



Peace, Disarmament and Demilitarisation	
Party:	Australian Greens
Summary of proposal: The proposal has 4 components, all of which would start from 1 July 2022.	
<ul style="list-style-type: none"><li>• Component 1 would reduce annual departmental spending by the Department of Defence (DoD) and Australian Signals Directorate (ASD) on a steady, linear trajectory to 1.5% of nominal gross domestic product (GDP) by 2025-26, including expenditure on peace-building programs.</li><li>• Component 2 would require DoD to develop a climate-security white paper or strategic planning and implementation document to inform a coordinated and large-scale response to climate-change risks.</li><li>• Component 3 would ban military advertisements and aim to promote peace through 4 parts.<ul style="list-style-type: none"><li>– Part 1 would ban proactive enrolment programs by the Australian Defence Force (ADF) and redirect the associated expenses to peace-based education initiatives.</li><li>– Part 2 would ban all advertising by weapons manufacturers.</li><li>– Part 3 would:<ul style="list-style-type: none"><li>a) scrap the \$498 million Australian War Memorial (AWM) Development Project</li><li>b) ban arms manufacturers and corporate sponsorship of the AWM.</li></ul></li><li>– Part 4 would invest \$10 million across the forward estimates to promote peace and the importance of non-violent conflict resolution in national institutions.</li></ul></li><li>• Component 4 would use the current DoD budget to establish a Parliamentary Defence Office, which would be 1/3 the size of the Parliamentary Budget Office (PBO).</li></ul>	

## Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$51.1 billion across the 2022-23 Budget forward estimates.

The proposal would have financial implications beyond the 2022-23 Budget forward estimates. A breakdown of these implications (including separate public debt interest (PDI) tables) across the period 2022-23 to 2032-33 is at Attachment A.

## Sensitivities

- The financial implications of Component 1 are sensitive to the trajectory of nominal GDP as well as future funding decisions for DoD and ASD.
  - The PBO has not made an assessment as to whether the proposed decrease in defence expenditure could be achieved within the specified timeframe.

- The financial implications of Component 2 are sensitive to assumptions about the time required to develop the climate-security white paper.
- The financial implications of Component 4 are sensitive to the trajectory of wages growth.
- The PBO has not made an assessment as to whether the proposed expenditure in Component 3, Part 4 would be sufficient to meet the objectives of the proposal.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	<b>Total to 2025-26</b>
Fiscal balance	7,140.0	11,495.0	14,497.5	17,997.5	<b>51,130.0</b>
Underlying cash balance	7,140.0	11,495.0	14,497.5	17,997.5	<b>51,130.0</b>

(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.

## Key assumptions

The PBO has made the following assumptions in costing the proposal.

### Component 1

- DoD and ASD would be able to decrease defence expenditure within the proposed timeframe.
- DoD and ASD would be able to fulfill any redundancy, decommissioning, and/or contract-break liabilities that would arise due to the proposal.
- Expenditure on peace-building programs would be accounted for in the overall decrease in defence expenditure.

### Component 3

- Expenditure changes under Part 1 and Part 4 would be additional to the proposed decrease in expenditure under Component 1.
- Part 2 would not have an effect on the Budget because expenses would be minimal and covered by existing departmental appropriations.
- Part 3 (b) would not have an effect on the Budget because manufacturer and corporate sponsorships constitute a small proportion of the AWM's operating revenue.
- Part 4 would be distributed evenly across the 2022-23 Budget forward estimates.

## Methodology

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.<sup>1</sup>

<sup>1</sup> [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Costings\\_and\\_budget\\_information](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information)

## Component 1

The financial implications of Component 1 were estimated as the difference between defence expenditure in the current Budget baseline and the proposed expenditure as a percentage of nominal GDP.

## Component 2

The financial implications of Component 2 were estimated based on similar measures in previous Commonwealth budgets.

## Component 3

The financial implications of:

- Part 1 were estimated based on data from the Department of Finance's *Campaign Advertising by Australian Government Departments and Agencies* reports from 2015-16 to 2020-21.
- Part 2 were assumed to be nil, as detailed above.
- Part 3 (a) were estimated based on the committed and uncommitted funds for the AWM Development Project as at 31 March 2022, provided by the Department of Veteran's Affairs.
- Part 3 (b) were assumed to be nil, as detailed above.
- Part 4 were as specified in the proposal, distributed as detailed above.

## Component 4

The financial implications of Component 4 were estimated based on departmental appropriations for the PBO as at the 2022-23 Budget.

## Data sources

The Treasury provided projections for economic parameters, nominal GDP, and defence expenditure as at the 2022-23 Budget.

