

OPINION PIECE

White Paper without funds makes no sense

The military budget is already stretched to breaking point

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INFORMED media comment is pointing to the likely release of a new defence white paper ahead of the May 14 budget. This delivers on Defence Minister Stephen Smith's pre-budget surprise in May last year when he announced a new white paper would be produced well ahead of the government's original plan for a 2014 document.

Last year, Smith's announcement partly deflected attention from big cuts to defence spending.

In the budget, \$5.5 billion was cut from Defence across four years, reducing spending to 1.56 per cent of gross domestic product, the lowest since 1938.

This time around, the new white paper is unlikely to achieve the same masking effect. Defence spending will remain at record low levels and this will undermine the credibility of what are likely to be many major defence acquisitions announced with the white paper.

Among them are likely to be announced another 12 or 24 Super Hornet aircraft a decision already flagged by the government a fourth Air Warfare Destroyer and decisions that will advance the selection of new submarines.

The merits of each of these acquisitions undoubtedly will be debated, but the biggest challenge is to explain how they can be afforded in a defence budget that has swung from planned annual growth of about 3 per cent a year to one that has been cut massively.

A generation ago, facing its own budgetary pressures, the Hawke government commissioned the building of eight Anzac frigates, 3600-tonne patrol vessels of quite limited capability.

Budget limitations meant that key weapons, including torpedoes, anti-ship missiles and a missile-defeating, close-in weapons system were not equipped.

This gave rise to the notorious phrase "filled for but not with". It took the Timor, Iraq and Afghanistan experiences to show that half-equipping the military is not a sensible strategy, and one that severely limits what the Australian Defence Force can do when the military need arises.

Sadly, it looks as though the 2013 defence white paper has been "fitted for but not with" money.

Promises of major defence equipment purchases mean nothing when no realistic provision has been made for their acquisition in later years.

In this respect, both government and opposition have failed to say when they would bring defence spending back on to a growth path. It is not a matter of just hoping that economic circumstances will somehow allow this to happen. Governments must decide the priority they give defence and take steps to deliver on those priorities.

Of the mooted major announcements, a decision to acquire more Super Hornet aircraft is the one likely to have an immediate budget impact because the aircraft will come off an already running production line.

The most difficult trade-off for Australia will come in a decision a future government will make about cutting the numbers of the Joint Strike Fighter aircraft to accommodate the Super Hornets.

It's a difficult choice between a capable fourth-generation fighter aircraft already in production and the higher risk but even more capable fifth-generation JSF.

A fourth Air Warfare Destroyer would significantly strengthen the navy's surface capability by providing a ship capable of operating with the US Navy in high-threat areas. But this would be an extra unplanned multi-billion dollar acquisition decision in a budget already stretching at the seams.

Again, what are the trade-offs? It may make sense to think of reducing the notional (some would say utterly fanciful) plan for doubling the submarine fleet. In the AWD, we have a largely extant capability. The future submarine concept remains unbuilt and unproven.

A third possible announcement with the white paper is that the government will decide to narrow the options it promised to review for the future submarine.

These options included looking at existing military "off-the-shelf" designs, an evolution of our existing Collins-class boat and a totally new design. The cost difference between these three possibilities could amount to tens of billions of dollars.

One has to ask: why make the decision on submarine design type now? It is not clear how thoroughly any of these options have been tested and it will be practically impossible to lock in any spending decisions in the 20 or so weeks left to the election campaign. The new submarine acquisition plan is one that will have to survive many federal elections between now and the launch sometime in the late 2020s of the first boat. The government's first obligation here is set to set the foundations for good project management.

Smith has foreshadowed other policy elements in the white paper that will be welcomed, including a renewed focus on regional defence engagement with friends and allies in the Asia-Pacific; a stronger focus on the Indian Ocean; and closer attention being paid to protecting our strategic interests in our northern and western approaches.

These are sensible, largely low-cost steps that reflect necessary priorities beyond our Afghanistan mission.

The litmus test for the new white paper, as for all its predecessors, remains Defence's funding base.

If the white paper doesn't resolve the growing imbalance between strategic ambition and grand plans for equipment purchases, then its shelf life will be short indeed, and future governments will be left to make the hard decisions between cutting capabilities or finding more dollars to invest.

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