Australia-New Zealand closer defence relations: an evaluation
Gary Brown
Defence Group
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Australia-New Zealand closer
defence relations:
an evaluation

Telephone: 06 277 2452
Facsimile: 06 277 2475
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Introduction

In remarks to the Melbourne Press Club in May 1991, the Australian Minister for Defence (Senator Robert Ray) brought to public notice a new initiative in the Australia-New Zealand defence relationship. Now dubbed 'closer defence relations' (CDR), the proposal is not yet tightly defined but will involve an effort to significantly increase the degree of cooperation between Wellington and Canberra in equipment purchases, force structure decisions and related matters.

This paper attempts a cost/benefit appraisal of CDR in terms of political, personnel and financial considerations. Any such analysis requires a clear appreciation of just what kind of cooperation is under consideration, and this makes it necessary firstly to consider the political context in which future CDR will most probably develop. Therefore this paper seeks firstly to derive from the nature of practical politics and strategy the likely bounds of ANZAC defence cooperation. Thus, the cost/benefit analysis is not one which checks dollars spent against dollars saved, or military personnel freed from the 'tail' to go into the 'teeth', important though these outcomes will be. Instead it seeks to judge the trade-off between the unquestioned - though as yet unquantifiable - potential dollar economies of CDR and the limitations on national freedom of action which follow as cooperation becomes closer. Therefore considerable emphasis is placed on political matters, and also on broad strategic implications and limitations.

Political considerations

The need to pay so much attention to political matters comes straight from the fundamentals of military science.

- war (and the means chosen for waging or deterring it) are extensions of policy;
- sovereign national governments set policy;
- no two governments have identical national security interests;

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1. This Background Paper is a revised version of a paper originally presented to a one-day conference held at the Australian Defence Force Academy (ADFA) on 2 October 1992.
it follows that the extent to which the Defence Forces of sovereign states should cooperate is limited by two important considerations:

- the degree of shared interest, and
- the degree of freedom of action each party is prepared to sacrifice in the interests of financial and personnel economies or reallocations.

There is so much obviously in common between Australia and New Zealand that the uninitiated could be forgiven for wondering why they remain separate sovereign states. They share a version of the English language to a degree as close, perhaps, as the US and Canada and certainly closer than either Australia or New Zealand does with the US. They have a Westminster system of Government, signifying their Anglo-Celtic roots. In the ANZAC legend and beyond, they have a shared military tradition through two world wars and several lesser but significant conflicts. And of course the Closer Economic Relations (CER) agreement between Wellington and Canberra is often cited as a model or precedent for CDR. Nevertheless, though political union between the two countries has been discussed at various times as far back as the Australian Federation process, a century later they remain independent sovereign states and have evolved along somewhat different lines. In particular, Australia has become a 'multicultural' society as a consequence of massive post-1945 immigration, while New Zealand has developed a unique system of European-Polynesian coexistence.

This is the only relevant starting point for an evaluation of closer defence relations between Canberra and Wellington. This paper accepts the distinct sovereignties of Australia and New Zealand and, from this, tries to set some outer limits for proposals.

When he raised the topic in May 1991, Senator Ray referred in particular to the following factors as driving the CDR concept:

The interoperability that exists between our defence equipment, the fact that we're involved in thirty joint exercises this year [1991], the fact that defence planning and budgetary restraint will virtually compel, I think, by the end of this decade an almost unified Defence Force between both countries, and it only makes sense to have a [population] base on current

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2. New Zealand had the opportunity to join the Australian Federation at that time but declined.
These remarks encapsulate precisely the real driving force behind current discussions on CDR. They are driven less by policy, or by strategy, than by the ever-present tyranny of finance.

No matter how much there is in common between Australia and New Zealand, the fact remains that they are separate sovereign states, and likely to remain so for the foreseeable future. Thus, the only way in which 'almost unified' Australia-New Zealand Defence Forces might develop would be via full (or almost full) political union between the two countries. It would be neither wise nor, probably, politically practical that effective military union precede any political union. However, the latter is not a topic for discussion under closer ANZAC defence relations. If ever seriously mooted, it will require massive debate and evaluation and finally approval by the people of both countries. This would be a protracted process which has not even fairly begun.

