

New Zealand Defence policy and maritime strategy

Introduction

- 3.1 New Zealand's defence framework has experienced significant change since 2000. A range of new policies have been released and force structure and capability are being adjusted to reflect the new policies. New Zealand's defence budget is relatively small and in conjunction with a threat assessment which virtually rules out an attack on New Zealand, the force structure is being scaled back. There is more focus on using the defence budget wisely and constructing a defence capability that has 'depth' rather than 'breadth'.
- 3.2 The current New Zealand Defence policy acknowledges that the New Zealand forces may operate outside New Zealand in support of peacekeeping efforts and in international coalitions.
- 3.3 In 1999, the New Zealand Parliament's Foreign Affairs, Defence and Trade (NZFADT) Committee tabled the report, *Defence Beyond 2000*. The NZFADT conducted its inquiry in the absence of a Government White Paper on Defence. The objective of the inquiry was to assess New Zealand's place in the world and its role in Asia-Pacific security. *Defence Beyond 2000* set out a range of defence priorities, proposed the need for greater interoperability and recommended that the headquarters structure be reviewed.
- 3.4 Government policy statements arising after *Defence Beyond 2000* have acknowledged the significance of the report. This chapter provides an

overview of the New Zealand Defence force and then reviews *Defence Beyond 2000* and the key government policy documents which followed.

- 3.5 The Committee met with key New Zealand Defence personnel including the Minister of Defence, the Secretary of the Department of Defence, the Chief of the Defence Force, the service chiefs and the commander Joint Forces. These meetings provided an overview of the key policy and force developments. In addition, the Committee was provided with copies of the key policy documents which are described in the following sections.

New Zealand Defence Force – overview

- 3.6 New Zealand's defence policy framework is built on the following five policy objectives which were enunciated in *The Government's Defence Policy Framework* (DPF) of June 2000:

- defence of New Zealand's Exclusive Economic Zone;
- a strong relationship with Australia;
- fulfilling our [New Zealand's] responsibilities in the Pacific Islands;
- an expanding role in the security dialogue of Asia; and
- a global approach.

- 3.7 The following sub-sections focus on key aspects of the New Zealand Defence Force (NZDF), including:

- defence force structure;
- capability;
- personnel; and
- defence spending.

Defence Force structure

- 3.8 The NZDF comprises Headquarters NZDF, the three Services (Navy, Army and Air Force) and Headquarters Joint Forces New Zealand. The Armed Forces of New Zealand comprise:

- The New Zealand Naval Forces, consisting of:
 - i. the Royal New Zealand Navy;
 - ii. the Royal New Zealand Naval Reserve;

- iii. the Royal New Zealand Naval Volunteer Reserve;
 - iv. the Naval Reserves; and
 - v. additional naval forces raised in time of war or other like emergency.
- The New Zealand Army, consisting of:
 - i. the Regular Force of the New Zealand Army;
 - ii. the Territorial Force of the New Zealand Army;
 - iii. the Army Reserve; and
 - iv. additional army forces raised in time of war or other like emergency.
 - The Royal New Zealand Air Force, consisting of:
 - i. the Regular Air Force;
 - ii. the Territorial Air Force;
 - iii. the Air Force Reserve; and
 - iv. additional air forces raised in time of war or other like emergency.
 - Headquarters Joint Forces New Zealand was raised on 1 July 2001.

Capability

- 3.9 Defence capability was restructured in accordance with the DPF. The key changes and objectives were outlined in the 8 May 2001 Defence statement *A Modern Sustainable Defence Force Matched to New Zealand's Needs*. The core requirement outlined in this paper 'is for land forces supported by a practical Navy and a refocused and updated Air Force.' This statement led to the disbandment of the air combat force. A subsequent *Maritime Forces Review* in 2002 'led to a decision on the requirement for a multi-role vessel, and a mix of inshore and offshore patrol vessels.'¹
- 3.10 The 8 May statement described the key components of the NZDF as being:
- A joint approach, structure and operational orientation;
 - A modernised Army;
 - A practical Navy fleet matched to New Zealand's wider security needs;
 - A refocused and updated Air Force; and
 - A funding commitment to provide financial certainty.

1 Ministry of Defence and New Zealand Defence Force, *The Defence Portfolio, Briefing to the Incoming Government*, 2002, p. 2.

