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A REVIEW OF AUSTRALIAN AND NEW ZEALAND DEFENCE POLICIES

by

S. ELIZABETH SPEED

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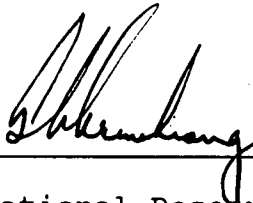
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ABSTRACT

This paper traces the development of recent New Zealand and Australian defence policies and the resulting changes to their force structures.

RÉSUMÉ

Cette étude a pour but de présenter les politiques de défense actuelles de la Nouvelle Zélande et de l'Australie ainsi que les modifications apportées à la structure de leurs forces armées.

EXECUTIVE SUMMARY

A series of regional developments led both Australia and New Zealand to substantively review their defence policies. These were: the 1969 US Guam Doctrine; the changing Soviet role in Southeast Asia and the South Pacific; signs of instability in the South Pacific; and the ANZUS crisis.

AUSTRALIA

The 1986 Dibb Report outlined a strategy of denial for defence within the area of direct military interest, identified the required capabilities, and recommended certain improvements in defence capabilities. The 1987 Defence White Paper reflected the Dibb Report, but replaced the denial strategy and with defence in depth. The White Paper committed Australia to an unprecedented, long-range program of military expenditure. The defence program provided for a layered northern defence, including long-range surveillance and interdiction, coastal capabilities and mobile land forces. The 1991 Force Structure Review stated that current defence capabilities, and approved and planned programs, conform to Australian strategic priorities, and meet the key defence roles. On the basis of this review, a ten year plan will enable the White Paper program to be largely completed by the end of the decade.

NEW ZEALAND

In 1984, New Zealand rejected the US NCND policy, which resulted in the collapse of ANZUS as an operative treaty. The 1987 Defence White Paper redefined New Zealand's strategic environment, shifting the emphasis to the South Pacific region. The NZDF were to become more self-reliant, and specific measures were outlined. The 1988 Quigley Report was a review of the way resources were allocated and managed by Defence. Its recommendations covered the spectrum of defence activities, including greater use of civilian personnel and contracting out of some activities. The 1991 Defence White Paper is a more outward-looking defence policy. The nuclear policy is an impediment to closer relations with the US and UK, but the White Paper works to change New Zealand public opinion by outlining the costs of the nuclear policy in security and foreign policy terms. The report concludes that the NZDF structure is generally adequate.

CONCLUSIONS

Clear guidance and long-term planning may forestall serious disruptions in the operational capabilities of military forces. The consistency and continuity of Australia's approach has guaranteed that the ADF will retain a credible defensive military capability into the next century, while New Zealand continues to review and modify its policy and force structure approach.

A REVIEW OF AUSTRALIAN AND NEW ZEALAND DEFENCE POLICIES¹

INTRODUCTION

1. Australia and New Zealand have been engaged in comprehensive reviews of defence policy and force structures for much of the past decade. Both countries published defence white papers in 1987 which dramatically altered their perception of their strategic environments and the configuration of their forces to meet changing circumstances. Again in 1991, Australia and New Zealand have published important defence papers which will determine defence policy goals and force structures for the coming years. Australia's 1991 Force Structure Review outlined a ten-year plan to meet the basic requirements of the 1987 White Paper. In contrast, New Zealand issued a new White Paper in May which dramatically reversed the defence goals set out by the previous Labour Party government.

2. A considerable period of review preceded the publication of the Australian and the New Zealand Defence White Papers in 1987. In the case of Australia, the review was formalized in February 1985 when the Minister for Defence announced the appointment of Paul Dibb as a ministerial consultant. In the case of New Zealand, formalized review became necessary with the July 1984 election of the Labour Party government under Prime Minister David Lange and the subsequent adoption of New Zealand's anti-nuclear policies.

¹ The research for this paper was conducted under ORAE Activity 44132.

CHANGING STRATEGIC ENVIRONMENT

3. A shift in policy focus was evident by the mid-1970s, when both New Zealand and Australia were moving away from "forward defence" in Southeast Asia towards self-reliance and an emphasis upon defence requirements in the immediate proximity of their territories. This was a gradual but significant reversal of their approaches adopted in the years following World War Two. The traditional focus had been to maintain a standing force that could be augmented to participate in a large-scale conventional war in conjunction with their Western allies.² In effect, New Zealand and Australian defence policies and forces were configured towards coalition warfare. This entailed the adoption of forward defence to support Western regional interests, most notably in Southeast Asia.³ The shift from forward defence towards self-reliance was necessitated by a number of developments, both domestic and international, that changed Australian and New Zealand perceptions of their respective strategic environments.

² Both states were very active in this regard. Australia and New Zealand provided forces to assist the British colonial administration during the Malayan emergency (1948-1960) and were directly involved in the confrontation with Indonesia over the formation of Malaysia (1963-1964). In addition, Australia and New Zealand fought, together with the United States, in the Korean War and the Vietnam War. Moreover, both are members of the Five Power Defence Arrangements, together with the United Kingdom, Malaysia and Singapore, which has contributed to the security of Malaysia and Singapore since its inception in 1971.

³ The Five Power Defence Arrangements, between the United Kingdom, Australia, New Zealand, Malaysia and Singapore, was created to provide for Commonwealth security in Southeast Asia. The timing of the agreement corresponded with changes in British foreign and security policy - the withdrawal from "East of Suez" in 1968 - and the resulting inability of the UK to alone provide for security in Southeast Asia. Under the FPDA, consultations would determine whether Australia, New Zealand and the UK would provide forces to protect Malaysia and Singapore from attack by a regional power(s).