To illustrate the complexity and difficulty of moves towards political union, it is perhaps worthwhile to mention briefly some few questions that would need to be resolved.

- Would New Zealand be a new state, two new states, a number of states based on the historical New Zealand provinces, or something else entirely?

- Would it accept a bicameral Parliament, with our Senate, whereas New Zealand has always had a unicameral legislature?

- Would it accept our complicated federal system in substitution for the simple single central government it now has?

- Would it be content to receive representation in the Parliament according to our electoral laws, bearing in mind that in 1992 New Zealanders voted by a massive majority for an electoral system - a type of proportional representation - incompatible with Australia's?

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3. Senator Ray, *Speech to Melbourne Press Club*, 22 May 1991, official transcript, p.3. By "joint" exercises the Minister clearly meant combined exercises: "joint" exercises according to the approved terminology are inter-Service (eg, Army and Air Force), "combined" exercises are international (eg, Australia and New Zealand).
• Would the comparatively influential New Zealand Maori people be willing to accept the Australian approach to indigenous peoples or will they require that their present position in New Zealand be protected and extended to Australia as well? If this were done, what questions could be raised about the representation of Australian Aboriginal and Torres Strait Islander people?

• What of entrenched and important legislation such as the New Zealand anti-nuclear law? How will that be reconciled with established Australian positions on the subject?

Other questions, equally difficult, could no doubt be added to this list. These issues simply illustrate the immense obstacles standing in the way of an ANZAC political union.

In the CDR context, the remoteness of political union suggests that unified Defence Forces is not a realistic objective. Discussions around closer defence relations are of course entirely reasonable, but it seems clear that these must - at least for the foreseeable future - always be in the context of cooperation between two sovereign states. Here then is the first and most important political limitation: any feasible ANZAC CDR will be between separate states.

However, as sovereign states, there is no reason why Australia and New Zealand should necessarily follow common security policies. Throughout the period of Labour rule in Wellington, they followed divergent policies in some important areas and the Nationals now in power are, albeit reluctantly, still tied to the previous Government's position that New Zealand needs no nuclear component to its defence or defence relations. Indeed, in the run-up to its election victory the New Zealand National Party felt obliged to undertake in very specific terms that it would not overturn a policy which it clearly dislikes. The Nationals' inability to shift New Zealand public opinion on the nuclear ships issue demonstrates very clearly the differing perspectives of the New Zealand and Australian people on at least one central security issue. Who can say on which issues Canberra and Wellington will see eye to eye, or on which they will

4. New Zealand for example has separate electorates for Maori people exclusively. This arrangement may well contravene Australian anti-discrimination legislation. If accepted, however, it would probably generate demands for separate Parliamentary representation for Aboriginal people.

5. It will be recalled that New Zealand's Lange Labour Government enacted legislation, which is maintained by the present National Party Government, which prevents visits of nuclear-armed warships.
differ, by the end of the decade? Here then is the second political limitation: \textit{ANZAC defence relations cannot be allowed to become so close as to make it difficult for either party to distance itself from the other when necessary.}

Indeed, there is a case in point quite aside from the nuclear issue. In the early period of the Bougainville insurgency in Papua New Guinea, there were several attempts at a negotiated settlement, or at least a truce. As PNG's principal source of military equipment and assistance, Australia was obviously unsuitable as a mediator. But New Zealand, not perceived as being too closely tied to one side, was acceptable both to PNG and the insurgent Bougainville Revolutionary Army (BRA), and a New Zealand Navy supply ship, HMSNZS \textit{Endeavour}, was used as a neutral meeting place. It must be questionable, however, whether New Zealand's potential role as mediator or facilitator in South Pacific difficulties would be as feasible were her Defence Forces too closely tied to those of Australia in the perception of regional states, insurgents or other relevant actors.$

It casts no gratuitous aspersions on the conduct of Australian foreign policy to suggest that there is a quality in New Zealand's relationship with her South Pacific neighbours which Australia's relations lack. Australia is simply too big, too remote, seen as too close to the United States and, in particular, with relatively less 'feel' for things Polynesian.

