

The.Firm

To: LtGen David Hurley CCDG <david.hurley@defence.gov.au>
Cc: 'Crosland, Glenn MAJ'
Subject: HORNET UPGRADE (HUG) PROGRAM: MATERIALISING RISKS



Dear David,

I presume you have seen the risks that Air Power Australia has identified in the F/A-18 HUG as summarised in Submission No 20 to the JSCFADT inquiry into air superiority and, previously, in its submissions to this same committee's review of the Defence Annual Report 2002-03 back in 2004. What you may not be aware of is that the results of the Risk Analysis that identified and graded these risks have been provided to colleagues in Defence since 2001. However, as has been stated before, these good faith communications have been ignored, with prejudice.

One of the areas of the HUG Program which has been at significant risk since 2001 has been Phase 2.3, in particular the provision of a Radar Warning Receiver (RWR) for the Hornet.

Some of the background to the analysis which led to this aspect of the F/A-18 HUG being identified as a HIGH Risk may be found in the following:

1. The Minutes of the DMO Source Selection Board circa 2000/01 which recommended the ALR 67 V3 over the ALR 2002;
2. The report from the independent study produced under contract by Sverdrup employing a US domain expert which recommended the ALR 67 V3 over the ALR 2002; and,
3. The Inspector General's report which recommended a full investigation into what had been determined as a prima facie case to be answered in relation to inappropriate release of proprietary information during the source selection process;
4. The subsequent quashing of this investigation by the then Undersecretary of the Defence Materiel Organisation (USDM); and,
5. The Board's recommendation being quashed by the USDM and the present Head of Electronic Systems Division of the DMO.

We commend the reading of these documents to you.

There were similarly pressing technical and financial reasons for the HIGH Risk determination, many of which would now be materialising. We would be happy to discuss these with you at your convenience.

Yours sincerely,

04 July 2006

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Peter Goon BE (MechEng)USNTPS (FTE)
 Defence Analyst and Consulting Flight Test Engineer
 Co-Founder: Air Power Australia @ <http://www.ausairpower.net/>
 Email: The.Firm@internode.on.net
 Ph: +61-8-8283 2389
 Fax: +61 8 8283 2377
 Cell: +61 41 980 6476
 A/Hrs: +61 8 8362 1585

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