

Why we need to beef up defence

Tony Abbott, *The Australian*, February 22, 2016

It's good that ministers have been told to "stop spending" (*The Australian*, February 17) because the national government has a spending problem, not a revenue problem.

In the final Swan budget, revenue was \$65 billion higher than in the final Costello budget but spending was \$135bn higher — hence the shift from a \$20bn surplus in 2007-08 to a \$50bn deficit in 2013-14.

Almost the only area of spending that the Rudd-Gillard government failed massively to boost was defence.

In the final Costello budget the defence spend was \$20bn (or 1.9 per cent of gross domestic product). After six years of Labor, it was just \$25bn (or 1.6 per cent of GDP — the lowest level since before World War II).

In last year's budget, defence spending was back up to \$32bn (or 1.9 per cent of GDP) and it will need to increase further if Australia is to stay safe in an increasingly dangerous world.

Last week there was another escalation of tension in the South China Sea, with the reported installation by China of long range anti-aircraft missiles on one of the Paracel Islands it claims.

With the US, Australia takes no position on these territorial disputes but we are absolutely and necessarily committed to freedom of navigation through the waters that carry 50 per cent of our export trade, much of it to China itself.

With the US, Australia challenges China's claim to restrict freedom of navigation around artificial islands and we have quietly increased our own air force and naval surveillance of the region.

With so much economic interdependence and with the consequences of conflict so dire, there should be little chance of a serious clash. But with more ships and planes in the region than ever before, there is always the risk of miscalculation. And with China embarked on one of the largest military build-ups in history, this is hardly the time to be economising on our armed forces.

Then there's the constantly deteriorating security situation in the Middle East, where the declaration of a submit-or-die caliphate has massively exacerbated the ancient Sunni-Shia conflict and a host of already deadly local wars. In the past 18 months, the consequences for us have immeasurably worsened as the caliphate urged its followers to kill unbelievers everywhere, including in Australia.

Even if the Turnbull government continues to resist US requests to put at least some special operations forces on the ground, we're unlikely to reduce our air campaign or our training and assistance mission to the Iraqi army for some years.

The injection of Russian planes and missiles into the theatre makes it more important than ever that our own armed forces have equipment that's second to none.

Then there's the steadily increasing sophistication of possible cyber attacks that could do incalculable economic damage without a shot being fired.

Largely thanks to the Howard government, which substantially re-equipped our armed forces after the East Timor campaign exposed huge limitations, Australia is one of the very few Western countries with more military capability now than a decade ago. The acquisition of amphibious ships, heavy airlift and modern armour mean that, for the first time, our forces now have some independent global reach. Nevertheless, the subsequent Labor government's cuts and procrastination in making defence

procurement decisions mean that spending increases will need to be sustained for the next decade — and more.

In six years, the former Labor government did not place a single major naval order. Unless decisions are made quickly and implemented without delay, we risk retaining in service ships and submarines that are no longer fit for combat.

When the former Labor government faced fiscal pressure, it invariably found that delaying defence acquisitions was the easiest way to find savings. If the Turnbull government were to succumb to the same temptation, its imminent defence white paper could face the same fate as Kevin Rudd's, which committed to 12 submarines but failed even to order them, let alone to pay for them.

The white paper should confirm the Abbott government's commitment to giving our armed forces global reach; a continuous build of major ships here in Australia coupled with measures to achieve competitive costs; and above all else the spending needed to sustain armed forces that can defend Australia and more than match any regional adversary.

Because the former Labor government "Abbott-proofed" the budget by locking up more than 80 per cent of spending in legislation subject to a recalcitrant Senate, finding significant savings is harder than ever. Even so, the last government that faced a very serious budget challenge resolved it while actually increasing defence spending because prime minister John Howard understood that keeping people safe is the first duty of government.

No government can be economically responsible at the expense of national security. Almost certainly, the defence white paper will reiterate the Abbott government's commitment to lift defence spending to 2 per cent of GDP; but the real test of the Turnbull government's seriousness will be timely decisions on naval shipbuilding, particularly future frigates and the next generation of submarines.

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