

Federal Budget 2025: Future Generations Analysis of Defence and Foreign Affairs Portfolio

What is the Budget Measure on Defence Spending?

Defence Minister Richard Marles' had already made a major budget announcement in April that defence spending will [double to \\$100bn within the next decade](#), in response to China's military intensification.

This Budget announces an extra \$5.7 billion in defence funding over the forward estimates, which is the single biggest increase to affect the budget balance, but with \$3.8 billion not due until 2027-28.

The federal government is planning to spend an extra \$50 billion on defence over the next decade, meaning Australia's total defence spend will be equivalent to 2.4 per cent of its gross domestic product (GDP) within 10 years. including the [\\$11.1bn already announced](#) for the navy's surface fleet. Some funding has been redirected to make the ADF "more amphibious".

Long term, the government is planning to invest a total of **\$330 billion through to 2033-34**, which includes the initial cost for the AUKUS initiative to purchase nuclear-powered submarines. This means the annual Defence budget will grow to an estimated \$100 billion by 2033-34 compared to \$53 billion this financial year.

\$750 million to be allocated in the budget for the "hardening" of bases in Northern Australia in the 2024-2025 financial year, and more than \$1 billion of that funding will also be spent on an immediate boost on long-range missiles and targeting systems.

Foreign Affairs spending

In the Pacific, Australia has committed \$110 million to fund development initiatives in Tuvalu, including an undersea telecommunications cable and direct budget support. The government has also pledged \$492 million to the Asian Development Bank to provide grants to vulnerable countries in the Asia-Pacific.

The Australian aid budget will be around \$4.96 billion next financial year, around \$130 million higher than the \$4.83 billion projected in the last budget. The Department of Foreign Affairs and Trade (DFAT) will receive more than \$400 million over nine years to "enhance and expand" Australia's diplomatic missions in the Pacific, as well as another \$228 million over four years to upgrade diplomatic properties and communications systems around the globe.

This Budget notes the influence of armed conflict in many indirect ways, referenced in the need for supply chains, and minerals. Treasurer Jim Chalmers attributed high energy prices to Russia's invasion of the Ukraine, for example.

How does this Budget Measure relate to the five major forces in [The Intergenerational Report 2023](#)

This Budget Measure speaks to the force identified as 'Increased geopolitical risk and fragmentation' in the Intergenerational Report 2023 and these Budget Measures are closely aligned.

The report stated:

The global strategic environment has deteriorated sharply over the past decade. The Indo-Pacific faces a challenging strategic outlook, amid the largest military build-up in the post-war era. The use of coercive statecraft has become the centre of geostrategic competition. The international rules and norms that have underpinned Australia's security and prosperity are under increasing pressure. Russia's invasion of Ukraine, and rising geostrategic competition, has sharpened global tensions and disrupted the global economy.

The Budget papers respond:

In a world of rapid economic change and heightened strategic competition, investing in modern defence industries serves our economic and national security interests. That's why we're injecting \$50.3 billion over the decade to deliver the capabilities we need to keep Australians safe – as part of the National Defence Strategy.

However, the Intergenerational Report also speaks to using all the tools of statecraft in a strategic manner to achieve a stable and prosperous region, which these Budget papers show only a long term vision for defence spending.

How does this Budget Measure relate to the Measuring What Matters Framework

The Measuring What Matters Framework ([Framework](#)) has five wellbeing themes, all of which presume an Australia whose territory is safe from incursion in a stable region. This Budget Measure particularly focuses on Australians feeling secure and cohesive.

Healthy: A society in which people feel well and are in good physical and mental health, can access services when they need, and have the information they require to take action to improve their health.

Secure: A society where people live peacefully, feel safe, have financial security and access to housing.

Sustainable: A society that sustainably uses natural and financial resources, protects and repairs the environment and builds resilience to combat challenges.

Cohesive: A society that supports connections with family, friends and the community, values diversity, and promotes belonging and culture.

Prosperous: A society that has a dynamic, strong economy, invests in people's skills and education, and provides broad opportunities for employment and well-paid, secure jobs.

Inclusion, equity and fairness are cross-cutting dimensions of the Framework.

Applying the Welsh Government Budget Questions

Does this Budget measure:

- Move the country away from its vision for the future?
- Disadvantage any generations, alive now or in the future?
- Disadvantage people at any specific life stage?
- Strengthen the transmission of inequality through generations?
- Restrict the choice of future generations?

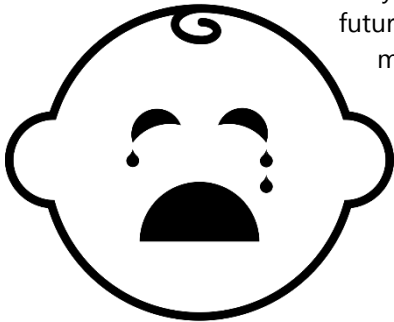
The [Defence Strategic Review](#) notes that Australia's 'national security and our national prosperity are based on a stable peaceful region where the global rules-based order is preeminent and respected'. The efficacy of Defence spending is difficult to judge except in hindsight, as the best-case scenario is that the capability is not used for warfighting at all and Australia is not threatened. In this case, ADF spending could still be seen as having deterrence value. It has been argued that the current significant increase in defence moves Australia away from a more peaceful future by responding to Chinese signals with a military buildup and the AUKUS alliance. If China changes course, there might be future regrets over the level of investment at the expense of other threats to Australian security, such as climate impacts or pandemics. There is already tension about the ADF's role in dealing with disasters on Australian soil. Should security always trump social and environmental policy?

The Defence spend could disadvantage future generations, or young people alive now if enough investment is not made in climate mitigation and adaptation. The Government has not released the Office of National Intelligence's Climate Risk Assessment that assessed climate as a security risk. It is likely that there were significant climate risks identified for the ADF's bases in Northern Australia, as well as the Navy. The nature of the security threats impacted by climate change such as mass displacement caused by disasters and crumbling of social cohesion deserve the same planning and preparation as traditional security threats.

The Defence spend could restrict the choices of future generations if Australia has not put commensurate long-term funding and strategy around diplomacy, conflict resolution and people-to-people links. Conversely, insufficient investment in Defence could restrict the ability of future generations to defend Australian territory and populations.

Analysis - Happy baby or sad baby?

Ultimately, Defence spending, especially on armaments, creates the risk of a less secure future for a baby born on Budget night. The future-focused Defence spend is not matched in scale or planning with funding for diplomacy and aid, or climate mitigation and adaptation funding.



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ABOUT EVERYGEN

EveryGen, convened by the Policy Innovation Hub at Griffith University, is a coalition of multidisciplinary policy experts collaborating to create an equitable, just and transformative path towards intergenerational justice. EveryGen promotes policy research, collaboration and action on intergenerational equity and justice and seeks to influence the policy agenda and inspire evidence-based thinking on intergenerational equity and justice. EveryGen promotes a law reform agenda by advocating for a Future Generations Act in Australia and by amplifying the voices of current and future generations to both highlight and transform the long-term impacts of today's policy decisions.

www.everygen.online

EveryGen is a member of the [Intergenerational Fairness Coalition](#).



Our collective mission is to see an intergenerational lens embedded in Australian policymaking supported by meaningful intergenerational engagement, data-driven measurement and accountability mechanisms.

We believe in the potential of pragmatic and economically-minded approaches to safeguarding Australia's future to address long-standing and emerging challenges.