



The letters pages are an important part of *Defender's* role in furthering informed public debate on defence and wider national security issues. Letters to the Editor of *Defender* are submitted on the condition that the Australia Defence Association as publisher may edit all letters and reproduce them in electronic form. Emailed letters should be sent to <defender@ada.asn.au>. All writers must supply their name, address and daytime telephone number. Identification of writers will be withheld where justified. Letters should be kept to a maximum of 300 words (ideally 150-250) and avoid personal attacks.

Sir: The item on 'me-too-ism' between the Labor and Coalition parties in the November 2007 issue of *Defence Brief* had a clever and witty sting in its tail, but in so doing completely misses the point identified in its opening. The concern over the absence of interest or expertise in defence matters in a potential (now actual) Labor deputy prime-minister is dismissed as an issue of perspective because the last deputy prime-minister in the Howard Government suffered from the same deficiency. This somewhat glib view overlooks the fundamental difference between the two situations.

Practice to date has the position of deputy prime-minister in a Coalition government filled by the leader of the junior coalition party. As such, he or she will only ever serve as an interim prime-minister while the sitting members of the senior party, the Liberals, go through the process of electing a new leader; a process in which he or she would not be candidate. On the other hand, a Labor deputy prime-minister serves as an acting prime-minister until the Labor caucus either confirms him or her in the position permanently or elects a new leader of the parliamentary party (and prime-minister) instead.

Thus the former has a potential term as prime-minister that is calculated in days, perhaps weeks, whereas the latter has a potential prime-ministerial term of years. It is a significant difference, most definitely not 'traditional me-to-ism', and it presents a concern in the current circumstances that should not be dismissed so lightly.

**Bill Mellor
Queensland**

Sir: Your ever-perceptive Russell Hill diarist has advised that our CDF, an air chief marshal in the Royal Australian Air force, now has a ceremonial kilt in the Australian Army tartan [*Defender*, Winter 2007]. Was this just another of the alleged anti-RAAF jibes attributed to Major Furphy by some, or is it true and does this denote some new level of jointery in the ADF. I think we should be told.

**Lee Shaw
Tasmania**

Editor's Note: The Office of the CDF and several readers who should know have confirmed the veracity of the report. Major Furphy continues to reject as unwarranted the inference that he or his respected boss harbour any anti-Air Force biases.

Sir: With the retirement of Graham Edwards from parliament and the election of Dr Mike Kelly the number of war veterans among our 226 federal parliamentarians remains at one. If Kelly had not won Eden-Monaro we would have had the first parliament since federation without a single member or senator who was a veteran — a pity because ex-Service people have served the parliament better than most in that time.

This is troubling to say the least for the even more important reason that we are not yet living in a period where war has happily been abolished from international discourse. I, for one, would be lot more comfortable if those governing us and committing the ADF to combat — and their parliamentary opposition — had some in their ranks with first-hand experience of what was really involved. Not just here and now, but including our national responsibility for the care of a new generation of veterans stretching well into the future. Perhaps they should start encouraging such candidates now.

**Peter Phillips
Australian Capital Territory**

Sir: Our new government has significantly increased the amount of ministerial oversight in the Defence portfolio. Whereas the Howard Government allocated only one and half ministers to this responsibility the Rudd Government has appointed two full-time ministers. They have also doubled the number of parliamentary secretaries to two. I also note that a Labor election promise was to reduce the size of the Department of Defence bureaucracy (both civilian and military).

The increased ministerial oversight is an essential reform too long delayed. We are slowly inching towards the oversight by three ministers recommended by the 1957 Morshead Review as necessary for a unified Department of Defence — but deliberately ignored by Sir Arthur Tange's bureaucratic empire building in 1973-74.

In the years since, what has really changed? With snail-like velocity Defence has moved towards a coherent command and control structure for the ADF, and its capability development, but also an ever-growing and burdensome administrative and policy bureaucracy in the department.

It is difficult to fathom whether these changes have been the product of the seemingly unending succession of reviews of the department — or whether those reviews simply provided the justification to implement what the department sought while conveniently spreading the blame even further and delaying the blindingly obvious.

