

Introduction

- 1.1 The New Zealand Parliamentary Committee Exchange Program (NZPCEP) serves the purpose of building and enhancing parliamentary relations. At the same time, the visit provided an opportunity for the Committee to focus discussions on its current inquiry into Australia's maritime strategy.
- 1.2 New Zealand's defence policy has been examined through an Information and Research Service foundation paper prepared for the Committee, and through a parliamentary internship paper coordinated by the Deputy Chair. The series of meetings in New Zealand provided an opportunity to build on the comparative analysis already undertaken.
- 1.3 This chapter provides background information on the history and objectives of the NZPCEP, and the Committee's specific objectives as part of the 2003 exchange. This chapter also provides background information on the Australian Defence Force (ADF).
- 1.4 Chapter two examines the maritime strategy inquiry by reviewing the broad maritime strategy concepts, and discusses the key issues arising from the inquiry to date.
- 1.5 Chapter three is the key section of the report. It outlines the major developments in New Zealand defence policy during the previous three to four years, and reports on the key issues arising from the visit. In 1999 the New Zealand Parliament's Foreign Affairs, Defence and Trade Committee (NZFADT) tabled the report, *Defence Beyond 2000*. This report has been significant in influencing New Zealand Government Defence policy. The NZFADT report is reviewed along with the key defence statements which followed.

- 1.6 The final chapter discusses non-inquiry related issues which arose during the series of meetings and visits. These issues are noteworthy and will be of interest to the Australian Parliament.

New Zealand Parliamentary Committee Exchange

History and objectives

- 1.7 The NZPCEP was established in 1989 as a means of promoting and strengthening parliamentary relations between New Zealand and Australia. Every year an Australian parliamentary committee visits New Zealand and in the same year a New Zealand parliamentary committee visits Australia.
- 1.8 The method for selecting Australian committees is based on a system in which committees are selected from the Senate, from the House of Representatives, and from a Joint Committee on an annual rotating basis.
- 1.9 In 2003, for example, it was the turn of a Joint Committee to visit New Zealand. There are 12 Joint Committees operating in the Australian Parliament so a further selection process was undertaken to determine which joint committee would represent the Australian parliament. All joint committees were invited to write to the Presiding Officers setting out the reasons why visiting New Zealand would assist the committee's current inquiry program.
- 1.10 The NZPCEP is different to other outgoing delegations in two key ways. First, it is a 'committee' visit in which membership of the delegation is restricted to membership of the nominated committee. In contrast, the membership of outgoing delegations is drawn from all Senators and Members. There is usually no committee basis to these selections.
- 1.11 Second, the NZPCEP provides for a committee to visit New Zealand to examine inquiry related issues and other issues of more general interest to the committee and, therefore, the meetings are committee business.
- 1.12 Since the start of the NZPEP in 1989 the following Australian committees have visited New Zealand:

Year	Committee
2002	Senate Environment, Communications, Information Technology and the Arts Legislation and References Committee
2001	House of Representatives Standing Committee on Employment, Education and Workplace Relations
2000	Joint Standing Committee on Treaties
1999	No exchange
1998	Senate Economics Reference and Legislation Committee
1997	House of Representatives Standing Committee on Primary Industries, Resources and Regional Affairs
1996	No exchange
1995	Joint Committee on Native Title
1994	Joint Standing Committee on Public Accounts
1993	Joint Standing Committee on Corporations and Securities
1992	Senate and House of Representatives Committees on Transport, Communications and Infrastructure
1991	No exchange
1990	House of Representatives and Senate Legal and Constitutional Affairs Committees ¹
1989	Joint Standing Committee on Foreign Affairs, Defence and Trade

2003 Objectives and scope

1.13 The Defence sub-committee of the Joint Foreign Affairs, Defence and Trade Committee is conducting an inquiry into Australia's maritime strategy. The Committee was selected to visit New Zealand in 2003 because of the benefits of conducting a comparative examination of New Zealand Defence Policy. From the outset, the Committee was clear on the New Zealand defence issues that it would like to focus on that would be of most use to its ongoing inquiry into Australia's maritime strategy.

¹ Note that the early committee exchanges were made up of joint membership from the committees of the House and Senate.

Therefore, in the first instance the Committee requested to meet with the following individuals and groups:

- the New Zealand Foreign Affairs, Defence and Trade Committee;
- Hon Mark Burton, MP, Minister of Defence;
- Hon Bill English, MP, Leader of the Opposition and other opposition members;
- Air Marshal Bruce Ferguson, OBE, AFC, Chief of the Defence Force and the Service Chiefs;
- Mr Graham Fortune, Secretary of Defence; and
- relevant defence facilities.

