

The Proust review:

Yet more tinkering

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By the ADA's count, the Defence Management Review (DMR) led by Ms Elizabeth Proust is either the 9th or 10th big review since 1981, following the expiry of Tange's imperious decree that no reviews of his arbitrary 1974 reorganisation were to be conducted for seven years. Obviously any structure that needs such perennial review begs the question as to why they are needed so often. One obvious answer is that none of them have really adopted a first-principles approach and seriously examined the structure instituted by Tange. Indeed we have now had over a generation of politicians, public servants and ADF personnel grow up with their whole working life spent with this convoluted regime. Few now know any different, can visualise anything better, or indeed sustain much hope that reform, especially from within, is still feasible.

Somewhat fittingly, the DMR was commissioned on the fortieth anniversary of the Battle of Long Tan. Perhaps this reminded the team just why we have a defence force and, indeed, a Department of Defence. The terms of reference were quite narrow and dwelt on examining departmental processes rather than the structure and organisation causing most of the department's problems. ADF command and control was also quite properly excluded, not least because the four-person review team had only one member (Vice-Admiral Chris Ritchie) with any skills in this regard – and because such matters are more quickly and regularly fixed internally through the testing demands of ongoing military operations and subsequent command directives.

But the overall effect was that the DMR's efforts were like trying to do an autopsy without examining half the body (especially the heart, limbs and at least half the brain), and without being able to investigate the pre-existing conditions of the patient or how healthy they were and fit for purpose beforehand. Somewhat bizarrely, one term of reference was even to examine 'the appropriateness of and need for military personnel in non-operational or executive positions in the organisation ...', with the definitions of *non-operational* and quite what was meant by *the organisation* left hanging.

As with many of its predecessors, the report shows a continued failure to adequately define the term administration when used in relation to both a defence force and a department, and to differentiate clearly between policy and strategy functions and tasks. Furthermore, the report's analysis appears based on the mistaken belief that 'policy' is a fully-fledged departmental output rather than chiefly an input to the development, sustainment and operation of an effective defence force.

The report rejected the New Zealand model of separating the department and the defence force, apparently due to concern it would not work in Australia because of the larger size of both and the greater complexity of Australia's defence efforts compared to New Zealand. This is a bit of a circular argument and ignores the microcosm principle. Of course comparable New Zealand agencies are smaller in absolute terms. But the Kiwi Ministry of Defence and HQNZDF are both much smaller proportionally, in relation to the size of the NZDF, than the ADO is to the ADF, because the New Zealand structure is purpose-designed to avoid duplication and maximise efficiency and accountability – not least to the Minister they happily share.

Curate's egg

The report of the DMR was released late in the afternoon of Maundy Thursday 05 April 2007. Somewhat unusually, it was released with what purported to be the Government's response to the report's recommendations. Even more unusually even the Minister's press release stated that 'Defence has agreed to implement ...' rather than the Government or the Minister appearing to be much involved.

The report is a curate's egg. To continue the allusion, there are scrambled parts showing the haste involved at times, some ideas clearly poached and served up from commercial practice, all mixed with some very hard-boiled observations and deductions.

One of the best argued sections of the report covers the operation of the diarchy and how many of the governance, process and accountability problems in other areas are directly attributable to it. Given the review team had been effectively nobbled from recommending structural reform, they naturally and admirably concentrated on what it would take to improve the existing diarchy. Sadly, but predictably, the two key recommendations, relating to greater definition and delineation of the roles and responsibilities of the CDF and Secretary, were the only two recommendations not accepted by the CDF and Secretary ... oops I mean the Minister.

The problem here is a simple one and is largely threefold. First, having both public servants and military personnel together in the organisation helps perpetuate the myth that its governance arrangements need to be unique, are immutable and must reflect both professions. That this 'principle' is not applied, for example, to police forces and emergency services, which have essentially the same type of division in their workforce, is ignored. Second, the incumbents of

the two top jobs are, by definition, excused from having to endure the widespread, needlessly destructive and often counter-productive frustrations that amorphous diarchical arrangements cause at supervisory and working levels on a daily basis. Third, you do not get to the top if tortured by self doubt. Even though CDFs and Secretaries encounter and understand the problems on the way up the greasy pole at Russell Offices, when they get to the top there is a tendency for each to think that they are 'the one' that can and will finally make it all work. Only in retirement do most former CDF's end up lamenting not trying to fix or replace the diarchy when they could and should have.

