

# NEW ZEALAND AND AUSTRALIA: PRAGMATIC OPTIMISATION OR RADICAL RENEWAL? ALTERNATIVE FUTURES FOR THE STRATEGIC RELATIONSHIP

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The future security environment could well be more dangerous than now. If so, Australia and New Zealand will need a closer strategic relationship.

## Key findings

- Indications are that the strategic environment is becoming less stable and more dangerous.
- A new strategic environment would require a new form of partnership.
- To develop the relationship more deeply will require the strategic situation to demand it and imaginative solutions to achieve it.

## Executive summary

The future strategic environment will likely make New Zealand's policy settings for its security relationship with Australia ineffective. Making the relationship closer than it is now will be difficult and, unless there are dramatic changes to current approaches, advances can only be at the margins.

New Zealand needs to recognise that its current security policies are likely to be sub-optimal for the 21<sup>st</sup> century. Given that, the key to developing the bilateral relationship, especially on the New Zealand side, requires strong personal relationships at the most senior political levels. This gives 'permission space' for new activities. Without such relationships, policies and programmes will not be easily sustainable when immediate interests diverge. The relationship should be based on formal arrangements rather than informal assumptions.

- The overall Australia-New Zealand relationship is already wide-ranging and deep:
  - There are systematic formal political and official relationships in most sectors. As well, informal interactions between officials are commonplace.
  - The respective defence agencies already have processes and systems in place to:
    - ensure understanding of each other's position;
    - develop combined, consultative, cooperative and coordinated approaches to issues;



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- enhance interoperability;
  - develop common capabilities;
  - share innovation and lessons learned;
  - and reduce costs.
- The armed forces share common traditions, have closely aligned doctrines and operating procedures and some commonality in equipment. The countries are able to, and do, combine to form an Australasian military force if circumstances demand. Wide-ranging programmes are attempting to bring the armed forces even closer together.
- The wider security sector has an annual 'National Security Dialogue'. This reinforces national efforts to respond to international security challenges.
- There are extremely close economic ties. The countries are major trading and investment partner with each other and are moving towards a 'single economic market'.
- Movement between and employment within each country is a matter of routine for the citizens of each country. There are few restrictions, although the ones that do exist irritate New Zealand especially.
- Each country is an automatic first responder when the other suffers a natural disaster.
- Despite the close relationship, the two countries are different. They have different constitutional arrangements and thus different 'politics' on many issues and they have different interests and values in many areas. For example, Australia has historically been much closer to the United States than has New Zealand. On the other hand, New Zealand's focus on the South Pacific, especially Polynesia, is problematic for Australia for political and social reasons, even if useful in foreign policy terms.
- The current form of the relationship has served both countries well enough. They have cooperated when useful and have been able to follow their own national interests when necessary. This is not to say that the relationship has been all that it could have been and it is not to say that it will suit the 21<sup>st</sup> century security environment.
- Both countries in their recent Defence White Papers acknowledged that they do not face any immediate direct military threat, but they also acknowledged that the rules-based international order faces pressure and that terrorism is an enduring threat.<sup>1</sup> As well, it is clear that the relative peace and stability of the Cold War and post-Cold War era is breaking down, certainly on Europe's borders, in Africa and in the Middle East, and the rules-based order is under threat globally. In our region, all states other than Australia, Japan and South Korea are assessed as 'fragile' and under warning or alert of failure and thus of triggering regional instability.<sup>2</sup> A number of regional hot-spots could move from tension points to crisis areas and ultimately lead to armed conflict.
- The character of conflict will change. The new security environment will likely involve transnational emerging and asymmetric threats, perhaps of a kind not currently envisaged nor trained for, and in new locations such as within the emerging regional megacities. High-level interstate conflict remains possible, even likely. The new environment will require ever closer international cooperation, and perhaps more than just cooperation.
- If immediate events turn into trends and continue, conflict affecting New Zealand and New Zealand's interests could occur at short notice. Then, defence capacity and defence relationships will matter more than they have in recent decades.

### Why does this matter to NZ?

New Zealand's security is closely tied to Australia's, but Australia has a military capability considerably greater than New Zealand's, even allowing for the disparities in economic strength. Australia, consequently and legitimately, sees itself as the senior partner in security issues, and often expects



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New Zealand to play a role commensurate with its abilities, rather than with its desires. New Zealand rarely meets Australian expectations.

