

The Hon Arch Bevis, MHR
Chair, Defence Sub-Committee, Joint Standing Committee on Foreign Affairs and
Trade
Parliament House
CANBERRA ACT 2600

15 June 2008

Reference A: Hansard Report of the proceedings of the Senate Standing
Committee on Foreign Affairs, Defence and Trade -
Estimates, Wednesday, 20 February 2008

To the Hon Arch Bevis, MHR

**A SUBMISSION TO THE DEFENCE SUB-COMMITTEE OF THE JOINT
STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE**

After reading the testimony delivered at reference A, a group of experts on the raising, sustainment and delivery of air combat capabilities, compiled an analysis of the witness statements. The Group's assessment was that such responses were at variance with verifiable facts and present a grave risk to Australia's future security should the statements become policy.

The Group dispatched correspondence on their analysis to the Chair of the Senate Standing Committee. As we have received no response, **we are now submitting these documents as testimony to the Defence Sub-Committee of the Joint Standing Committee of Foreign Affairs, Defence and Trade.**

The evidentiary documents are attached as Annexes:

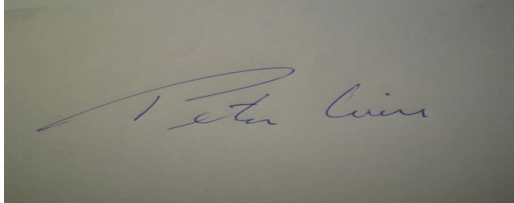
Annex A: is the covering letter which provides a summary of our analysis, especially that Australia is at risk of loss of sovereignty, our experience and qualifications to reach such a conclusion, and recommendations for an inquiry into the veracity of the testimony presented to the Committee;

Annex B: presents excerpts from the Hansard record of reference A, marked to highlight statements of suspect veracity, and with comment to explain why those statements might be considered suspect; and

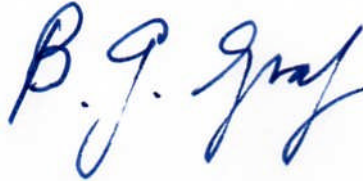
Annexes C and D: is correspondence to the Clerk of the Senate. When no reply was received to our correspondence, one of our colleagues, not party to the original assessment, presented additional material to Mr Harry Evans for examination. No reply on this matter has been received to date.

We are well prepared, should you choose to subpoena us, to provide additional material, and/or debate the testimony previously given to Parliamentary Committees.

Sincerely,



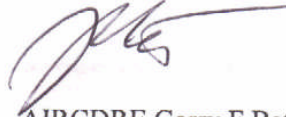
AVM (Retd) P J Criss,
AM, AFC



AVM (Retd) B J Graf
AO BSc BE [Aero] Test Pilot



Dr C Kopp
DipEng, BE(hons), MSc, PhD,
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AIRCDRE Garry F Bates, AM (Ret'd)
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WDCDR (Retd) B Dirou
Distinguished Flying Cross



GPCAPT Ron Green, AFC

Annex A

Senator the Hon Mark Bishop
Chair, Senate Standing Committee on Foreign Affairs, Defence and Trade
Parliament House
CANBERRA ACT 2600

For Information:

The Hon Joel Fitzgibbon MP
Minister for Defence
Parliament House
CANBERRA ACT 2600

Senator the Hon John Faulkner
Special Minister for State
Parliament House
CANBERRA ACT 2600

7 March 2008

Reference A: Hansard Report of the proceedings of the Senate Standing Committee on Foreign Affairs, Defence and Trade - Estimates, Wednesday, 20 February 2008

Dear Senator Bishop

SENATE ESTIMATES EVIDENCE: A QUALITY ASSURANCE PROCESS

We, the undersigned, request a Government sponsored quality assurance review of the evidence presented to you at the Foreign Affairs, Defence and Trade Senate Estimates hearing held on 20 February 2008.

The reason for this review is that if the Government accepts the statements made at face-value and acts on them in good faith, then it is our professional judgement that **Australia will be at risk of loss of sovereignty**. A sound and timely quality assurance process can detect and correct such serious errors.

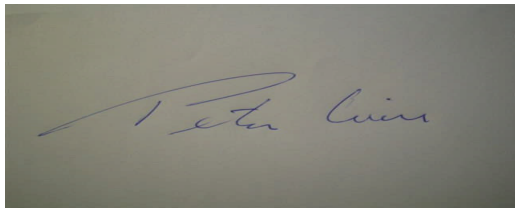
Our combined skills and experiences are extensive. We have served over two hundred years in the RAAF, have flown several thousand hours of wartime and simulated air combat, our achievements have been recognised by awards for bravery, service and dedication; our academic training is relevant and substantial, and we have a deep understanding of the engineering, science and technology of past, current and future weapons of war.

We have drawn example extracts from Reference A, highlighted and bolded sections of interest, and provided comment intended to correct the Hansard record. This document is enclosed.

We recommend that an independent Committee be appointed to review the veracity of these statements. As a suggestion, a Committee could be led by a Retired Chair of The Senate Standing Committee on Foreign Affairs, Defence and Trade, assisted by subject matter experts from organisations like ASPI and ANAO.

The Committee's Terms-of-Reference should be to examine the veracity of the statements made at this Senate Estimates Hearing, and report to you before the completion of any of the phases of the Air Combat Capability Review.

We have an extensive database of evidence to support such an inquiry and would make this available to the Committee. A combined meeting with the Committee would be an effective way to proceed with this inquiry, as our collective wisdom and experience can then be applied directly to an assessment of each of the statements made at the Senate Estimates Hearing.



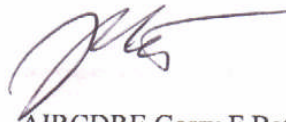
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COMMONWEALTH OF AUSTRALIA

[PROOF COPY]

Proof Committee Hansard

SENATE

EXCERPTS FROM:

STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE

ESTIMATES

(Additional Budget Estimates)

WEDNESDAY, 20 FEBRUARY 2008

CANBERRA

CORRECTIONS TO PROOF ISSUE

This is a **PROOF ISSUE**. Suggested corrections for the Bound Volumes should be lodged **in writing** with the Committee Secretary (Facsimile (02) 6277 5818), **as soon as possible but no later than:**

Wednesday, 23 April 2008

BY AUTHORITY OF THE SENATE

[PROOF COPY]

**SENATE STANDING COMMITTEE ON
FOREIGN AFFAIRS, DEFENCE AND TRADE**

Wednesday, 20 February 2008

Members: Senator Bishop (*Chair*), Senator Trood (*Deputy Chair*), Senators Cormann, Forshaw, Hogg, Sandy Macdonald and McEwen

Senators in attendance:

Senators Abetz, Adams, Allison, Barnett, Bartlett, Bernardi, Birmingham, Boswell, Boyce, Brandis, Bob Brown, Bushby, Chapman, Colbeck, Coonan, Eggleston, Ellison, Fielding, Fierravanti-Wells, Fifield, Fisher, Heffernan, Humphries, Johnston, Joyce, Kemp, Lightfoot, Ian Macdonald, McGauran, Mason, Milne, Minchin, Nash, Nettle, Parry, Patterson, Payne, Ronaldson, Scullion, Siewert, Stott Despoja, Troeth and Watson

Committee met at 9.01 am

DEFENCE PORTFOLIO

In Attendance

Senator Faulkner, Special Minister of State and Cabinet Secretary

Department of Defence

Portfolio overview and major corporate issues

Air Chief Marshal Angus Houston AC, AFC, Chief of the Defence Force Mr Nick Warner PSM, Secretary of Defence

Budget summary

Defence funding, financial statements, purchaser-provider arrangements

Mr Phillip Prior, Chief Finance Officer

Mr Steve Wearn, First Assistant Secretary Budgets and Financial Planning People

Defence Personnel

Mr Steve Grzeskowiak, Acting First Assistant Secretary Personnel Mr Phil Minns, Deputy Secretary People Strategies and Policy

Major General Michael Slater DSC, AM, CSC, Head Personnel Executive Capability development Unapproved major capital equipment program

Dr Stephen Gumley, Chief Executive Officer Defence Materiel Organisation Vice Admiral Matt Tripovich AM, CSC, Commander Capability Development Defence Materiel Organisation

CHAIR (Senator Mark Bishop)—I declare open this meeting of the Senate Standing Committee on Foreign Affairs, Defence and Trade. I welcome Senator the Hon. John Faulkner, Special Minister of State, representing the Minister for Defence; Air Chief Marshal Angus Houston, Chief of the Defence Force; Mr Nick Warner, Secretary of the Department of Defence; and officers of the Defence organisation.