1.14 At the same time, advice was sought from our New Zealand hosts on a range of other individuals and groups with whom the Committee could meet. Appendix A shows the full list of Committee meetings.

1.15 In addition, the Committee made a special request to participate in a wreath laying ceremony at the National War Memorial to honour the brave Service men and women of both countries who made the ultimate sacrifice in the defence of freedom and democracy.

Figure 1.1 The Committee on the steps of the New Zealand Parliament, Wellington



- 1.16 An underlying objective of the 2003 NZPCEP, and all visits under this program, is the building and strengthening of parliamentary relations between Australia and New Zealand. In fulfilment of this objective, the committee met with the Rt Hon Jonathan Hunt, MP, Speaker of the House of Representatives. The Committee conveyed to the Speaker the best wishes of the Australian Parliament and its gratitude for hosting an Australian parliamentary committee. In addition, the Committee attended question time, as a guest of the Speaker, and met with a range of New Zealand parliamentarians which helped to develop already strong relationships between the two Parliaments.
- 1.17 Chapter two of this report outlines some of the key issues arising out of the inquiry into Australia's maritime strategy. This is intended to provide a background to some of the challenging issues that the Committee is examining as part of this inquiry. This report, however, will not cast findings or conclusions on these matters. A final report on the inquiry into Australia's maritime strategy will be tabled towards the end of 2003 when the committee has received and fully examined the evidence.

ADF strategic objectives, personnel and 2003-04 Budget allocation

- 1.18 The 2003-04 Portfolio Budget Statement (PBS) provide information on the overall Budget allocation and key initiatives. Defence's strategic objectives are influenced by the strategic principles set out in *Defence 2000 – Our Future Defence Force* (the Defence White Paper). Defence states that the principles in the White Paper 'remain a valid framework for addressing Australia's defence policy'.² As outlined in the White Paper, there are five strategic objectives to which Defence contributes:
- ensuring the defence of Australia and its direct approaches;
 - fostering the security of Australia's immediate neighbourhood;
 - promoting stability and cooperation in Southeast Asia;
 - supporting strategic stability in the wider Asia-Pacific region; and
 - supporting global security.
- 1.19 In relation to capability, Defence states:

² Defence Portfolio, *Portfolio Budget Statement 2003-04*, p. 5.

The training and skill levels of the ADF will be suitable for providing the nucleus for an Australian-led coalition force, or for providing a commitment to coalition forces. The ADF will be able to operate in the maritime, air and land environments both separately and jointly. Finally, Defence will be able to provide a range of peacetime contributions, including in relation to the security of Australia's territorial borders. The ADF will be sufficiently flexible to undertake some simultaneous operations in widely separated areas in defence of Australia.³

1.20 In 2003-04 the ADF force structure will comprise the following combat elements:

- a surface combatant force of six guided missile frigates and five Anzac-class frigates (rising to eight by 2006), together with onboard helicopters;
- six Collins-class submarines;
- an amphibious lift and sea command force comprising two amphibious landing ships and one heavy landing ship;
- a mine hunter force comprising six coastal mine hunters and a hydrographic force comprising two hydrographic ships;
- an afloat support force comprising one oil tanker and one replenishment ship;
- six Army battalions at 90 days readiness or less, supported by a range of armour, aviation, engineer, fire support, logistics and transport assets, and a number of lower-readiness units able to provide personnel for sustainment and rotation;
- a Reserve Force designed to sustain, reinforce and, to a lesser degree, rotate personnel and equipment;
- three Regional Surveillance Units;
- an Incident Response Regiment and special forces consisting of the Special Air Service Regiment, a high-readiness commando battalion and a reserve commando battalion;
- an air combat force of three front-line F/A-18 squadrons and one operational F-111 squadron, supported by training squadrons, a wide-area surveillance system (Jindalee Operational Radar Network) monitoring Australia's northern approaches, and a range of ground

³ Defence Portfolio, *Portfolio Budget Statement 2003-04*, p. 5.

radars and other support elements. Airborne early warning and control aircraft will be deployed from 2007 and operational air-to-air refuelling aircraft from about 2007;

- a maritime patrol force of two front-line P-3C Orion squadrons; and
- agencies responsible for intelligence collection and analysis.⁴

1.21 Defence states that these 'major combat elements will be integrated and informed through a number of well-developed command, communications and intelligence systems'.⁵

1.22 For 2003-04 the most recent Budget estimates for Defence are shown in the PBS. Table 1.1 reproduces the key information.