Lost opportunity

Interestingly, the suggestion keeps bobbing up that the previous Secretary (who retired half-way through the review) might have been much more relaxed about the matter of definition and delineation than his successor – who is a newly minted departmental head and was perhaps not keen to embrace significant change without a longer look at the problem.

If so, a golden opportunity for real reform has been lost as the fundamental flaw, identified again by Proust, remains. If the diarchy is retained, genuine accountability can only be improved if shared responsibilities are minimised by clear definition and delineation – not maximised in pursuit of the chimeras of 'shared accountability', 'co-operation' and 'flexibility' as in the current set-up. This is not just an organisational issue but also a cultural and procedural one, because it involves acknowledging the logically quite different purposes, professionalism and cultures of the Public Service and the ADF. It also means truly acknowledging that the Westminster principle of civil control of the military is control by Ministers and Parliament, not by a civilian bureaucracy.

Moreover, the current structure is completely dependent on good personal relations being maintained – and not just between the Secretary and CDF, but between their public service and defence force subordinates throughout several layers downwards. If serious personality clashes recur at or near the top, the diarchy will fail again as it did so catastrophically in the late 1990s and early 2000s. Especially if the third member of the governance equation, the Minister, is again someone politically or personally compromised as he was during the last diarchical nadir.

The other 50 recommendations accepted by the Secretary and CDF ... oops I mean the Minister, generally make sense although some are motherhood statements and many reflect things that are being tried anyway or have been tried before. They essentially fall into the categories of ministerial oversight, accountability and governance, personnel development and management, financial reform, and information management.

Ministerial Oversight in the frame

One area where the DMR was notably and appropriately adventurous was in discussing the troubled relationship between the department and its Ministers. The functional relationship has been steadily deteriorating over recent decades, but at the same time the number of decisions

requiring departmental advice to Ministers, and decisions by those Ministers, has been increasing significantly. Up to the mid 1990s the department and the ADF generated around 1000 Ministerial submissions a year combined. The number is now approaching 6000. The complexity of many of the capability development decisions involved has also increased substantially and the money involved is orders of magnitude greater in some cases.

At the same time, ministerial political staffs have increased in size but often more for political management reasons, with few staff actually knowing much about defence as an issue and even fewer being willing to admit it. There has also been a growing tendency to centralise decision-making on even minor issues with a Minister. Even the most trivial announcement on ADF activities or capability development is now trumpeted in political terms via ministerial press releases, rather than explained or announced in appropriately non-partisan or professional terms by the Service, formation or unit commander actually concerned.

The Proust report therefore recommends greater induction training for new Ministers and ministerial advisers and, as a sop to their sensibilities, also for senior departmental staff. This recommendation is buttressed by all the usual guff about aligning strategic directions, visions and goals and everyone learning about they can best support Ministers. A recommendation to introduce 360-degree appraisal for senior civilian and military appointments in the department and the ADF, including an external stakeholder perspective, is also a good idea but will need to be done carefully to forestall concerns about real and perceived political patronage.

Most of the department's problems can be attributed to it being too big and too complex. Any solution has to start somewhere and the best place is with ministerial oversight. Defence obviously requires three full-time Ministers, a senior one and two juniors, to appropriately handle the responsibilities and the workload – as was first identified 50 years ago by the Morshead Review into defence administration in 1957. Such a structure would also provide a method to groom potential Ministers for Defence in more junior positions. It would also encourage prime-ministers to appoint more competent junior ministers. The quality of several junior ministers and parliamentary secretaries over the last 20 years or so has been nothing short of appalling.

Now for the next one

In summary, the Proust Review was hastily conceived, saddled with terms of reference that were far too narrow, and pointed in the wrong direction. Despite their good work, the review team were then patronised by the timing of the report's release and by the key judgements on its recommendations being made by those in the dock rather than the judge. It was encouraging, however, to see some thought go into the composition of the review team, particularly a chairwoman with significant business and public sector experience and the inclusion of a senior and respected ADF officer for once.

The review has, however, provided a good basis for the inevitable next one. Based on departmental history this should be convened sometime in 2010. ♦

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