Senator JOHNSTON—On Monday the 18th we had an announcement from the minister that there will be a review of Australia's air combat capability. The review is to be conducted in two stages. The first stage will assess the requirements for 2010 to 2015, the feasibility of retaining the F111, a comparative analysis of aircraft available to fill any gap and the status of plans to acquire the Super Hornet. This committee is to report, I think, on 14 April. What is the cost being incurred by the Australian taxpayer with respect to the acquisition of Super Hornets whilst the government considers the decision? Where are we at with that? I believe fuel tanks have been ordered.

Air Chief Marshal Houston—We are a little bit down the track with the Super Hornet. It is probably very hard to put a precise figure on where we are at right now on how much money has been expended without going into a detailed look at our records.

Comment: Dr Gumley makes quite precise statements, but see below for doubts about the basis for these estimates.

Senator JOHNSTON—Let me just glean from that that we are incurring costs, as we sit here now, with respect to that acquisition?

Air Chief Marshal Houston—The manner in which these things are done is that the costs are incurred at particular milestones. Certainly there has been some expenditure, and I will get Dr Gumley to cover anything else. But, essentially, we have incurred some expenditure.

Senator JOHNSTON—So do we have a binding contract with the provider of that aircraft?

Air Chief Marshal Houston—I will get Dr Gumley to go through the detail of that, but the aircraft is being bought under the foreign military sales arrangements. We have an agreement under that with the US government. But I will get Dr Gumley to go through that in some detail.

Comment: The important matter of the binding nature of Contractual Arrangements for the F/A-18F is not pursued by the Committee.

Senator MINCHIN—Before you do that, could I just ask the minister exactly what the government's position is on this matter of the Super Hornets. On 30 October 2007 Mr Fitzgibbon, as the then shadow minister for defence, said:

The Howard government has committed us to both the JSF and the Super Hornet and we accept that they will be part of our ... capability mix.

Then, yesterday, Mr Fitzgibbon said:

... if the advice comes to me from the review that the Super Hornet is not up to job, I would have no hesitation in cancelling it—

entirely contradicting the statement of 30 October. Could you just clarify the position, Senator Faulkner. Is the government now in a position where it is saying that it is open to it to, and that if necessary it will, cancel this contract, or does the statement of 30 October reflect the actual position of the new Labor government?

Senator Faulkner—My understanding at this stage is that this issue is being considered as part of the air combat capability review. The future of the Super Hornets is being considered as part of the air combat capability review.

Senator MINCHIN—So the statement, made on behalf of the then Labor opposition on 30 October, 'We will accept the Super Hornet as part of our air capability ' mix, no longer stands, and it is open to your government, as was said by Mr Fitzgibbon yesterday, for you to cancel this contract. We just want to clarify, before we go any further with this, the position of your government. Is it open to your government, and is it your stated and clear position that you are willing to cancel this contract if this review you have set up so finds?

Senator Faulkner—I will ask CDF in a moment to speak about the air combat capability review, but I think you would be aware that it is a two-stage process. Are you aware that it is a two-stage process?

Senator MINCHIN—Yes, I have heard that statement two or three times.

Senator Faulkner—The first stage is going to assess four things: Australia's air combat capability requirements in the period 2010 to 2015, the feasibility of retaining the F111 aircraft in service beyond 2010, a comparative analysis of aircraft available to fill any gap that may be left by the withdrawal of the F111 and the status of plans to acquire the FA18 super hornet. I believe that that report is to be provided by the end of April, but I would like to check with officials that I have got the right date.

Air Chief Marshal Houston—The first of the four things that the minister mentioned will come to government sooner than that for their consideration. Then later the

second half of the review will come, and the deadline for that is the end of April.

Senator Faulkner—So it will be earlier than the end of April.

Senator MINCHIN—I understand that. I have read the thing several times. Mine is a simple yes or no question, as a prelude to further questioning on this review. Is it the government's position, that as a premise or a prelude to this air capability review, that it is open to the government to cancel the Super Hornets? If it is open to the government, is it not the case that that completely contradicts Mr Fitzgibbons statement of 30 October? Do you accept that to be the case?

Senator Faulkner—All I can say to you—

Senator MINCHIN—It is a yes or no question, Senator.

Senator Faulkner—You would like me to provide a yes or no answer, as I have so often done at Senate estimates, but you often find that ministers do not respond precisely in the terms that you would like them to.

Senator MINCHIN—That is surprising!

Senator Faulkner—You make sure that that draft press release you have up there in the office is not issued, because I am not going to necessarily provide you an answer in the form that you want. But I will certainly provide you with an answer. The answer is this: in the first part of the air combat capability review, the status of the plans to acquire the FA18 Super Hornet will be reported on to government and government will make a decision within that early time frame.

Senator MINCHIN—I put it to you that that is a complete non-answer. So all we can do is operate on the basis of Mr Fitzgibbon's statement as of yesterday that the Labor Party has changed its position and it is now open to it to cancel this contract. We will proceed on that basis.

Senator Faulkner—Senator, proceed as you wish. If I were you I would take account of the statements that the defence minister makes on these issues. You can also take account of evidence that is provided by me and officials at the table. It is quite clear what the government's intentions are there. I cannot outline them any more clearly. This is in the public arena, and it will be a matter reviewed in the first stage of our review on air combat capability. Decisions will be made by government within a very short time frame.

Senator JOHNSTON—After all of that, what is it going to cost us in May to cancel the Super Hornet contract?

Dr Gumley—The Super Hornet contract is a foreign military sales contract — **Senator JOHNSTON**—So we are paying the American government directly, 'tarenwe?

Dr Gumley—We pay the American government, who in turn place a contract on Boeing. The American government already have a series of contracts on Boeing for the production of Super Hornets for the United States Navy. Any purchase by Australia would be considered as a contract change proposal to the longer term contracts. We get the same unit prices as the US government. I know of no way of getting better prices than the US government, particularly in the home market; therefore I am confident that the price we are paying for the aircraft is as good as Australia is going to get. We have the contract with the United States government. They in turn have to do something called 'definitisation' of that contract with Boeing.

That is a process they are going through at the moment. From talking with my contemporaries over there, I know that that is something that is going to happen in the next month or two, and it is just a standard contract change proposal—as we would say in our jargon—that they have to do with the United States Navy. However, our contract with the US government already commits us to pay for long-lead items and commits us to something called 'termination liability', which I guess in Australian jargon we would call a cancellation fee.

Senator JOHNSTON—How much?

Dr Gumley—That fee is continuing to grow because, obviously, the longer you get into the program the more aircraft are being built.

Comment: These F/A-18F 'stock-standard' aircraft from the USN/USMC production line, and could be returned as the production has many more than 24 aircraft to run. The US Navy in particular is becoming progressively more stretched for aircraft resources. So, at present there are no aircraft being specially built that cannot be re-absorbed and one wonders where actual cost is being generated except for the cost of funds for future short-term materiel orders for the increased production number.