The Guam Doctrine

4. In July 1969, US President Nixon enunciated a new approach to security in the Pacific region. In effect, Nixon stated that while the United States was prepared to continue to provide a nuclear umbrella for its allies, it was no longer prepared to make an automatic commitment of conventional forces. In other words, the United States placed new emphasis on the role of its allies in the common defence. Specifically for Australia and New Zealand, what this meant was that while the United States would still honour its commitments under the 1951 ANZUS Treaty, the US expected both states to do more towards their own security and warned that the commitment of US forces was not necessarily assured in all contingencies. Australia and New Zealand were therefore forced to reconsider their emphasis on forward defence and coalition war strategies as the basis of their defence policy approaches.

Soviet Expansion in the Pacific

5. Throughout the Cold War period, Australia and New Zealand had actively supported US policies in the Pacific. In light of the Guam Doctrine and the US withdrawal from Vietnam in 1975, however, the strategic context of the superpower confrontation in the Pacific changed quite significantly. In particular, the Soviet expansion into Vietnam following the American withdrawal sent warning signals throughout Southeast Asia and the South Pacific. By the mid-1980s, Soviet naval and air forces were deployed at Cam Ranh Bay, Da Nang and Hanoi. In addition, the Soviet Union engaged in a low-key drive to expand its influence in the South Pacific. The Soviet Union signed fishing agreements with some South Pacific nations (Kiribati and Vanuatu) which many Australian and New Zealand analysts feared was "the thin end of the wedge" of Soviet expansion into the region. The Soviet military presence was always far less than

that of the United States, but it was sufficient to warrant continuous attention. Subsequently, that presence has all but disappeared.

Changes in the South Pacific

6. The South Pacific was long assumed to be a politically stable region that was strategically distant from sources of confrontation. This perception was seriously challenged by the two Fijian coups in the mid-1980s and the growth of Melanesian nationalism and ethnicity squabbles in Fiji, New Caledonia, Papua New Guinea and Vanuatu. Soviet attempts to increase influence and the meddlesome involvement of Libya forced both New Zealand and Australia to reconsider their roles in the region.⁴ In recent years, the concern over Soviet and Libyan activities has declined, but the long-term stability of the island-state regimes continues to be of concern.⁵ Rising expectations, poor economic prospects, political uncertainty (including the somewhat anachronistic role of hereditary chieftains) and ethnic nationalism all forebode difficult times ahead for the majority of island states.⁶

⁴ Since the early 1970s, Australia and New Zealand have played the leading Western role in the non-French areas of the South Pacific. Both have significant economic interests in the islands and close political relationships. Both are members of the major regional organizations, such as the South Pacific Forum. They are primary sources of development assistance and maintain a substantial diplomatic presence in the region. Both also have close defence cooperation relationships with many island states.

⁵ The Libyan involvement included offers to train the Kanaks who were seeking independence for French New Caledonia. In addition, there are allegations that the Libyans offered support to the Australian Aborigines and the New Zealand Maoris.

⁶ A very detailed and useful analysis of the changes that occurred in the South Pacific is, Coral Bell, "The Unquiet Pacific," Conflict Studies 205 (London: Research Institute for

ANZUS

7. The ANZUS crisis was initiated by the 1984 decision of the newly-elected Labour Party government in New Zealand to exclude nuclear-capable warships from its ports. The Lange government instituted a policy which specified that port access would only be given to ships which the government was satisfied were neither nuclear-powered nor nuclear-armed.⁷ The timing of this decision corresponded with the growth of the peace movement and environmental groups in both Australia and New Zealand, and was complicated by the continuing French nuclear testing at Mururoa Atoll in French Polynesia and the Rainbow Warrior incident in Auckland Harbour.⁸ In January 1985, New Zealand refused entry to the conventionally-powered USS BUCHANAN DDG because the US government refused to state whether or not the ship was carrying nuclear weapons. The US immediately withdrew its

the Study of Conflict and Terrorism, November 1987).

⁷ This policy had been the policy of the Labour Party since the 1960s. Previous to the election in July 1984, New Zealand governments had simply accepted the "neither-confirm-nor-deny" policies of nuclear weapons states (ie. the United States and the United Kingdom).

⁸ In June 1985, the Greenpeace vessel Rainbow Warrior was berthed in Auckland Harbour waiting to sail to Mururoa to protest French nuclear testing. Shortly before it was due to sail, a bomb exploded on board and one crew member was killed. Two French Secret Service agents were arrested in New Zealand and convicted on charges of manslaughter and sentenced to 10 years. By mutual agreement (through UN Secretary-General mediation), the two were released into exile on Hao Island in French Polynesia where they were to serve out their sentences. In return, France agreed not to attempt to block New Zealand butter sales in Europe and paid \$12 million in compensation.

defence obligations to New Zealand under the ANZUS Treaty.⁹ Australia sided with the United States in the dispute.

8. As an immediate consequence to the New Zealand Defence Forces (NZDF), they found themselves to some degree cut out of ANZUS defence intelligence sharing. Given that New Zealand lacks over-the-horizon (OTH) radar and a satellite communications system, the intelligence information provided by the US (through ANZUS) was of great importance.¹⁰ The loss of exercise and training opportunities also had a debilitating impact on the professional effectiveness of the NZDF. The historically close ties between the RNZN and Royal Navy (RN) have also been affected. Since 1986, RN deployments into the Pacific have avoided New Zealand waters, since the UK has the same NCND nuclear policy as the United States. The RNZN and RN do, however, continue to exercise together in Southeast Asia under the auspices of the FPDA.