For example I suspect the last review led by Ms Proust in 2007 was unduly constrained by its terms of reference. It

was limited to examining 'business processes' only — and forbidden from using a first-principles approach about how our national defence should be organised and overseen or how our defence force could be controlled by the elected government rather than public servants.

I understand Proust's recommendation, about clearly defining the diarchic responsibilities of the Secretary and CDF, was rejected on the advice of those most affected.

After 50 years what needs to be done is obvious. Will it require further costly, time-wasting and subverted reviews or will the new plethora of ministers and parliamentary secretaries seize the moment and demand real action? I wait with interest.

Pat Beale
South Australia

Sir: The Rudd Government has rightly quarantined defence spending from expenditure cuts in line with its election promises and any reasonable assessment of our current and future strategic situations (and the state of the ADF). But in light of the cuts being threatened or applied in other portfolios the other reason for quarantining defence spending needs to be better publicised to avoid misunderstandings in the electorate.

This case revolves around two clear facts. First, defence spending has already had more than its fair share of cuts over many years. It was so continually cut for so long that the current real increases are now essential to cancel out decades of sustained under-investment.

Second, the proposed cuts to other areas of federal spending come only after sustained and very large increases in the funding of those portfolios over the same period. Increased funding that was often only possible because of the longstanding and serious under-investment in defence.

The bottom line is that defence spending has remained in the historical band of 7-9 per cent of the federal budget for decades whereas spending on health, education and social welfare, for example, has increased to some 70 per cent from below 40 per cent over the same period. Furthermore, these federal increases are additional to the large amounts that the states and territories also spend on education, health and social welfare.

Bruce Dowse
Victoria

Sir: Lately several defence commentators in academia and the media have taken to making the comment that 'each dollar invested in our defence can be spent once only'. Their inference is that funding for one particular defence capability means that the money involved cannot be spent elsewhere on other (presumably competing) capabilities and priorities.

But this perception of a rigid opportunity cost to every defence investment decision is simply not true, not least because it ignores the flexibility principle when comparing defence capabilities. The proponents of such a rigid opportunity cost are ignoring our history and demonstrating a fundamental lack of understanding about defence strategy and its execution by military operations. They also seem unaware of modern risk management principles as used in commerce and industry, which focus on embedding multiple options and flexibility in each asset.

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In an integrated, joint-focused, balanced defence force, many capabilities maintained primarily to deter or fight high-intensity warfare contingencies can often be scaled down to handle the much more frequent low-intensity tasks — such as counter-insurgency, nation-building, peacekeeping, reconstruction or humanitarian assistance. What is more, this can generally be done comparatively swiftly, easily and at little additional cost.

But the opposite is not true at all. Forces configured for only low-intensity and low-scale operations cannot be suddenly, easily or cheaply scaled up to handle bigger strategic problems. They also have little value in deterring them in the first place. To our national cost we relearn this lesson when rebuilding the ADF after every cycle of short-sighted defence funding cutbacks.

Furthermore, the type of defence capability being maintained also plays a big part. Strike aircraft and submarines, for example, have obviously limited (but by no means zero) utility in operations at the lower end of the conflict spectrum, or in diplomatic resolve, peacekeeping, nation-building, reconstruction or humanitarian assistance tasks. But this is not true for many broadly-useable capabilities, such as transport aircraft, utility helicopters, maritime patrol aircraft, amphibious ships and much of our ground forces and surface fleet generally.

Money invested in flexible and versatile defence capabilities is spent twice in the sense that the returns are maximised no matter what happens. Funding such capabilities, at the very least, is also far more likely to provide an efficient return on investment and do so over the long term. Luckily these are also generally the capabilities best able to handle unforeseen tasks and contingencies, and therefore investing in them also provides the best diversification against future risks.

The notion that each dollar invested in defence can only be spent once might apply to considerations about which particular capabilities we need to maintain to cope with the one-in-a-hundred-year flood-type of infrequent but potentially catastrophic threat (such as invasion). But to misapply this mistaken belief to investment in all defence capabilities is simply foolish.

