



House of Commons  
Defence Committee

---

# **Annual Report for 2003**

---

**Second Report of Session 2003–04**





House of Commons  
Defence Committee

---

**Annual Report for 2003**

---

**Second Report of Session 2003–04**

*Report, together with formal minutes*

*Ordered by The House of Commons  
to be printed 28 January 2004*

**HC 293**

Published on 4 February 2004  
by authority of the House of Commons  
London: The Stationery Office Limited  
£0.00

## The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

### Current membership

Mr Bruce George MP (*Labour, Walsall South*) (Chairman)  
Mr Crispin Blunt MP (*Conservative, Reigate*)  
Mr James Cran MP (*Conservative, Beverley and Holderness*)  
Mr David Crausby MP (*Labour, Bolton North East*)  
Mike Gapes MP (*Labour, Ilford South*)  
Mr Mike Hancock CBE MP (*Liberal Democrat, Portsmouth South*)  
Dai Havard MP (*Labour, Merthyr Tydfil and Rhymney*)  
Mr Kevan Jones MP (*Labour, North Durham*)  
Mr Frank Roy MP (*Labour, Motherwell and Wishaw*)  
Rachel Squire MP (*Labour, Dunfermline West*)  
Mr Peter Viggers MP (*Conservative, Gosport*)

### Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at

[www.parliament.uk/parliamentary\\_committees/defence\\_committee.cfm](http://www.parliament.uk/parliamentary_committees/defence_committee.cfm)

A list of Reports of the Committee in the present Parliament is at the back of this volume.

### Committee staff

The current staff of the Committee are Mark Hutton (Clerk), Steven Mark (Second Clerk), Ian Rogers (Audit Adviser), Dr John Gearson (Committee Specialist), Lis McCracken (Committee Assistant), Sheryl Dinsdale (Secretary) and James McQuade (Senior Office Clerk).

### Contacts

All correspondence should be addressed to the Clerks of the Defence Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5745; the Committee's email address is [defcom@parliament.uk](mailto:defcom@parliament.uk). Media enquiries should be addressed to Adele Brown on 020 7219 0724.

# Contents

---

<b>Report</b>	<i>Page</i>
Introduction	3
Inquiries carried out into Government policy proposals	3
SDR New Chapter	3
Inquiries into areas seen by the Committee as requiring examination because of deficiencies	4
Missile Defence	4
Inquiries into departmental actions	6
Lessons of Iraq	6
Defence Procurement	6
Developments with QinetiQ	7
Strategic Export Controls	7
Afghanistan	8
Inquiries into associated public bodies	8
Inquiries into major appointments	8
Inquiries into the implementation of legislation and major policy initiatives	9
Examination of any draft legislation	9
Arms Control and Disarmament (Inspections) Bill	9
Draft Civil Contingencies Bill	9
Armed Forces Pension and Compensation Arrangements	11
The Government's proposals for secondary legislation under the Export Control Act	11
Examination of expenditure	12
Examination of Public Service Agreements	13
Extent to which a systematic structure is in place for meeting the indicative tasks listed, and response of department	13
Looking forward	14
<b>Annex A: Informal Meetings during 2003</b>	<b>15</b>
<b>Annex B: Specialist advice sought during 2003</b>	<b>16</b>
<b>Formal minutes</b>	<b>17</b>
<b>Reports from the Defence Committee since 2001</b>	<b>18</b>



## Introduction

1. We are a Committee of eleven Members of Parliament, appointed by the House of Commons. Our membership reflects the party political balance in the House as a whole, which currently means that we have seven Labour Members, three Conservative Members and one Liberal Democrat Member. Our responsibility is to monitor and to hold to account the Ministry of Defence (MoD) and its associated public bodies, including the Armed Forces, on behalf of the House of Commons and the people who elect it. We report to Parliament on our findings, which we publish and which are freely accessible on the Internet.<sup>1</sup> Although we come from different political parties, and often hold different views from one another, we always seek to agree our Reports unanimously, on the basis of consensus. The Committee has achieved this consensus since 1981.<sup>2</sup>

2. We fulfil our responsibility principally through undertaking inquiries. We seek evidence in writing, and we call witnesses to give evidence to us in person. This evidence almost always takes place in public, and is often televised. Sessions may also be webcast.<sup>3</sup> Once the evidence-gathering process is complete, we usually produce a Report, setting out our findings, coming to conclusions, and making recommendations where we believe that action needs to be taken. The Government responds to our conclusions and recommendations, both in published replies to our Reports, and, where it agrees with us, through its actions.

3. This Report covers the calendar year 2003. It was an extremely busy year for the Committee, dominated by coalition operations in Iraq. Other developments in the policy environment also played a key role in determining our programme for the year, notably the Government's legislative programme, the decision to agree to the US Government's request for the proposed upgrade to facilities at RAF Fylingdales for missile defence purposes, and ongoing negotiations on European security and defence.

