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# The Defence Management Review and the Super Hornet Decision

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# The Defence Management Review and the Super Hornet Decision

## Introduction

This policy forum is the text of a speech by Senator John Faulkner (NSW, ALP) in debate in the Senate on August 13th on the Defence Management Review, headed by Elizabeth Proust which reported in April 2007. Faulkner concentrates on the “dysfunctional” ministerial-departmental relationship, and on the case of the decision by the National Security Committee of Cabinet to accept Defence Minister Brendan Nelson’s recommendation to purchase 24 Super Hornet fighters at a cost of \$6.6 billion, without a specific recommendation from the Defence Department.

"At some stage perhaps more will become known about what occurred at that infamous National Security Committee of Cabinet meeting, but the bottom line is that a \$6.6 billion decision had been made without considered input from the CDF and the Secretary of the Department of Defence or their staff and advisers."

## Essay: The Defence Management Review and the Super Hornet Decision.

The release of the report on the Defence Management Review is just one more example of how sneaky the Howard government can be. Many Australians would have been unaware of the report. [1] It was released late on Maundy Thursday, 5 April 2007 to minimise media scrutiny and became lost in the Easter festivities that followed. Minister Nelson initiated the review after a series of bumbles, the last of which involved the minister’s handling—or perhaps I should say mishandling—of the death of Private Kovco and Dr Nelson’s reckless public utterances about that tragic incident.

Initiating the review was a disingenuous way of shifting blame onto his department. Dr Nelson

washed his hands of his own mistakes and initiated a review into the efficiency and effectiveness of the senior levels of defence headquarters. The review was conducted by an independent team headed by Miss Elizabeth Proust, a senior manager and administrator with wide experience in the private and public sectors.

The review team made 53 significant recommendations. The Department of Defence accepted 50 recommendations, part-accepted two, and rejected one. [2] The report's 53 recommendations attempt to respond to serious process problems, but I want to focus on one in particular—the relationship between the minister and his department. The report said:

"Defence has two ministers and a parliamentary secretary ... all pointed to opportunities for Defence to improve its support for their activities as ministers ... The perception of unresponsiveness has led to tension in the ministerial-departmental relationship ... we recommend that Defence undertake more extensive induction for the minister and advisers ..."

This was a bold recommendation, arguably well outside Ms Proust's terms of reference. That Ms Proust decided to make this recommendation points to how dysfunctional the ministerial-departmental relationship has been and how important it is to fix it.

I was mindful of this when I read Geoffrey Barker's interview with Dr Nelson in the Australian Financial Review on 16 May this year. [3] The minister gloated over how he ignored departmental advice and announced the purchase of 24 Super Hornet fighters at a cost of \$6.6 billion. [4] The minister had convinced the National Security Committee of Cabinet of the need for the purchase in November last year. [5] How that decision was taken—the decision making processes behind the expenditure of such a huge amount of public money—is of crucial importance. Evidence provided during Senate estimates hearings in February this year confirmed that there had been no specific Defence recommendation to the minister on Super Hornets. So without doubt both the CDF and then Secretary to the Department of Defence, Mr Ric Smith, must have been stunned by the minister's actions at the NSC meeting.

There is much we do not know about what happened at that strange meeting, but it was clearly a remarkable—possibly unique—occasion. The NSC decided to buy a new fighter without advice from Defence or the RAAF. I have been told by very reliable sources that neither the secretary nor CDF even knew the issue was on the agenda; let alone what the minister was going to propose. Just imagine their surprise when the Super Hornets were discussed, and imagine their disbelief as they witnessed the defence minister briefing the NSC with a presentation on the Super Hornets, the details of which they had not seen. It must have been demeaning for CDF and the secretary to sit through the briefing knowing full well that the minister had failed to involve or consult them. The minister simply ignored both his principal military adviser, the CDF, and his departmental secretary responsible for a \$22 billion defence budget. The minister was seeking a decision to authorize massive expenditure on the purchase of Super Hornets.

Apparently the minister believed there was an air capability gap between the retirement of the F111s and the expected introduction into service of the Joint Strike Fighter. [6] But there had been no detailed departmental planning to purchase an interim jet such as the Super Hornets. Just think of the issues about the Super Hornets that the CDF and secretary confronted during that briefing: where did the minister's briefing material come from? What planning to support such a purchase had been done? What was the cost? Where was the money coming from? Would it come from the current investment capability plan? Would other projects be delayed as a result of this decision? If

so, for how long? What impact would the purchase have on the force structure and future operations? Would the government supplement the defence budget for the purchase? Would the 24 Super Hornets reduce the number of Joint Strike Fighters, currently understood to be 100? When would the new aircraft be available?