Table 1.1 2003-04 Budget estimates and revised estimates

	2002-03 Projected Result \$000	2003-04 Budget Estimate \$000
Revenue from Government for outputs	18,230,325	14,398,319
Own source revenue	330,316	280,945
Equity injection from Government	995,201	1,020,524
Net Capital receipts	109,482	106,484
Administered appropriation	2,236,481	2,236,481
Total Defence resourcing	21,901,805	18,042,753

Notes

1. 2002-03 revenue from Government for price of outputs includes \$5,056m associated with capital use charge revenue that has been discontinued from 2003-04.
2. Own-source revenue excludes 'asset now recognised' revenue.
3. Total own-source revenue of \$387.4m in 2003-04 includes resources received free of charge (\$2m) while this amount is excluded from total cash receipts in Table 1.10.
4. The real year-on-year per cent growth excludes capital use charge of \$5,056m in 2002-03. Total departmental funding includes the reimbursement of \$248.6m for Operations Bastille and Falconer which were funded from Defence's cash reserves in 2002-03. To show the underlying real growth, the year-on-year per cent growth has been calculated by reducing the 2003-04 figure by \$248.6m and increasing 2002-03 by the same amount.

Source *Defence Portfolio Budget Statement, 2003-04, p. 19.*

⁴ Defence Portfolio, *Portfolio Budget Statement 2003-04*, pp. 6-7.

⁵ Defence Portfolio, *Portfolio Budget Statement 2003-04*, p. 6.

1.23 Defence reports that the 'total resourcing available to Defence in 2003-04 is \$18,043m, comprising departmental funding of \$15,806m and a further \$2,236m for the administered appropriation.'⁶ Defence states:

Departmental funding of \$15,806m in 2003-04 represents an increase of \$1,197m compared to the projected 2002-03 result, excluding the capital use charge component in the 2002-03 budget that has been discontinued from 1 July 2003. This comprises an increase in total revenue from Government of \$1,249m and a net reduction in own-source revenue and net capital receipts of \$52m.⁷

1.24 The average annual strength of the three services for the five years from 1996-97 through to 2001-02 is shown in Table 1.2 below.

Table 1.2 Average Annual Strength of Services (number of persons) – 1998-99 to 2003-04

	1998-99	1999-00	2000-01	2001-02 (actual)	2002-03 Projected Result	2003-04 Budgeted Estimate
Navy	13,661	12,887	12,396	12,598	12,828	13,000
Army	24,169	24,089	24,488	25,012	25,624	25,941
Air Force	15,065	14,051	13,471	13,322	13,652	13,400
Total Permanent Force	52,895	51,027	50,355	50,932	52,104	52,341

Source Department of Defence, Submission, Question W5 to review of Defence Annual Report 2000-01; Defence Annual Report 2001-02, p. 285; Defence Portfolio Budget Statements, 2003-04, p. 179.

1.25 ADF Reserve and civilian staffing is shown in Table 1.3.

Table 1.3 2003-04 ADF Reserve and civilian Staffing

Reserve Force	2002-03 Projected Result	2003-04 Budget Estimate
Navy	1,777	2,087
Army	16,500	16,700
Air Force	1,658	1,658
Total Reserve Force	19,935	20,445
Civilian Staffing	18,297	17,377

Source Defence Portfolio Budget Statements, 2003-04, p. 181.

⁶ Defence Portfolio, *Portfolio Budget Statement 2003-04*, p. 19.

⁷ Defence Portfolio, *Portfolio Budget Statement 2003-04*, p. 19.

- 1.26 Table 1.4 shows the total Defence Workforce comprising the military and civilian components.

Table 1.4 Total Defence Workforce 2003-04

Workforce	2002-03 Projected Result	2003-04 Budget Estimate
Military	72,039	72,786
Civilian	18,297	17,377
Total Workforce	90,336	90,163

Source *Defence Portfolio Budget Statements, 2003-04, p. 179.*

Report structure

- 1.27 Chapter two provides an overview of the key concepts of maritime strategy, and reviews some of the key inquiry issues that have arisen to date. This helps to provide some linkage between the issues that are being examined as part of the inquiry into Australia's maritime strategy and the issues examined as part of the New Zealand exchange. It is not an objective of this report to cast findings on Australia's maritime strategy at this time. A final report on the inquiry will be tabled towards the end of 2003.
- 1.28 Chapter three examines the key New Zealand Defence policies and defence force capabilities that the committee received briefings on during the visit to New Zealand.
- 1.29 The final chapter discusses a range of issues that arose during the briefings that were not directly linked to the inquiry into Australia's maritime strategy but are significant in their own right and deserve mention.