3.11 The first stage of a **joint approach** was the establishment of Headquarters Joint Forces New Zealand at Trentham in 2001. The Committee visited Trentham on Monday, 7 April 2003. The Headquarters is now firmly established and fully operational. The 'next stage in the process is to reflect a joint approach to planning and to managing the NZDF and the Ministry at the strategic level.'² Appendix C provides an organisational chart of the New Zealand Defence Force showing the position of the Joint Forces New Zealand. An organisational chart of the Australian Defence Force is also provided for comparative purposes. The Defence Portfolio briefing to the incoming government made the following statements in relation to the Army, Navy and Airforce:

- 'The **modernisation of the Army** is being progressed with the acquisition of light armoured and light operational vehicles. New weapons, an intelligence, surveillance and reconnaissance capability, and support vehicles and equipment will round out the Army's capability. This is based on a structure of two infantry battalions within a brigade framework and provides a capacity to deploy and sustain a 600-900 personnel commitment for a year or 900-1200 personnel for six months.
- A **practical Navy** is being developed through the proposed acquisition of a new multi-role vessel and patrol vessels. The Navy requires the capability to undertake an extensive array of military and non-military tasks in a variety of environmental conditions in order to meet the Government's policy objectives.
- Following the disbandment of the air combat force in December 2001 the **Air Force is being refocused and updated** to ensure that it is fully equipped to meet current policy objectives. This will include projects to either upgrade or replace all of the aircraft in the Air Force: P-3 Orions, C-130 Hercules, Boeing 727s and Iroquois helicopters.'³

Personnel

3.12 The size of the NZDF, as at 1 June 2002, is shown in Table 3.1

² *The Defence Portfolio, Briefing to the Incoming Government, 2002, p. 9.*

³ *The Defence Portfolio, Briefing to the Incoming Government, 2002, p. 9.*

Table 3.1 New Zealand Defence Force - personnel as at 1 June 2002

	Regular	Non Regular	Civilian	Total
Navy	1947	377 (4)	441	2765
Army	4588	2008	632	7228
Air Force	2243	37 (5)	383	2663
HQ NZDF	196 (1)	0	355 (3)	551
HQ JFNZ	152 (2)	0	38	190
Total	8778	2422	1849	13049

Source Ministry of Defence and New Zealand Defence Force, *The Defence Portfolio, Briefing to the Incoming Government*, 2002, p. 46.

Defence spending

3.13 In New Zealand, the Department of Defence and the Defence Force have separate budgets. In 2002-03, the department will have a budget of \$11.719 million (note all financial figures are in New Zealand dollars) which will be spent in the following areas⁴:

	\$(000)	% of total Vote
Personnel costs	4,371	37
Operating costs	5,914	51
Capital charge	132	1
GST	1,302	11
Total	11,719	100

Source Ministry of Defence and New Zealand Defence Force, *The Defence Portfolio, Briefing to the Incoming Government*, 2002, p. 48.

3.14 The New Zealand Defence Force has approximately 13 000 employees, assets of \$3.2 billion and an annual operating budget of about \$1.4 billion.⁵

3.15 The budget is divided between the services in the following way:

- Army = 45%
- Air = 23%

4 *The Defence Portfolio, Briefing to the Incoming Government*, 2002, p. 48.

5 *The Defence Portfolio, Briefing to the Incoming Government*, 2002, p. 50.

- Navy = 22%
- HQNZDF = 7%
- HQJFNZ = 3%⁶

3.16 New Zealand defence spending has been falling during the past decade. If figures are adjusted to 2002-03 dollars, funding has been falling from about \$1.7 billion in 1992-93 to the current \$1.4 billion.⁷

Key New Zealand Defence policy statements

3.17 The review of key New Zealand Defence statements begins with the New Zealand Foreign Affairs, Defence and Trade report, *Defence Beyond 2000*. The Government's policy documents which followed were influenced by the findings of *Defence Beyond 2000*.

3.18 The Committee met with the NZ Foreign Affairs, Defence and Trade committee and discussed *Defence Beyond 2000*.

NZ Committee Report – *Defence Beyond 2000*

3.19 The inquiry into *Defence Beyond 2000* began in September 1997 and received about 60 submissions. An interim report was released in November 1998. The then NZ committee comprised:

- Hon Derek Quigley (Chairperson)
- Hon Marie Hasler (Deputy Chairperson)
- Geoff Braybrooke
- Dr Wayne Mapp
- Ron Mark (from February 1998)
- Rt Hon Mike Moore
- Matt Robson
- Annabel Young (from May 1998)

3.20 Note that the current committee membership is listed at Appendix B.

6 *The Defence Portfolio, Briefing to the Incoming Government, 2002, p. 53.*

7 *The Defence Portfolio, Briefing to the Incoming Government, 2002, p. 54.*

3.21 The New Zealand Foreign Affairs, Defence and Trade Committee examined defence issues on the basis that there is no clearly defined threat to New Zealand. This provided the basis for the committee's view that 'security is more than defence.'⁸ At the same time, the committee conducted its review in the absence of a government white paper. One of the key findings of the committee was to prioritise objectives for the NZDF and then logically derive 'the most appropriate force capabilities.'