Senator JOHNSTON—How much? Let's take 1 May.

Dr Gumley—The termination liability as of about now is expected to be about \$400 million.

Comment: What is the basis for this estimate? As noted above, if these aircraft are returned to an existing production line, where is the loss?

Senator JOHNSTON—What is the rate of growth of that \$400 million? \$10 million a month? \$20 million a month?

Dr Gumley—No, it would be more than that. You can almost work it out on a monthly basis as the cost starts getting built into the aircraft, because Boeing have to place their contracts on their suppliers. So I think it would be a pretty lineal build-up of termination liability as the aircraft get more and more built and more and more subassemblies start coming together.

Comment: The converse logic is that if the specific aircraft are NOT currently on the production line, why is the cost escalating at such a rate?

Senator JOHNSTON—I have great faith in your capacity to have planned for this. Can you tell us what you think it is going to be in May? How much are we up for, please?

Dr Gumley—I think we are working in the order of \$80 million to \$100 million each month that goes by.

Comment: Dr Gumley needs to quantify this estimate.

Senator JOHNSTON—The second stage looks at trends in the Asia-Pacific air power until 2045, which suggest to me that we are now also reviewing the JSF plan. Is anyone going to tell me that is wrong?

Air Chief Marshal Houston—I think the second part of the review is a full review of the strategic circumstances out to 2045—looking at what is likely to happen in our near region and the broader region and essentially at what the developments in air combat technology are likely to be through the next 40 years. So essentially that will all be looked at and then there will obviously be a comparison of the various pieces of equipment that are available within an air combat system. I would stress very much at this stage that what we are talking about in the modern area is air combat systems—system on system, not platform on platform. I think a lot of the commentary out there in the broader community tends to focus far too much on the simplistic notion of aircraft on aircraft rather than on the need to consider all the complexities of a modern air combat system.

Comment: When a system fails, platform-on-platform prevails. We should not plan to use a systems approach to compensate for the weaknesses of individual system components.

Senator JOHNSTON—The minister's press release says: The review will also examine the case for and against acquiring the F-22. That tells me the JSF is in the firing line.

Air Chief Marshal Houston—Everything is on the table—yes. But what I would say is that, if you are **thinking F22 versus JSF, I think that is the wrong way to think about it because fundamentally the two aircraft do completely different jobs.**

Comment: The USAF does not consider the F-35 JSF has the capacity for air dominance, and use the F-22A for this role. If Australia ignores this doctrine, it exposes the F-35 to a role it cannot sustain, and that may lead to the F-35 being over-matched and destroyed in large numbers in future air combat engagements.

One is a genuine multirole capability that can cover all aspects of air combat, including the very important area of maritime strike and indeed all other strike requirements that we have. The other one is a capability that is optimised for control of the air. It is an air dominance aircraft. So, if you went for the F22 and you had nothing else, you would be deficient in strike capability. You would have a wonderful air dominance capability but you would not have any strike capability.

Comment: 'Multi-role' except in the one capability that counts – superiority over Regional air combat aircraft. The USAF is replacing the strike role of the F-117 with the F-22A and clearly sees a strike role for the aircraft, as six of the ten F-22A Squadrons are formerly strike Units. Currently, the F-22A is being cleared for release of Small Diameter Bombs and is already dropping the JDAM smart bomb. The aircraft is large enough (about the same size of the F-15E which carries formidable weapons loads,) to have additional weapons cleared – although, like weapons carried externally on the F-35, these external loads will negate both airframe's 'Low Observability' characteristic.

Senator JOHNSTON—And JSF is your preferred option?

Air Chief Marshal Houston—I do not think it is an either/or. We need to look at all options, and that is what the government intends to do. What we have here is a very complex subject, a very complex set of plans and some very difficult technology to get your head around. At the end of the day, I think what the government is doing is essentially reviewing all aspects of those plans, all aspects of the

concepts that they have to grapple with. I think they are trying to get an understanding of the technology that is available, the technology that might be needed for the strategic circumstances we are likely to face in the future. I would say that, as we come up with the outcome from this review, they will be better informed about our needs and what the requirements will be in the air combat arena into the future. Obviously this review, like other reviews, will feed into the white paper process, where everything is on the table.

Comment: Such analyses have been completed long ago by the USAF, which concludes it needs an air dominance fighter – the F-22A. It should also have been the process for the Australian New Air Combat Capability project initiated back in 2000, but that process was set aside by a pre-emptive decision to commit to JSF via the SDD program, without any true comparative analysis of future capabilities for the Australian strategic environment.

Senator MINCHIN—Minister, the CDF has just indicated that, as he understands it, the government's position is that everything is on the table. I would like to ask you the same question with respect to the JSF as I asked with the Super Hornet: does that mean that it is the government's policy and premise for this air capability review that it is open to the government to cancel arrangements with respect to the JSF and not proceed with the purchase of the JSF?

Senator Faulkner—I cannot give you any better information than what is contained in the terms of reference for part B of the review, which indicates this is in part e:

2. The review team will report on...

e. the status of plans to acquire the Joint Strike Fighter (JSF) and the status of the JSF project, including:

- i) the implications of the F/A-18 Super Hornet acquisition for the planned JSF acquisition;
- ii) options to achieve an all-JSF fleet should that prove desirable, including advice on the optimum numbers of aircraft in the context of the overall air combat system; and
- iii) an assessment of complementary options, including unmanned aerial combat vehicles...

I can give you no better information than to indicate to you that those are the terms of reference for the second part—or, if you like, part B—of the review of Australia's air combat capability.

Comment: The need for this latter-day review clearly demonstrates the lack of a sustainable evaluation process as should have occurred with the NACC project.

Senator MINCHIN—For those of us here, the clear and obvious conclusion from those terms of reference, the reference to the F22 and the CDF's remarks are that it is open to the government as a consequence of this review to cease all further processes for the acquisition of the JSF. Should we proceed on that basis or not?

Senator Faulkner—I am not in a position— **Senator MINCHIN**—
Come on!

Senator Faulkner—wait a minute—at this hearing to second-guess the outcomes of the review of Australia's air combat capability. I know you have been inviting me to do so. I am in this instance happy to ask the Minister for Defence, Mr Fitzgibbon, if there is anything he might care to add. But as the Minister representing the Minister for Defence at this committee, obviously without portfolio responsibility for these matters, I am simply not courageous enough to go beyond the information that I have available to me. But I will ask Minister Fitzgibbon if there is anything he can add to the answer I have given, which does indicate to you what the processes are, what the terms of reference are, what the timing is in relation to the review of Australia's air combat capability and how that interfaces with the issue of the Joint Strike Fighter.

Senator MINCHIN—Thank you, Senator Faulkner, for that non-answer. When you do contact Mr Fitzgibbon you might ask him whether his statement of 30 October —to the effect: 'The Howard government has committed us to both the JSF and the Super Hornet and we accept that they will be part of our air capability mix'—still stands, or is it now the case, from reading the terms of reference and based on what the CDF has said, that that statement no longer has any veracity and it is now open to the government to cease any further steps to acquire the JSF? That is what we want to know and I am amazed you cannot give us an answer to that.

Senator Faulkner—Senator, I have actually given you an answer; it is just that you do not like the answer that I have given you. But you are so persuasive, Senator, that I am also happy to ask Mr Fitzgibbon if he cares to respond to the second question that you have just asked.

Senator MINCHIN—Thank you, Senator Faulkner. On the basis that it does seem clear to all of us that it

is indeed the case that it is open to the government to find that it is no longer going to pursue the JSF, I wonder if Dr Gumley could indicate how much has been spent on the JSF and the consequences of not proceeding with the JSF.

