

chopped spending as and when it could. Bureaucrats in every department can tell you just how ruthless and arbitrary the cuts were, even in areas of social policy dear to the hearts of those left of centre politically.

When it came to cutting defence investment though there were a couple of obvious and significant problems.

- First, up until 2000 Defence had generally been the victim of continual cuts and constraints for decades not, as for most portfolios, the odd year here and there. The increases introduced since 2000 were catch-up investment to redress all these prolonged cuts and limited allocations.
- Second, Labor had spent most of 2007 promising the exact opposite to cuts. There would, they stated, be absolutely no cut to the Defence budget if Labor was elected, not least because the existing levels of investment were fully justified.
- Third, during the election campaign Labor went even further and promised to honour the existing government commitment to three per cent real growth per annum in defence spending until 2014/15 (subsequently extended to 2015/16 in Labor's 2008 budget announcements).

Making matters worse for those seeking to trim the government's bottom line was the index used to determine just what is 'real' in terms of defence budget growth. The Non-Farm Deflator (NFD) had been put forward by Defence's arch enemy, the Department of Finance, many years before as the index used to peg defence budget increases.

At that time the NFD was an unremarkable index that limited the flow of extra taxpayers' dollars to what the central agencies regard, generally unfairly, as those profligate and often indiscriminate spenders of public money at the Department of Defence.

However, booming demand from China and others for Australian minerals had eventually turned the NFD into a generous index, one that would deliver many hundreds of millions of dollars more each year to Defence. The best estimate available to those outside the bureaucracy is that around \$A1.3 billion extra should have made it onto Defence's headline budget figure for the 2008/09 financial year.

But it did not, and the path that money took creates a dangerous precedent for the basis of Defence's operational funding. It calls into serious question the validity of the Rudd Government's commitment to sustained and sufficient investment in our common defence.

Because wars are inherently dynamic and relatively unpredictable, operations undertaken by the defence force are generally done on the basis of 'no-win no-loss' to the Defence budget. This means that government decisions on deploying troops, and the nature of their tasking and operations, are primarily taken on the basis of tactical or strategic necessity rather than cost. Few argue against this method. If a battalion is needed to complete a task effectively it hardly makes sense to have the bean counters whittle it back to a company to save money.

However, it is apparent that the billion-dollar plus NFD 'windfall' is not being paid to Defence in the usual way in 2008/09. Instead of being fed into Defence's overall budget it will be used instead to pay for ongoing operations in Iraq, Afghanistan, Timor and the Solomons. Let it be crystal clear, this is money that should have been available to plug gaps in the Defence Capability Plan, upgrade the badly neglected defence bases around Australia, or a myriad of other urgent needs such as a personnel system that actually works.

The facts of this budgetary legerdemain can be found in the detail of Defence's *Portfolio Budget Statements 2008/09* (*Budget Related Paper No. 1.4A & 1.4C*). Table 1.2.4 on page 17 of the 2008/09 PBS, entitled *Defence 2008-09 Budget measures*, clearly details the funding from the government for operations in Iraq, Afghanistan, Timor and the Solomons as zero – just little dashes on the page where the figures denoting real dollars should be.

This billion-dollar fudge was even noted in the fine print on one of the many budget day media releases from the Minister for Defence. Look at the bottom of an imaginatively titled release, *Defence 2008-09 Budget*, dated 13 May 2008 and you will see 'Note 3: Funding for overseas operations in 2008-09 will come from internal resources and funding'. That is over a billion dollars of internal resources and precious little funding.

What precedent does this budgetary pea and thimble trick set for the no-win no-loss operational funding arrangements for Defence? Will concerns over the global financial crisis be used to justify yet more cuts to Defence investment in the 2009/10 budget? What of the now increasingly fragile commitment to the needed three per cent real growth in Defence investment?

There should not be a trade-off between building the defence force the country will need in the future and funding the operations of the ADF that operates on our behalf now. The Rudd Government seems to be forgetting that they promised to do both and agreed that both were needed. ♦

## Afghanistan – holding the line

Both sides of politics continue to support our commitment to the UN-endorsed, NATO-led, International Assistance Force (ISAF) in Afghanistan. At the same time, public opinion in Australia continues to drift away from support for the commitment.

To its credit the Rudd Government has consistently maintained a defensible and logical line, domestically and internationally, and publicly and in private. They stress that our commitment will continue, for as long as it takes, to secure Afghanistan's future and prevent that benighted country from again becoming a sanctuary from which Islamist terrorists can mount their attacks across the world.