Figure 3.1 Meeting with the New Zealand Foreign Affairs, Defence and Trade Committee



3.22 The report argued that defence policy was not stand alone but contributed to broader security policy that gives 'due weight to economic, social and environmental interests.'⁹ This finding is similar to views raised in the inquiry into Australia's maritime strategy that defence strategy should satisfy broader Australian security interests.

3.23 The NZ committee identified the following strategic interests as opposed to strictly defence objectives:

- A secure New Zealand, including the resources of our exclusive economic zone.
- A political environment in the South Pacific in which communities continue to evolve in a climate of good governance and internationally agreed standards of compliance with human rights.

8 New Zealand Foreign Affairs, Defence and Trade Committee, *Inquiry into Defence Beyond 2000*, August 1999, p. 5.

9 *Inquiry into Defence Beyond 2000*, p. 5.

- A strong relationship with Australia in pursuit of common interests.
- An expanding role in South East and North East Asia in regional dialogue, with due regard to the disparities in military terms.
- A global approach to security which reflects the diversification of New Zealand's trade, the advantages of multilateralism, and the benefits of a collective response to security crises.

3.24 Sitting below these strategic objectives, the NZ committee set the following priorities for defence:

- Protection of New Zealand's interests, including the EEZ and responsibilities in the South Pacific.
- Contribution of forces for peace support purposes, particularly in coalitions of like-minded countries operating under a mandate from the United Nations.
- Provision of services to local communities in New Zealand.
- Assistance to the Police to maintain law and order, particularly through the provision of specialised skills and resources.
- Contribution of forces under collective security arrangements, noting that this is less likely than in the past, as more durable cooperation arrangements emerge in those areas that have traditionally been of most strategic and economic concern to New Zealand.
- Defence of New Zealand, noting that we are not likely, in the short to medium term at least, to face the direct use of armed force against us.¹⁰

3.25 *Defence Beyond 2000* acknowledged that as a result of globalisation there was an even greater need to ensure interoperability between the NZDF and international forces.

3.26 In relation to defence capability, the NZ committee recommended that there be more emphasis on a joint force approach. The committee commented that 'this joint approach would allow the NZDF to maintain independent control over a limited area of operations, and give the Government more flexibility.'¹¹ In addition, greater emphasis was given to preparedness and the ability to contribute to international forces quickly. The NZ committee commented that 'New Zealand's credibility as a country willing to carry its share of the international burden of

10 *Inquiry into Defence Beyond 2000*, p. 6.

11 *Inquiry into Defence Beyond 2000*, p. 7.

maintaining peace and security depends on its ability to provide combat-ready forces quickly, and to sustain them.’¹²

3.27 In addition to these matters, the NZ committee commented on the headquarters structure, personnel, and procurement. In relation to the review of Defence headquarters, the NZ committee recommended that:

- The three single Service headquarters in Wellington should be dissolved, with their work rationalised and consolidated under the Secretary of Defence and the CDF.
- The three Chiefs of Staff should be located at camps/bases and, as heads of their three Services, be responsible for providing trained personnel and infrastructural support. They should not command operational forces.
- The CDF should command operational forces through a Joint Operational Commander (JOC), senior to the Chiefs of Staff. The JOC should command the naval, land force and air assets required for all operations and joint exercises.
- The Maritime, Land Force and Air Commands should be merged into the Joint Operational Headquarters commanded by the JOC.¹³

3.28 At the conclusion of discussions about defence issues, the New Zealand Foreign Affairs, Defence and Trade Committee discussed broader aspects of Australia-New Zealand relations. In particular, the New Zealand Committee discussed the conclusions and recommendations arising from its recent inquiry into New Zealand’s economic and trade relationship with Australia.¹⁴ The New Zealand Committee, in its report, acknowledged the importance of New Zealand’s relationship with Australia and, therefore, ‘sought to establish a vision for the long-term future of Closer Economic Relations (CER), beyond the general cooperation undertaken by both governments and the particular issues of the day.’¹⁵

3.29 Some of the key issues proposed by the New Zealand Committee include the formation of the ‘Australia New Zealand Economic Community (ANZEC), and the establishment of a Minister Responsible for the Relationship with Australia. In addition to these matters, the New Zealand committee recommended that:

12 *Inquiry into Defence Beyond 2000*, p. 7.

13 *Inquiry into Defence Beyond 2000*, p. 6.