Dr Gumley—I can talk about the money spent. As you know, we committed US\$150 million, plus our own project costs, which run at about \$20 million a year. Compared with a purchase, if we go ahead with \$10 billion, \$12 billion or \$14 billion, that is a very appropriate amount of money to be spent. It is just like the Kinnaird process, which says that you spend money derisking projects between first and second pass. We are doing that, just like we have done on the ships and the other projects we are looking at. So I am quite happy with the project costs and the amount of money that we are spending on derisking. The derisking of the project, as we have it at the moment, is a standard first or second pass step. It is looking at the cost, the capability and the schedule. I would see this review as part of that derisking process.

Comment: The terms ‘de-risk’, ‘de-risking’ and ‘de-risking programs’ are not part of the Risk Management lexicon in either the Australian or International standards on Risk Management. These terms, also, do not appear in the Kinnaird Review Report nor were they mentioned in any of the public coverage or briefings pertaining to the Kinnaird Review or Kinnaird Process.

This point goes to the precision in language or lack thereof in Defence and the DMO. As it is being applied in the DMO ‘de-risking programs’ is resulting in ‘avoiding risk’ and risk avoidance behaviours which equate to ‘avoiding the work’, resulting in further ‘deskilling’ of Defence and Industry’. The use of ‘Total System Performance Responsibility’ (TSPR) type contracting methodologies is one way this deskilling is being done. A serious consequence of such an approach is the **transfer of control of sovereign assets** into the hands of people who don’t even live in Australia let alone are Australian.

Senator MINCHIN—Thank you, Dr Gumley. Do you have any idea how much the Australian private industry has committed to the JSF so far, in approximate terms, in its investment in this project?

Dr Gumley—I do not have that figure with me. I will get that during the break and get back to you. **Senator M INCH IN**—I appreciate that.

Senator JOHNSTON—All of this review appears predicated on one interesting point—that is, that when

we are examining the case for and against the acquisition of the F22 someone somewhere, with the power and authority over the Pacific, has said, 'You can have it.' Can anyone assist me? The last I heard was that the Japanese have asked for it, the Israelis have asked for it and we have asked for it, and everyone has been told 'No.' What is new?

Dr Gumley—The US would have to pass an amendment through to congress for the F22 to be releasable to a foreign country.

Senator MINCHIN—Could I just add to that. Does anyone at the table generally believe that there is any prospect of the United States changing its position on this and, if not, why on earth are we even examining the case for and against the F22?

Senator JOHNSTON—Absolutely.

Senator MINCHIN—Nobody has a view on that? **Senator**

JOHNSTON—The silence is deafening.

Air Chief Marshal Houston—Perhaps I could respond to that. Essentially, I think the government wants to have a look at the F22 and, if there is an overwhelming case to perhaps procure the F22, then there might be a need to approach the Americans on the basis of a requirement for that particular aircraft. They are the sorts of circumstances where there might be a need to go forward. It is slightly different from saying: 'Would we be able to get the F22 if there was a compelling case to get the' IF22? think that is different from the circumstances when the question was asked last time, which was basically: 'Would we be able to get the F22 if this air combat capability review came out with an outcome that there was a requirement for ' the I think F22? circumstances would be different. In those circumstances, an approach might be made again.

Senator MINCHIN—Can I just query you about the capacity to properly analyse and come to conclusions about the case for and against the F22 in what is about a six-week inquiry?

Air Chief Marshal Houston—I think you know, Senator, that over the years we have been maintaining a watching brief on a number of platforms. We were looking at the F22 when I became the Chief of Air Force just under seven years ago and we have continued to maintain a watching brief on it.

Comment: A former RAAF member advises that he was the Acquisition Member on the NACC Board at the time Houston became CAF and had never seen any F-22 data, nor had DMO requested it. It was not until late 2001 when the 3 Requests For Information were issued for response by

end January 2002 (one by Capability Staff, one by DMO and one by DSTO).

Therefore IF a 'watching brief' was occurring it was being undertaken by Capability Staff and not DMO project office staff who carry the responsibility for evaluation and analysis. The watching brief would not have had access to any tender quality information.

Indeed, we have one exchange pilot who is converting to the F22 at about this time; if he has not started, he is about to start an exchange posting on the F22. So we know a fair bit about the F22, we know an awful lot about the JSF and we also know an awful lot about the Super Hornet. We have another exchange pilot who I would characterise as the top gun on the FA18: he is the lead instructor on air-to-air training at the US 's training Navy squadron and he has got a large number of hours on the Super Hornet. So we know the relative capabilities in a very practical way. We have also had DSTO involved in tracking these capabilities. We have got a lot of knowledge in this particular arena.

Comment: DSTO was a member of the NACC Project Board from its instigation in 2000. NACC had a member who was qualified in combat system modelling and DSTO made a specific request for modelling quality data from each potential contender in the RFI requests of late 2001. Because the Board was by-passed by USDM, the former RAAF member advises that he has no direct knowledge of if or how the data received in early 2002 was ever analysed. However, two AIRCDRES have advised that such analysis did not occur.

Senator MINCHIN—I appreciate you informing us that you already have a lot of knowledge of the two aircraft. Isn't it on the basis of that knowledge that Defence recommended to the former government that Australia should acquire the JSF, not the F22, even if the F22 were to be made available?

Air Chief Marshal Houston—I think it comes back to a question of whether you go for one multi-role platform to satisfy all your needs or whether you go for a mix. If you bought some F22s you would probably end up with some F35s, so there is probably an option there that you could look at, which would be a mix of F22s and F35s. That is what the new government wants us to have a look at. Nobody is suggesting, as I said earlier on, F22 or F35. Rather, it might be some F35s and some F22s: a mix similar to the mix we have had for years with the F111 and the FA18. All of these things will be looked at in the context of the air combat capability review. At the end of the day, this is, as you know, a very complex area, and the new government

wants to come to grips with all of the issues that are involved with this very, very expensive procurement in coming up with a new air combat capability.

Senator MINCHIN—I just want to clarify that Defence previously did recommend the JSF ahead of the F22.

Air Chief Marshal Houston—Yes, and I do not walk away from that, because fundamentally those recommendations were made way back in 2002. We are six years on from there now and I think we know an awful lot more about all of the capabilities that are at play here.

Comment: Regional capabilities are being fielded, or are expect to be fielded in future, that will defeat the F-35, but not the F-22A. So, the requirement for the F-35 has been overtaken by Regional capabilities that outclass the JSF whenever introduced to service - which is still in a nebulous future.

We are about to embark on a white paper process; all of this will feed into the white paper process and decisions will be made at the appropriate time. As the minister said, decisions will need to be made in regard to how we handle the period from 2010 to 2015, given the fact, as Dr Gumley said, that the Super Hornet is in process now and each month we spend more dollars on that particular acquisition.

Proceedings suspended from 3.35 pm to 3.51 pm

Senator JOHNSTON—Chief, can I come back to this review of Australi's air combat capability. You have set out that we are looking at the F22. The wording on the ministr's release is:

The review will also examine the case for and against acquiring the F-22.

Quite apart from being very, very presumptuous in the context of what the Americans have already said, why on earth would we inquire and review the case for and against acquiring something that to this point in time we have been told we cannot acquire? Is there some change here that puts that into a proper context? If there is, I think the committee should be aware of it.

Air Chief Marshal Houston—I think you know the whole business of air combat capability has been an area of very vigorous debate over the last few years. There are many proponents of the F22 out there in our community. I guess what we are looking at here is the capability of the F22, given the concerns that have been raised by some of those people.

When you look at the environment out into the future, it is vitally important that we know everything we can about that environment, because we are likely to see the proliferation of highly capable air combat aircraft around the region for years to come. So this is a vital capability.