⁹ A common interpretation of the US reaction to the nuclear ban has been that the US made an example of New Zealand in order to reinforce the importance of the principle of nuclear deterrence and collective security to other allies more vital to United States' interests. These allies include Japan, Denmark, Norway and the Netherlands, all of which have strong domestic anti-nuclear lobbies. Within this context, the US reaction may have been designed to act as a symbol of US seriousness and the consequences of adopting a nuclear policy similar to that of New Zealand. One interpretation holds that New Zealand adopted the policy because they believed New Zealand to be strategically less important (and therefore could get away with it), but the US reacted strongly precisely because New Zealand was less important than many of the other US allies. Hence, according to this argument, New Zealand policy-makers completely misread the situation and were surprised by the US reaction.

¹⁰ The NZDF have lost access to US-sourced material. However, Australia has developed an OTH radar network and the AUSSAT satellite communications systems. New Zealand therefore continues to receive Australian-sourced information under separate arrangements.

9. The isolation of New Zealand from its traditional friends and allies, placed added strains on the trans-Tasman relationship. Australia became New Zealand's sole remaining defence partner of any note. The NZDF has had little choice but to tailor its defence strategy, equipment and training policies so as to be able to work as closely with Australia as possible. The continuity of bilateral defence cooperation is crucial to maintaining the level of professionalism of the NZDF and for New Zealand to continue to purchase modern weapons systems.¹¹

AUSTRALIA

10. In February 1985, Defence Minister Kim Beazley appointed Paul Dibb to review Australia's defence capabilities.¹² Specifically, Dibb was asked to advise on: (1) the content, priorities, and rationale for defence forward planning; (2) the capabilities appropriate to present and future defence requirements; and (3) the appropriate balance between equipment, personnel, facilities and operating costs, between current readiness and long-term investment, and between the relative priority given to responses to various levels of possible threat.

¹¹ Australian-New Zealand defence cooperation is hardly new, dating back to the Boer War and ANZAC operations during World War One. Operationally, Australian-New Zealand defence cooperation includes a similar doctrine, standard operating procedures, reciprocal exercise and training commitments, and coordinated communications systems. Courses in Australia account for the majority of the NZDF overseas training programme. The most visible joint project is the ANZAC frigate program. It must be noted, however, that this is not a relationship between equals: New Zealand has been forced to conform to Australian requirements.

¹² Paul Dibb was a professor with the Strategic and Defence Studies Centre at the Australian National University. He continues to be regarded as one of the leading defence scholars in Australia.

11. A review of forward planning was generally seen as overdue. The combination of Nixon's 1969 Guam Doctrine and Australia's experiences in the Vietnam War, culminated in a doctrinal shift away from "forward defence" towards a more self-reliant posture. However, the perception was that the Department lacked strategic direction and was not capable of examining its own basic assumptions and directions. The review was also politically timely, as Dobb's review period coincided with the ANZUS crisis and the emergence of a significant disarmament movement in Australian politics.

The Dobb Report

12. The results of the review were published as the Review of Australia's Defence Capabilities.¹³ Dobb began with the strategic assessment that Australia is one of the most secure countries in the world. Superpower nuclear war was considered unlikely, and Australia's geographic distance from the main centres of global military confrontation and being surrounded by water made it difficult to attack. Australia's neighbours possessed only limited capabilities to project military power against it and there was no conceivable prospect of any power contemplating invasion. However, it was recognized that Australia's strategic circumstances might change and become less favourable. Dobb then outlined three essential elements of Australian defence planning: (1) that Australia should aim for military self-reliance; (2) that defence planning should be based on realistic budget parameters; and (3) that although low-level military threats to Australia could emerge relatively quickly, it would take many years for any country (other than a superpower) to equip itself for an invasion.

¹³ Paul Dobb, Review of Australia's Defence Capabilities: Report to the Minister for Defence (Canberra, March 1986). Hereafter The Dobb Report.

13. The Dobb Report outlined a "Strategy of Denial." The strategy called for a layered defence within an area of direct military interest. The most important defence planning concern was to ensure that an enemy would have difficulty in crossing the sea and air gap to Australia. Closer to Australia, a range of defensive capabilities would be required, including air defence assets, surface ships and mine counter-measures. To the extent that lesser enemy forces might invade Australia, highly mobile land forces would be needed. The Strategy of Denial represented a defensive doctrine that, "allows [Australia's] geography to impose long lines of communication on an adversary and forces him to consider the ultimate prospect of fighting on unfamiliar and generally inhospitable terrain."¹⁴

14. The Strategy of Denial provided a clearer guidance in preparing for low-level contingencies than had previously been the case. The strategy identified the most likely contingencies ranging from low-level harassment of shipping and coastal raids, to more intense conflicts, but excluding scenarios where countries would sustain forces on Australian soil. In those eventualities, the Australian Defence Forces (ADF) should be configured to be able to secure and control the air and sea gap between it and its northern neighbours. The report identified the capabilities needed to achieve these goals, and recommended certain improvements in defence arsenals, equipment and infrastructure. These included an upgrading for the Royal Australian Navy and a significant expansion of the helicopter force for the Army.

15. The Dobb Report questioned the appropriateness of the previously-held "core-force" concept for scenarios other than

¹⁴ The Dobb Report, p. 50.

in high-level conflicts.¹⁵ Such scenarios were not regarded as credible. In particular, the report questioned the role of armour and concluded that the Army's mechanization plans rested on premises at variance with Australia's strategic circumstances. Thus, it was felt that there was a need for a critical examination of heavy armour requirements, since Dibb concluded that tanks were only relevant as part of an expansion base.