14 New Zealand Foreign Affairs, Defence and Trade Committee, *Inquiry into New Zealand’s economic and trade relationship with Australia*. April 2002.

15 *Inquiry into New Zealand’s economic and trade relationship with Australia*, p. 3.

- the [New Zealand] Government establish (at least annual) meetings of senior political, industry and academic leaders, modelled on the Konigswinter Conference;
- the [New Zealand] Government increase representation of New Zealand official interests in Australia, including additional consulates-general in some State capitals to assist the new ministerial position and to reflect the importance of the States and Territories in determining 'behind-the-border issues';
- the [New Zealand] Government, when it next considers the annual parliamentary travel programme, provides for stronger links between the parliaments of New Zealand and Australia (including the States and Territories), including greater opportunities for members of all the legislatures to have regular exchanges. It would be appropriate for five parliamentarians to participate in a two week study tour each year, including opportunities for them to have non-voting attachments to their counterpart parliamentary committees;
- the [New Zealand] Government discuss with Australia establishment of an ANZEC Institute on both sides of the Tasman. The Australian branch should be funded by the New Zealand Government, and vice versa;
- the [New Zealand] Government seek greater involvement with Australia in negotiating bilateral free trade agreements, particularly with the US, to ensure as much consistency as possible for access to the CER market in areas such as the threshold for rules of origin;
- the [New Zealand] Government discuss with Australia greater harmonisation of tax policies (not necessarily identical tax rates), including resolving the double taxation of imputation credits, to remove remaining impediments to trans-Tasman business activity; and
- the [New Zealand] Government consider, with Australia, funding a chair in a tertiary institution in the other's country, devoted to research and teaching on the trans-Tasman relationship.¹⁶

3.30 Sir Frank Holmes in an Institute of Policy Studies (IPS) Newsletter commented on the New Zealand Committee report and the New Zealand Government's response of 3 October 2002.¹⁷ The New Zealand Government response commented that the report 'represents a major

¹⁶ *Inquiry into New Zealand's economic and trade relationship with Australia*, pp. 3-4.

¹⁷ Sir Frank Holmes, 'An Australia-New Zealand Economic Community?' *IPS Policy Newsletter*, No. 71, November 2002, pp. 6-13.

contribution to the development of New Zealand's economic and trade relationship with Australia', which is uniquely close and valuable' and of 'vital significance to the economic well-being of New Zealanders.'¹⁸

- 3.31 The New Zealand Government was opposed to the establishment of a Minister Responsible for the Relationship with Australia, and was 'not in the position at this stage to support increased representation in Australia. The Government, however, did respond positively to increased parliamentary exchanges. Notwithstanding this, Holmes stated:

So far, the auguries for a positive outcome are not good. Neither government has given any indication that it wishes to lead such a debate. There has been very little discussion in the media on either side of the Tasman of issues that the Committee [New Zealand] regarded as of primary importance.¹⁹

- 3.32 Holmes noted that the New Zealand Committee suggested that the debate should not be limited to economic issues and should embrace a range of matters such as defence, security and movement of people in order to 'engage Australian interests.'²⁰ For example, Mr Peter Dunne, MP, the Chairman of the New Zealand Foreign Affairs, Defence and Trade Committee, at a meeting of the Christchurch Branch of the Defence Association, is reported to have said that the New Zealand and Australian armies and air force should be combined to increase both countries defence and surveillance resources.²¹

Conclusions

- 3.33 The New Zealand Foreign Affairs, Defence and Trade *Inquiry into New Zealand's economic and trade relationship with Australia* provides a range of positive proposals. The Committee supports measures to promote and enhance relations between the two countries. On the issue of measures to strengthen parliamentary relations, the sub-committee supports the need for greater information sharing between the two parliaments. The Committee will ensure that all reports of the Joint Standing Committee on Foreign Affairs, Defence and Trade are provided to the New Zealand Committee. Further, during the tabling of this report, the committees of the Senate and House of Representatives will be encouraged to send their reports, which have relevance to New Zealand, to the relevant New Zealand parliamentary committee.

18 cited in Holmes, 'An Australia-New Zealand Economic Community', p. 8.

19 Holmes, 'An Australia-New Zealand Economic Community', p. 10.

20 Holmes, 'An Australia-New Zealand Economic Community', p. 10.

21 *The Australian Financial Review*, 8 May 2003, p. 15.

- 3.34 The Committee is particularly interested in the New Zealand committee's proposal to strengthen links between the two parliaments by having two week study tours where visiting parliamentarians could have the opportunity for non-voting attachments to their counterpart committees. This proposal will be brought to the attention of the Presiding Officers of the Australian Parliament.
- 3.35 In relation to strengthening Defence and security relations between the two countries, the sub-committee will send this report to the Australian Minister for Defence and draw his attention to the ongoing debate about the need for increased defence ties.
- 3.36 The Australian Joint Standing Committee on Foreign Affairs, Defence and Trade will continue its positive relationship with the New Zealand Foreign Affairs, Defence and Trade Committee.

