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Our reference JWM:CZN  
Your reference JAE:1725493

1 February 2018

Mr James Edgar  
Frenkel Partners

**Email [jedgar@frenkels.com.au](mailto:jedgar@frenkels.com.au)**

Dear Mr Edgar

## **Islander Enterprises Pty Ltd & The Commonwealth of Australia**

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We refer to our letter dated 20 December 2017.

We consider the claims contained in the draft pleading enclosed with your letter dated 14 December 2017 to without merit. In relation to the claims contained in the draft statement of claim enclosed with your letter dated 14 December 2017, we consider those claims to be without merit. In essence our client's substantive position in relation to the claims has been disclosed in previous communications passing between representatives of our respective clients, including in our client's without prejudice letter dated 29 January 2016. We respectfully suggest that there is no utility in restating or expanding upon our client's position by way of correspondence, at least at this juncture.

As you would appreciate, our client is conscious of the provisions of the *Legal Services Directions 2017* (Cth). In particular, monetary claims must be settled in accordance with legal principle. However, our client is also mindful of its obligation to act as a model litigant, which includes giving consideration to alternative dispute resolution before legal proceedings are initiated. Consistent with its conduct to date, our client remains open to pursuing alternative dispute resolution initiatives, which could include without prejudice settlement discussions or potentially a formal mediation.

As regards the Answer to the Parliamentary Committee (adopting the definitions in your letter dated 14 December 2017), our client does not accept that the aerial surveillance service to be provided as part of the PMSP is "in essence, the same as that which IEPL provided to the Commonwealth under the Contract." The program and the scale of the service to be provided quite clearly distinguish it from the trial service provided by IEPL. Read in context, our client does not consider the Answer to be incorrect or false.

We look forward to discussing with you the proposition that our clients potentially pursue alternative dispute resolution initiatives prior to the commencement of proceedings.

Yours sincerely



**Jason Munstermann**  
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