1987 Defence White Paper

16. The March 1987 White Paper, The Defence of Australia 1987, was based largely on the Dibb Report.¹⁶ The major change was the deletion of the "Strategy of Denial" and its replacement with a "Defence in Depth" strategy. Dibb's strategy had proven controversial, being viewed by many as a "Fortress Australia" concept.¹⁷ The White Paper sought to allay this perception by

¹⁵ The "core-force" concept in Australian defence planning was based upon the conception that the ADF must be capable of dealing effectively with the kinds of defence contingencies that are credible in the shorter term, while providing a basis for expansion to counter deteriorating strategic circumstances should they arise. Dibb felt that the "core force" did not prove sufficient as a practical planning tool given dependence upon judgements about changes in the strategic situation and the application of the concept of warning time. It was felt that the Department had been incapable of refining the range of long-term contingencies in ways that would assist planning, nor agree on the relative priority to longer-term possibilities as against the requirements of more credible lesser situation. In effect, the "core force" had become something of a rationale for a force structure based on equipment decisions originating in the 1960s in quite different strategic circumstances.

¹⁶ Department of Defence, The Defence of Australia 1987 (Canberra, March 1987).

¹⁷ "Fortress Australia" implied isolationism and a desire to avoid international responsibilities. For a discussion of the debate, see for instance, Cathy Downes, "Australian Defense Strategy: The Dibb Report," Defense Analysis, Vol. 3, No. 1 (1987), pp. 77-79; and Keith D. Suter, "Australia's Defence

emphasizing that Australia, as a close ally of the United States, would be willing to meet commitments throughout the region. The White Paper also sought to reassure Indonesia that Australia was following a defensive strategy, and not one directed at it, despite the fact that the focus was towards northern deployments of the ADF.¹⁸ The northern deployment was justifiable if, for no other reason, than the requirement to protect Australia's sea lines of communication. The concept of layered defence remained broadly intact.

17. The White Paper committed Australia to an unprecedented, long-range program of military expenditure within a framework of a substantially redefined strategic environment. The White Paper stated that Australia had no discernible enemies within the region. Based upon the Dibb Report, the White Paper concluded that a serious threat to Australian security was considered highly improbable, with the assumption being that it would take a regional power 10 years to equip for a major assault against Australia.

18. On this basis, the ADF could not justify the traditional maintenance of an all-round force, capable of rapid expansion, and designed for large-scale conventional warfare. The future

Debate: The Dibb Report," RUSI Journal, Vol. 132, No. 4 (December 1987), pp. 55-62.

¹⁸ Australia's experiences during World War Two - the Japanese expansion as far south as the Dutch East Indies (Indonesia) and New Guinea, and the Japanese bombing of Darwin - entrenched a fear of invasion from the north. While identifying Indonesia as a potential threat has never been official Australian policy, it has certainly been a pervasive concept in the minds of the Australian public. The perception of Indonesia as a potential threat was reinforced by Indonesia's seeming propensity for expansion. This included the Indonesian occupation of Irian Jaya in 1963, President Suharto's threats directed at Malaysia in 1963-64 (which almost led to war with Australia) and the invasion and occupation of East Timor in 1975.

of Australia's armoured units remained uncertain.¹⁹ The White Paper did, however, recognize that Australia remains vulnerable to low-level threats, and particularly the threat of amphibious raids against critical areas of Australia's northern coastline. Moreover, such low-level military operations could emerge more quickly and pose a more immediate threat. Thus, the decision was to reorganize the ADF into an integrated ready force, capable of responding to existing contingencies.

19. As a result of the White Paper, the ADF became engaged in a major force reorganization and equipment procurement program. The objective was to provide a three layered defence: (1) a long-range over-the-horizon (OTH) surveillance and intelligence network and sufficient air and naval forces to detect and interdict forces moving across the northern sea and air gap; (2) air defence and naval forces to defend waters immediately offshore and the coastline itself; and (3) highly mobile land forces to defend coastal areas and military installations in the northern portion of the country.

20. The 1987 White Paper switched the emphasis away from forward defence towards the more immediate needs to defend Australia in a relatively "non-threatening" strategic environment. The White Paper did reaffirm, however, Australia's place within the Western alliance and its strong regional role in the South Pacific and Southeast Asia. Hence, Australian defence efforts towards self-reliance were not undertaken at the expense of alliance with the US and the West and its regional ties.

¹⁹ The mission of Australia's armoured units was difficult to coalesce with the "Defence-in-Depth" strategy since most of Australia's Leopard-1 MBTs have been based in southern Australia, more than one thousand kilometers from the northern region.

21. During the Federal election of July 1987, defence was not a major issue, despite recent publication of the White Paper. In general, there was a favourable reaction to the Dibb Report and Defence White Paper which indicated a broad consensus throughout Australian society. There was recognition that Australia was unlikely to be involved again in foreign wars unless as part of a UN-type peacekeeping operation. There was also a sense that Australia has to do more for its own defence. As a result, the defence programme outlined by the 1987 White Paper represents the largest peacetime re-equipment programme in Australian history.

1991 Force Structure Review

22. In May 1990, the Minister for Defence, Senator Robert Ray, commissioned a departmental review to ensure that defence planning for the 1990s went forward in a balanced way, taking into account strategic priorities and the likely resource environment. The Force Structure Review was published in May 1991 with the endorsement of both the Chiefs of Staff Committee and the Secretary of the Department of Defence.²⁰ The proposed reforms have been accepted by the Australian Cabinet.