General Jim Molan's *sharp end* article on pages 30-31 refutes many of the claims commonly put forward by those opposing our involvement. As in all complex counter-insurgency wars we may be in Afghanistan for a very long

time until the situation stabilises, governance improves, and Afghan security forces that can meet international standards for professionalism and respect for human rights are able to take over.

The Rudd Government has also consistently stated that it does not envisage increasing the size of the ADF commitment. Australia is already the largest non-NATO troop contributor, the tenth largest overall, and the sixth largest among the contributors doing the actual fighting. Again this public position is logical, especially as so many of the Western European members of NATO refuse to pull their weight in the war. Any increase in the Australian commitment at present would only allow such countries to further renege on their responsibilities as ostensible members of an alliance at war. ♦

## Being a partner not a passenger

Most of our military commitment to Afghanistan is in Oruzgan Province where we are the junior ISAF partner to the Netherlands. The Dutch, along with the British, Danes, Estonians and Lithuanians, are certainly not among those Western European NATO members dragging their feet in Afghanistan.

At the end of 2010, however, the Dutch may have to scale back or withdraw their contingent from Oruzgan due to legislative and parliamentary constraints in the Netherlands – which is permanently governed by amorphous coalition administrations elected by proportional representation. The US has stated that should the Dutch withdraw, and no other NATO member be prepared to replace them, the US will do so.

Unwilling as the Australian government is to face this situation (at least publicly), it does confront us with vital strategic, operational and moral choices. That we should and will stay the course in Oruzgan is not one of them.

That we should not stop adding our voice to those NATO members with troops actually fighting in southern Afghanistan, who are insisting that the recalcitrant NATO members mend their ways and help in that region, is not one either.

But it would be in neither our operational nor our strategic interests for the USA to become the senior ISAF partner in Oruzgan. In terms of our operational cultures, it would instead be better for us, the Americans and indeed the Afghans, if we assumed the responsibility of senior ISAF partner to command and control the necessary counter-insurgency operations at the operational and tactical levels.

Similarly, at the strategic level, in terms of both the war across Afghanistan and our wider global strategic relationship with the USA, it would be better for both Australia and the US if we assumed the majority ISAF responsibility for the securing of Oruzgan. Not only has the US already borne too much of the burden in Iraq and Afghanistan, it is important we assure our major ally that we are willing and capable of more than token or 'niche' contributions to the joint military

endeavours of the Western alliance. Canada has set an excellent strategic and moral benchmark in this regard.

This would undoubtedly require us to deploy a battalion group to the province (and we can). Based on allied experiences this would need to include artillery, tanks and, if they achieve operational capability in time (which is doubtful), our new armed reconnaissance helicopters. Otherwise the US or someone else would need to provide the attack helicopter support needed. ♦

## Escalating a war in order to win it

As in all wars we must also be prepared to escalate the war in order to win it. Just as we (and our allies) successfully did and threatened during Confrontation in the early to mid 1960s – and in effect achieved by deterrence in stopping the 1999 East Timor crisis from becoming open hostilities.

The suggestion that an increased troop commitment somehow indicates that you may be losing a war is just that, only a suggestion. It is also often just a mutation of the reflexive claim of 'quagmire' that is too readily tossed up in place of reasoned argument from time to time.

The increasing success of the American 'surge' in Iraq provides a good example of an operational and political circuit-breaker – in that country and the wider region strategically. It again demonstrates that increases in force size, or actual or threatened escalations in force, can lead to resolution of a problem (if not always victory in the conventional sense) – and do so sooner than continuing to accept a perhaps problematic status quo. ♦

## Monash fever erupts again

In World War I the Australian Corps, of five divisions, was our major commitment to the Western Front in France and Belgian Flanders. We also had the Desert Mounted Corps comprising two Light Horse divisions and various independent formations and units in the Palestine campaign.

General Sir John Monash was an exceptionally able and talented senior commander. He commanded at brigade level from June 1913, divisional level from June 1916, and then corps level from May 1918. He remains probably the best known senior Australian military commander in popular terms, certainly so in the case of historical figures.

Monash was instrumental in significant victories on the Western Front and in the evolution of modern military staff and operational planning processes. Being an Australian, and originally of a citizen-soldier background and with Jewish antecedents, Monash also remains distinctive in the public mind even generations afterwards. Memories of him are further burnished because of popular, but not always historically accurate, folk memories of the perceived indifferent performance of many British generals in comparison.