

CHAPTER ELEVEN

ARGUMENTS FOR DECREASES TO DEFENCE FUNDING LEVEL

11.1 From a number of the submissions received, it was evident that some sections of public opinion considered the current level of Defence spending excessive, and supported a significant reduction to that level of funding. Some of the submissions offered as justification that this funding would be better used elsewhere, and this has been dealt with in the introductory chapters to this Report. However, other submissions proffered a variety of arguments for reduction to the current level of Defence funding. The rationale for these proposals were based on the perceptions that:

- military defence is an antagonistic, and hence a counterproductive means of pursuing national security.¹
- no other nation currently has the intention to attack Australia, and the majority of Defence spending is hence wasted.²
- Australia defines its area of military interest more widely than can be justified, resulting in excessive resource requirements to support.³
- the mainstream of public opinion was in favour of such a reduction.⁴

The Committee examined each of these propositions in turn.

Other National Security Options

11.2 A number of non-military means may be used to promote national security and reduce the likelihood of threats degenerating into military conflict. Suggested options include:

- addressing the underlying causes of the conflict;
- adopting confidence-building measures;
- promoting non-violent conflict resolution strategies; and
- supporting international and regional institutions.⁵

11.3 These are valid and sensible options, all of which Australia actively pursues through its foreign policy. However, defence policies are an integral component of foreign policy, and the Australian Defence Force makes a vital contribution to a range of Australia's foreign and security policy strategies.⁶ Military resources are frequently used to support a

1 Friends of the Earth, Submission, pp. S238-S242.

2 *ibid.*, p. S240.

3 *ibid.*, pp. S241-S244.

4 Women's International League for Peace and Freedom (WILPF), Submission, p. S232.

5 Friends of the Earth, Submission, p. S238.

6 DFAT, Submission, p. S255.

number of non-violent foreign policy initiatives, and the ADF plays a major role in the conduct of Australia's alliance relations and bilateral security cooperation activities.⁷

11.4 The ADF is one of the primary national tools in progressing all of the suggested non-violent security strategies above. The best acknowledgment of this is given in the submission from the Department of Foreign Affairs and Trade:

A fundamental ADF role is to deter any attack on Australia. The Defence function, however, extends beyond maintaining and developing military capabilities and includes active participation in security alliances, shaping international institutions, structures and rules, and contributing to bilateral and regional cooperation and dialogues to build confidence and cooperation, minimise potential sources of conflict and provide mechanisms to contain and resolve any conflict that might break out.⁸

11.5 Because the use of military force is an aggressive and undesirable option in international relations, it is understandably an option not lightly resorted to. However, this should not be taken to imply that military forces are unable to contribute in many constructive ways to national security.

Regional Intentions

11.6 Evidence submitted to the inquiry contended that no country could be identified which had either the capability or the intention to attack Australia, and a large proportion of the resources expended on defence capabilities was hence wasted.⁹ There is apparent support for this contention in most statements of strategic guidance over the last decade, of which a typical example is that:

We believe no country at present has either a motive or an intention to attack Australia, and we have no reason to expect that any country will develop such a motive or intention.¹⁰

11.7 This argument involves a number of issues, based on a misconception that the defence of Australia, in its most literal sense, is the only useful task of the ADF. The previous section has already dealt with the variety of ways in which the ADF contributes constructively to Australia's foreign policy objectives. However, a nation whose international trade is so heavily dependent on maritime commerce is also vulnerable to low levels of military pressure on its trade routes. While 'the increased military spending in our immediate region won't give any country the capability to mount a serious attack on Australia',¹¹ enhanced military capabilities in the region increase the level of potential threat which may be brought to bear against other targets vital to Australian security. The capabilities necessary to threaten Australia's vital *interests*, rather than the Australian continent, are already widely held throughout the region.

7 *ibid.*, p. S256.

8 *ibid.*

9 Friends of the Earth, Submission, p. S240.

10 *Defending Australia*, op. cit., p. 22, para. 4.5.

11 Friends of the Earth, Submission, p. S241.

11.8 The second issue involved in this argument relates to regional intentions. While there may be no expectation of a regional threat, this does not rule out the possibility of one emerging. At the release of the Report of the Defence Efficiency Review, Dr MacIntosh remarked that:

We deal in the defence world in both capabilities and intentions. ... [T]here's no-one out there with adverse intentions, but there are certainly people with growing capabilities. A responsibility of government is to guard against capabilities, because intentions can change quite quickly.¹²

Australia's Area of Strategic Interest

11.9 One submission to the inquiry argued that Australia defines its 'area of direct military interest' (ADMI) more widely than can be justified, resulting in excessive resource requirements to support.¹³ The Committee noted that the concept of an ADMI now has been superseded by statements of Australia's area of general strategic interest. The Government's foreign and trade policy statement acknowledges that 'the area where Australia's security interests are engaged is extensive'.¹⁴

