

Rt Hon Helen Clark
Prime Minister of New Zealand



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Speech

Prime Minister's statement on rebuilding the NZ Defence Force

Today the government is releasing details of a comprehensive plan to build a modern, efficient and high quality defence force.

This plan provides for a modest increase in net operating funding for defence, and total capital investment of more than two billion dollars over the next ten years.

The key components of the new direction for the New Zealand Defence Force is:

- a joint approach to structure and operations to improve co-ordination between the Army, Navy and Air Force;
- a modernised Army with new equipment placing it in the first tier of forces internationally;
- a practical Navy fleet with vessels better matched to New Zealand's security interests and needs;
- a refocused and updated Air Force;
- a sustainable funding plan to provide financial certainty.

The new defence plan provides a coherent, comprehensive and sustainable strategy for the New Zealand Defence Force.

Joint approach

- On 1 July this year, the Joint Force Operational Headquarters begins operation at Trentham. The ability of the headquarters to operate effectively will be enhanced by moves now underway to acquire a modern joint command and control system.
- We will reorganise and rationalise the headquarters of the Defence Force and the three single services to reflect a joint approach to planning and to managing the NZDF.
- A new Maritime Co-ordination Centre will be established and co-located with the Joint Force Operational Headquarters at Trentham. It will be responsible for integrating the work of all agencies to ensure that there is a comprehensive national strategy for managing maritime risks.

A Modernised Army

- We will retain the current structure of the Army based on two light infantry battalions within a brigade framework. These two battalions provide a capacity to sustain a 600-900 person commitment for a year and a 900-1,200 size battalion for six months. These levels can be enhanced by the deployment of territorials when and where necessary, as has been the case in East Timor.
- Service in the Territorial Army needs to be more attractive to both territorials and their employers. The government is looking at ways to address these issues.
- As has already been announced, we are acquiring new armoured vehicles, tactical communications, and light operational vehicles to replace the Landrovers to address the major immediate equipment deficiencies.
- Other investment requirements for the Army will include: close-in fire support; vehicles and sensors to equip the reconnaissance companies; command and control equipment; and combat service support equipment.
- Other capability issues to be addressed are engineer support, artillery, air defence, and electronic warfare.

A practical Navy fleet

- The two ANZAC frigates will continue in service.
- Work will proceed on identifying a suitable multi-role vessel with long distance and Southern Ocean capabilities, to be phased in as the HMNZS Canterbury is retired.
- HMNZS *Charles Upham* will be sold after it completes its current charter in July of this year.
- The requirement for an appropriate sealift capability will be considered as part of a review of the composition of our maritime surface fleet.
- The above review will also examine how best to meet civilian requirements for coastal and mid range offshore capabilities.
- We will consider the need for any further combat and detection equipment on the Seasprite naval helicopters.

A refocused and updated Air Force

- We will retain the Orion fleet, and provide a limited upgrade for it using good quality commercial systems wherever possible.

- The Air Force will undertake a study to determine the best options for short and medium range air patrol.
- The air combat force will be disbanded. The government will work closely with the personnel involved to minimise the uncertainty and disruption which occurs with restructuring. The Chief of Air Staff is personally briefing affected personnel at this moment.
- We will investigate the feasibility of equipping Orions with missile capability.
- The C-130 Hercules fleet will be upgraded or replaced.
- The Iroquois helicopter fleet will be upgraded or replaced.
- A study will be completed as soon as possible to identify the options for replacing the B727 transport planes, including ownership, or the possibility of leasing or chartering.

A funding commitment to provide financial certainty

- There will be modest increases in the net operating funding of defence. Decisions incorporated in the 2001 Budget increase the net operating funding available for the NZDF by over \$300 million over the next five years and around \$700 million over the next ten years.
- There will also be a significant requirement for additional capital contributions to pay for future investments. It is estimated that up to a one billion dollar capital injection will be required over the next ten years, over and above the funding built up in the Defence Force depreciation account. **The total capital investment required may be over two billion dollars over the next ten years.** The actual amount will depend on the specifications and timing of individual projects, the contract prices, and the prevailing exchange rate at the time of purchase.

The new defence plan aims to develop adequate depth in our defence capability, rather than carry on with inadequate breadth. Over the past ten years, the New Zealand Defence Force was asked to maintain a wide range of capabilities with inadequate equipment. Highly trained personnel were often left with equipment which was antiquated, and/or they were under-equipped.

This plan gives the Defence Force a sustainable and affordable path forward. The Army, Navy and Air Force are being given well defined roles, modern equipment to match those roles, and certainty of funding to ensure that they can effectively perform the tasks that New Zealand asks of them.

The plan is based on comprehensive reviews of New Zealand's strategic position and our requirements in terms of maritime patrol, land forces, air combat, and sea

lift capability. It meets New Zealand's strategic needs, and allows us to contribute usefully to international operations where we decide to engage.

This government has been completely open in its intentions with regard to Defence. There has not been, is not, and will not be any hidden agenda.

The manifestos of both the Labour Party and the Alliance were detailed and unambiguous. Labour's 1999 election policy made it plain that we would pursue the thrust of the Foreign Affairs, Defence and Trade Select Committee Report, Defence beyond 2000.

That report involved extensive public consultation and gained broad parliamentary support. The inquiry attracted 68 submissions, 25 hours of public hearings, nearly 36 hours of deliberations, and the committee met 51 times. It identified a requirement to prioritise strategic interests and defence tasks and to derive from them the most appropriate force capabilities.

That meant ensuring available money was spent where it is most needed, and giving the Defence Force the depth it requires in appropriate capabilities.

The government confirmed this approach in the Speech from the Throne in December 1999.

We set out in the Defence Policy Framework, released last June, a clear statement of our goals and priorities for defence, and the roles and tasks for the New Zealand Defence Force.

We also released the strategic advice and assessments we had received from the Ministry of Foreign Affairs and Trade and the External Assessments Bureau, both of which had underpinned the Defence Policy Framework.

The government made it clear that we intended to reverse the legacy of problems and underfunding in defence which it had inherited, and make up for past neglect.

We said we would rebuild the New Zealand Defence Force against a clear set of priorities.

We have consistently said that more investment would be required.

As part of the policy process, we commissioned reviews of land force requirements, naval sealift, maritime surveillance, and air combat. These reviews, together with a broader review meshing the government's defence policy objectives with its fiscal objectives are being released today. They are the work of relevant officials in the Ministries of Defence and of Foreign Affairs and Trade, and of Treasury and the Department of Prime Minister and Cabinet.

The government's objectives throughout have been:

- to promote a defence policy which meets New Zealand's strategic needs and enables New Zealand to make a useful contribution internationally when it deploys the Defence Force;
- to rebuild a Defence Force which is equipped and trained for combat, but is also able to contribute usefully to peacekeeping;
- to have defence capabilities which focus on doing what we do well rather than maintaining a broad capability which is poorly resourced;
- to give priority to modernising essential equipment defined by the priorities set.

It is not possible to reverse overnight years of neglect and underfunding of defence. It is not possible to rebuild everything, and to replace all obsolescent equipment, in the face of inflation and the increasing cost of technology.

The Defence Plan being announced today sets out the future structure for the New Zealand Defence Force. It meets the government's defence policy objectives within the parameters of its fiscal policies. Spending on defence will increase.

The reconfigured New Zealand Defence Force will maintain the highest operational standards in the capabilities it has, and will be able to be deployed with confidence.