

OPENING DEBATE STATEMENT BY THE MINISTER OF DEFENCE

The government is today announcing a defence plan, which will ensure New Zealand has a modern, sustainable defence force, matched to New Zealand's needs.

Providing appropriately for the security and defence of the nation is a core responsibility of government. It is a responsibility that we, on this side of the House, take most seriously.

Determining an appropriate, realisable and sustainable defence plan for New Zealand is not straightforward. Defence is one aspect of New Zealand's foreign and security policy; a policy aimed at securing New Zealand's physical, economic, social and cultural well-being and meeting our regional and global responsibilities

Our own security needs, our regional concerns and our international interests lead us to maintain a Defence Force with an appropriate range of capabilities. These capabilities should be relevant to our purposes; sustainable; safe and effective in both combat and in peacekeeping; rapidly deployable; and interoperable with other regional forces.

In planning for the future we have to be as clear as we can be about the circumstances we may face in defence of New Zealand and in our neighbourhood. We must be sure about what tasks we expect our Defence Force personnel to be capable of, and their training and equipment should reflect that expectation and be of the highest standard.

This government's defence planning is based on what is affordable, and includes appropriate and realistic provision for operating costs and for capability renewal.

This government came into office well prepared for what needed to be done. We had the benefit of the 1999 report of the Foreign Affairs, Defence and Trade Select Committee's *Inquiry into Defence Beyond 2000*. This report was the result of extensive public consultation and debate and enjoyed a broad consensus of public and parliamentary support.

The ground was well tilled by election time. We were very clear about where we stood. Both the Labour and Alliance parties stated in their election manifestos that the Select Committee report provided a sound basis for the general thrust of future defence planning. The report identified a requirement to prioritise strategic interests and defence tasks, and to derive from them the most appropriate force capabilities.

We have followed that approach.

In June last year we released the *Defence Policy Framework*. It provided a clear statement of our goals and priorities for defence and drew on strategic advice and assessments from Foreign Affairs and the External Assessments Bureau. We established the roles and tasks of the New Zealand Defence Force and laid out priorities for the future.

We also made it clear that we intended to reverse the steady decline in defence expenditure that we had inherited and rebuild the NZDF in a coordinated way.

The *Defence Policy Framework* explained the government's principal concern that the resources available to the Defence Force were spread too thinly across a range of capabilities, not all of which were well sustained. Experience in combat circumstances in Bosnia and East Timor had identified serious deficiencies in the Army's mobility, communications and surveillance equipment and in air and naval support capabilities. In addition the *Maritime Patrol Review* has shown shortcomings in our capability to carry out national maritime surveillance.

The *Framework* foreshadowed separate reviews of land forces, naval sealift and maritime surveillance. In addition, following the decision not to proceed with the unprogrammed, opportunistic acquisition of F-16 strike aircraft, a review of the air combat capability was also undertaken.

These reviews, together with a broader review meshing the government's defence policy objectives with its financial priorities, provide the basis of the defence plan announced today.

This plan will enable us to do well those things we have to do, are expected to do, and can do, by ensuring that available money is spent where it is most needed.

It will give depth to those capabilities that are most used.

It will improve the equipment and pay of most personnel in the front line, where the needs are most urgent.

It will ensure continued interoperability with our friends and neighbours.

It will increase both operational and capital expenditure on defence over the next five years. All savings from redirection of effort will be ploughed back into Defence Force renewal.

The result will be a high quality defence force, which keeps abreast of technological developments, is affordable, and can be sustained over the longer term.

The key elements of the defence plan are:

- The structure and operational orientation of the New Zealand Defence Force will continue to be actively developed to reflect a joint approach.
- The Army's current structure based on two light infantry battalions will be retained. There will be an enhanced role for the territorial force to sustain operational commitments on the scale of East Timor. Changes will be made to make service in the Territorial Army more attractive and practical to soldiers and their employers.

- We will continue our programme to modernise the army – this has been a necessary priority for this Government, not as a matter of favouritism, but rather as a matter of need. New army equipment, including light armoured vehicles, radios and operational vehicles, is being acquired as a priority.

- The Air Force will be reorganised:
 - The C-130 Hercules will be upgraded or replaced. A technical study to determine the feasibility of extending the life of the present fleet has commenced.

 - Options for replacing the B727 passenger/cargo aircraft will be considered, including ownership, leasing, or chartering.

 - The Iroquois utility helicopters will be upgraded or replaced to provide a rotary wing capability matched to the NZDF's contemporary needs and to undertake civil support functions.

 - The P-3 Orion fleet will be retained and given a limited upgrade. The possibility of, and options for, equipping the Orions with a missile capability will be investigated.

- A review of RNZAF infrastructure will be undertaken, in consultation with interested regional authorities. We will commission a study to examine the possibility of opening up both Ohakea and Whenuapai bases and operating them as joint military and civil facilities. The runway at Ohakea will be upgraded next year.

- The air combat force will be disbanded at the end of 2001.

- A major study of the future composition of the naval fleet will be completed. The will identifying a suitable multi-role, long-range vessel to be phased in as HMNZS *Canterbury* is retired. The study will also consider how best to meet civilian requirements for coastal and mid-range offshore capabilities.

- Other decisions concerning the Navy include:
 - An independent review on the requirement for the Navy to provide a hydrographic survey capability.

 - We will continue to rely on charter arrangements for sealift. The *Charles Upham* will be sold at the end of the current charter in July 2001.

- Consideration is being given to whether to provide further combat and detection capability on the five new Seasprite helicopters, the first of which will be delivered next month.

- A Maritime Coordination Centre will be established to manage tasking of civilian maritime surveillance needs. It will be located with the NZDF Joint Force Operational Headquarters at Trentham.

This plan sets out a course for the future. It requires increases in both net operating funding and capital expenditure on Defence. While the absolute amount of the increase cannot be determined until further work has been completed, we are anticipating that an additional capital injection of up to one billion dollars will be required over the next 10 years and that total capital expenditure will exceed two billion dollars.

It is necessary for more work to be done before the timing of individual new acquisitions and replacements can be determined. But the changes being announced today, and the baselines being set in this year's Budget, are intended to provide a sustainable funding base to meet Government's objectives and to provide certainty to the dedicated people who are the New Zealand Defence Force.

In closing, I would like to pay a tribute to the men and women of the New Zealand Defence Force, who provide a world-class, quality service to this country and to the numerous places around the globe where they are deployed.

A responsible government, and this is a responsible government, needs to ensure that our service personnel know what is expected of them, know what they can expect in the future and that they have the right tools to do their job.

Our job is to provide for the security and defence of the nation - the decisions announced today will ensure this, both today and into the future.