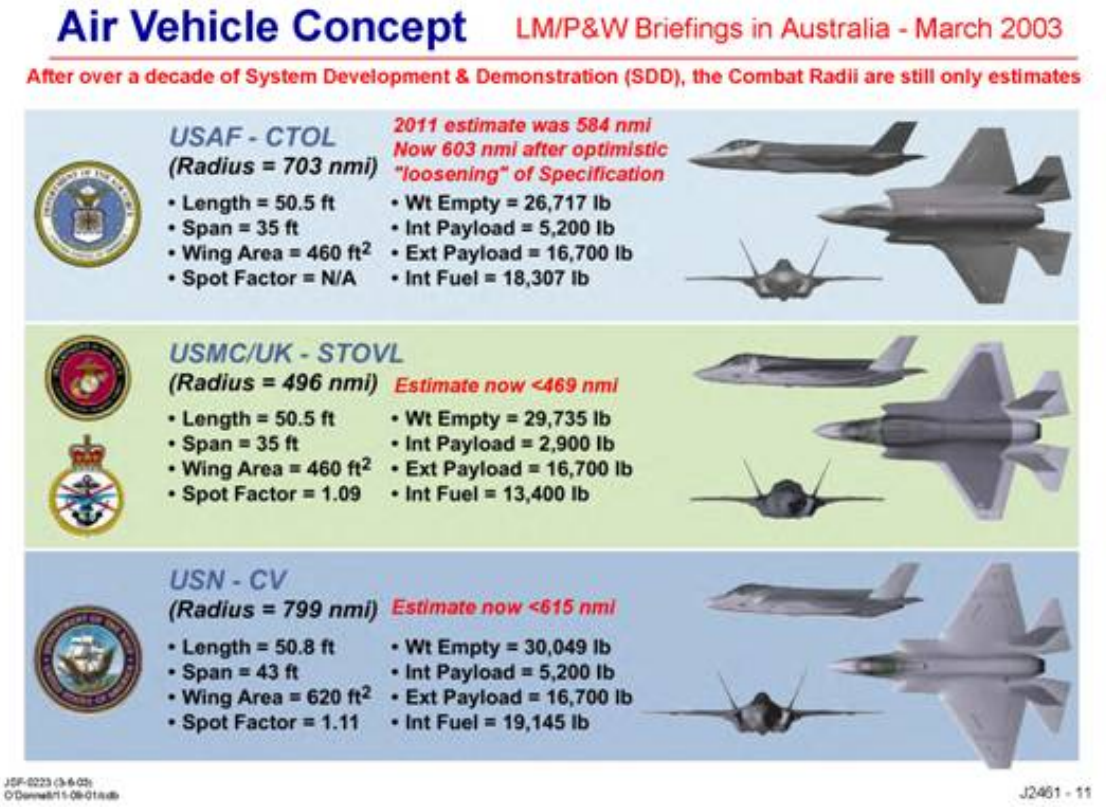
"You miss a KPP and your program is subject to cancellation or major rework. We don't intend for that to happen. And, as you can see at the bottom of the bumper sticker, it's projected to meet or exceed all of the requirements. What a focus you see here in purple."

"Those KPPs are common against all of the variants. The other key aspect I'd like to bring out is out of the six common KPPs, three of them - sortie generation, logistics footprint and mission reliability - all speak to that supportability of the Joint Strike Fighter. That's very unique in a program right up front. We are giving emphasis to the long-term total ownership cost of this air system."

"One thing that I didn't talk about earlier, and I think it was on the earlier chart about the fuel capacities, is that because this is a stealth aircraft it has internal weapon bays and to make it stealth the weapons have to be internal in a low-observable mode, so that makes the plane pretty thick and so that gives you a lot of room for fuel. So these aircraft have tremendous range."

"The CV variant is outward to almost 700 - is that correct Wheaty, 700?, 700, yes 700-plus nautical miles, the Air Force I think about 590, oh almost 700 as well, I'm sorry. So very significant range. That's no external fuel tanks, just the internal mission fuel. Oh, here we are [laughs] it's right down here."

The following slide is from a later presentation in Australia by Lockheed Martin and other JSF contractors. Updated data is in **red.** Also note how the empty weights have changed on all variants and markedly. The weight increase of the F-35A CTOL JSF is equivalent to strapping a 2012 model Honda Civic car to the aircraft; as is the increase in drag.



On the matter of affordability and costs, the JSF Project Team said the following:

COLONEL DWYER DENNIS: *"You can see across the three variants, even though they will meet the unique mission requirements, there's great commonality between the aircraft. I'll talk a little bit about that more in the next slide - next couple of slides. But that commonality is key to the affordability aspect of the program."*

"The bottom line on affordability is that it's not affordable if it doesn't meet the operational requirements that the war fighter needs. So that's the standard and that's where we go back to at least performance at least as good as an F-16 or F-18."

DAVID SCOTT: *"Well, the design objectives on the JSF program are to cut the O and S cost by 50 per cent. And what we do is we have several bases for doing that. One is there's a high reliability in the airplane. The systems are designed to be inherently highly reliable, such as the radar which we project it will not require servicing of the antennae during its lifetime as it has full tolerance built in."*

QUESTION: "*Geoff Barker, Australian Financial Review. And, just to Colonel Dennis, you kept talking about the affordability of this aircraft and yet you only defined affordability in negative terms, saying it would not be affordable if it did not meet the mission requirement.*

Can you tell us what the price of it is"

COLONEL DWYER DENNIS: "*Well, right now, the unit recurring flyaway cost that we've estimated in 2001 dollars, dependant on the variant, is anywhere from $37-$48 million. It's about $37 million for the CTOL aircraft, which is the Airforce Variant."*

If affordability were truly "*the cornerstone of the JSF Program*", then why was affordability not set as a KPP?

The full Department of Defence transcript of this briefing, a copy of which is attached, makes for a very interesting and informative read. When viewed through the prism of the definition of Thana-Marketing, the resulting images are both stark and chilling.

Finally, here are some questions that have been compiled in order to aid in answering the subject question in a way that is objective, honest and pragmatic.

Some Questions

In the 2003 Selected Acquisition Report to the US Congress on the Joint Strike Fighter (JSF) Program of Record, the Pentagon advised:

"*Some non-KPP Threshold Requirements will not be met for all variants.*"

1. Which non-KPP (a.k.a. KPI) Threshold Requirements were not going to be met for all variants of the JSF design?

2. Of the 453 or so KPP/KPI at the Threshold Requirement level, which of these are not being met, today?

3. Of the 453 or so KPP/KPI at the Target Objective Requirement level, which of these are being met, today?

4. Of the same 453 or so KPP/KPI Target Objective Requirements which of these are being exceeded or expected to be exceeded, today?

5. Of the same 453 or so KPP/KPI Requirements, which have had either the basis of their Threshold or Target Objective levels "relaxed" since the JORD was approved by the JROC in March 2000, as has just been done for the CTOL Combat Radius KPP, the STOVL short take off distance and the CV carrier landing approach speed.

If the Committee has any queries on the material provided in this submission or any other matters in relation to doing what is right and what is best for the defence and security of Australia, we would be more than willing, once again, to put "*Service before Self*". For your convenience, a PDF copy of this submission is also attached.

Yours Sincerely,

Peter Goon

Peter Goon
Principal Consultant/Advisor
Head of Test and Evaluation
Co-Founder, Air Power Australia
Peter Goon and Associates

"*Our role is to be so capable and so well prepared that the other guy doesn't even think about taking us on.*"
Australian Defence Force Leadership prior to 2000