23. The Force Structure Review stated that Australia, "has moved from a position of defence dependence on allies (and a consequent involvement in their strategic interests) to acceptance of both the need for self-reliance and the need to help shape a regional strategic environment in which Australia is a substantial power. This has involved a shift towards selectively higher levels of readiness so as to have the capacity to deal with the lower level military situations that

²⁰ Department of Defence, Force Structure Review: Report to the Minister for Defence (Canberra, May 1991).

might arise with little warning."²¹ At the highest level of readiness are intelligence, surveillance and patrol assets. Short notice forces are surface combatants and submarines, the Army's Ready Deployment Force, and the RAAF's F/A-18s and F-111Cs, and transport aircraft.

24. The review accepted that current defence capabilities, approved programs, and planned developments are consistent with Australia's strategic priorities, and provide the capabilities to meet the key defence roles. Nine primary roles were identified: (1) command, control and communications; (2) intelligence collection and evaluation; (3) maritime surveillance; (4) maritime patrol and response; (5) air defence; (6) protection of shipping, offshore territories and resources; (7) asset protection and response to incursions; (8) strategic strike [F-111Cs]; and (9) regional requests and peacekeeping.

25. The review stated that by the first decade of the next century, there will be heavy demands in Australia to replace obsolete equipment such as the guided missile destroyers, offshore patrol boats, armoured personnel carriers (APCs) and the F-111Cs. Since the 1987 White Paper, the real growth in defence outlays has averaged zero percent. A number of recently approved capital equipment programs, such as the Collins-class submarines and the ANZAC frigates, have reduced the amount of discretionary expenditure over the next few years which has reduced flexibility in defence planning. The review thus outlines a ten year defence program that would total Aus \$98 billion. Such funding levels would enable the White Paper program to be largely completed by the end of the decade.

²¹ Force Structure Review, pp. 2-3.

26. Funding the equipment program is to be accomplished through savings in other areas, notably through personnel reductions and the rationalization of facilities. Personnel reductions to be implemented include 3,800 civilian positions and 10,450 regular force positions. These will be largely achieved through attrition and reduced recruiting targets. In addition, a new 4,100-member ready reserve will be introduced for all three services and will make greater use of former regular personnel.²² The restructuring program also aims to achieve greater efficiency in support and maintenance by making greater use of commercial contractors and civilian staff in place of regular force personnel. In addition, two naval bases and two airfields will be closed, and changes to the army structure will allow for fewer bases and depots. The savings from these reforms, along with adjustments to capital investments, will, in principle, permit the Department to fund the major capital programs outlined in the 1987 White Paper. As a result, Australia will retain a balanced if somewhat smaller force which can provide a "defence in depth" consonant with Australia's strategic environment.

27. Navy. Future development of surface combatants will focus on destroyers/frigates and offshore patrol vessels. The objective of increasing the number of destroyers/frigates to 16 by 2010 will involve an expansion of the ANZAC frigate program. A currently deferred procurement program is helicopters for the ANZAC frigates. Sea King helicopters will remain in service pending the development of a program for new utility helicopters. The 15 Fremantle-class patrol boats will be retained and upgraded, to be replaced by 12 more capable offshore patrol vessels beginning in 2004. The RAN will also

²² In the case of the Army ready reserve, recruits will receive 12 months initial full time training and remain ready for call-up for five years.

acquire larger coastal minehunters to replace the problematic prototype inshore minehunter program. Two-ocean basing will continue with all six of the Collins-class submarines scheduled to be based in Western Australia, of which two will remain on station off the east coast.

28. Army. To enhance the ability of the Army to protect assets and respond to incursions, the Army will be restructured on the basis of 10 independent brigades. Of the 10 brigades, seven will be reserve brigades, better oriented to northern operations and given a higher level of integral tactical mobility, two will remain regular brigades, and the Brisbane-based regular brigade will be converted into the ready reserve brigade. Current procurement priorities include acquisition of a new infantry mobility vehicle and reconnaissance and troop-lift helicopters.²³

29. Air Force. Restructuring of the RAAF will focus on continuing development of northern bases and rationalizing base support and maintenance. The F-111C and F/A-18 aircraft will be operated well into the next century. The P3Cs will be updated and planning will proceed to introduce AWACS aircraft later in the decade. The 12 C-130E Hercules will be replaced by 12 C-130H transports.

30. These three defence policy documents represent a continuity in thinking dating from 1985 when the current defence review process was initiated. Clearly, adjustments have been necessary, especially with regards to the funding of

²³ The role of armour has been re-examined, largely due to lessons derived from the Kangaroo '89 exercise and from observing land operations in the Gulf War. The review has specified that an armoured regiment with one regular tank squadron, logistic support and an aviation squadron, will be moved to Darwin in 1995. No new tanks are being considered, however.

capital projects as outlined in this year's Force Structure Review. What has remained largely unchanged has been the perception of Australia's strategic environment and the type of force configuration necessary to meet Australia's defence needs.

NEW ZEALAND

31. While engaged in a similarly comprehensive defence review process, New Zealand's experience has been marked by a striking discontinuity in strategic thinking and has consequently reached different conclusions about the configuration of forces necessary to satisfy New Zealand's seemingly changing defence requirements.

32. With the election of the Labour Party government in July 1984 and their rejection of the "neither-confirm-nor-deny" policies of the United Kingdom and United States, a defence review was clearly necessary. This was reinforced by the subsequent collapse of ANZUS as an operative treaty and the loss of defence access to US military technology, training and intelligence. Moreover, like Australia, the erosion of forward defence and the perception that New Zealand was not "threatened" made it increasingly difficult to coordinate a security approach that would govern defence spending, force configurations and capital equipment programs. An extensive review was undertaken, with the net result being the 1987 Defence White Paper.

