



Defence minister Lord Bach has attempted to define a Defence Industrial Policy

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'MoD seems to have fallen out completely with BAE Systems and withdrawn the company's status as lead contractor for the new aircraft carriers'

a large part of their risk contingency.

Sir Peter said that he had had to consider whether the latest report represented a spurious result or a serious underlying trend. His diagnosis was that there are 'systemic' problems in operation of 'smart procurement' that needed to be tackled head on. Following a 12-month 'stock-take' exercise, a number of important changes to the way the DPA does its business were to be introduced.

Asked how he would deal with the carrier project in view of BAE Systems' robust assertion at the Monday hearing that they would refuse to contract unless the terms were favourable, Sir Peter replied that in extremis MoD may be obliged to exercise its right under the BAE/GEC merger agreement to place BAES's shipyards under other management! 'Smart procurement' and 'partnership' are not, it seems, easy bedfellows. Since those committee hearings MoD seems to have fallen out completely with BAE Systems and withdrawn the company's earlier status as lead, or prime, contractor for the new aircraft carriers.

### Defence industrial policy

The fact that MoD has been trying to forge a workable relationship with the UK defence industry was evident in three sittings of the Defence Committee in summer 2003 to discuss the joint MoD/DTI Defence Industrial Policy published in October 2002. First they examined BAE Systems' Chairman Sir Richard Evans and his defence industrial team, then Sir Peter Spencer alone on his appointment as CDP, and finally Defence Minister Lord Bach with CDP and DCDS(EC) in support, publishing their report HC694 'Defence Procurement' on 9 July 2003.

The industry grudgingly acknowledged that some attempt at defining a Defence Industrial Policy was welcome, but were sceptical as to whether the MoD really understood the needs of industry. The real question is whether the health and welfare of the defence industry and its associated employees is more important than the defence of the nation. This has always been a difficult circle to square.

### Defence procurement

In March this year the Defence Committee announced terms of reference for its annual inquiry into defence procurement with a call for papers by 30 April. The aim is to examine the progress of key defence equipment projects, review the

implementation of the Government's Defence Industrial Policy launched October 2002 and to examine MoD's equipment procurement performance. It is likely that the evidence sessions will be held before the summer recess.

I have submitted a paper to the committee suggesting a return to 'cost plus' contracting for major projects which are allocated on a political rather than a commercial basis – back to the future for me.

### Operation Telic

The committee meetings I have described are not usually very well attended either by the public or the press. The national newspapers can barely find the space to report them among the trivia that normally fills their pages. There are, however, occasions when defence equipment dominates the headlines, and never more so than during the Defence Committee's final hearings on the conduct of Operation Telic in January this year.

The committee began its inquiry in May 2003 and conducted 19 public evidence sessions, the last being the appearance of Defence Secretary Geoff Hoon on Tuesday 5 February 2004. Mr Hoon's appearance was scheduled just days after Lord Hutton was due to deliver the verdict of his inquiry into the tragic death of MoD scientist Dr David Kelly. Press interest was unusually high with the result that at the hearing in Portcullis House only 12 members of the public were allowed into a 70-seater room crammed with journalists.

Press interest centred round the question of the Government's claim that its intelligence reports suggested that Iraq could launch Weapons of Mass Destruction within 45 minutes, which was not part of the Defence Committee's inquiry. More relevant was the availability of equipment to our forces at the point of invasion, highlighted in the press by the death of tank commander Sergeant Roberts through lack of advanced armour protection. A report by the National Audit Office had been critical of the MoD's procurement procedures and the Forces' logistics procedures in getting the necessary equipment for the operation into the hands of the forces on the ground.

On 7 January, Generals Rob Fulton and Dick Applegate together with AVM Stephen Dalton had given evidence to the committee that the Government had been advised in June of 2002 what supplementary equipment would be required to conduct operations in Iraq in support of US Forces,

but it was not until September/October 2002 that the first authority to start the procurement process was released [HC57-II Ev310 Q1930]. The question for the committee was whether the shortage of equipment should be pinned on ministers, or simply blamed on the MoD procurement system and the military logistics chain.

In his opening statement to the committee Mr Hoon praised the Armed Forces' logistics



Rapid deployment to the Gulf was praised by Mr Hoon

organisation for deploying a force to the Gulf in 2003 in half the time taken to move a similar size force there in 1991 – they had worked miracles. But he firmly denied any personal responsibility for any of the equipment shortages that occurred. Committee member Crispin Blunt MP, a former Army logistics expert, challenged the defence secretary's assertion. He insisted that by delaying the authorisation for the supplementary equipment purchases from June to September/October 2002, ministers had effectively caused the shortages in theatre themselves.

Mr Hoon robustly denied this charge with the assertion that it was the responsibility of politicians to make the decision to go to war, and it was then up to the Military to do the best they could in the time left available [HC57-III Ev372 Q2257]. This did not satisfy Mr Blunt, any more that it did many of the listening audience. Pressed further by Mr Blunt, Mr Hoon made it clear that it was not his fault by saying 'The first indication that we were given by the Prime Minister that planning and preparation could begin was on 24 September in a speech that I think he gave to the House of Commons' [Q2262]. '... and that was, as far as the Ministry of Defence was concerned, the time at which the process got under way as far as planning was concerned' [Q2263].

The Cabinet, of which Mr Hoon is a member, was obviously not involved in the decision to go to war. Having survived Lord Hutton's inquiry unscathed, Mr Hoon was untouchable at that Defence Committee

hearing, and has been ever since. And as the committee had not thought to call the Prime Minister to give evidence, the matter could not be taken any further. The Defence Committee's report 'Lessons of Iraq' was published as HC 574 in three volumes on 3 March 2004.

### Keeping up to date

And there I think I'll leave it for now. I hope I have captured your interest in the machinations of Westminster and that you will be encouraged to follow these issues yourselves using the information available on the official websites (parliamentary website [www.parliament.uk](http://www.parliament.uk), National Audit Office (NAO) website [www.nao.gov.uk](http://www.nao.gov.uk)).

If you ever get a chance to attend these sessions yourselves (as non-combatant observers rather than as witnesses) you should not hesitate to do so. It is a sobering experience to see the top men being grilled by their parliamentary peers and to hear them defend their actions.

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### Did you know?

On the parliamentary website [www.parliament.uk](http://www.parliament.uk) you can access the following:

- HANSARD – the daily record of debates in the House and written questions and answers.
- COMMITTEES – under each select committee heading you can access all the published records of committee proceedings – first published as uncorrected evidence of oral hearings, then as corrected evidence, and finally in reports incorporating the corrected evidence. And for two weeks after each hearing, by clicking on 'ParliamentLive' you can watch videotapes or listen to audiotapes of all committee proceedings. You can also buy copies of those tapes from the Parliamentary Records Office.

On the National Audit Office (NAO) website [www.nao.gov.uk](http://www.nao.gov.uk) you can find all the reports that the NAO publishes, which are generally the subject of hearings of the Commons Public Accounts Select Committee. Most relevant to defence are the annual major project reports. The latest is the report on battlefield helicopters (HC486 published 7 April 2004) revealing the sad saga of the eight non-operational Chinook H3.

So, if you read or hear about something said in parliament you can tap into what was actually said and see, hear or read it in context.