There are two approaches to achieving military security. The first is to develop an independent military capability, the second to develop defence partnerships. In practice, most countries combine independent armed forces with military partnerships of some form. The question then is: 'where should the balance for New Zealand be between independent capacity and action and combined responses to the security environment?' A closer relationship with Australia would better position both countries for a worsening strategic environment. At the very least, it would bring economies of scale not achieved under current approaches.

Current security settings require an independent New Zealand military capacity in only minimal circumstances. Even for direct national defence, the requirement is merely for the armed forces to hold the situation until support from international partners can arrive. The obvious supporting partner is Australia, which is not only 'an ally but also ... a close friend and confidante'.<sup>3</sup> New Zealand also requires the armed forces to maintain a level of capability to be able to respond to attack on Australia or to work with Australia in a coordinated response to regional security issues.

If the international security situation were to deteriorate significantly, neither the defence of New Zealand nor support to Australia would be effective, perhaps not even possible, without considerable preparation. That preparation should happen well before it is needed and it should be with Australia's active participation.

### **What should NZ do?**

Current policy requires New Zealand (and Australia) to do, in effect, more of the same.<sup>4</sup> This is suitable for the current security environment and incremental changes to it; a best case situation. It is not so suitable for a significant worsening in that environment, especially one that directly threatens Australia or New Zealand. Nonetheless, the sum of the countries' capacities could be considerably enhanced with a closer strategic relationship appropriate to either the best of the worst case.

#### *The Starting Position*

- New Zealand needs to be able to operate effectively in the security environments described in its own policy documents. This will be best achieved through a close relationship with Australia.
- There is more that could be done, either for the best case or the worst case analysis.

#### *The Best Case: Pragmatic Optimisation*

- Pragmatic optimisation enhances the current relationship for the contemporary security environment and assumes that there will be little change to that environment. In addition to current approaches:
  - Seek formal input to each other's defence assessments and ultimately to defence policy.
  - Enhance the concept of the Australia-New Zealand Ready Response Force.
  - Harmonise individual training so there are common skills across the full range of armed forces activities.
  - Develop a long-term combined collective training programme



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- Develop a combined approach to understanding the likely future military operating environment.

#### *The Worst Case: Radical Renewal*

- Radical renewal ensures that New Zealand is able, with Australia, to respond to any worsening security situation. The countries should investigate:
  - A permanent secretariat for the Australasian Defence Agencies; leading to
  - Australasian Defence Union; and failing that
  - Common policy approaches and commitments to specified threats
  - Alignment of defence budgets
  - Combined operations centres
  - Combined specialist commands
  - Capability specialisation and commitment
  - Continual rather than ad hoc collaboration to include operationally ready combined units and eventually operationally ready combined formations
  - Combined defence science and technology and development of an integrated defence industrial base
  - Common approaches to development of 'new' capabilities

#### Conclusions

- A close strategic relationship already exists. If a significantly closer relationship is desired, radically new approaches will have to be considered.
- Choices will have to be made and will depend on assessments of the future strategic environment. The choices are:
  - In the less threatening environment, seek to make the best of the relationship (optimise), but approach the relationship with a clear understanding of what is possible (pragmatism).
  - In the more threatening environment, radical restructuring will be necessary. Deep analysis of the necessity and the full range of benefits and costs should be the first step.

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<sup>1</sup> New Zealand Government, Defence White Paper 2016, Wellington: Ministry of Defence, 2016.

Commonwealth of Australia, 2016 Defence White Paper, Canberra: Department of Defence, 2016.

<sup>2</sup> The Fund for Peace, Fragile States Index 2017, Washington DC: FFP, 2017. <http://fundforpeace.org/fsi/> accessed 16 May 2017.

<sup>3</sup> Defence White Paper 2016, 38.

<sup>4</sup> Australia and New Zealand 'Joint Report to Defence Ministers', Review of the Australia-New Zealand Defence Relationship,, 2011. <http://www.defence.govt.nz/publications/publication/review-of-the-australia-new-zealand-defence-relationship-2011>, accessed 5 May 2017.



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