Comment: The Royal Malaysian Air Force expect to have their 12 Su-30MKM aircraft operational by the end of 2008, and are receiving a substantial amount of Russian help in that regard. Since the Su-30MKM substantially overmatches the F/A-18A/B and the F/A-18F, we can reasonably assess that Australia will lose Regional air dominance at that time. Other countries in the Region also operate Sukhois and MiGs of this level of air combat capability, and the numbers are increasing. DIO is responsible for such analyses. Head Air Force Technical Intelligence has the responsibility to evaluate the capabilities of potentially aggressor capabilities in our area of strategic interest and to brief the services according. How well they understand the capabilities of aircraft such as the Su-30MKM is a matter for debate. In a recent exchange with DIO re Sukhois, they were unaware the aircraft could carry external fuel tanks. The available tanks include a 6,000 Kg conformal centre-line tank and 2 * 2,000 kg wing tanks, which has a profound effect on this aircraft's air combat capabilities. These data were supplied to the Department of Defence by Sukhoi in a Russell Offices briefing on the Su-30MK in 2000.

Coming after Su-30 series is the Su-35BM, which has a large aperture, powerful radar, likely to be able to engage the F-35 from most directions. The aircraft has the latest technology Infra-Red Search and Track sensors and the F-35 is very vulnerable in this waveband, as its engine is substantially (160 degrees C) hotter than other combat jet engines. The Su-35BM is expected to be operational 2010-2012.

Next is the PAK-FA also being developed by Sukhoi. This is a Low Observable (LO) or stealth aircraft which is highly manoeuvrable like the F-22A and has a large shielded weapons bay. It is expected to be operational about 2013-15; i.e. before the F-35 becomes operational in 2015-16 – assuming there are no further program slippages. This, current development indicate a high risk of the F-35 being obsolete and overmatched before it is fielded.

At the end of the day, given all the different views out there in the community, some of them very well informed and some of them not so well informed, there is a need to have

a look at our plans and do a due diligence on this whole area.

Comment: Complex assessments of air capability requirements would be enriched by inviting participation from 'very well informed' sources, and particularly the retired military community wherein a huge reservoir of professional technical and operational expertise resides.

I think it is a very reasonable thing for a new government to do: assess the strategic environment that we are likely to have and what our capability requirements might be well into the future.

One of the things that the new minister mentioned was uninhabited air vehicles. Clearly, if you go out to 2045, you have to start thinking about those. I think there is a need to do this as it will feed into the white paper. The other important factor at play here is that the second pass for the joint strike fighter F35 would come in the aftermath of the white paper.

Once the white paper is out on the streets, the government has determined its defence policy. It would then be looking at, if a decision was made to continue to proceed with the F35 out of the air combat capability review and the white paper process, we then feed into the second pass of the Kinnaird process. It is quite logical in a sense: you do due diligence up-front; you do your major work in terms of the white paper. That white paper will be a very robust process involving the whole of the department. Then, it is into the business of going forward, if the government decides to go with the JSF, with second pass with the JSF. That is the process that is at play here.

Dr Gumley—There are two practical issues of the F22 that the committee might be aware of. The first is that it would require legislative amendment in the US. The second is that it would be a large sum of money to make an exportable version of that aircraft. As you took at the cost-benefit analysis, you have to factor both those into the equation.

Comment: This is totally wrong, and there have been previous submission to Parliamentary Committees that have addressed this subject directly.

The USAF, wanting its ally, the RAAF, to operate the F-22A, conducted an evaluation of the changes required to the F-22A for an 'A' version to be 'exportable' to Australia. Because of Australia's high level of inter-operability with US Forces, the changes required were minimal and have been completed. Thus, little or no additional funding

would be required for the F-22A to be exported to Australia.

That is not the case for the 'B' version to be operated by nations other than Australia. For the technology of the F-22A to be secured against such events as loss or defection, substantial investment would be required.

Senator MINCHIN—I just want to ask whether this review team is required to report on the cost implications of any recommendations it makes?

Air Chief Marshall Houston—Absolutely yes. Let's face it; the F22 is very expensive. **Senator MINCHIN**—Twice the cost per unit of the JSF?

Air Chief Marshall Houston—In all probability, yes. On top of that, there is a requirement to make it exportable which probably means several billion dollars more for an exportable aircraft. These are some of the realities that the review will be looking at.

Comment: The cost of making an 'exportable' version has been dealt with above. CDF has received personal briefings on the 'exportable' state of the F-22A.

Comment: The F-22A is currently in production and its costs are known. US acquisitions in 2009 cost the 20 F-22A purchases at \$USM170 per aircraft, and the 23 F-35 at \$USM231 per aircraft. The eventual cost of the F-35 is unknown but development difficulties and delays in the program have its mature cost escalating towards that of the F-22A. If any large customer – such as the USN-defects, F-35 cost may well exceed F-22A costs by a substantial margin.

When assessing the cost, Defence should use 'Cost of a capability' rather than 'cost of an aircraft'. Assessments of the relative capabilities of the F-22A and the F-35 suggest that the former is several times more capable than the latter. Finally, if the F-35 fails to achieve air dominance – a task for which it was not designed – with the result that it is destroyed in large numbers in air combat, then its cost-benefit contribution to air combat capability is: zero.

CHAIR—Are the additional costs involved in making the platform exportable because it would be customised for Australian demands?

Air Chief Marshall Houston—It would need to be in a form that protected the technology that is fielded in the F22.

Senator JOHNSTON—Dr Gumley, you are on the review panel I am pleased to see. On the situation with respect to these aircraft, I see that we are shopping around because we have no confidence in what has been done to this point. That is the clear inference from this inquiry.

Dr Gumley—I do not think that is correct, Senator. I think we have a lot of confidence in the work that has been done in the last couple of years.

Comment: the assessment work that has been done should be revealed. While there was such assessment completed as part of the Explosive Ordnance Studies, there is a paucity of other evaluations of the capability of various air combat aircraft and systems.

Senator JOHNSTON—The inquiry is reviewing—everything is on the table. We have already canvassed there the \$400 million plus several million per month or per day, whatever, with respect to the Super Hornets. We are also looking at the case for and against F22, and I trust it is F22A. We are also looking at what other aircraft we might use. I hope we are putting Super Hornets into that mix. Can you confirm that the Super Hornet will be a part of the review?

Air Chief Marshal Houston—I might take that. The first part of the review will obviously look at the Super Hornet. Essentially, the review will be conducted in two stages. The fourth part of that is the status of plans to acquire the FA1 8 Super Hornet and also a comparative analysis of aircraft available to fill any gap that may be left by the withdrawal of the F111. So the Super Hornet is very much in the initial part of the review.

Senator JOHNSTON—At the second stage?

Air Chief Marshal Houston—I will read the second stage, part b, straight out the terms of reference: ... the status of plans to acquire the Joint Strike Fighter (JSF) and the status of the JSF project, including: i) the implications of the F/A-1 8 Super Hornet acquisition for the planned JSF acquisition . . . So the Super Hornet is going to be there in the first part and the second part.

Senator JOHNSTON—Very good, thank you. I have no further questions on this.

Senator MINCHIN—I wonder whether, in the light of this review, you could brief us on the current status of the F111 and indicate to us whether there have been in the last 12 months serious issues raised with respect to the

operational capacity of that aircraft, given the age of the aircraft?

Senator JOHNSTON—And particularly with reference to the F15 structural failure recently.

Air Chief Marshal Houston—First of all, the F15 in the United States—this is the F15C, I believe, the air defence version of the F15—suffered a very serious structural failure. I will not go into that in detail. But in terms of the F111, essentially after the decision was made by the last government, we are in the process of running down the F111 capability. The F111Gs have been retired from service and right now we have, I think, about 18 F111s remaining. Essentially we have also been running down the support capability. So everything we are doing is focused on withdrawing the aircraft from service in 2010 in line with the government decision that was taken the year before last. That is the status of the program at the moment.