It embraces South East Asia, the South West Pacific, Antarctica, and the eastern Indian Ocean. It also includes North East Asia because the security of South East Asia cannot be separated from the rest of East Asia and because of the direct consequences of instability in North East Asia for Australia's well-being.¹⁵

11.10 When this policy is considered in a military context, in *Australia's Strategic Policy*, there is broad agreement between the two documents (as would be expected):

While we have important interests - including strategic interests - at the global level, the focus of our strategic attention is now more than ever on the Asia-Pacific region. For us, that region comprises the countries of East Asia, Southeast Asia, the South Pacific, the United States, and, perhaps increasingly in the future, South Asia.¹⁶

11.11 This policy does not specify any level of military capability which Australia would seek to apply within this region. It does not imply that military action would be conducted at any specified remove from Australian territory. The agreement between the two is intended primarily to convey the close interrelationship between Australia's political, security, economic and trade interests, which in combination determine our strategic interests.

11.12 To a large degree, Australia's dependence on maritime trade and the location of its major trading partners defines our area of strategic interest. Any threat to security throughout this defined area would have immediate and adverse effects on Australia's trade

12 McIntosh, Dr Malcolm, in remarks on the release of the Report on the Defence Efficiency Review, Parliament House, 11 April 1997.

13 Friends of the Earth, Submission, pp. S241-S244.

14 *In the National Interest*, op. cit., p. 1, para. 4.

15 *ibid.*, pp. 1-2, para. 4.

16 *Australia's Strategic Policy*, op. cit., p. 9.

with its major export markets, and would directly affect Australia's interests.¹⁷ Accordingly, the Committee rejected the suggestion that the limits of Australia's area of strategic interest could be drawn in, or that the narrow concept of territorial defence was a practical solution for a maritime trading nation. Consequently, this proposition would not provide any prospect for savings in Australia's Defence budget.

Public Support for Cuts to Defence Spending

11.13 One submission to the inquiry submitted as evidence results from a survey conducted by the Economic Planning Advisory Commission (EPAC) in October 1994, and claimed that:

...when Australians saw how their tax dollars were actually spread between the major areas of government spending, by far the largest change they wanted in any specific area was a cut in defence spending of 20 per cent.¹⁸

11.14 This evidence contains one small error of fact. The survey showed that the area of government expenditure favoured for the largest reduction was general government administration, where a reduction of 30 per cent was preferred. National defence fell next, with a reduction of 20 per cent desired, and funding on unemployment initiatives was placed third, with a favoured 13 per cent reduction.¹⁹ The survey noted that this view was the 'informed' view; so-called because these views (and preferred reductions) were reached only after respondents were informed of the proportion of their tax liability that contributed to each category.

11.15 In an earlier stage of the same survey, only around 28 per cent of respondents expressed a preference for a decrease in national defence expenditure, with the majority preferring the same or increased expenditure.²⁰ An interpretation from this is that the large majority of respondents recognised the importance of defence expenditure. This result was regarded by the survey as the 'uninformed' response; that is, members polled were not aware of the proportion of their tax liability which went toward each category.

11.16 The Committee does not dispute the findings, nor the interpretation of the original research. However, it notes that that the only difference between the 'uninformed' and 'informed' findings in the EPAC survey was the level of information available to the respondents regarding the level of funding to Defence. The Committee hopes that the information contained in this report, with its outline of the processes involved, the amount of Commonwealth resources expended, and the occasional resultant inefficiencies, will enable the public to adopt an informed position on the level of defence funding.

11.17 The Committee noted a number of benefits, in addition to actual defence capacity, which arise from reasonable levels of spending on national defence. Defence is a major direct and indirect employer in Australia, and a major Defence establishment in a particular region may have a flow-on effect on local employment that far exceeds the number of

17 *In the National Interest*, op. cit., p. 2, para. 4.

18 WILPF, Submission, p. S232.

19 Withers, Glenn, Throsby, David, and Johnston, Kaye, *Public Expenditure in Australia*, Economic Planning Advisory Commission, Paper No. 3, October 1994, p. 33.

20 *ibid.*, p. 32.

Defence personnel. Defence spending also increases the national technology base, through providing work associated with high technology systems. Major Defence projects provide a boost to national industry, particularly where Australian primes with contractual obligations to ensure Australian industry involvement are selected for contracts. In addition, Australians who pass through ADF service are provided high-quality training which later flows on to the civilian community. In view of these and other benefits, the Committee believes that high levels of public affection for the ADF will continue, and that the public will continue to support the levels of funding necessary to keep the ADF a viable force for national defence.

11.18 If the public perception, once informed by this report, is at variance with the Committee's findings, appropriate avenues are available for expressing public disagreement to Government. It is then the duty of the Government, informed by both public sentiment, and the views of this report, to make difficult decisions on behalf of the Australian people, even where those decisions may not be universally popular.

11.19 However, the Committee may only make its conclusions based on the evidence available. Given the unexpectedly low level of public dissent submitted in evidence to this inquiry, the Committee must assess that the public generally supports government decisions on Defence funding levels, or at least is not dissatisfied.