The Government's *Defence Policy Framework*, June 2000

- 3.37 The Committee was briefed by the Secretary of Defence, the Chief of the Defence Force and the Service Chiefs on the new Defence Policy Framework (DPF) and the Defence Force structure and capability.
- 3.38 The DPF of June 2000 stated that 'the Government's approach to defence has been substantially guided by, and builds on, the *Defence Beyond 2000 Report*, which was released last year by Parliament's Foreign Affairs, Defence and Trade Committee.'²²
- 3.39 The DPF drew on the key issues raised in *Defence Beyond 2000* including the need for a comprehensive approach to security, and noting that New Zealand's primary defence interests are protecting New Zealand's territorial sovereignty, meeting shared alliance commitments to Australia and fulfilling obligations and responsibilities in the South Pacific.
- 3.40 The DPF identified five key objectives for New Zealand's Defence policy, which closely reflect the objectives identified in the NZ committee's report. The five objectives include:
- to defend New Zealand and to protect its people, land, territorial waters, EEZ, natural resources and critical infrastructure;
 - to meet our alliance commitments to Australia by maintaining a close defence partnership in pursuit of common security interests;
 - to assist in the maintenance of security in the South Pacific and to provide assistance to our Pacific neighbours;
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22 Ministry of Defence, *The Government's Defence Policy Framework*, June 2000, p. 1.

- to play an appropriate role in the maintenance of security in the Asia-Pacific region, including meeting our obligations as a member of the FPDA;
- to contribute to global security and peacekeeping through participation in the full range of UN and other appropriate multilateral peace support and humanitarian relief operations.²³

3.41 In relation to capability and force structure, the DPF stated:

Priority will be given to investing in force elements which are trained, equipped and maintained at appropriate levels of combat viability and readiness. Available resources will be concentrated in areas where they are most needed. This will mean a shift towards a range of military capabilities which are sustainable, safe and effective in combat and in peacekeeping, and structured for maximum operational and political impact.²⁴

3.42 The DPF listed seven principles which will help to reshape and structure the NZDF. These include:

- equipped and trained for combat and peacekeeping;
- deployable;
- able to operate alongside other forces;
- held at appropriate levels of readiness;
- sustainable;
- up to date technology and doctrine; and
- fiscally sustainable.

3.43 In relation to the 'deployable' capability, the DPF commented that 'to be able to deploy and sustain our forces, particularly over large distances, requires a flexible and adaptable mix of air and sealift capabilities.'²⁵

3.44 The structure and capability of the NZDF was given more emphasis through a subsequent defence statement on 8 May 2001. This is reviewed in the next section.

23 Ministry of Defence, *The Government's Defence Policy Framework*, June 2000, p. 4.

24 *The Government's Defence Policy Framework*, June 2000, p. 6.

25 *The Government's Defence Policy Framework*, June 2000, p. 7.

A Modern, Sustainable Defence Force Matched to New Zealand's Needs, 8 May 2001

3.45 Five key components of the NZDF were emphasised in a *Sustainable Defence Force Matched to New Zealand's Needs* including:

- **a joint approach** to structure and operational orientation. From 1 July 2001 the Joint Force Operational Headquarters began operations at Trentham. In addition, a Maritime Coordination Centre will be established and co-located with the Joint Force Headquarters at Trentham.

Figure 3.2 The Committee with Major-General Martyn Dunn, Commander Joint Forces, NZ



- **a modernised Army.** The current structure of the Army continues to be based on two light infantry battalions within a brigade framework. These two battalions provide a capacity to sustain a 600-900 person commitment for a year and a 900-1200 size battalion for six months. Acquisition of new armoured vehicles, tactical communications, and light operational vehicles (LOV) to replace the Landrovers will address the major immediate equipment deficiencies. The LOV project is included in the Defence Long Term Development Plan. The LOV 'provides an essential capability to enable the Army to train and to participate in operations in the South Pacific, Asia-Pacific and

globally.²⁶ The New Zealand Government has approved in principle the acquisition of 308 LOVs for \$60-\$110 million.²⁷

