

Defence: too quiet on fiscal front

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On current form, you would be hard pressed to convince Australians that their defence force represents value for money or that taxpayers should be concerned about defence cuts in the budget.

But the \$5.45 billion cut to the defence budget tells us a lot about the politics of defence, and the priorities of defence spending in Australia. It tells us even more about the way we think about defence issues.

Unlike New Zealand, which conducted a value for money review of its defence force in 2010, Australia has not recently publicly considered how much bang the country gets for its military buck.

Unlike in the United States and United Kingdom, there's not much critical public discourse on how to back our middle-power aspiration with a military strategy that is both effective and efficient.

The next federal election is unlikely to hinge on national security, and neither political party stands to gain votes from the development of sound military strategy and a well structured Australian Defence Force (ADF).

Though there are strong defence industry lobby groups, there is no bloc in civil society effectively lobbying for better defence policy.

So sweeping budget cuts can be made by the government of the day and forgotten about by voters within weeks. The Defence Minister and Prime Minister explained last week that there would be no adverse consequences for defence operations, or on the "frontline".

It's a little disingenuous to remove the key funding underpinning Australia's defence modernisation and then claim there will be no impact on military operations. Australia has a front row seat on the strategic frontline as uncertainty, and possible strategic competition, increases in Indo-Pacific Asia.

India and China increased annual defence spending by 17 per cent and 12 per cent respectively this year. Our neighbours Vietnam, Indonesia, Japan and Singapore are all improving their defence forces.

Our strategic frontline is rapidly changing, and Australia's response will certainly include a degree of military involvement.

But at present the major strategic driver for change in the ADF is cost.

That's problematic in an organisation that poorly understands its own finances.

In the military, as in business, the sole-minded pursuit of lowering costs cannot be the only determinant of strategy. And disparate cost efficiency measures can often culminate in unintended effects.

On paper, the Australian Army has a regiment of tanks to provide support and save infantry lives in close combat. Yet the reality is different. Personnel and spare parts efficiency measures have caused one of its three tank squadrons to no longer be functional.

The army's deployment model works on the rule of threes: in the tank regiment that means being prepared for one squadron deployed overseas, one training at home, and one in rest and recuperation.

So, in its current form, not only can the army's tank capability not train as a full regiment at home, it can't sustain a squadron of 14 tanks on deployment overseas. And one of the consequences of the

defence budget cuts this year is that an additional 14 of the army's 59 tanks will be taken out of service.

There may be sound reasons for why we no longer need a tank capability, but they are yet to be publicly articulated by either defence or the government. And instead of the politically tough decision to give up the ADF's tank capability, a series of small cost-driven decisions have hollowed it.

But there is one part of the defence landscape where cost is not a factor – the centenary of ANZAC commemoration budget.

The government has committed to a program that would be the envy of pharaohs. At \$83.5 million, it's roughly the cost of running the army's tank regiment for 2½ years.

But voters care more about sentiment than squadrons, and feel better about ANZAC jingoism than Joint Strike Fighters. As long as the commemoration wins more votes than capability, Australia's defence policy and military strategy will remain inefficient and problematic.