Senator MINCHIN—And that remains the case—you have not put those processes on hold, have you?

Air Chief Marshal Houston—No, the process continues. It is probably important to get an early decision, hence the need to do part 1 of the air combat capability review in a timely manner, because some of the workforce in the F111 are required to transition to support the Super Hornet and obviously there is a need to train air crews and so on and so forth. So we have not got there yet, but there is a critical point. We probably are almost beyond the point of no return in terms of the F111 capability. It would take a huge investment to turn it around and resurrect it so that it could cover the whole of the period we are talking about.

Comment: Not so. The F-111 capability has been recently audited by ANAO and has been found to be sound. All that needs to happen for the F-111 to be available until 2015 is for logistics funding to be restored. The Software Facility also needs to be restarted to maintain capability upgrades for the aircraft. The ANAO costs indicate that five years of F-111 operations would cost of about 15% of the cost of acquiring and operating the F/A-18F Super Hornet.

Let us talk in terms of JSF. First JSF squadron is due to get that initial operational capability 2015 or 2016. So we are looking at a capability that has to cover the period to 2015.

Comment: This assumes the JSF program suffers no further slippage – a low probability given the past development history. Also of concern is that the clearance of air-to-ground weapons has been delayed and diminished in scope, so squadrons of F-35s in 2015-16 may have very limited strike capability, thereby creating a substantial ‘capability gap’.

In order for the F111 to do that, there would have to be considerable investment in enabling it to do that. I would also add that the F111 increasingly does not fit into the modern air combat environment that we see out there in the region. I know this is a point of great debate, but the fact remains that it is very much a product of the sixties and seventies. It is a fast aircraft; it has a large radar cross section; it does not manoeuvre particularly well; and it would have to be escorted by other aircraft to get through to the target.

Comment: The F-111 has the range, pay-load and speed to fly mission profiles that can avoid interception, especially when the aircraft is fitted with a capable radar warning receiver. If operated with or without the F-22A as escort (operational necessity dictates the use of escorts), it can effectively deliver large ordnance loads over great distances. By contrast, both the F/A-18F and the F-35 are ‘slow’ aircraft and if engaged, are effectively ‘sitting ducks’ as they cannot disengage from aircraft such as the Su-30/35/PAK-FA which have the performance to run them down and destroy them. So, it is the ‘slow’ aircraft like the F/A-18F and the F-35 that are most in need of fighter protection.

One of the things about that *Four Corners* program that really did not come over terribly well was the fact that if you are going into a contested environment you would have to have a fighter escort.

Comment: Not so. The mission profiles were constructed using flight manual data for each aircraft. The F-111 was able to fly a mission profile that avoided radar detection and this point was made in the program. If armed with JASSM cruise missiles, it could release weapons and use its fuel and speed to escape from intercept from aircraft such as a Su-30. By contrast, the relatively poor range / payload for the F/A-18F require it to fly High-Low-High profiles and to ‘drag’ supporting tankers into ranges where they can be detected by ground and airborne radars. So, in the *Four Corners* scenario, it is the F/A-18F that needs competent fighter escort, not the F-111.

You can compare that to a capability like the Super Hornet, which has not only hard kill capabilities but also electronic attack capabilities. It has a capacity to go through a defended area and it can deal with the threats using modern systems and modern technology. A capability like that connects into our system. It is ideally suited to being in a networked air combat system.

Comment: A vignette in the *Four Corners* program showed Fighter Combat Instructors (Australia's *Top Guns*,) briefing for a mission against Sukhois. Their loss assessment was to 'accept up to a 50% loss rate' of the Hornets on the mission! This is a horrendous loss rate – for example the attrition for the RAF Bomber Command over Germany in World War II was about 5% per mission. This estimate does not corroborate the previous statement, nor that the Sukhois will be defeated by the F/A-18F which in some areas critical to air combat survival is inferior to the existing Hornet Fleet.

Comment: A chain is only as strong as its weakest link, and 'Network Centric Warfare' is a chain of connections, each vulnerable to attack. Russian weapons have the capability to 'jam' network communications and to engage high-value targets like the AEW&C and MMRT aircraft at ranges of 200 nm, and like the F/A-18F, these aircraft are so slow, then can be easily run-down and destroyed by aircraft with the range-payload capabilities of the Su-30/35 series.

As I said very early in the debate we have had today, what is important is a capability that fits into an air combat system which enables you to have very good situational awareness about everything around you. The modern aircraft are fifth generation aircraft, and aircraft like the Super Hornet are optimised for those sorts of conditions. In answer to your question—I have been a bit long-winded—the F111 is probably at the point of no return in terms of resurrecting it, without spending a huge amount of money.

Comment: Totally wrong and a statement not supported by the facts.

Senator MINCHIN—Finally on this, there have been numerous reports suggesting that defence did not support the acquisition of Super Hornets as the interim capability. That is not my understanding. Could you confirm that defence does, and did at the time, support the acquisition of Super Hornets as the interim capability?

Air Chief Marshal Houston—I will not breach cabinet confidence. I do not think it would be appropriate for me to do so, but let me just say that there is 100 per cent support for the Super Hornet in the Defence Force **at the moment**. It is an awesome capability. It is very much a modern capability. I could run through the sorts of capabilities it provides for us, but I think it provides a good capability for the Defence Force in our present circumstances. I think if you were to go to Amberley or Williamtown and talk to the people that operate the aircraft you would find that they are 100 per cent behind it.

Dr Gumley—Could I just answer a question that the senators put earlier? I do not have the investment of Australian companies into the JSF program, but I do have the fact that 24 Australian companies have won work of approximately \$160 million to date, with another \$130 million under negotiation at the moment, directly for the low-rate initial production phase of the aircraft.

Comment: How does this compare with the value of the F-111 logistic support, completed almost entirely in Australia? Using the ANAO estimates suggests this is equivalent to about one year of F-111 support costs – work mostly undertaken in Australia.

Air Chief Marshal Houston—I saw something on the TV the other night—in fact, I saw it in the middle of the night on the internet, when I got back from what I was doing—which was a description of the Super Hornet which I would strongly disagree with.

CHAIR—I saw that too.

Air Chief Marshal Houston—I would like to put on the record that the Super Hornet is a very good capability. It is a capability that is genuinely better than anything around at the moment, other than an F22 or an F35. It is generation 4.5. It has an incredible ability to network into an air combat system, as I have already mentioned. It has a very advanced radar. Its radar is very similar to the radar that is fielded in both the F22 and the F35, and it has some awesome characteristics that make it very useful not only in the air-to-air role, but also in all of the roles that it performs.

Comment: These capabilities are all irrelevant of the aircraft is destroyed in its first engagements with a late model Sukhoi or MiG.

This aircraft is more than a match for the Sukhoi aircraft that are out there in the region. This would give us an ability to maintain a very large capability edge over the Sukhoi capabilities that are being fielded in and around the region **at the moment**. Importantly, it is a multirole aircraft that not only performs very well in the air-to-air environment but also can meet all of our strike capabilities, including the vital maritime strike area. I could go on a fair bit about that but I think it is important to put on the record that this a very good capability. There is nothing better in the region **at the moment** and this would give us a very sharp edge over the other capabilities that are fielded in the region **at the moment**.

Comment: Notice the repeated use of the term '**at the moment**'. Air Combat is a strategic capability, and dominance of the air in the Region is quoted as being essential in the existing White Paper and will be in the Government's forthcoming document. Why? Because if you lose air dominance you lose National Sovereignty.