- **a practical Navy fleet.** The two ANZAC frigates will continue in service. The requirement for an appropriate sealift capability will be considered as part of a review of the composition of our maritime surface fleet.
- **a refocused and updated Air Force.** The Orion fleet will be retained, and provided with a limited upgrade using good quality commercial systems wherever possible. The air combat forces were disbanded. This lowered the RNZAF's personnel by around 700 and represents a saving of NZ\$400 million over the next five years and NZ\$800 million over the next decade. The primary air force elements now comprise 5 Lockheed C-130H Hercules transports and 6 Lockheed P-3K Orion long-range maritime patrol aircraft.
- **a funding commitment to provide financial certainty.** There will be modest increases in the net operating funding for defence and total capital investment of more than two billion dollars over the next ten years.²⁸

Figure 3.3 Hon Bruce Scott, MP with the New Zealand Defence Minister, Hon Mark Burton, MP



3.46 The Information Research Service (IRS) commented that the 'New Zealand Army will receive the bulk of defence expenditure for new communications equipment and new armoured personnel carriers to

26 Defence Long Term Development Plan, 11 June 2003, p. 11.

27 Defence Long Term Development Plan, 11 June 2003, p. 11.

28 Ministry of Defence, *Sustainable Defence Force Matched to New Zealand's Needs*, pp. 2-3.

enable the New Zealand Defence Force to continue to contribute to international peacekeeping operations.’²⁹

- 3.47 In relation to sealift, the 8 May statement questioned the need for dedicated sealift ships but instead promoted the need for multi-role ships ‘which can undertake a number of roles in our region, including a limited tactical sealift capacity for such operations as disaster relief in the South Pacific.’³⁰
- 3.48 In relation to maritime patrol, the 8 May statement drew attention to the significant task of patrolling New Zealand’s EEZ which is fifteen times the size of its land area and the fourth largest in the world. Each year over 2400 ship visits carry about \$20 billion worth of trade. Fishing has a harvest value of \$1.5 billion, and the fishing industry contributes \$4.5 billion to the economy.

Figure 3.4 The Committee with Mr Graham Fortune, Secretary of Defence and Brigadier Clive Lilley



- 3.49 A government review of maritime patrol concluded that ‘better co-ordination and tasking arrangements were needed to match maritime patrol arrangements to all of New Zealand’s needs, and that a significant higher level of surveillance was required from both airborne and sea surface platforms.’³¹ The review recommended that a capacity for long-

29 Information Research Service, *A Foundation Paper on Australia’s Maritime Strategy*, p. 43.

30 *Sustainable Defence Force Matched to New Zealand’s Needs*, p. 7

31 *Sustainable Defence Force Matched to New Zealand’s Needs*, p. 8.

range maritime air patrol be maintained for both civilian purposes and military requirements.

Maritime Forces Review, January 2002

- 3.50 The *Maritime Force Review* (MFR) was preceded by the *Maritime Patrol Review* (MPR) of February 2001. The MPR placed more emphasis on trade and the economy than on military threat. The review commented that ‘assuming that there is no emergence of a military littoral threat, which according to most strategic analysis seems highly unlikely and was the basis of the Defence Policy Framework, the major demands will continue to be in the areas of fisheries, customs and marine safety including environmental protection.’³²
- 3.51 In addition, the MPR identified the need for New Zealand to have a single, independent, national Maritime Co-ordination Centre (MCC) that combines information management and operational activities in respect of the civil security of New Zealand’s maritime areas.’ The MCC is located at the Joint Force Headquarters at Trentham. Overall, the MPR signalled the need for increased coastal and mid-range offshore surveillance.
- 3.52 The MFR provided an opportunity to review the composition of the Navy’s surface fleet by taking into account:
- the civilian requirements for coastal and mid-range offshore capabilities;
 - the roles and obligations in the Ross Dependency and Southern Ocean; and
 - the need for sealift, including disaster relief and other tasks in the South Pacific.
- 3.53 The MFR specified that to be fiscally sustainable, ‘capital acquisition costs to meet this requirement must not exceed NZ\$500 million and operating costs must be accommodated within the NZDF baselines that were set as part of the 2001 Budget.’³³ The NZ Government’s overall objective is to ‘equip the Navy with a practical fleet that is modern, sustainable and matched to New Zealand’s needs.’³⁴ The MFR was conducted under the policy framework enunciated through the DPF, the 8 May 2001 Defence Statement and the Ministry of Foreign Affairs and Trade statement, *New Zealand’s Foreign and Security Policy Challenges*. The MFR stated:

32 Department of the Prime Minister and Cabinet, *Maritime Patrol Review*, February 2002, p. 10.

33 Ministry of Defence, *Maritime Forces Review*, January 2002, p. 2.

34 Ministry of Defence, *Maritime Forces Review*, January 2002, p. 2.

New Zealand's strategic environment is such that there is no obvious direct military threat to New Zealand. But there is growing pressure from non-traditional threats, especially in New Zealand's maritime environment, including the South Ocean. As a nation dependent on trade, New Zealand needs to be able to respond to those threats.³⁵