4. The format of this Report follows the guidance from the Liaison Committee on Core Tasks for Select Committees.<sup>4</sup> Statistical information on the Committee's activities during calendar year 2003 will be published in the Sessional Returns for Sessions 2002–03 and 2003–04.<sup>5</sup>

## Inquiries carried out into Government policy proposals

### *SDR New Chapter*

5. Towards the end of 2002 we began an inquiry into the New Chapter of the Strategic Defence Review published by the Government in July of that year. This inquiry was an

---

1 At [www.parliament.uk](http://www.parliament.uk)

2 For the last occasion on which the Committee formally divided, see Minutes of Proceedings of the Defence Committee for Session 1980–81, HC 477, pp 15–16

3 At [www.parliamentlive.tv](http://www.parliamentlive.tv)

4 As approved by the Liaison Committee on 20 June 2002, pursuant to the Resolution of the House of Commons of 14 May 2002 on Modernisation of the House of Commons.

5 HC 1 (2003–04) and HC 1 (2004–05). Once published, these will be available online at the parliamentary website, [www.parliament.uk](http://www.parliament.uk)

important part of our work programme during the first half of 2003, with three further evidence sessions, the last of which was from the Secretary of State.<sup>6</sup> The inquiry built on reports by the Committee earlier in the Parliament on *The Threat from Terrorism* and on *Defence and Security in the UK*.<sup>7</sup>

6. The New Chapter itself focused on the threat of strategic-effect terrorism after the events of 11 September 2001 and the impact of technological changes on the military. We examined how far the New Chapter met the ambitious goals set for it by the Secretary of State, the process by which it was produced, the consultation that the MoD had undertaken, and the implications of network-centric capabilities for the transformation of the military and force structures, and considered some of the legal issues raised by the New Chapter.

7. We published our Report in May.<sup>8</sup> The Government's response, published in July, welcomed our Report as "a contribution to the continuing evolution of Defence policy and the effort to respond to the terrorist threat and strengthen the UK's defence and security against it".<sup>9</sup>

8. A procedurally unusual aspect of the inquiry for us was that we held one of our evidence sessions away from Westminster, on a military base at Shrivenham. Access to military sites is usually restricted, and we are grateful to the MoD for ensuring that the public was able to attend. This was the first time during this Parliament that the Committee had taken evidence away from Westminster.

9. We also had a number of very useful informal briefings on matters connected with the inquiry.

10. The Defence White Paper which was published in December 2003 builds on the work of the New Chapter. We have announced an inquiry into this White Paper, and will be pursuing through this many of the issues first raised in our inquiry into the New Chapter.

## **Inquiries into areas seen by the Committee as requiring examination because of deficiencies**

### ***Missile Defence***

11. On 17 December 2002, the Secretary of State for Defence told the House that he had that day received a request from the United States Secretary of Defense for UK agreement to an upgrade to the Early Warning Radar at RAF Fylingdales in North Yorkshire. He also said that the Government was keen for its answer to the request "to be informed by public and parliamentary discussion".<sup>10</sup> We therefore launched an inquiry into the decision. The prospect of the change of use at Fylingdales was particularly controversial among local

---

6 HC 93-II (2002-03)

7 HC 348 and 518 (2001-02)

8 Published as HC 93 (2002-03)

9 HC 975 (2002-03), Appendix, para 1

10 HC Deb, 17 December 2002, cc 46-47WS

communities and we were keen to hear from them before reaching our decision on the desirability of agreeing to the American request.

12. We had previously taken evidence on missile defence on two occasions in early 2002. But the Secretary of State had then said that in the absence of a specific request there was in effect nothing to talk about. In our Annual Report last year we stated –

We believe that the MoD was wrong to let the best part of a year go by without engaging with this very important and very sensitive subject. There is a risk now that the debate will suffer from being rushed and also that positions will have become more entrenched.<sup>11</sup>

13. This prediction was amply borne out by subsequent events. An hour or so before he appeared before us on 15 January, the Secretary of State announced to the House that he was minded to agree to the request, but that he would prefer to await the outcome of our deliberations before making a formal response.<sup>12</sup> But he was not prepared to wait for long and in response to indications from the MoD we felt obliged to publish our Report before the end of January, which effectively prevented us from taking evidence from local people. As we said in our Report, we could see no reason for this sudden urgency.<sup>13</sup>

14. We have continued to monitor developments in this field through the year. The Memorandum of Understanding (MoU) between the UK and US Governments on the upgrade at RAF Fylingdales was signed on 12 June, almost six months to the day after the Secretary of State announced his intentions to the House. The text of that MoU, however, was not published until 3 October. A further agreement setting out the management and financial arrangements and responsibilities for the upgrade was signed on 18 December. Work on the upgrade itself is expected to start “in Spring 2004”.<sup>14</sup>

15. The Secretary of State also announced on 15 January 2003 his intention to agree a separate technical Memorandum of Understanding with the United States, the purpose of which would be to give the UK full insight into the development of their missile defence programme and the opportunity for UK industry to reap the benefits of participation.<sup>15</sup> As far as we are aware that MoU is still being negotiated.<sup>16</sup> Given these timings we can still see no reason for the sudden urgency with which the Secretary of State felt obliged to reply to the United States request in January 2003. We will continue to examine missile defence issues during 2004.