The Department of Finance provided departmental appropriations for the Australian Signals Directorate as at the at the 2022-23 Budget.

The Department of Veteran's Affairs provided the funding profile for the Australian War Memorial Development Project as at 31 March 2022.

Australian Government, 2021. *Budget Related Paper No. 1.14D*, Australian Government.

The Department of Finance, 2017. *Campaign Advertising by Australian Government Departments and Agencies - 2016-17*, The Department of Finance, Australian Government.

The Department of Finance, 2018. *Campaign Advertising by Australian Government Departments and Agencies - 2017-18*, The Department of Finance, Australian Government.

The Department of Finance, 2019. *Campaign Advertising by Australian Government Departments and Agencies - 2018-19*, The Department of Finance, Australian Government.

The Department of Finance, 2020. *Campaign Advertising by Australian Government Departments and Agencies - 2019-20*, The Department of Finance, Australian Government.

The Department of Finance, 2021. *Campaign Advertising by Australian Government Departments and Agencies - 2020-21*, The Department of Finance, Australian Government.

## Attachment A – Peace, Disarmament and Demilitarisation – financial implications

**Table A1: Peace, Disarmament and Demilitarisation – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Expenses</b>													
<b>Administered</b>													
<i>Component 1: Reduce defence expenditure to 1.5% of nominal GDP</i>	6,700.0	11,500.0	14,500.0	18,000.0	18,100.0	19,100.0	22,100.0	23,300.0	24,500.0	25,800.0	27,000.0	50,700.0	210,600.0
<i>Component 2: Develop a climate-security white paper</i>	-2.5	-2.5	-	-	-	-	-	-	-	-	-	-5.0	-5.0
<i>Component 3: Ban advertising by weapons manufacturers</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Component 3: Scrap the \$498 million Australian War Memorial Redevelopment Project</i>	445.0	-	-	-	-	-	-	-	-	-	-	445.0	445.0
<i>Component 3: Ban arms manufacturer and corporate sponsorship of the Australian War Memorial</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Component 3: Invest \$10 million across the forward estimates to promote peace in national institutions</i>	-2.5	-2.5	-2.5	-2.5	-	-	-	-	-	-	-	-10.0	-10.0
<b>Total – administered</b>	<b>7,140.0</b>	<b>11,495.0</b>	<b>14,497.5</b>	<b>17,997.5</b>	<b>18,100.0</b>	<b>19,100.0</b>	<b>22,100.0</b>	<b>23,300.0</b>	<b>24,500.0</b>	<b>25,800.0</b>	<b>27,000.0</b>	<b>51,130.0</b>	<b>211,030.0</b>
<b>Departmental</b>													
<i>Component 3: Ban proactive enrolment programs by the Australian Defence Force</i>	47.3	47.3	47.3	47.3	47.3	47.3	47.3	47.3	47.3	47.3	47.3	189.2	520.3
<i>Component 3: Redirect funds to peace-based initiatives</i>	-47.3	-47.3	-47.3	-47.3	-47.3	-47.3	-47.3	-47.3	-47.3	-47.3	-47.3	-189.2	-520.3
<i>Component 4: Establish the Parliamentary Defence Office</i>	-4.5	-3.0	-3.0	-3.1	-3.1	-3.1	-3.1	-3.2	-3.2	-3.2	-3.2	-13.6	-35.7
<i>Component 4: Redirect funds from Department of Defence</i>	4.5	3.0	3.0	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.2	13.6	35.7
<b>Total – departmental</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (excluding PDI)</b>	<b>7,140.0</b>	<b>11,495.0</b>	<b>14,497.5</b>	<b>17,997.5</b>	<b>18,100.0</b>	<b>19,100.0</b>	<b>22,100.0</b>	<b>23,300.0</b>	<b>24,500.0</b>	<b>25,800.0</b>	<b>27,000.0</b>	<b>51,130.0</b>	<b>211,030.0</b>

(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.

- Indicates nil.

**Table A2: Peace, Disarmament and Demilitarisation – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Fiscal balance</b>	80.0	290.0	590.0	980.0	1,430.0	1,940.0	2,570.0	3,320.0	4,180.0	5,170.0	6,340.0	1,940.0	26,890.0
<b>Underlying cash balance</b>	70.0	270.0	560.0	930.0	1,370.0	1,880.0	2,490.0	3,230.0	4,080.0	5,050.0	6,200.0	1,830.0	26,130.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the tables 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 glossary<sup>2</sup>.
- (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.
- Indicates nil.

<sup>2</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)