Indeed, the recent deterioration of Australia's relations with the Solomon Islands (caused by the latter's belief that Australia is at least indirectly responsible - via its military aid program - for PNG's violation of Solomons territory) shows that Canberra's dealings with the Pacific States, Polynesian or Melanesian, will not always run smooth. Given our major role in PNG, the difficult situation on Bougainville, the sometimes unreliable discipline of the PNG military and the proximity of the Solomons to Bougainville (many of these factors being beyond Canberra's control), it is difficult to see how Australia could have avoided some problem of the type which has now arisen. This illustrates the point that while Australia is not culpable for her size or the complexity of her relations in the South West Pacific, these factors can nevertheless conspire to feed

\textit{6. True, the Endeavour accords came to nothing in the end. But this was not the fault of the New Zealand Government, which simply used its good offices to provide a venue acceptable to both sides, but of the parties to the dispute. It would have been regrettable had this opportunity for a settlement not been explored, and future occasions may prove more productive.}
perceptions that Australia favours one state over another, or heighten sensitivities stemming from the real imbalance of power inevitably involved in Australian relations with much smaller states.7

New Zealand on the other hand is a much less forbidding neighbour to many South Pacific countries; much smaller than Australia, close at hand, unlikely (because of recent history) to be perceived as doing Washington's bidding and with a natural understanding of the Polynesian people because of her significant Maori and Pacific islander population. But if New Zealand and Australia integrate their Defence Forces and more closely coordinate their approaches to security issues relevant to the South Pacific countries, then New Zealand's influence may actually be reduced. This illustrates the third political limitation on closer defence relations: such relations cannot be allowed to jeopardise the hard-won regional foreign policy positions of either partner, and must always be conducted consistently with each partner's policies.

Indeed, as the BRA case illustrates, definite potential advantages can accrue if Australia and New Zealand are clearly perceived as separate states.

**Strategic aspects**

It should not be surprising that significant differences exist between Australian and New Zealand strategic outlooks and approaches. Perforce, Australia is a continental power: it is an island continent and is obliged to put up a credible defence of a huge territory and its approaches with the limited resources and infrastructure of less than eighteen million people. It has no enemies in its region, and little reason to anticipate any, but does have close neighbours and must as a matter of common prudence insure itself against an uncertain future and potential threats. This it does with an unprovocative strategy of layered defence.

By contrast, New Zealand consists of two relatively small islands separated by large ocean gaps from its neighbours. Its population and resource base - and hence its ability to maintain Defence Forces

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7. There are some analogies, though by no means complete or faithfully accurate, with the occasional perceptions or sensitivities of small allies of the United States when they cannot persuade Washington to a certain view and conclude that the US is favouring one's regional political rival or, perhaps, economic competitor.
In 1991 New Zealand released a substantial defence *White Paper* which outlined the country's fundamental strategic approach and Defence Force tasks. The principal tasks identified were:

- protect the territorial integrity of New Zealand and the Pacific states for whose defence it is responsible (Niue, the Cook Islands and Tokelau);
- provide defence advice and intelligence;
- maintain reserve and ancillary forces;
- contribute to regional security and participate in defence alliances; and
- contribute to collective security.\(^8\)

In a paper delivered to the Military Studies Centre in June 1992, Dr Gerald Hensley, Secretary of the NZ Ministry of Defence, stated unambiguously that New Zealand has adopted a strategic methodology substantially at variance with that used in Australia. In particular:

We decided against the customary threat assessment. Threats in the Asia-Pacific region cannot sensibly be seen even a few years ahead, let alone the twenty or so years which is the lifetime of our major pieces of equipment and hence of our force structure. Instead ...[We] set out to look at the permanent features of New Zealand's geography and situation, the constants which will change very slowly if at all, and which will always shape our forces and the tasks they have to carry out.