---

11 HC 378 (2002–03), para 14

12 HC Deb, 15 January 2003, cc 696 –

13 HC 290 (2002–03), Summary

14 HC Deb, 18 December 2003, c 154WS

15 HC Deb, 15 January 2003, c 698

16 HC Deb, 13 November 2003, c 434W

## Inquiries into departmental actions

### *Lessons of Iraq*

16. On 20 March 2003, decisive combat operations began in Iraq, at the beginning of a long-expected military campaign. On 11 April, we announced our intention to conduct a major inquiry into the campaign in Iraq, to begin as soon as appropriate after the conclusion of hostilities.<sup>17</sup> It has been the practice of the Defence Committee since its establishment in 1979 to conduct inquiries into the lessons of major military combat operations.

17. Unusually, we began our inquiry by taking evidence from the Secretary of State. This session was held on 14 May, less than two weeks after President Bush had declared the major combat phase of the campaign to be over. By the end of 2003, we had held 15 evidence sessions, amounting to nearly 2,000 questions to more than 40 different witnesses. Our witnesses included, on the military side, the commander of the British forces in Iraq and the head of the permanent joint military headquarters in the UK, the commanders of the British air, land and maritime forces in Iraq, and officers responsible for logistics, information operations and reserve forces. On the civilian side, we took evidence from the Permanent Under-Secretary at the MoD and from civil servants responsible for media handling, as well as from civil servants from the MoD, the Foreign and Commonwealth Office (FCO) and Department for International Development (DfID) on planning for a post-conflict Iraq. From outside Government, our witnesses included academics, journalists who had covered the Iraq campaign from both the UK and from Iraq (including journalists who were embedded in military units), and the International Committee of the Red Cross.

18. In the course of the inquiry, we conducted four visits within the UK to parts of the MoD and Armed Forces which had taken part in the campaign, as well as a visit to tank regiments in Germany. In July, we spent the best part of a week in Iraq itself, visiting Baghdad and Basra, as well as other locations in the south of Iraq where British forces are based. It was a fascinating experience, which increased the high regard in which we hold our Armed Forces for the superb work that they carry out in difficult circumstances. We hope to conclude our current inquiry by the anniversary of the beginning of military operations, but this will not be an end to our interest in Iraq. We expect to look in more detail in due course into the post-conflict situation in Iraq, where around 9,000 British Armed Forces personnel remain.

### *Defence Procurement*

19. Defence procurement makes up at least one-third of all defence expenditure. With the introduction of annual defence equipment debates in 1998, our predecessors put their monitoring of equipment issues on a more systematic basis. They initiated annual inquiries, based on a survey of major procurement projects. Their aim was to monitor, and report progress on, a selection of the operationally more significant procurement programmes in a way which could measure both the success of the smart procurement initiative, and the implementation of projects which were keystones of the SDR strategy,

---

<sup>17</sup> Defence Committee Press Notice No. 18, Session 2002–03

and which could inform the House's annual defence equipment debate. We have undertaken to continue this exercise, and produced our second Report on Defence Procurement in July 2003, following evidence from both the MoD and from representatives of industry.<sup>18</sup>

20. The Report examined the Defence Industrial Policy launched in October 2002, the performance of key defence equipment projects, and issues relating to opening up markets, in particular concerns about achieving a waiver from the US International Traffic in Arms Regulations (ITAR), which otherwise constitute a barrier to British participation in the US defence market. Acting on concerns about the implications for British industry of the proposed Buy American legislation, we also wrote to US Congressmen, and met the Chairman of the US House of Representatives Armed Services Committee, Congressman Duncan Hunter, during a visit in September to Washington DC, and a delegation from the same Committee in London later in the year. We are likely to follow up some of these issues in our 2004 defence procurement inquiry.