The 1987 Defence White Paper

33. The 1987 White Paper, Defence of New Zealand, redefined New Zealand's strategic environment.²⁴ Previously, the focus had been towards a "forward defence" in Southeast Asia. The 1987 White Paper altered the emphasis from Southeast Asia to contingencies in the South Pacific region and the need to prepare for possible independent military operations in relative proximity to New Zealand. The White Paper interpreted the international environment in such a way as to state that the only significant threat to New Zealand (excluding low-level threats) would be as an indirect result of a superpower confrontation.

34. New Zealand's strategic environment was defined to include an area stretching from Antarctica to Kiribati, on the Equator, and from Australia to the Cook Islands. The White Paper emphasized New Zealand's traditional relationships with its neighbours, including the close defence cooperation with Australia, security relations with the Pacific island states, and constitutional obligations to defend Tokelau, Niue and the Cook Islands. A natural emphasis, given the nature of the region, was towards maritime projection over long distances so as to increase New Zealand presence in the South Pacific.

35. The 1987 White Paper outlined the following defence objectives: (1) to foster political stability in New Zealand's strategic area; (2) to meet alliance requirements for mutual defence with Australia; (3) to keep New Zealand nuclear-free; (4) to promote social and economic development in the South Pacific; and (5) to increase New Zealand's influence on its South Pacific neighbours on matters relating to regional

²⁴ Ministry of Defence, Defence of New Zealand: Review of Defence Policy 1987 (Wellington, 1987).

security. Few potential threats to New Zealand were perceived and only a limited security role beyond neighbouring island states.

36. In order to meet these limited defence objectives, the White Paper stated that the New Zealand Defence Forces should become more self-reliant with emphasis on logistic formations and increasing supply holdings, as well as on improvement of maritime capabilities. Specifically, the White Paper outlined the following measures: (1) reorganization of New Zealand intelligence-gathering to compensate for the loss of US intelligence cooperation; (2) replacement frigates; (3) purchase of a logistic support ship; (4) maintaining the effectiveness of the battalion-size Ready Reaction Force; (5) withdrawal of the Singapore-based battalion; (6) continued modernization of the RNZAF P3Cs and A-4 Skyhawks; and (7) purchase of a tanker aircraft.

37. As the White Paper itself stated, "this review represents the most fundamental change in defence policies that has occurred since World War II. The impression that there may be only a limited change in the appearance of the [NZDF] should not be allowed to obscure this fact ... For the first time we have adopted in formal policy terms the concept that the New Zealand armed forces will have a capability to operate independently ... to counter low level contingencies in our region of direct strategic concern."²⁵

The Quigley Report

38. The 1987 White Paper concluded rather prophetically that, "[t]he Government is confident that the policies set out in this review, with the resource allocation to fulfil them, place

²⁵ Defence of New Zealand 1987, p. 38.

place the defence of New Zealand and its interests on a secure basis for the future."²⁶ The 1988 review conducted by private consultants quickly dispelled these illusions. The Resource Management Review, or Quigley Report, was a Cabinet-directed review of the way resources were allocated to the Ministry of Defence and the extent to which they were efficiently managed.²⁷ The aim was to review the methods and systems used to allocate resources, the management of those resources and to recommend any changes. The Quigley Report was accepted by the Labour government and the Ministry of Defence began implementing the provisions of the report in July 1989.

39. The report operated on the premise that five key changes in the New Zealand defence system were mandatory: (1) reorganization of the Defence Headquarters in Wellington; (2) decision-making based on defence-wide rather than single service thinking; (3) rationalization of locations, including selling or vacating 13 bases; (4) introduction of proper financial management information systems and computerization; and (5) imbuing the defence system with an understanding that cost extends beyond purchase price to include labour, goods, land and buildings (leading to greater use of commercial contractors and more civilian personnel).

40. The report proposed a new central structure which has since been implemented. The new structure was designed to create a clear chain of command and a clear management function by means of a restructured "Ministry of Defence" (headed by the Secretary of Defence) and a separate restructured "NZDF

²⁶ Defence of New Zealand 1987, p. 38.

²⁷ Strategos Consulting Limited, New Zealand Defence: Resource Management Review 1988 (Wellington, 1989). This study is hereafter referred to as the Quigley Report, named after Derek Quigley, one-time National government minister, and the director of Strategos Consulting.

Headquarters" (headed by the Chief of the Defence Forces). The report assumed that this would enhance the status of the CDF and strengthen the position of the Minister of Defence in the policy formulation process. The Secretary became the main adviser on defence policy, with the CDF providing key advice on military requirements.²⁸

41. Quigley Report recommendations covered the spectrum of defence activities. These ranged from establishing civilian control over recruitment, to modifications to the posting system, to base closures, to centralized support/storage systems. The report recommended greater use of civilian personnel and contracting out of non-operations activities. Specific operational recommendations included elimination of the Naval Reserves (used for fisheries protection, MCM, naval control of shipping and in meeting regular force crew shortages). The report questioned the future of the Territorial Force, but left the Army to decide its future. The Quigley Report also questioned the need for jet aircraft to fulfil maritime sovereignty patrols. The one bright spot in operational terms was the recommendation that the ANZAC frigate project with Australia should go ahead.

42. The key words of the report were "civilianization," "rationalization" and "efficiency." The government originally guaranteed that the savings would be funnelled back into

²⁸ As it turned out, the CDF's status was not enhanced by this reorganization. The structural division was based on the theory of "contestability" which the report identified as essential for the minister to make informed decisions. In theory, the minister would choose the Department's course bearing in mind two possibly divergent views - the military perspective and cost accounting. In practice, however, it did not work, since the MOD lacked a professional civilian defence base to provide adequate advice. Moreover, contested advice generally makes the task much more difficult for ministers.

military spending. In practice, however, savings were put towards reducing New Zealand's budget deficit.