Hensley went on to say:

These fundamentals, which are distinctive to New Zealand, led the drafters of the *White Paper* in a different direction from Australia's. The Australian strategy is centred on defence of the homeland. Its force structure is focused on this task. Whatever other options it may provide, all equipment is selected primarily for its contribution to the defence of Australia. *For New Zealand to do the same would be patently*

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...illogical...Our thinking had to start from an indirect strategy, the defence of our interests abroad.9

By way of comparison, the following extract from the recently released Australian strategic paper *Australia's Strategic Planning in the 1990s* (AS90) quoted with approval the goals originally formulated for the 1987 *White Paper* (DOA87):

- maintaining and developing capabilities for the independent defence of Australia and its interests;
- promoting strategic stability and security in our region; and
- as a member of the western strategic community working for a reduction in the level of tension between the superpowers and limiting the spread of influences in our region inimical to western interests.10

Clearly the ANZAC partners have significantly different approaches to strategic assessment and related issues. Whereas New Zealand conducts no threat analysis and concentrates on the enduring strategic factors in its environment, Australia has for many years considered low-level, escalated-low-level and more substantial levels of potential conflict contingencies and has decided to structure its forces primarily (though not exclusively) in terms of credible capabilities in the low-level and escalated-low-level fields. It is at these levels which the Defence Force generally tends to exercise.

New Zealand, seeing no credible threat to the homeland, therefore concentrates on identification of broad security interests which a Defence Force can support. But Hensley correctly points out that Australia emphasises defence of the homeland and seeks to secure less vital or more peripheral interests as a spin-off from the possession of a Defence Force credible primarily in the 'homeland' context. In short, the strategic methodologies of Wellington and Canberra are far more at variance than a superficial analysis might initially suggest.

From this natural strategic variance comes a further important limitation or parameter inside which CDR should be considered:

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10. Department of Defence, *Australia's Strategic Planning in the 1990s*, para 1.10. ASP90 was sanitised prior to its public release: the complete version remains highly classified.
neither country can allow itself to be locked too closely into the strategic approach of the other because, despite all the talk of shared ideals and interests, their strategic methodologies differ substantially.

Financial and personnel aspects

In turning to financial and personnel matters it is appropriate to re-emphasise that it is finance, not policy, which is driving the present push towards closer defence relations. As will be shown below, governments in Canberra and Wellington have on occasion genuflected politely in the direction of joint procurement and cooperation, only to proceed each on its own way. But unquestionably the current CDR initiative is being taken much more seriously on both sides of the Tasman. What, if anything, is different in the nineties?

It is probably true that since the late eighties more genuine opportunities for cooperation exist than was the case in earlier times. The arrangement, made in the eighties, which stations RNZAF Skyhawk aircraft in Australia is a case in point. This arrangement earns New Zealand a financial return, provides a necessary capability for Australian training purposes at tolerable cost and gives RNZAF pilots useful additional flying hours.

But the weightiest factor in the equation is the steady reduction of resources likely to be made available to defence in both countries. In 1987 the Australian White Paper set out a program of defence funding based on the outlay of between 2.6% and 2.9% of GDP annually.11 In the event, this target has not been met: in 1991-2 Australia spent only 2.4% of GDP on defence, and after the Force Structure Review of 1991 and the 1992 budget decisions involving future negative growth, this number is likely to fall.12 In fact, it has been known since the Force Structure Review that about a quarter of the program set out in DOA87 cannot be funded inside the timeframe originally intended.13

12. Budget Statement 1992-93 (Budget Paper No.1), AGPS 1992, p.3.28. In 1992-93 defence received zero real growth; future years are planned to carry real cuts of 0.5%.
For its part, New Zealand spends only about 1.6 per cent of GDP on defence: moreover, in absolute terms this represents a much smaller investment in defence than Australia's and obviously, as a smaller state, New Zealand has less to devote to defence in any event. Furthermore, as the New Zealand White Paper states, in real terms defence spending in that country has been cut by 20 per cent since 1986-87, and it is officially recognised that 'current pressures foreshadow a further fiscal contraction.'

So with the funding projections of Australia's DOA87 abandoned, and New Zealand facing an even more austere defence funding climate, it is hardly surprising to find the following in the 1991 New Zealand White Paper:

A number of countries which share defence interests with New Zealand are contracting or freezing their levels of defence investment. Where practicable the sharing of equipment with friends could delay or avoid the purchase and replacement of assets. The obvious candidate for further sharing is Australia. To the extent that both sides of the special trans-tasman relationship are fiscally pressed, it makes sense to explore further the possibilities for some pooling of equipment or training and support facilities.