21. The Government's response was positive, thanking the Committee for its support and for its efforts to secure the ITAR waiver. The Report was referred to on a number of occasions during a debate on the floor of the House on defence procurement, which took place on 23 October 2003.<sup>19</sup>

### ***Developments with QinetiQ***

22. The Defence Committee has previously undertaken inquiries into the Defence Evaluation and Research Agency (DERA), which was split up in July 2001—the smaller part becoming the Defence Science and Technology Laboratory (DSTL), a trading fund agency of the MoD, and the larger part being privatised as QinetiQ plc. The Committee decided to examine the decision, announced to Parliament shortly before Christmas 2002, to sell a minority stake in QinetiQ to The Carlyle Group, a global private equity firm.

23. The Committee took evidence on 21 January 2003 from the Chairman and Chief Executive of QinetiQ and the Managing Director of Carlyle Group (UK), and separately from the Parliamentary Under-Secretary of State, the MoD's Finance Director, and the Chief Executive of DSTL.<sup>20</sup>

### ***Strategic Export Controls***

24. We continued our collaboration with the Foreign Affairs, International Development and Trade and Industry Committees in the examination of strategic export controls, and produced a joint Report with those Committees in May on the Government's Annual Report for 2001 on Strategic Export Controls.<sup>21</sup> Among the issues we investigated were sales and promotion of defence exports by Government, and issues surrounding the globalisation of the defence manufacturing industry. We secured parliamentary debates in March and again in November on our joint work,<sup>22</sup> which is a unique example of ongoing

18 Eighth Report, Session 2002–03 (HC 694)

19 HC Deb, 23 October 2003, cc 803 –

20 HC 322-I (2002–03)

21 HC 474 (2002–03)

22 HC Deb, 27 March 2003, cc 159WH – , and HC Deb, 6 November 2003, cc 337WH –

cooperation between select committees. We intend to continue considering issues which go beyond narrow Departmental responsibilities.

### **Afghanistan**

25. Some 450 British Armed Forces personnel are stationed in Afghanistan. Towards the end of October 2003 three Members of the Committee travelled there to visit these forces. This followed an earlier visit in April 2002, on the invitation of the Minister for the Armed Forces.

26. Before arriving in Kabul, the Committee stopped in Islamabad, Pakistan, where we were briefed on regional issues by Pakistani officials and members of the diplomatic community. In Kabul we were briefed by British ambassador and the Commander of British Forces in Afghanistan on the security situation in Kabul and on the political and security situation in Afghanistan more generally. We also met the Commander of the International Security and Assistance Force (ISAF) for discussions on the role of British forces in ISAF, and officials from the United Nations. We travelled to the northern city of Mazar-e-Sharif to visit the British Provincial Reconstruction Team operating in the region, and were briefed on the process of demilitarisation of armed factions. Back in Kabul we went on patrol with the British Patrol Company, watched the training of the Afghan National Army and met with leading Afghan figures in the transitional authority, including the President, Hamid Karzai. It was a useful visit, which built on our previous visit in 2002, provided a valuable perspective on some aspects of our Lessons of Iraq inquiry, and contributed to our broader understanding of British defence commitments overseas.

### **Inquiries into associated public bodies**

27. In contrast to 2002, we took very little evidence from the MoD's numerous associated public bodies during 2003. This was mainly a result of our focus on Iraq. In the course of 2003, we took evidence from only two relevant organizations. As mentioned above, we took evidence in January from QinetiQ, which is a private company part-owned by the MoD, and formerly part of the Defence Evaluation and Research Agency, and from the Chief Executive of the Defence Science and Technology Laboratory (DSTL), a trading fund agency of the MoD. We also took evidence from the Defence Procurement Agency in May, as part of our inquiry into defence procurement.

28. We also visited the Infantry Training School in Catterick (part of the Army Training and Recruitment Agency) in January, following evidence from that agency in December 2002; and in February we visited the Defence Academy in Shrivenham, where we took evidence in our inquiry into the New Chapter of the Strategic Defence Review.

### **Inquiries into major appointments**

29. We took evidence in June from General Sir Michael Walker, shortly after his appointment as Chief of the Defence Staff.<sup>23</sup> The session was specifically intended to get, in Sir Michael's own words "some idea of the cut of the jib of the new CDS", to ask him about his objectives and how he intended to go about implementing them.

## Inquiries into the implementation of legislation and major policy initiatives

30. These activities have been covered under previous headings.

### Examination of any draft legislation

31. Defence legislation is comparatively rare, but nonetheless a bill was before Parliament in 2003, implementing amendments to the Conventional Forces in Europe Treaty, on which we took evidence and published a Report. We also looked at two draft bills, relating to civil contingencies and armed forces pensions and compensation, and, together with three other select committees, draft secondary legislation on export controls. We intend to take a close interest in the Civil Contingencies Bill and the Armed Forces (Pensions and Compensation) Bill as they pass through the House in the current parliamentary session.