Kevin Walsh
Victoria

Sir: I have followed with interest the discussion in recent issues of *Defender* about the pre-World War II Singapore strategy and its parallels with the Defence-of-Australia (DOA) strategy identified with Dr Paul Dibb and others. Few seem to disagree that both strategies proved to be failures with the arguments really revolving around why they failed and what the alternatives were. Even here there seems to be general agreement that both failed because subsequent events were substantially different from the predictions built in to their flawed assumptions.

I am therefore surprised that neither side has drawn attention to another telling and tragic parallel between the two strategies; namely the vicious suppression of professional and intellectual dissent in the ADF officer corps by the proponents of the said strategies.

In the inter-war period several Chiefs of the General Staff had their professional advice continually ignored and were retired because their criticisms embarrassed the vacillating and parsimonious governments of the day. The careers of several senior RAAF officers also suffered. Criticism from the RAN was more mooted but certainly commonplace among both Australian and seconded British officers.

In the 1980s and 1990s, including well after the change of government from Labor to the Coalition in 1996, critics of DOA's failings within the Department of Defence and the ADF had their careers curtailed in many cases. Quite drastic censorship of professional debate occurred as White Papers and strategic updates were handed down as virtual *pronunciamientos*. Professional debates in the *Australian Defence Force Journal* and papers produced by the Service think-tanks were muzzled by senior departmental officials, while much of the ADF leadership seemed to stand moot.

The failure of both the Singapore and DOA strategies might have been avoided, or at least greatly ameliorated, if professional and intellectual debate about them had been encouraged rather than forcefully suppressed. Hopefully this lesson will be absorbed during the preparation of any future defence white papers.

Paul Evans
New South Wales

Sir: The ADA's continued expressions of concern about the lack of understanding of defence matters among the media are well taken. The phenomenon is well entrenched among those in the media who admit no inadequacy and it has plagued defence-media relations since World War II at least.

Apart from the routine howlers — spelling marshal, the rank, with two 'l's, describing the governor-general as 'Major' — and so on, elements of the media have shown a cavalier disregard for legitimate operational security in favour of getting the story out first.

Two examples will suffice. In 1972 as the Labor Opposition was smelling the blood of a decrepit Coalition government, a politically-aligned public servant in the then Department of Territories leaked a secret document dealing with Australia's external territories. This was taken up by the media and by the Opposition which was campaigning quite legitimately for a change of administration in the Cocos Islands. With the exception of a few paragraphs, the document hardly warranted its secret classification but those few paragraphs dealing with a very secret defence project in another territory were very important. The document should never have seen the light of day unless those paragraphs were first excised. Fortunately little harm appeared to have been done because the consumers lacked the understanding of the project's importance.

The lesson was that too many people see their political or career interests as more important than the national interest.

The other case involved a journalist from a metropolitan daily who became aware of a very sensitive naval operation due to take place at the outset of the US-led coalition intervention in Iraq in 2003. He contacted me for comment in my then capacity as ADA executive director.

When I pointed out to him the danger to Australian personnel if he published the information in advance of the

operation, he was insistent that his story take precedence and asserted the support of his editor. It was not until I warned the Chief of Navy of the impending publication that commonsense and serious pressure were brought to bear and the story killed.

Many of my journalist friends have asserted 'the public have a right to know' as justification for this sort of reporting at all costs. In fact the public do not have such an absolute right, they generally understand that the lives of ADF personnel should not be risked by security breaches, and they would probably lynch the offending journalists if they knew the full story.

I have no brief for the defensive mind set of public affairs staffs in the Department of Defence, but it is all too easy to understand why there is a serious and dangerous lack of trust between the department and the ADF on one hand and the Australian media on the other.

