



Reduce Defence Waste	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>The proposal would reduce the overall defence expenditure through the following components:</p> <p>Component 1: The level of funding for the Net Approved Program - Military Equipment Acquisition would be reduced such that the level of overprogramming returns to 36%.</p> <p>Component 2: Funding would be reduced by amounts equivalent to the contracted and uncontracted funding for procurement and sustainment associated with:</p> <ul style="list-style-type: none">• Hunter Class Frigate Design and Construction• Land Combat Vehicle System - Redback Infantry Fighting Vehicle (IFV)• New Air Combat Capability F-35A Lightning II Joint Strike Fighter (JSF)• Multi Role Helicopter Rapid Replacement project - UH-60M BlackHawk• H135 Juno• Offshore Patrol Vessel - Arafura Class OPV• Heavy Armoured Capability: Main Battle Tank Upgrade / Combat Engineering Vehicles• MQ-4C Triton High-altitude, long-endurance (HALE) remotely piloted aircraft system• Collins Class Communications and Electronic Warfare Improvement program• Multi-Role Helicopter: MRH90 Taipan• Collins Class Submarine, including the Phase 1 Collins Life of Type Extensions (SEA 1450)• Airborne Early Warning and Control System - AEWC• P-8A Poseidon Maritime Patrol and Response• Multi-Role Helicopter - TLH MRH90• Special Purpose Aircraft <p>Component 3: An annual 1% efficiency dividend would be applied to the remaining expenditure within the Defence portfolio.</p> <p>Any transitional costs or break-contract costs would be met from within the Department of Defence's existing resources.</p> <p>The proposal would take effect from 1 July 2025.</p>	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$47.6 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in defence expenditure.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Reduce Defence Waste – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	9,550.0	10,610.0	12,940.0	14,520.0	47,620.0
Underlying cash balance	9,550.0	10,610.0	12,940.0	14,520.0	47,620.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

The Parliamentary Budget Office (PBO) notes that any transitional costs or break-contract costs to be met from within existing resources of the Department of Defence may be substantial and have not been costed, as specified. The PBO has made no assessment as to the impact of the proposal on Australia's defence capability, or of the wider flow-on strategic and/or geo-political impacts.

Key assumptions and methodology

Component 1

The baseline profile of the Defence Capability Acquisition Program was reduced such that total planned spending remains constant while the percentage of overprogramming is increased to 36%. The Department of Defence provided the baseline profile of the Defence Capability Acquisition Program from 2025-26 to 2034-35 and its level of overprogramming.

The baseline profile in 2035-36 was assumed to grow at the same rate as the previous year.

Component 2

Defence funding was reduced by the total funding profiles of the specified programs, provided by the Department of Defence from 2025-26 to 2034-35.

The baseline profiles in 2035-36 were assumed to grow at the same rate as the previous year.

Component 3

An efficiency dividend of 1% per year was applied, cumulatively, to the portion of Defence portfolio expenditure not already subject to an efficiency dividend.

- Currently, around 89% of Department of Defence funding is exempt from any efficiency dividend.

All components

Financial implications were rounded consistent with the PBO's rounding rules.¹

Data sources

The Department of Defence provided the total Defence portfolio funding profile, the Defence Capability Acquisition Program profile, the profile of overprogramming and the approved funding profiles for the specified procurement and sustainment programs as at the 2025-26 Budget.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

¹ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Reduce Defence Waste – Financial implications

Table A1: Reduce Defence Waste – Fiscal and underlying cash balances (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Expenses													
<i>Component 1: Increased overprogramming and decreased acquisition funding</i>	2,500.0	3,400.0	4,800.0	5,600.0	7,200.0	7,700.0	8,500.0	9,700.0	10,500.0	10,800.0	11,200.0	16,300.0	81,900.0
<i>Component 2: Reduced funding equivalent to specific projects</i>	6,610.0	6,300.0	6,680.0	6,800.0	4,520.0	4,230.0	3,810.0	3,420.0	2,880.0	2,630.0	2,410.0	26,390.0	50,290.0
<i>Component 3: Efficiency dividend</i>	440.0	910.0	1,460.0	2,120.0	2,910.0	3,730.0	4,550.0	5,620.0	6,630.0	7,570.0	8,760.0	4,930.0	44,700.0
Total – expenses	9,550.0	10,610.0	12,940.0	14,520.0	14,630.0	15,660.0	16,860.0	18,740.0	20,010.0	21,000.0	22,370.0	47,620.0	176,890.0
Total (excluding PDI)	9,550.0	10,610.0	12,940.0	14,520.0	14,630.0	15,660.0	16,860.0	18,740.0	20,010.0	21,000.0	22,370.0	47,620.0	176,890.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A2: Reduce Defence Waste – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Fiscal balance	210.0	670.0	1,220.0	1,880.0	2,610.0	3,400.0	4,280.0	5,270.0	6,390.0	7,610.0	8,960.0	3,980.0	42,500.0
Underlying cash balance	160.0	550.0	1,080.0	1,710.0	2,430.0	3,200.0	4,060.0	5,030.0	6,110.0	7,310.0	8,620.0	3,500.0	40,260.0

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

² [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)