### *Arms Control and Disarmament (Inspections) Bill*

32. In April 2003, we published a Report on the Arms Control and Disarmament (Inspections) Bill, which had been introduced in the House of Lords on 14 November 2002 and sent to the Commons on 30 January 2003. This bill was necessary to allow the United Kingdom to ratify the Adapted Conventional Forces in Europe Treaty of 1999, once Russia was in compliance with its commitments under the Treaty.

33. Because the Bill would give the Government the ability to ratify the Treaty without further Parliamentary proceeding, we concluded that consideration of the Bill itself needed to be focused on the question of ratification of the Treaty.<sup>24</sup>

34. We recommended that the House should pass the Bill, not least to send a clear message that the UK saw the conditions for ratification beginning to fall into place.<sup>25</sup> However, we also asked the Government to give a specific undertaking in the Second Reading debate on the Bill to notify the House at least 21 days in advance of its intention to proceed to ratification, to allow Parliament to re-examine the issues at the time that that decision was taken, in its contemporary context—an undertaking which the Government subsequently agreed to give.<sup>26</sup>

35. During the Second Reading debate in September 2003, our Report was commended on the floor of the House as “an excellent piece of pre-legislative scrutiny that genuinely focuses and informs our debate”, and we were described by the Minister in charge of the bill as “one of the House’s best Select Committees”.<sup>27</sup>

### *Draft Civil Contingencies Bill*

36. In July 2002 we published a substantial Report into Defence and Security in the UK.<sup>28</sup> In March 2003 we decided to return to the subject in order to examine what progress had

24 HC 321 (2002–03), para 37

25 *Ibid*, para 42

26 *Ibid*, para 44; HC 754 (2002–03), Appendix, para 6

27 HC Deb, 18 September 2003, cc 1109 and c 1119

28 HC 518 (2001–02)

been made. We took evidence from the Government's Security and Intelligence Co-ordinator, Sir David Omand, and the Head of the Civil Contingencies Secretariat, Ms Susan Scholefield. We visited the city of Portsmouth and its naval base and while there we took evidence from a panel of witnesses representing the emergency services and other responding agencies in the Portsmouth area. We also focused on preparedness in the capital with an evidence session from the Minister for London, Rt Hon Nick Raynsford MP, who was accompanied by Assistant Commissioner David Veness of the Metropolitan Police and the Director of the London Resilience Team, Mr Zyg Kowalczyk.

37. We had intended to conclude this follow-up inquiry with evidence from the Home Secretary. We were still in discussions about that proposed session when the Government published a draft civil contingencies bill together with explanatory notes and a consultation document on 19 June.<sup>29</sup> This draft bill had been foreshadowed in a government consultation document issued as long ago as summer 2001. We had been arguing that legislation in this field was urgently required since our Defence and Security in the UK inquiry. We had also argued that, given the expertise in the issues addressed in the draft bill which we had built up in the course of our earlier inquiries, we were well-placed to conduct pre-legislative scrutiny of any draft bill.

38. The Government, however, decided that the draft bill should be referred to a joint committee. Two members of the Defence Committee were included in its Commons membership.

39. Although the evidence we had taken had ranged more broadly than the contents of the draft bill, we concluded that we should nonetheless produce a Report on the draft bill, which we hoped would be of assistance to the joint committee in its deliberations. One of the issues we had tried to tease out throughout our inquiries was the importance of the legislative framework to the total effort to secure the UK's resilience and preparedness. On the one hand it seemed self-evident that a system which relied on the Civil Defence Act of 1948 and Emergency Powers Acts from the 1920s must be in urgent need of overhaul, if it was to be able to respond to the threats of the twenty-first century. The deficiencies of the existing legislation have certainly been brought to our attention on many occasions during our inquiries. On the other hand a succession of government witnesses had assured us that they have been able to do all that they have needed to within the existing legislative framework.

40. We published our Report<sup>30</sup> on 10 July, just three weeks after the publication of the draft bill, and the day before the appointment of the joint committee. It is clear from the joint committee's Report<sup>31</sup> that many of the issues which we raised were also picked up and further examined by them. We do not believe that this coincidence of concern reduces the usefulness of our Report. Rather it provided a valuable starting point for the joint committee. It also demonstrated that a select committee with existing expertise in a particular field is able to conduct effective pre-legislative scrutiny and, where necessary, can do so much more quickly than a specially appointed select or joint committee.

---

29 Cm 5843

30 HC 557 (2002–03)

31 HL Paper 184 (2002–03), HC 1074 (2002–03)

41. We continued throughout 2003 to seek an opportunity to take evidence from the Home Secretary on civil contingencies issues. This is now scheduled to take place in a joint session with the Home Affairs Committee in March 2004.