**Michael O'Connor
Victoria**

Sir: The arguments in *Defender* [Autumn 2007] about the unfair and clearly discriminatory indexation method used for defence force superannuants, and various compensation payments to disabled war veterans and other disabled Service personnel, were well put. Acceptable indexation measures for DVA-related compensation payments have since been legislated, but both sides of politics continue to resist reforming the discriminatory indexation of public sector superannuation schemes and the unfair taxation treatment of defence force (and Commonwealth public service) superannuants.

The fact of this discrimination is tough enough but the perceptions involved are also damning. Our parliamentarians very generously index their own pensions at a rate equivalent to a current backbencher's salary in the ultimate defined-benefit arrangement. They even index the pensions of social security recipients to a standard exponentially much better than that applying to former defence force personnel. What they are in effect declaring is that their promises to look after those they commit to combat, or expect to be ready for combat, do not count and they do not much care that this is recognised by those being disadvantaged.

This is magnified by the implicit admission (by both sides of politics) that they will not rectify this discrimination because ADF superannuants, or members prematurely discharged because of wounds, injuries or illnesses sustained during war or training for war, have so little perceived electoral clout that the continuing inequity can continue to be ignored.

Furthermore, the Treasury estimates cited as allegedly showing a high cost for reforming this indexation are flawed. They use gross figures only and ignore that the 2007 *Intergenerational Report* details the net unfunded liabilities for public-sector superannuation reducing from 0.05 per cent to 0.02 per cent of GDP over the next 40 years (even without factoring in the \$32 billion Future Fund ostensibly created to fund this liability). Research by the University of Canberra, commissioned by the Superannuated Commonwealth Officer's Association and endorsed by the Defence Force Welfare Association, has established that the real net cost of fixing the discriminatory indexation, after allowing for tax

revenue increases and reductions in aged pensions, would be approximately \$18 million in the first year – or about one tenth of one per cent of the 2007/08 projected budget surplus of \$17.3 billion.

Then there is the additional discrimination, and implied contempt for serving and former defence force personnel, whereby ADF superannuants do not qualify for non-taxed payments after age 60 under the new 'simpler super' arrangements. The Howard Government claimed that this is because ADF (and Public Service) superannuation schemes were and remain 'unfunded', and untaxed accordingly, being eventually paid out of consolidated revenue each year. Whilst this may be technically correct in terms of revenue distribution, it fails to acknowledge that the former Defence Force Retirement Benefits scheme (DFRB) was a statutory and funded scheme until its considerable assets were arbitrarily confiscated and diverted into consolidated revenue by both the Whitlam and Fraser Governments in the 1970s. Furthermore, no Australian superannuation scheme of any type was taxed at source before 1988 anyway. Therein lies the rub for many ADF retirees (and Public Service superannuants): if you are over age 60 and a DFRB or DFRDB (or Comsuper) superannuant, how are you really any different to other superannuants in Australia?

The bottom line is that former defence force personnel have:

- been expected by the Government and the wider Australian community to face dangers, hazards and general exigencies of military service that are well outside accepted community standards;
- been historically paid well below private sector standards for a range of similar employment categories; and
- paid tax at marginal rates before making their compulsory after-tax superannuation contributions (with some considerable carrot and stick qualification thresholds for benefit eligibility (eg. DFRDB required 20+ years of continual effective service otherwise you received nothing).

These loyal Australian ex-Service personnel now face:

- continued losses in their standard of living due to the declining value of their superannuation or disability payments because they are indexed to the CPI only, and not the better of the CPI or MTAW (as are all social security benefits for example);
- the added impost of continuing to pay tax at marginal rates if in receipt of superannuation or disability benefits well into the future (irrespective of the new but generally ineffective 10 per cent tax offset after age 60); and
- an inequitable regulatory regime that will limit access to a range of other Government benefits that are afforded more fully to the general community.

This collective situation is simply unfair, immoral and indefensible in terms of community equity and fails to achieve the Government's own stated policy objective 'to assist and encourage people to achieve a high standard of living in retirement'. In terms of recruiting and retention they are also plainly self-defeating if we hope to maintain an efficient and effective defence force.

**Peter Thornton
Australian Capital Territory**