The RMAF expect to reach IOC with their 12 Su-30MKM's by the end of 2008, and have considerable Russian support in-country to achieve this goal. At this time, Australia's air combat fleet will be overmatched, and this situation will not improve with the use of the F/A-18F, which, while an improvement over the F/A-18A/B, will also be overmatched. RMAF expects to acquire more Sukhois, Indonesia has also signed for an additional 20.

After the Su-30MK series comes the Su-35BM expected to be operational 2010-12 – a considerable improvement of the type and with sensors that will penetrate most of the F-35 JSF low-observability in X-Band Radar and radiation in Infra Red bands.

Next comes the PAK-FA, with an IOC of 2013-15 expected – this is a highly manoeuvrable, Low Observable aircraft with a weapons bay larger than the F-22. As noted above, the F-35 JSF IOC is about 2015-16, so the PAK-FA could be in the Region before the F-35 JSF, effectively negating its capabilities before it is even deployed.

Finally, the F/A-18F does not meet 'all of our strike capabilities'. As a medium strike aircraft it lacks the range and payload to engage some critical targets. As an example, it is too small to carry the GBU-28 'Bunker buster'

bombs – required to engage some targets that weapons like the Small Diameter Bomb cannot penetrate.

CHAIR—Thank you for that, CDF. I too saw that extract on the ABC the other evening and noted the choice of language. I think it referred to the Super Hornet ‘dog as of a plane’ or something to that effect. I remember hearing it at the time and thinking it was a rather remarkable comment from such a former senior member of the armed forces.

Comment: The ‘Super Hornet’ flight manual shows that the maximum speed of the F/A-18F in a standard air combat configuration on an ISA+10 day is Mach 1.08 at 35,000 feet. If terms of competent air combat fighter aircraft, if this is not a ‘dog’ then one wonders what is. The term ‘sitting duck’ would also be a fair description.

Closing Comments:

Reading the Hearing report longitudinally, there are some serious non-sequiturs or errors in logic. The statement identifies the risk and the requirement to address that risk: ‘When you look at the environment out into the future, it is vitally important that we know everything we can about that environment, because we are likely to see the proliferation of highly capable air combat aircraft around the region for years to come. So this is a vital capability.’

So, according to this statement, ‘This (F/A-18F) aircraft is more than a match for the Sukhoi aircraft that are out there in the region. This would give us an ability to maintain a very large capability edge over the Sukhoi capabilities that are being fielded in and around the region at the moment. Does this mean that the F/A-18F is adequate to match just the 4 Indonesian Sukhois, or does it apply to the Malaysian Su-30MKMs, the Indian Su-30MKIs or the Chinese Su-30MK2s? If the F/A-18F is adequate to match these Sukhois, then where is the need for the F-35 JSF? Conversely, if the F/A-18F is inadequate, as most informed air combat analysts conclude, then why purchase the F/A-18F when it already overmatched by the Su-30MKIs and MK2s, will be further overmatched by the Su-30MKMs in 2008 – before the planned arrival of the F/A-18F in 2009?’

The import of this statement is a key to the future development of Australia’s Air Combat Capabilities: ‘looking at what is likely to happen in our near region and the broader region and essentially at what the developments in air combat technology are likely to be through the next 40 years.’ Using the USAF’s analysis that the F-22A is an essential

capability to impose air dominance, and Australia's stated requirement to maintain Regional Air Dominance over aircraft of the same type as the USAF must defeat, logic suggests that the F-35, not designed for air dominance, must at the very least be protected by an aircraft that is a competent air dominance weapon – the F-22A.

Finally, the Committee members did not ask about cost-benefit analyses. Given that the current estimated cost is circa \$16B for the F-35 and \$6.5B for the F/A-18F, a total of \$22.5B and easily the most costly Defence capability in Australia's history, the cost benefit of alternatives might be productively investigated. Under the US DoD capability analysis and development system, such analyses are referred to as AoAs – Assessments of Alternatives – and include quite detailed and robust cost effectiveness and cost benefit analyses.

Proceedings suspended from 5.53 pm to 7.32 pm

Annex C

Ted Bushell
30 Hillside Rd
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29th May 2008

Mr Harry Evans
Clerk of the Senate
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***PROBLEMS WITH PARLIAMENTARY CHECKS AND BALANCES
- WITH PARTICULAR REFERENCE TO THE DEPARTMENT OF DEFENCE***

As a retired RAAF engineer officer with some 35 years of experience, I have been following the effects of the structural changes that have been imposed upon that service, as well as those that are still evolving within the Department of Defence, with increasing concern. To a large extent, I feel that the Department has been allowed to proceed along lines that are not in the interests of Australia's future security. My reasons for this conclusion are traced through the paper attached.

I hope that my observations in regard to the effectiveness of current Parliamentary checks and balances may be of particular interest, as the success of these processes is central to ensuring acceptable departmental performance and that we will continue to develop as an open and healthy democracy.

Kind Regards,

(E.J. Bushell)
Air Commodore AM (Retd)

Attachment: Paper: 'Problems With Parliamentary Checks and Balances'.

***PROBLEMS WITH PARLIAMENTARY CHECKS AND BALANCES
- WITH PARTICULAR REFERENCE TO THE DEPARTMENT OF DEFENCE***

Overview.

Over recent years, there has been a series of instances where the evidence put by the Department of Defence to Parliamentary Inquiries and Reviews into Australia's air superiority has been in conflict with the observable facts.

Public submissions have been made to several inquiries and reviews, aimed at correcting the misconceptions and unsubstantiated positions put by Defence, but wholly without effect.

Part of the problem lies in a lack of robust operational, technological and management expertise within the Services and the Defence organisation. Another part lies in a similar absence of the independent skills needed to test evidence amongst, or available to, members of the Parliamentary Committees undertaking Inquiries into Defence.

As a result of Defence's now entrenched position, coupled with the absence of effective testing of the evidence put to inquiries, Australia is now faced with:

- the loss of its air superiority, with the consequential loss of the ADF's ability to undertake independent operations,***
- a loss of strategic capability in our region,***
- becoming a strategic liability to the US and our other allies, and***
- the expenditure of \$A30 Billion to no useful effect.***

The purpose of this paper is to trace the development of this situation and, in particular, emphasise the vital role played by effective Parliamentary checks and balances on Defence planning and performance.

The Defence Annual Report 2002-2003.

The protracted problems resulting from the poor quality of evidence presented by Defence to Parliamentary Inquiries and Reviews in relation to Australia's new air combat capability planning can be traced back to the Review of The Defence Annual Report 2002-2003. Five substantial submissions were made to this review that highlighted problems with the evidence put to the review by Defence. As a result of these submissions, a JSCFADT Inquiry into ADF Air Superiority was commissioned.

From that time, a constant Defence Media campaign was mounted, supporting the positions that Defence had taken, while denigrating or ignoring anything to the contrary. In particular, extravagant capability claims for the Super Hornet and the JSF have been made, which

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With Particular Reference to the Department of Defence.*

seem to reflect only manufacturer's presentations. They certainly did not reflect any sober analysis based upon the principles of due diligence and caveat emptor.

The JSCFADT Inquiry into ADF Regional Air Superiority.

My personal concerns stem from the JSCFADT Inquiry into ADF Regional Air Superiority that began on 14th June 2005. This inquiry involved a total of 55 Senators and other members of Parliament working over two years or so. The Terms of Reference required the Committee to inquire into:

- The ability of the ADF to maintain air superiority in our region to 2020, and
- Measures required to ensure air superiority in our region to 2020.