### **Armed Forces Pension and Compensation Arrangements**

42. In September 2003 the Government published outline details of new pensions and compensation schemes that it intended to introduce under the enabling provisions of new primary legislation. The MoD made it known to us that it was keen that we should have an opportunity to scrutinise its proposals before parliamentary debate on the forthcoming Armed Forces (Pensions and Compensation) Bill.

43. In May 2002 we had published a Report on the MoD reviews of Armed Forces pension and compensation arrangements which was extremely critical of the MoD: we described the review process as “dogged by delay and incompetence” and the proposed schemes as “at best inadequately thought-through and at worst fundamentally flawed”.<sup>32</sup> And in December 2002, we took oral evidence from the then Minister for Veterans to investigate ‘legacy’ pension and compensation issues,<sup>33</sup> including ‘Gulf War Syndrome’, in which previous Defence Committees had taken a continuing interest.<sup>34</sup>

44. The MoD was very helpful to us throughout our inquiry, providing background documentation, including framework documents for the proposed schemes, and supplementary written evidence to a tight timescale. We sought written evidence from interested parties, including representative groups, before we took oral evidence from the Minister for Veterans in November 2003. We swiftly produced a detailed Report, published in December as our first Report of the current session.<sup>35</sup> We hope this Report will give rise to useful discussion and refinement of the Government’s proposals as the bill proceeds through Parliament: it was referred to on numerous occasions during the Second Reading debate on the bill.<sup>36</sup> The Report remains critical of some of the Government’s proposals, and of the lack of detail evident in parts of the schemes, but it also recognises the progress made since the original proposals were produced in 2001.

### **The Government’s proposals for secondary legislation under the Export Control Act**

45. As part of our joint working with three other select committees on strategic export controls, we took evidence in April from representatives of industry and NGOs on the Government’s proposals for secondary legislation under the Export Control Act, which it had put out to consultation. We also took evidence on the same afternoon from the Secretary of State for Trade and Industry.

46. Our joint Report on these proposals, published in May and debated in November, recognised that they were “a welcome if overdue series of measures to set the existing

32 Third Report from the Committee, Session 2001–02, *Ministry of Defence Reviews of Armed Forces’ Pension and Compensation Arrangements* (HC 666), Summary

33 HC 188–i (2002–03)

34 eg. Seventh Report from the Committee, Session 1999–2000, *Gulf Veterans’ Illnesses* (HC 125)

35 First Report from the Committee, Session 2003–04, *Armed Forces Pensions and Compensation* (HC 96–I and –II)

36 HC Deb, 22 January 2003, cc 1485–1558

licensing regime on a permanent statutory footing and to extend and modernise the strategic export control system”, but criticised the Government for failing to extend the reach of the legislation to British arms brokers operating from abroad, and noted the risk that the proposals risked “enmeshing legitimate business in a web of unnecessary bureaucracy”.<sup>37</sup>

47. The secondary legislation itself has now been laid before Parliament, and will come into force in May 2004. As we note in our Report, “the test of the law will be how it works in practice”.<sup>38</sup>

## Examination of expenditure

48. Our routine monitoring of defence expenditure is principally carried out through the inquiry into defence procurement, discussed above.<sup>39</sup>

49. We examined the Winter Supplementary Estimates for 2003–04 and MoD’s Resource Accounts for 2002–03,<sup>40</sup> and drew on the expertise of the Scrutiny Unit within the Committee Office to formulate questions in writing, which we put to the MoD in December 2003, but to which we have yet to receive a response.

50. Much of the additional expenditure in the Winter Supplementary Estimates related to the campaign in Iraq. We have examined the Government’s expenditure on the Iraq campaign as part of our inquiry into the Lessons of Iraq. We held a session specifically looking at the costs of the operation just after the end of this reporting period, in January 2004.<sup>41</sup>

51. Following the 2002 Spending Review, it was announced that the MoD’s annual resource budget was to rise by some £3.5 billion between 2002–03 and 2005–06, with the annual capital budget rising by more than £1 billion over the same period.<sup>42</sup> As it was not absolutely clear how this new money was to be spent, we asked the MoD to set out the details, in its response to our Report on the New Chapter to the Strategic Defence Review.<sup>43</sup> The Government’s response explained that an additional £1.5 billion in the Spending Review settlement was earmarked for new equipment and capabilities to respond to the new strategic environment, but suggested that further details would be available in the Defence White Paper. In the event, when the White Paper was published on 11 December 2003, no specific financial information was included.<sup>44</sup> We plan to explore this issue in more detail as part of our inquiry into the White Paper.