Closer ANZAC defence relations, then, derive less from carefully developed strategic and political analyses in both countries than from the inability of either to fund their defence agendas inside static or shrinking budgetary allocations. Both states hope that some financial and personnel savings will flow from an increasing range of cooperative activities. Indeed, there is a temptation to say that the greater the cooperation, the greater the savings. Senator Ray's May 1991 suggestion of 'almost unified' Defence Forces by the end of the century perhaps typifies this approach. Ministers, after all, have to manage and solve the day-to-day problems of shrinking resources. But the danger in too intense a focus on financial and personnel considerations is that central strategic and political issues, some of which have been discussed above, may be neglected.

Principal political/strategic constraints

At this point it is useful to bring together the four limitations identified under the political and strategic heads.


ANZAC defence cooperation will be between separate states.

Defence relations cannot be allowed to become so close as to make it difficult for either party to distance itself from the other when necessary.

Relations cannot be allowed to jeopardise the regional foreign policy positions of either partner.

Neither country can allow itself to be locked too closely into the other's strategic approach because their strategic environments and methodologies differ substantially.

These are some of the important politico-strategic parameters which will define the extent of Australia-New Zealand CDR. But opportunities for effective, though limited, cooperation do exist inside these parameters. Areas like training, logistics, personnel exchange, intelligence, communications and a degree of equipment commonality or at least interoperability have already been identified. No doubt the joint CDR working party established following Senator Ray's 1991 initiative, which has been actively studying the options, will come up with an agenda of specific and carefully considered proposals.

Any dollar-oriented cost-benefit analysis must be preceded by development of such an agenda. All that can sensibly be said at this early stage is that opportunities will be found and exploited and that the Defence Forces of both countries will save resources. But, provided that the political and strategic parameters already identified remain firm, these savings and efficiency gains will essentially be at the budgetary margin: it is improbable, without violation of these limitations, that CDR will ever go so far as to make possible a significant restructuring of either country's defence vote inside presently projected funding levels. In other words, CDR is not going to go far enough to release sums large enough to salvage the 1987 White Paper program.
This assessment does not accord with Gerald Hensley's opinion that the long-term effects of CDR are likely to be radical. This would only be the case if cooperation were allowed to become so widespread that the two Defence Forces began to integrate themselves and, for reasons already outlined, this is an unlikely (and, indeed, not necessarily desirable) outcome.

Proposals which take defence cooperation as far as planning for extensive New Zealand deployments in northern Australia are likewise improbable. Contingencies which might require such deployments seem remote and it would be an expensive exercise indeed (probably for both countries) if New Zealand were to station significant ground forces in Australia.

This proposal is only one of a family of ideas which fall under the general head of force structure 'complementarity'. This means the deliberate design of Australian and New Zealand forces such that they complement and complete each other. Here again, there must be doubts as to the achievability of significant efficiency gains consistent with maintenance of essential national Defence capabilities. Practical force structure complementarity depends on similar national strategic requirements; yet it has already been shown that the Australian and New Zealand strategic environments and approaches are necessarily significantly different. This being so, one can ask how much either Defence Force would be willing - or should be allowed - to concede in terms of doctrine and approach in a search for complementarity.

Put another way - and arguably this is the bottom line for a cost/benefit analysis of the type attempted here - the closer CDR becomes, the better the chances of financial and personnel benefits. But the closer defence relations get, the more the partners must sacrifice national freedom of action in the political, strategic and perhaps even operational spheres. More likely, overriding strategic and political considerations will restrain the development of ANZAC CDR beyond a certain, as yet unspecifiable, point. This does not mean that nothing will be done - on the contrary, much can and should be done - but what is done will generate relatively modest dollar and personnel benefits which, while welcome, are unlikely to revolutionise the defence budget outlooks of either country.