The 1991 Defence White Paper

43. The National Party government of J.B. Bolger, elected in October 1990, immediately set about reviewing the main elements of the 1987 White Paper and the 1989 Quigley Report. A new Defence White Paper, The Defence of New Zealand 1991 was tabled in May 1991.²⁹ The 1991 White Paper indicates a more outward-looking defence policy which will markedly shift strategic priorities away from the narrowly-defined approach adopted in 1987. In this context, the 1987 White Paper may be viewed as a strategic contraction which the new document has reversed. The 1991 White Paper clearly distinguishes between New Zealand's security needs (ie. threats to the nation) from its security interests. In this light, whereas there are no direct threats, New Zealand has numerous security interests.

44. The 1991 White Paper defined New Zealand security interests to include: (1) expanding defence cooperation with Australia; (2) maintaining and developing defence cooperation with ASEAN; (3) preserving the Five Power Defence Arrangements; (4) working to re-establish an effective defence relationship with New Zealand's traditional partners, including the US and UK; (5) contributing to United Nations peacekeeping and peacemaking duties; and (6) contributing forces to other collective endeavours where New Zealand's national interests are involved.

45. The New Zealand government has begun serious efforts to re-establish a close defence relationship with its British and

²⁹ Ministry of Defence, The Defence of New Zealand 1991: A Policy Paper (Wellington, May 1991).

American allies. New Zealand's nuclear policy remains a difficulty, and therefore cool defence relations with the US and UK remain largely unchanged. There are indications, however, that substantially improved "atmospherics" exist, especially as a result of the appointment of Don McKinnon as foreign minister.³⁰ The National Party government attaches great importance to collective security and alliance ties and is very seriously trying to foster renewed relationships.

46. With regards to the nuclear issue, the 1991 White Paper begins what is thought to be a long and difficult process to change New Zealand opinion; to educate the public to see beyond the immediate non-threatening security environment. The New Zealand participation in the Multinational Coalition during the Gulf War was a useful step in this process. The anti-nuclear sentiment is widely shared in New Zealand. Given New Zealand's geographic remoteness, the general public has not been fully aware of the broader international aspects of their defence policy. The challenge for the government, therefore, has been to try to develop a more politically sophisticated perspective on New Zealand's security and foreign policy interests. In effect, the general public is unaware of the true costs of the nuclear policy, since it had little or no economic impact.

47. The 1991 White Paper clearly outlines the costs and damage to New Zealand in security and foreign policy terms:

The [nuclear] legislation had an important effect on New Zealand's defence policy ... by affecting the long standing relationships which had existed with Australia, Britain, Canada and above all the United States. Washington suspended its security obligations under the ANZUS Treaty and distanced

³⁰ Don McKinnon, a former defence minister, has been outspokenly critical of the nuclear policy. It is therefore felt that he has the strongest credentials in dealing with the US and UK governments.

itself from New Zealand. Most exercises and training exchanges were terminated, as was the supply of most American intelligence ... In the view of our ANZUS partners full membership is not consistent with our anti-nuclear legislation. This effectively decouples New Zealand from the Western alliance. Without full membership the defence force's ability to work with Australia, the United States and others will remain constrained. The difficulty is lessened if we define our defence interests as purely South Pacific ones, though even then the diminishing professionalism of our forces may encourage [South Pacific] Forum countries to look more to Australia for their security assistance.³¹

While the White Paper states that a progressive or incremental improvement in New Zealand's alliance relationships is conceivable, the nuclear policy essentially means that, "full cooperation with our closest friends must be accepted as unattainable."³²

48. The National Party embraced the anti-nuclear policy immediately prior to the election, given strong public anti-nuclear sentiment. The government is therefore committed to upholding this position. There are strong indications, however, that the government may be moving away from strict adherence to this position. In a recent speech, McKinnon stated that while the government is pledged to honour the anti-nuclear law, it was striving for a new pro-Washington relationship. This will mean that New Zealanders must recognize the totality of their interests and strike a balance between them. "That means accommodating things like the environment, trade access and security responsibilities in our overall approach. We cannot

³¹ Defence of New Zealand 1991, p. 27.

³² Defence of New Zealand 1991, p. 28.

afford to let a single issue dominate our relationship to the exclusion of all else."³³

49. In operational terms, the 1991 White Paper identified eight primary tasks of the NZDF, and measured the defence structure against them. These were to: (1) protect the territorial integrity and sovereignty of New Zealand, and those countries for which it has constitutional responsibilities; (2) provide defence advice; (3) provide intelligence; (4) maintain a force-in-reserve; (5) provide ancillary services; (6) contribute to regional security; (7) participate in defence alliances; and (8) contribute to collective security. The report concludes that the NZDF structure, while ageing, meets the general strategic situation reasonably well.

50. Five areas were identified for further review (with completion dates set for before the end of 1991). The determining variable in all the specific reviews will be the question of funding, given the age of New Zealand's equipment holdings, and the cap on defence expenditures. The five areas are:

(1) Offensive Air Support - perhaps 24 A-4 Skyhawks may be an excessive capability for New Zealand requirements. The review may recommend that some be moth-balled, despite the fact that they have had recent avionics upgrades.

(2) Air and Sea Transport - New Zealand lacks the ability to project land forces alone. The review will determine whether the NZDF should buy or contract out for increased transports.

(3) Land Force Reserves - the review will examine what the role of the reserves should be in the future and what balance should exist between regular and reserve forces.

³³ HONG KONG AFP, 8 August 1991 (Foreign Broadcast Information Service, Daily Report East Asia, 12 August 1991), p. 76.