Let me ask another critical question: is it a fact that the minister, Dr Nelson, decided on the Super Hornets' purchase based only on discussions with Boeing? Only Boeing—or perhaps the US Navy—could have provided the detail for the briefing. Only Boeing makes the Super Hornets. Was our defence minister buying factory direct? I would expect that the CDF and secretary would have wanted proper comparative assessments made against any new opposing aircraft operating in our region over the next five to 10 years. Were such assessments carried out? Perhaps the assessments were done by others—possibly again by the US Navy—but definitely not by our Defence staff. I do not believe that after that meeting of the NSC there could be a decent relationship between Defence headquarters and the minister: no trust, no confidence, no personal openness—only anger and embarrassment. A major article in the Age newspaper on 9 July entitled 'The Hornet's nest' said this:

"There is much speculation about just where Nelson got the information for his cabinet presentation. Although his department had information on the Super Hornet, it had not conducted a detailed analysis of the implications of buying it because Australia's air chiefs had said it was not required. Rumours persist that Boeing was invited to make a presentation in the cabinet meeting. While others claim to have been told that Nelson used material, possibly a slide show, supplied by Boeing to convince colleagues. Asked to confirm or deny the speculation, a Defence spokesman said "cabinet briefs and discussions are confidential"." [7]

At some stage perhaps more will become known about what occurred at that infamous National Security Committee of Cabinet meeting, but the bottom line is that a \$6.6 billion decision had been made without considered input from the CDF and the Secretary of the Department of Defence or their staff and advisers, and such critical national security matters cannot and must not be dealt with in such a cavalier way. It is a critical decision which impacts the future capability of the ADF and Australia's national security. It is a critical decision about air combat which, according to the government's white paper Defence 2000, is 'the most important single capability for Australia'. The white paper emphasises the need to have in place the capability to:

"... control our air approaches to ensure that we can operate effectively against any hostile forces approaching Australia." [8]

Surely comparative assessments should have been done before the Super Hornet was selected, but I have been informed that they were not. There has always been an uneasy relationship between Howard government ministers and their departments. I recall statements back in 1996 that the new Howard government would call on various sources for advice—industry, business, academia and ministers' personal officers. It was loosely called 'contestability' but it represented a lack of trust in the Public Service. But there was absolutely no contestability in the Super Hornet decision. I remind the Senate that on 1 November 2006 the Chief of Air Force informed the Foreign Affairs, Defence and Trade Committee during supplementary estimates that there was no capability gap and no reason to purchase an interim jet. [9] About two weeks after Chief of Air Force's statement to estimates, the minister briefed the NSC, and the Super Hornet decision was taken. However, I ask: is it true that the minister was briefed by Boeing on the Super Hornets in September 2006? I also

ask if, as a result of that briefing, the minister requested additional information for his briefing of the National Security Committee of Cabinet in November 2006.

At no stage were CDF and the Secretary involved in these critical events. At no time were detailed comparative risk assessments undertaken by Defence capability staff. I believe we are entitled to expect proper and thorough assessments to be carried out when such a strategically significant purchase is made and to be assured that the Super Hornets will be able, in the words of the 2000 white paper, to:

"... control our air approaches to ensure that we can operate effectively against any hostile forces approaching Australia."

I believe that the decision-making processes on the Super Hornets bear out Ms Proust's conclusions about the dysfunctional nature of the relationship between the minister and his department and they leave little hope for the successful implementation of her recommendation on fixing the poor relationship between the two.

In response to Ms Proust's recommendation, Defence has agreed to introduce workshops and induction plans for incoming ministers and new advisers as well as for senior departmental staff. In the words of Defence, its objective is to 'strengthen relationships with our ministers and parliamentary secretary and their personal staff by better understanding their role and expectations of us'. As an objective it is admirable, but it can only be satisfied if the minister and his office reciprocate in kind.