---

37 HC 620 (2002–03), paras 122–124

38 *Ibid*, para 10

39 See paras 19–21

40 HC 15 (2003–04), pp 203–212; HC 1125 (2002–03), Section 2

41 HC 57–v (2003–04)

42 HM Treasury, 2002 Spending Review: New Public Spending Plans 2003–2006, pp 95–96

43 HC 1232–i (2001–02)

44 Cm 6040

## Examination of Public Service Agreements

52. The previous Committee had investigated two areas in which, by the MoD's own admission, its Public Service Agreements had not been met.<sup>45</sup> As part of our inquiry into the SDR New Chapter, we examined MoD officials on further progress on one of these: the introduction of the Joint Rapid Reaction Force.<sup>46</sup>

53. We have been directly assessing through our inquiry into the Lessons of Iraq the MoD's performance against its first Public Service Agreement objective, to "achieve success in the military tasks that we undertake at home and abroad". We will also be addressing issues of readiness, the MoD's second objective, through this inquiry. We examined the MoD on its undertaking to "strengthen European security through an enlarged and modernised NATO, an effective EU military crisis management capacity and enhanced European defence capabilities" through the evidence that we took in October 2003 on European Security and Defence from MoD and FCO officials.<sup>47</sup>

## Extent to which a systematic structure is in place for meeting the indicative tasks listed, and response of department

54. Because of the extent to which our work was dominated by operations in Iraq, we have not attempted to establish a systematic structure for our work based on the Liaison Committee core tasks.

55. Possible areas of work during 2003 were also affected by other events outside Parliament. In July 2002, we said that we believed there were "grounds for a Defence Committee inquiry into conditions at Deepcut" barracks but that we would only "decide on the scope and nature of that inquiry once the police inquiries [were] complete".<sup>48</sup> The publication is expected soon of Surrey Police's 'fifth report', on more general issues arising from the police's investigations of the deaths of four service personnel at Deepcut. Other related proceedings, not least coroner's inquests, may be ongoing for some time. We are well aware that it is now more than a year since we first suggested a Defence Committee inquiry into conditions at Deepcut. We will decide shortly thereafter whether it would be practical for us to launch a broad inquiry into pastoral care in the Armed Forces, which would avoid interfering with any ongoing proceedings directly relating to deaths at Deepcut and elsewhere.

56. A full list of informal meetings held by the Committee during 2003 is published at Annex A.<sup>49</sup>

57. We made extensive use of specialist advisers during 2003, taking advice from 17 experts in the course of the year. We are grateful to all of them for their help. A list of the inquiries

---

45 Eighth Report from the Committee, Session 2000–01, *The MOD's Annual Reporting Cycle 2000–01* (HC 144), paras 30–33

46 HC 1232–i (2001–02)

47 Minutes of Evidence taken on 15 October 2003, HC 1165–I (2002–03)

48 Defence Committee Press Notice 25 (2001–02)

49 Printed at p 15

on which we sought specialist advice, and of those who assisted us, is published at Annex B.<sup>50</sup>

58. Co-operation with the MoD has generally been good, in terms of the provision of informative memoranda and Government responses to schedule, and in terms of the availability of ministerial witnesses. We took evidence during 2003 from all but one of the Ministers in the MoD. We asked the MoD in 2002 how they intended to respond to the duties imposed on them by the Liaison Committee core tasks. We received their reply towards the end of 2003. It consisted of a copy of their publication schedule under the Freedom of Information Act. We intend to pursue this issue further during 2004.

59. We have had some difficulty in encouraging openness and transparency within the MoD. We have on several occasions encountered refusals to provide documents that we have requested to see in confidence, such as the 'lessons learned' reports of officers who took part in operations in Iraq. MoD witnesses are not always as forthcoming as they might be: the MoD's advice to witnesses, published on the Hutton Inquiry website, appears to encourage reticence rather than the helpfulness which elected representatives might expect to receive, and which the Government has accepted is due to a parliamentary committee. We have written to the Secretary of State on this matter, and have received a relatively encouraging reply, suggesting that the guidance will be reviewed.

## Looking forward

60. Many of the issues into which we inquired in 2003 will continue to occupy us in 2004. We will complete our current inquiry into combat operations in Iraq, and intend then to look in more depth into the post-combat phase of operations. We will examine the recently published Defence White Paper. We will continue to monitor missile defence issues and other arrangements for the protection of the United Kingdom from terrorist attack. We will continue to examine progress in negotiations on defence at a European level, and other international defence arrangements. We will conduct our usual annual inquiry into defence procurement. And we will decide shortly whether it would be practical for us to launch an inquiry into pastoral care in the Armed Forces. We will examine any relevant legislation and will of course respond to events in the wider world as appropriate.