Throughout this inquiry, I was struck by the many statements made by Defence, as well as by those supporting Defence's position, that demonstrated an obvious lack of understanding in depth of the operational and technological factors involved. These shortcomings were identified, analysed, and explained in detail in the comprehensive submissions put to the Inquiry by many from outside Defence who had considerable experience and expertise. Regrettably, these submissions were not given the weight and relevance that they deserved. On one hand, Defence either ignored any evidence that conflicted with its position, or waived it aside with unsubstantiated and vague 'expert' opinion. On the other hand, the Inquiry did not have, either amongst its members or available to independently, the expertise required to test Defence evidence, or to evaluate the externally-provided evidence put before it. As a result, all Defence statements and opinions were accepted as fact.

As a result, the positions put by Defence prevailed and, having the 'blessing' of the Inquiry, those positions became the foundation stones for all subsequent airpower planning. In effect, the Inquiry condoned:

- The loss of our deep strike deterrent capability, based solely upon vague fears about flight safety and costs, neither of which was substantiated. In fact, both were refuted. The Inquiry did not press for evidence in the form of the studies and reports that led Defence to those fears.
- The unequivocal selection of the JSF, without recognition of the unqualified and unquantified capability, cost, and timing risks that have persisted with this aircraft over its long development.
- The creation of a capability 'gap' that need not have existed. This led to the purchase of the overly expensive and inadequate Super Hornet, which has opened the door to further purchases of this aircraft as the gap widens with the protracted delay in introducing the JSF, itself not an air superiority fighter.
- The loss of the highly effective air combat capability system integration and support facilities currently existing within the RAAF and Australia's Defence Aerospace Industry.

It is important here to note that the Inquiry did make two very important recommendations which were aimed at maintaining a measure of continuing monitoring of Defence planning and its consequences. It is equally important to note that the Government, presumably advised by

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Defence, did not agree, and so Defence was permitted to go ahead without adequate Parliamentary checks and balances.

In brief, the situation outlined has arisen as a result of major deficiencies in three areas:

The RAAF. There has been a widespread downsizing and de-skilling of the RAAF as a result of the impacts of the Defence Efficiency and Defence Reform Reviews, coupled with an over-zealous application of the Commercial Support Program. This has impacted the RAAF at all levels, particularly in military intelligence, operational analysis, technological analysis, and general management competencies.

Defence. Defence structural changes have seen the continuing growth of a bureaucratic overhead that intrudes too far into core military matters, is too large and complex for the proper management of Australia's small forces, and is poorly focussed. This problem is greatly aggravated by the Bureaucracy's entrenched inability to accept criticism or responsibility, as evidenced by the findings of the Proust Review into Defence Management.

The air superiority problems we face can be traced principally to the failure of Defence to follow the rigorous analytical processes that were set up initially by the New Air Combat Capability Project Office. These were not understood by the bureaucracy, so were abandoned. The JSF and subsequent major equipment selections and purchases have proceeded without such analyses, with the inevitable consequences.

Parliamentary Processes. There has been a marked reduction in the ability of Australia's traditional parliamentary processes to ensure that an effective system of checks and balances is in place to monitor and guarantee the standard of governance within our Departments and the quality of their decisions.

Of these three areas, the need for effective parliamentary processes is by far the most important if Australia is to remain a competent, working democracy. Effective checks and balances should aim to identify and rectify problems in the chain of departmental management to ensure that decisions are well based and their implications understood clearly. Defence is a particularly difficult challenge as the revolutionary changes that have been imposed have never been reviewed in whole. The Department has just been left to its own devices.

The Senate Estimates Hearing of 20th February 2008.

The positions and evidence put to the JSCFADT Inquiry by Defence were again put to the Senate Estimates Hearing of 20th February this year. However, the evidence, as recorded in Hansard, indicates that none of the contentious statements made by Defence was subject to any meaningful testing. As a result, far too much weight was again given to unsubstantiated statements by 'expert' Defence witnesses. I am of the opinion that there is far too much disagreement between what the Defence witnesses said and what the readily-available facts indicated, a situation that begs proper investigation, if the mistakes made are to be rectified.

Attached is a copy of the Hansard report, marked up to identify those areas of concern that were not identified or tested at the hearing. This was sent to the Hon Senator Bishop on 7th March 2008 under cover of a letter carrying eight signatures. I supported this submission in a subsequent letter, a copy of which is also enclosed. Regrettably, there has been no response to date.

The Current New Air Combat Capability Review.

Because of continuing controversy, the newly-elected Government announced a two-part review under the Minister for Defence of current air combat capability planning. Unfortunately, the Minister elected, or was persuaded, to conduct the review internally to Defence, assisted by several of those who contributed to current poor planning decisions. Not surprisingly, the Phase 1 Report echoed the positions put to the JSCFADT Inquiry and simply confirmed all current Defence planning in regard to the F-111 and Super Hornet.

Again, considerable detailed and well-developed evidence was provided to Mr Orme, who conducted the review, by experienced military, academic, and Defence Industry experts. Offers of independent expertise were also made by several persons with considerable experience in those areas where Defence has acknowledged deficiencies. In both cases, the assistance was ignored and ignored totally. Again, vague and unsubstantiated, misleading opinion and statements prevailed, even in the face of evidence to the contrary coming from US Government Agencies. The review became Defence simply confirming its own contentious actions, and as such its findings can carry no legitimacy. I have included my submission to this review to provide insight into some of the factors involved.

Conclusions and Summary.

The common thread running through these three inquiries and reviews is stark. Defence continues to stand by misleading statements which have been accepted by Parliamentary inquiries and reviews without adequate testing.

My reasons for writing to you are fundamentally two-fold:

Firstly, I wish to emphasise the importance of effective Parliamentary checks and balances in ensuring that departments are open to scrutiny, and that such scrutiny assures the people of Australia that departments are working effectively and openly in their interests rather than the interests of the departmental bureaucracy. Given effective checks and balances, significant weaknesses in departmental structure and management practices can be identified and corrected. In the absence of effective Parliamentary checks and balances, departments may act as they please, feel free of any constraints, and avoid responsibility with impunity. As a result, Ministers, and thus Cabinet, Government, and Parliament also run the danger of becoming captives of a department.

Secondly, I feel that present Parliamentary checks and balances are not working insofar as Defence is concerned. The symptoms relate not only to Australia's air superiority planning, but extend to the Department's handling of Military Justice, failure to observe the Attorney-General's Legal Services Directions, failure to observe its own Defence Charter, and the adverse impacts of Defence Materiel Office contracting practices upon Government policies in respect of Australia's need for a robust Defence Industry Base to ensure our national self-reliance.

The fundamental causes behind the current situation have been identified earlier. At the Parliamentary level, improvement must include having appropriate, independent expertise available to all inquiries and reviews. This does not mean experts from within the Department concerned, for it is the quality of its decisions that is being tested. Nor does it mean Ministerial or other advisors, who invariably do not have the span or depth of the expertise needed. Too

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often now, we see departments introducing US Government processes, but not taking the step critical to success by providing the appropriate, impartial specialist expertise essential to establish the facts. There must also, I believe, be a reorganisation and re-skilling of the Services in depth to ensure that Service requirements are analysed by those who have to carry directly the practical results of their decisions. The Services need to have returned to them their Support Commands and the specialist skills that resulted in wise decisions being taken, with few problems, over some 70 years.

I do hope that these observations will be of interest to you in bringing into practical focus the feeling that current Parliamentary checks and balances are not working, at least not in respect of Defence, and that any continued failure must result in our parliamentary processes being seen as meaningless. This, of course, can not be allowed to happen if we are to remain a robust democracy.

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Attachments:

1. Letter to Senator, the Hon Mark Bishop dated 7th March 2008
'Senate Estimates Evidence: A Quality Assurance Process.'
Covering (Marked up) Hansard Excerpts from Standing Committee on FADT Estimates, February 2008.
2. Letter to Senator, the Hon Mark Bishop dated 19th March 2008, further to Attachment 1.
3. Evidentiary Submission to the Review Team - Review of Australia's Air Combat Capability.