(4) Maritime Surveillance and ASW - the NZDF have six P3Cs which have been upgraded for detection but have limited prosecution capabilities. The review will assess developing dual-purpose transport and surveillance aircraft.

(5) Identify Incentives for Restructuring - it is only possible to identify disincentives in the current environment (ie. the fact that Defence does not get any of the monetary benefits from sales of equipment and land, or savings from base closures).

Other areas identified for study in 1992 are: mine warfare, control of shipping, replacement helicopters and operational stock holdings.

51. Defence will receive no increase in expenditures despite the broader assessment. The July 1991 budget has capped defence spending at 1.6 percent of GDP for the next three years, which means a reduction in defence expenditures before inflation.³⁴ In order to meet minimal upgrades and maintain operational standards in such a constrained fiscal environment, a series of base closures and force consolidations have been announced. The savings will hopefully accrue from a more streamlined defence structure. New Zealand will proceed with the ANZAC frigate project, with the acquisition of two ships and an option for a further two. No other major equipment programs are currently under consideration.

52. The 1991 Defence White Paper is a clear reversal of the approach adopted in 1987. This represents a first step in a complete rethinking of the foreign and defence policies adopted by the previous Labour government. Given domestic nuclear sensitivities, however, change will occur gradually. The

³⁴ FY 1991-92 defence expenditures will be cut by NZ \$112.5 million before inflation, and cuts of NZ \$150 million in each of the next two fiscal years (or \$412.5 million over three years).

creation of two separate establishments as a result of the Quigley Report will be reversed in the next two or so years.

CONCLUSIONS

53. Both Australia and New Zealand have published three major defence statements in the past six years which have had profound effects on their defence policies and force structures. When these respective review processes began, the primary objective was to define their strategic environments so as to provide a sound basis for defence planning. What is perhaps most interesting is that both countries' strategic assessments concluded that their security environments were relatively benign, or non-threatening. From those strikingly similar assessments, the Australian and New Zealand governments embarked on radically differing approaches to defence policy. Both policy approaches nevertheless garnered considerable domestic public support when first enunciated, despite their divergent solutions.

54. The Australian approach is one of marked continuity. The Dibb Report was based very clearly on both an understanding and analysis of defence capabilities, as they then existed, and a strategic assessment that took into account the full range of issues and contingencies. At no time were the underlying tenets of Australian security policy - membership in the Western community, defence ties with Southeast Asia, defence treaty relations with New Zealand and the United States - placed in doubt by this process. As a result, therefore, the Australian review did not attempt to dramatically re-shape or redefine its environment, but merely redirected strategic thinking to correspond to the changes in the international environment and funding realities.

55. In the case of New Zealand, however, the defence review process reflects a dramatic discontinuity in strategic thinking. If anything, the policy changes that culminated in the 1987 White Paper were the result of the implementation of the Labour Party platform rather than a direct review of New Zealand defence capabilities and security interests. A perhaps narrow interpretation of the New Zealand experience is simply that the Labour Party government challenged the framework that had previously shaped New Zealand defence.

56. The adoption of anti-nuclear legislation in 1984 was perceived by New Zealand's friends and allies as an abandonment of its international responsibilities. Whether or not ANZUS was a nuclear alliance, or whether membership in the Western community involved acceptance of nuclear deterrence, is perhaps not at issue. Rather, the essential point is to question if New Zealand policy-makers considered the possible implications of formulating an anti-nuclear approach. The rather surprised reactions to Western, including Australian, criticism of this policy seems to point away from consideration of the nuclear question in all its complexity. The 1987 review, therefore, was a reaction to the strategic and operational changes imposed on the New Zealand Defence Forces as a result of the anti-nuclear legislation. This White Paper was then, to some degree, a strategic afterthought made necessary by New Zealand's isolation from its traditional friends and allies.

57. The 1991 New Zealand Defence White Paper has itself drawn attention to the weakness of the past approach and highlighted the true costs of the nuclear policy on the international reputation of New Zealand and the effectiveness of its defence forces. It is a first attempt to reverse the process begun in 1984. The success of this change, however, will depend on the ability of the current government to engage in a concerted effort to reshape the New Zealand defence debate.

58. Both Australia and New Zealand have vocal anti-nuclear disarmament movements. Both also have publics which have traditionally shown broad support for Western security policies. In striking dissimilarity, however, New Zealand adopted a policy which went in complete contradiction of its wider foreign and security interests. The support for the nuclear policy within New Zealand society reflects a naively-conceived yet real public consensus, but perhaps one which is based on a limited understanding of the world in which foreign and security policy is formulated.

59. The difference between New Zealand and Australia in this regard is striking. The Australian approach examined the broader aspects of security policy and formulated a defence policy approach which dealt with the complexity of strategic planning, alliance relationships, funding levels and force capabilities. In this way the Department of Defence structured the defence debate and thereby emerged with public support for its approach to Australian defence requirements. The New Zealand approach under the Labour Party, however, focused on one specific aspect of defence - the politically-charged nuclear issue - which became the focus of discussion and has subsequently shaped New Zealand's approach to defence.

60. No clear lessons can be drawn from this assessment save for the obvious fact that structured and consistent guidance and long-term planning can forestall serious disruptions in the operational capabilities of military forces. Here, the Australian experience is a preferable model. Australia has maintained a highly credible military capability, using long-range financial planning, with a graduated schedule for replacement and modernization capital programs spanning the next fifteen years. In contrast, the future shape, size and function of the New Zealand Defence Forces will be the objects of departmental review through to at least the end of 1992. The

consistency and continuity of Australia's approach has guaranteed that the ADF will retain a credible defensive military capability into the next century, while New Zealand continues to review and modify its policy and force structure approach.

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