## Annex A: Informal Meetings during 2003

French Institute for Higher Studies on National Defence (IHEDN)	22 January
Anatol Lieven, journalist	29 January
Parliamentary Delegation, Republic of Azerbaijan	10 March
HE Dr Vlado Bučkovski, Macedonian Defence Minister	11 March
Reg Maling, Digital Television Group	20 March
Future Carrier Briefing, BAE Systems, Thales UK, MoD	27 March
Bob Ayers, Information Security	7 April
Thai Senate Standing Committee on Military Affairs	28 April
Norwegian Defence Committee	29 April
Supreme Rada of Ukraine	30 April
Czech Foreign Affairs Committee	7 May
Mr Ivan Simko, Slovak Defence Minister	22 May
Mr Cyril Svoboda, Deputy Prime Minister and Minister of Foreign Affairs, Czech Republic	5 June
French Parliamentary Select Committee on Propulsion System of the French Second Aircraft Carrier	17 June
Ministry of Defence: ITAR Waiver Briefing	23 June
Sir Emyr Jones Parry, outgoing HM Permanent Representative to NATO	23 June
Peter Struck, German Defence Minister	26 June
National Defence Committee of South Korea	10 July
Bangladesh National Defence College	23 September
Mark McGlade, SAVI Asset-Tracking	22 October
Estonian Defence Committee	27 October
Spanish National Defence Course (CESEDEN)	4 November
Boris Tadić, Serbian Minister of Defence	10 November
Brian Jenkins, Terrorism expert	12 November
Knesset Defence and Foreign Affairs Committee	8 December
AirTanker and Tanker Transport Service Company	15 December

## Annex B: Specialist advice sought during 2003

---

Inquiry	Specialist Advisor
Lessons of Iraq	Mr Paul Beaver, Professor Michael Clarke, Rear Admiral Richard Cobbold CB, Dr Toby Dodge, Air Vice Marshal Professor Tony Mason, Brigadier Austin Thorp
Draft Civil Contingencies Bill	Dr James Broderick, Mr Peter Clarke, Dr Andrew Rathmell, Mr Paul Read, Brigadier Austin Thorp
Pensions and Compensation	Mr Andrew McDonald, Professor Mark Mildred, Mr John Robbs, Ms Sue Ward
Missile Defence	Professor Michael Clarke, Mr Duncan Lennox, Sir Michael Quinlan KCB, Dr Michael Rance
SDR: New Chapter	Professor Michael Clarke, Rear Admiral Richard Cobbold CB, Air Vice Marshal Professor Tony Mason, Dr Andrew Rathmell, Brigadier Austin Thorp

# Formal minutes

---

**Wednesday 28 January 2004**

Members present:

Mr Bruce George, in the Chair

Mr Crispin Blunt

Mr James Cran

Mr David Crausby

Mike Gapes

Dai Havard

Mr Kevan Jones

Rachel Squire

Mr Peter Viggers

The Committee deliberated.

Draft Report (Annual Report 2003), proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 60 read and agreed to.

Annexes agreed to.

*Resolved*, That the Report be the Second Report of the Committee to the House.

[Adjourned till Thursday 5 February at 11.00 am

## Reports from the Defence Committee since 2001

---

### Session 2003–04

First Report      Armed Forces Pensions and Compensation      HC 96–I & II

### Session 2002–03

First Report      Missile Defence      HC 290 (*HC 411*)

Second Report      Annual Report for 2002      HC 378

Third Report      Arms Control and Disarmament (Inspections) Bill      HC 321 (*HC 754*)

Fourth Report      The Government's Proposals for Secondary Legislation under the Export Control Act      HC 620

Fifth Report      Strategic Export Controls: Annual Report for 2001, Licensing Policy and Parliamentary Scrutiny      HC 474

Sixth Report      A New Chapter to the Strategic Defence Review      HC 93–I & II (*HC 975*)

Seventh Report      Draft Civil Contingencies Bill      HC 557

Eighth Report      Defence Procurement      HC 694 (*HC 1194*)

### Session 2001–02

First Report      Ministry of Defence Police: Changes in jurisdiction proposed under the Anti-terrorism Crime and Security Bill 2001      HC 382 (*HC 621*)

Second Report      The Threat from Terrorism      HC 348 (*HC 667*)

Third Report      The Ministry of Defence Reviews of Armed Forces' Pension and Compensation Arrangements      HC 666 (*HC 115*)

Fourth Report      Major Procurement Projects      HC 779 (*HC 1229*)

Fifth Report      The Government's Annual Report on Strategic Export Controls for 2000, Licensing Policy and Prior Parliamentary Scrutiny (Joint with Foreign Affairs Committee, International Development Committee and Trade and Industry Committee)      HC 718 (*Cm 5629*)

Sixth Report      Defence and Security in the UK      HC 518 (*HC 1230*)

Seventh Report      The Future of NATO      HC 914 (*HC 1231*)

Government Responses to Defence Committee reports are published as Special Reports from the Committee (or as Command papers). They are listed here in brackets by the HC (or Cm) No. after the report they relate to.