A previous CDR initiative

This is by no means the first time such ideas have been raised by the two countries. For instance, at a Canberra meeting in April 1977 the Australian and New Zealand Defence Ministers (Sir James Killen and Mr Allan McCready) reached an agreement on 'Australia/New Zealand Defence Cooperation'. It was agreed that the policy objective should be 'to maximise the combined effectiveness of the defence capabilities of the two countries, subject to the availability of resources and the requirements of independent national decisions'.\(^{17}\) This accord was enthusiastically described in one Australian newspaper:

> Australian and New Zealand defence forces are to combine their strengths to an unprecedented degree under a radical new policy agreement reached in Canberra yesterday.\(^{18}\)

In fact, the underlying imperatives behind this initiative were more political than financial. Thus, far from speaking of their initiative in terms of savings and efficiency gains (though 'coordination and rationalism' [sic] were mentioned in April 1977) the whole exercise was 'subject to the availability of resources', as though it was expected to cost, not save, money.

More than twelve months later (August 1978), the two Ministers met in Wellington to review progress. They agreed that 'there was a need to envisage the development of Defence force capabilities appropriate to the performance of military tasks of common concern as well as to the requirements of each country in keeping with its national Defence policies.' They therefore agreed 'that their advisers should initiate studies of the nature of these tasks and their implications for force requirements'. They noted with satisfaction arrangements for coordination of long range maritime patrol (LRMP) surveillance activity by P3 Orion aircraft of both countries in the South Pacific area, and arrangements for training exchanges and combined exercises. They further noted that officials 'had considered the potential for industry in both countries to contribute to the demanding material requirements of their Defence Forces'


and said that 'the development of this potential will continue to be fostered'. They considered that the initiative 'had made good progress and were confident that this would be maintained'.

This initiative resulted in relatively small gains aside from continuing and improving the coordination of RAAF and RNZAF LRMP surveillance flights. Essentially, the much-publicised initiative sank without lasting impact.

The fate of this initiative demonstrates in a practical sense the working of the parameters discussed above. It is noteworthy that in 1977 and 1978 the Ministers carefully qualified their moves in terms of 'the requirements of independent national decisions' and 'national Defence policies'. The failure of this initiative to move further even in more practical areas can be attributed essentially to the relative lack of financial pressure on defence spending in the then prevailing Cold War environment.

Conclusions

Given the fate of previous initiatives for Australia-New Zealand defence cooperation, the enthusiasm with which the present CDR proposals were received in some quarters was initially surprising. But closer scrutiny of the context in which CDR has developed reveals more clearly the motivations for a historically uncharacteristic degree of commitment.

Closer defence relations on the face of it are a good thing to support, and so - within limits - they are. Without question, there are areas in which the idea makes eminent sense: in fact, both countries have always practised CDR to some degree. But the present CDR initiative runs the risk that decisionmakers in both countries, being seduced by powerful economic pressures, may neglect political and strategic fundamentals.

The fall of the Berlin wall has meant falls in defence outlays in many countries. Defence establishments, as in Australia and across the Tasman, are now faced with the likelihood that Governments, which in liberal democracies necessarily reflect popular priorities, will reduce defence funding from Cold War quantities to levels more

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commensurate with a generally improved international outlook.\textsuperscript{20} The fervour with which CDR is being pursued is a consequence of this trend.

But defence finance alone ought not be allowed drive fundamental force structure or policy shifts of the type implicit in wholly integrated or fully complementary New Zealand and Australian Defence Forces. Nor, in the final analysis, is such a degree of defence collaboration really possible short of political union. Predictions on both sides of the Tasman (by Dr Hensley and Senator Ray, respectively) of radical consequences or an almost unified ANZAC Defence Force appear improbable of realisation. On a sober assessment, it is more likely that Australia and New Zealand will remain independent states, that CDR will be relatively limited in scope and that its benefits, while useful inside realistic parameters, will likewise be relatively limited.

\textsuperscript{20} This is not to say that the international environment has suddenly become problem-free. But the poisoning of international relations and exacerbation of pre-existing or "home-grown" conflicts by superpowers jockeying for position are factors now significantly reduced if not wholly eliminated. Bosnia, Georgia, other post-Cold War conflicts and Russian instability are indeed real problems, but are nevertheless a quantum below the formerly all-pervading menace of global nuclear war. Certainly this appears to be the general view in most liberal democracies.