- 3.54 The MFR identified a series of policy gaps and then developed a maritime force to meet those gaps which included the need for inshore patrol vessels, offshore patrol vessels and a multi-role vessel.
- 3.55 New Zealand Defence officials outlined Project Protector which has the objective of equipping the Royal New Zealand Navy with a practical patrol and support fleet that is modern, sustainable and appropriate for New Zealand's particular requirements and environment. The suggested 'Protector' fleet is:
- one multi-role vessel – MRV;
 - two offshore patrol vessels – OPVs; and
 - five inshore patrol vessels – IPVs.
- 3.56 The MRV is expected to have the capability to undertake a number of roles including but not limited to tactical sea lift, surface patrol and at sea training. The program is currently in the Request for Proposals stage with a range of short listed companies. The vessel of joint interest is the OPV. Representatives from the Australian Department of Foreign Affairs and Trade, the Defence Material Office and Australian Customs have been briefed on the project and the expected capabilities of the OPV.

Review of Accountabilities and Structural Arrangements between the Ministry of Defence and the New Zealand Defence Force (Hunn Report)

- 3.57 The New Zealand Defence organisation is based on two separate organisations. First, is the Ministry of Defence which is responsible for advising Government on defence policy, and for acquiring defence material after the decision to purchase has been made. The New Zealand Defence Force (NZDF) is responsible for its own finances and management, and providing the operational defence arm. This framework has been the subject of review through the Hunn Report released in March

35 Ministry of Defence, *Maritime Forces Review*, January 2002, p. 9.

2003.³⁶ In respect to the Ministry of Defence and NZDF, the Hunn Report stated:

Neither of these organisations has been working effectively. The NZDF has been riven with internal dissension, the result of continuing inter-service rivalry, while the single Services have not yet adjusted fully to the new demands of Joint Operations – the concept has been well launched and substantial progress made, but a great deal of work remains to be done. There is no overall NZDF strategic vision to pull the strands together and although there has been significant improvement in financial management, internal management systems at HQ have been weakened in the areas where strength is vital to obtain cohesion – they have also reinforced, through separation and duplication, the single Service mentality.³⁷

- 3.58 In relation to the separate defence organisations, the Hunn Report commented that the ‘objective in contemplating a defence structure should be to meld the military and civilian contributions into a single stream of advice and operations, not to keep them in separate boxes.’³⁸
- 3.59 The Minister of Defence, the Hon Mark Burton, MP, responded that ‘existing initiatives that support jointness, cooperation and collaboration between the Ministry of Defence, the New Zealand Defence Force and all three services will be reinforced and cemented.’³⁹ In particular, the Minister commented in relation to the Hunn Report and a range of internal and external recommendations that ‘all the recommendations closely mirrored its key organisational goal for Defence which is that all elements work together for national security.’⁴⁰
- 3.60 The Hunn Report commented on the authority of the CDF, the Chiefs of Staff and the Joint Force Headquarters. The role of the three service chiefs has been defined as being to ‘raise, train and sustain’. The Hunn Report commented that this description of the service chiefs ‘is more of a slogan than a clear definition of accountabilities and responsibilities.’ In relation to the Joint Forces Headquarters, the Hunn Report commented that ‘the component commanders under the Joint Force Commander are

36 Hunn, D. K., CMZM, *Review of Accountabilities and Structural Arrangements between the Ministry of Defence and the New Zealand Defence Force*, 30 September 2002.

37 Hunn, D. K., CMZM, *Review of Accountabilities and Structural Arrangements between the Ministry of Defence and the New Zealand Defence Force*, p. vi.

38 Hunn, D. K., CMZM, *Review of Accountabilities and Structural Arrangements between the Ministry of Defence and the New Zealand Defence Force*, p. vii.

39 *New Zealand Defence Update*, April 2003, p. 1.