Dr Nelson's behaviour over the Super Hornets has fractured any semblance of a working relationship between him and Defence. Minister Nelson is the fifth Minister for Defence since the Howard government came to office in 1996. We have seen five defence ministers in eleven years, and their record is very ordinary indeed. None of those ministers had a good working relationship with the Department of Defence. Mr McLachlan was the minister responsible for the disastrous Sea Sprites project. Mr Moore orchestrated the poisonous sacking of the former Secretary of the Department of Defence, Mr Paul Barratt—a matter which ended up in the courts. Mr Reith is infamous for the children overboard ignominy, and who could forget former Senator Hill's lethal relationship with the then Secretary of the Department of Defence, Dr Allan Hawke? And now we have Minister Nelson, who made a decision on the \$6.6 billion Super Hornets without any meaningful discussion with his principal military advisers—indeed, it seems without any discussion with them at all—and without proper regional comparative assessments being undertaken by the department. Dr Nelson contemptuously dispensed with all the wisdom and experience of the Air Force and made a decision before a comprehensive risk evaluation had been undertaken.

In my view, it was very reckless behaviour to rely just on the information from the salesmen from Boeing. Can this sort of approach be fixed by workshops? Of course not. Regardless of how often workshops are run or what their content is, workshops cannot sort out such a highly dysfunctional relationship. Minister Nelson does not have the management and leadership skills that Defence needs. He does not trust his department. He does not even bring his key military advisers into his confidence. He simply does not get it—and Australia's Defence Force and our national security interests are far too important to remain in his hands.

## **Editor's postscript**

In a letter to the Australian Financial Review ("Defence in Hornet slipstream", 2007-08-15) the

Minister for Defence, Brendan Nelson, rejected the claims made in Senator Faulkner's speech as reported in the Australian Financial Review (AFR). Dr Nelson wrote that "the decision to pursue the acquisition was based on advice from the RAAF and a number of air combat specialists within Defence." The CDF and the then head of the Defence Department had, Dr Nelson wrote, fully briefed him on the F-18F decision and assisted him in the preparation of his submission to the National Security Committee of Cabinet. Senator Faulkner's claims that Boeing had played a role in preparing the cabinet presentation were "offensive, untrue and reflect Labor's ignorance of accountability requirements". Senator Faulkner told the AFR he stood by the accuracy of his remarks in the speech, and would take the matter further. ("Nelson denies Hornet claims", Geoffrey Barker, AFR, 2007-08-15)

Acknowledgement: Reproduced with kind permission of Senator Faulkner from Commonwealth of Australia, Parliamentary Debates, Senate, 13 August 2007, pp. 94-96 ([Hansard proof issue](#)).

## Biography

John Faulkner has been a senator from NSW since 1989. Senator Faulkner held a number of ministerial appointments in the Keating government. He was Leader of the Opposition in the Senate from 1996 to 2004, and is currently President of the Australian Labor Party. He has played a active role in expanding the role of Senate committees, and activities. Senator Faulkner's speech "[A Certain Maritime Incident - the aftermath](#)" followed his prominent part in the Senate Inquiry into the sinking of the SIEV-X.

## Footnotes

1. [Defence Management Review](#), Elizabeth Proust et.al, Defence Department, 2007-03-30.
2. [Defence Response to Defence Management Review](#).
3. [Nelson Explains the Bee in his Bonnet about Hornets](#), Geoffrey Barker, AFR\*, 2007-05-16
4. [Announcement of the Australian Government's Decision To Acquire 24 F/A-18f Block II Super Hornet Multi Role Aircraft](#), Brendan Nelson, Minister of Defence, Media Release MIN70306/07, 6 March 2007 [MS Word]; and [F/A-18F Super Hornet fighter](#), RAAF.
5. [Australian security policy organisation](#), Australian Forces Abroad, Nautilus Institute.
6. [Super Hornet Bridging Air Combat Capability](#), Brendan Nelson, Minister of Defence, Media Release MIN507/07, 8 May 2007.
7. Richard Baker, "[The Hornet's nest](#)", The Age, 9 July 2007.
8. [Defence 2000 - Our Future Defence Force](#), Department of Defence, Australia, 2000.
9. [Senate Committee on Foreign Affairs, Defence and Trade](#), Estimates 2006: Defence Portfolio, 1 November 2006.

## Nautilus invites your response

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Nautilus Institute

608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:

[nautilus@nautilus.org](mailto:nautilus@nautilus.org)