40 *New Zealand Defence Update*, April 2003, p. 1.

responsible and accountable to two masters for resource management – the Service Chiefs for force elements ready for operations, and the Joint Force Commander for force elements deployed on operations.’⁴¹ The Hunn Report stated:

The problems of aligning resource accountability and responsibility for outputs that are created by this approach, are a disincentive to evolving joint outputs. Equally, it reinforces the partition into single Service agencies, rather than fully joint agencies and adds another layer of management between the CDF and those actually responsible for delivering most of the external NZDF outputs.⁴²

Conclusions

- 3.61 New Zealand has structured its defence strategy and capability on the premise that there is no threat of conventional attack in the short to medium term. One of the outcomes of this has seen the air combat group disbanded. This is in stark comparison to Australia’s defence policy which places air combat as the most important single capability for the defence of Australia.
- 3.62 Some of the reasons for this different approach can be understood by considering the geo-strategic interests of the two countries. Australia is more heavily influenced by South-East Asia while New Zealand is more a South Pacific Nation. The IRS suggests that the self-imposed exile from the ANZUS Treaty and the 1985 anti-nuclear ships policy are further reminders of the divergence of strategic views between the two countries. The ANZUS rift continues to manifest itself in certain ways. For example, if Australia and the US are involved in Defence exercises in the region, New Zealand is precluded from participating.
- 3.63 Some analysts have debated whether the New Zealand approach to defence provides lessons for Australia. Australian academic Stewart Woodman, for example, suggests that New Zealand ‘is at the end of the slide that Australia is starting on.’⁴³ The Committee’s internship research paper concluded that ‘there is also the possibility that Australia is wrong,

41 Hunn, D. K., CMZM, *Review of Accountabilities and Structural Arrangements between the Ministry of Defence and the New Zealand Defence Force*, p. x.

42 Hunn, D. K., CMZM, *Review of Accountabilities and Structural Arrangements between the Ministry of Defence and the New Zealand Defence Force*, p. x.

43 cited in Information Research Service, *A Foundation Paper on Australia’s Maritime Strategy*, p. 43.

and that in 15 or 50 years, we will be following a global trend, picked up by New Zealand in 1999, that views defence capabilities solely with respect to contribution to multinational forces, rather than self-reliant ability.⁴⁴ Mr Hugh White is more cautionary about abandoning Australia's overall military strategy. He states:

New Zealand has decided, under its present government, to more or less abandon what we would regard as a high-level air and maritime capability—the very capabilities that I said in my opening address are so important to Australia. It has indeed addressed the issues that I think this committee is grappling with that I was trying to address in my opening remarks and has come up with the opposite conclusion: that New Zealand does not feel it is likely to face any threat from high-level attack. It does think the key tasks for its armed forces are relatively low-level type tasks and, for that reason, it should optimise its armed forces towards the kinds of highly deployable light land forces you need to do those tasks.

That is a line of argument we are very familiar with. We have gone through that argument ourselves. We decided the other way.⁴⁵

- 3.64 Mr White made the point that the loss of New Zealand A4s (combat aircraft) should not be considered a serious loss. However, New Zealand's contribution of a highly deployable battalion put together for INTERFET was extremely beneficial to the coalition. Mr White commented that 'our chances of needing, using and having access to those battalions when we need them, in situations like East Timor, are actually quite high.'⁴⁶ The committee's internship research paper concluded that 'Australia should recognise New Zealand's up-coming Army capability as an asset to the overall joint force structure.'⁴⁷
- 3.65 The role of the Committee is not to appraise or question the policy choices and force structures of the New Zealand Government. However, it is fair to say that the policy framework is coherent and is a practical response to a realistic threat assessment. This decision is respected and the force capability that can be brought to bear, as shown through the East Timor commitment, was timely and a worthy contribution.

44 Internship paper prepared for the Hon Roger Price, MP, *Taking Alms Against a Sea of Troubles*, 2002, pp. 29-30.

45 Mr Hugh White, ASPI, Maritime Strategy Inquiry, *Transcript*, p. 40.

46 Mr Hugh White, ASPI, Maritime Strategy Inquiry, *Transcript*, p. 40.

47 *Taking Aims Against a Sea of Troubles*, Parliamentary Inter Program, Paper prepared for the Hon Roger Price, MP, 2002, p. 16.

3.66 The key objective of the Committee is to understand and where possible learn lessons from the New Zealand Defence policy framework that may have application in the current inquiry into Australia's maritime strategy. The issues and comparative lessons from the New Zealand visit will, where relevant, form part of the discussions of the final report on maritime strategy. However, at this point it is fair to identify the following areas that are of interest:

- the focus on broader security policy that takes account of economic, social and environmental interests with Defence policy being a subset of this broader security focus;
- the increased emphasis on a 'joint' approach to operations;
- the modernisation of the Army; and
- the capacity to deploy and sustain forces.

3.67 In relation to the level of cooperation and information sharing between the New Zealand Defence Force and the Australian Defence Force (ADF), the Committee will seek briefings from the ADF about the measures and initiatives that are in place to promote a strong and effective relationship. The Committee encourages the two defence forces to enhance, wherever possible, information sharing and interoperability so that in coalition operations, the Australian and New Zealand Defence Forces can together provide a highly effective force.