

Chapter 2

The ANZACS, Part 1 – The Frigate that wasn't a Frigate

As long ago as 1954 the cost of replacement frigates had been an issue. Almost a quarter of a century later, the 1978 *Defence Review* made the observation that 'the high costs of acquiring and maintaining modern naval ships and systems compounds the difficulty of reaching decisions which will adequately provide for New Zealand's future needs at sea'.¹ Indeed 'extensive enquiries to find a replacement for HMNZS *Otago* made it clear that the cost of a new frigate had gone beyond what New Zealand could afford'.² This observation led to the serious consideration of converting the Royal New Zealand Navy (RNZN) to a coast guard service, but the Government rejected the notion on the basis that, although a coast guard could carry out resource protection tasks, it would mean the end of any strategic relationship with our ANZUS Treaty partners, and the RNZN would no longer be able to operate as a military force. The Chief of Naval Staff, Rear Admiral Neil D. Anderson, said that the New Zealand Government's commitment to maintaining a professional fighting navy was 'a magnificent shot in the arm for everyone in the Navy'.³

The Government remained committed to a compact multi-purpose navy, and calculated that a core operational force of three ships would be the minimum necessary force. These ships were to be the *Leander*-class frigates HMNZS *Waikato* and HMNZS *Canterbury* (commissioned in 1966 and 1971 respectively), and the older Type 12 frigate HMNZS *Otago*. The fourth existing frigate at the time, HMNZS *Taranaki* (a type 12), was to undertake the roles of resource protection and basic sea training. There was some concern though about the sort of vessel that would ultimately replace the *Otago* and how and when that replacement should happen. In May 1979 a project review team, led by Commander Somerford Teagle, examined a wide range of vessels. One of these, an American frigate, would have met every requirement set out in the Defence White Paper, but even in 1979 it was priced at NZ\$400 million, and therefore ruled out. Consideration was then given to purchasing rejuvenated British frigates at a cost of NZ\$44 million each, before plans were submitted for the possible conversion of *Taranaki*, *Waikato* and *Canterbury* late in 1979.

A decision on frigate replacements was expected to have been made before the end of 1979, but was deferred in February 1980, with a request from the Government to the Ministry of Defence to explore further options. Later that

year the Government decided not to replace the ageing *Otago*, rejecting the RNZN's replacement proposals for the second time in a year.

It was the British defence review of 1981 which allowed the possibility of a 'bargain buy' which helped resolve the issue for at least a decade. The decision was made to purchase two *Leander*-class frigates, HMS *Dido* and HMS *Bacchante*, which dated from the early 1960s. This allowed the naval combat force to remain with a core of four operational vessels, albeit with oil-fired boiler power. The Minister of Defence, David Thomson, commenting upon the purchase said: 'In the existing financial circumstances it was plainly necessary to seize any opportunity to acquire effective operational part-life vessels as an alternative to the purchase of a new ship.'⁴ Whilst there was concern expressed that this would lead to the RNZN facing block obsolescence in the early 1990s, the Government nevertheless concluded a deal in October 1981. *Bacchante* was transferred to New Zealand in October 1982 and renamed HMNZS *Wellington*, but did not enter service until mid-1986. *Dido* was refitted in Southampton and transferred to New Zealand as HMNZS *Southland* in December 1983.

Public concerns about the cost of defence had heightened significantly by the beginning of the 1980s, and the Government was keen to consider novel ways of reducing the costs involved in maintaining a combat fleet. The 1983 *Defence Review* reinforced the findings of the previous *Review* that a reduction in capability to a coast guard role was not acceptable, and that a combat force should be maintained.⁵ However, fiscal concerns were to the fore, and the Government's dilemma about a future replacement for the frigates was clearly spelt out in the *Review*. Because of the political and economic implications surrounding the frigate replacement question at the time, and the debate which has ensued for over two decades since, it is worthwhile quoting fully from the *Review* to highlight Government thinking at the time:

The frigate's main attraction lies in its flexibility of employment and its ability to offer a graduated range of responses in varying circumstances particularly in times of tension short of war. New Zealand's frigates have been configured essentially as anti-submarine escorts best suited to operations within a fleet environment. They are however versatile and will give scope for deployment on a wide range of duties for the rest of their operational life. Given the range and capability of modern weapons and sensor systems, frigates could remain a viable combat force option for New Zealand into the indefinite future—if the financial problems of providing them with an effective self-defence capability and for their eventual replacement could be overcome. However, at this time there appear no realistic prospects of the future defence budget being able to accommodate the costs that would be involved. *Financial considerations alone therefore demand consideration of an alternative force structure for*

the Navy. The period during which the present frigate force is available must accordingly be used to determine a new operational concept for the RNZN.⁶

The novel solution that was being explored at the time was to introduce a fleet of submarines; they were seen potentially as being cheaper to introduce and to operate than the frigate force. Robert Miles, an outspoken and passionate defence commentator, called MP Doug Kidd's suggestion that the RNZN become a submarine force 'misguided'. He went on to roundly criticise the concept, drawing attention to the limited utility of submarines for the range of roles the RNZN was expected to fulfil. Instead, he suggested that New Zealand expand its naval patrol force with the purchase of ships such as the British *Castle*-class offshore patrol vessels.⁷ He would not be the only one to make that suggestion. Initial investigations suggested that a submarine might cost NZ\$140 million, rather than the NZ\$240 million cost for a new frigate. However, the plan never did proceed; further evaluation indicated that it was not as cost effective an option as originally thought, and the project was finally cancelled by the Labour Government in February 1985.⁸

The Impact of the Fourth Labour Government, and the Frigate that wasn't a Frigate

As previously discussed, the election of the Fourth Labour Government and the subsequent 'nuclear ships' dispute led to the need to review defence policy. The ANZUS dispute had become the major controversy of the decade, and left the Labour Party with the question of the future direction of defence policy. To help inform this next step, the Government convened a Defence Committee of Enquiry in 1985, the first time that a New Zealand Government had sought out public opinion on defence planning.⁹ This Committee was to hear public submissions and report on public attitudes towards strategic and security issues. The report and its recommendations were to be taken into account in the preparation of the anticipated 1986 *Defence Review*.¹⁰ Public debate and controversy surrounded this period, and the question of frigates was to the fore once more.

Another discussion paper, *An Alternative Defence Policy*, put forward by the Peace and Justice Forum in March 1985, challenged the need for frigates and also supported the purchase of the *Castle*-class vessels,¹¹ and this recommendation was reinforced by the 'Just Defence' submission to the Defence Committee of Enquiry in February 1986.¹² Such sentiments were echoed by the Labour Party's Wellington regional conference, held in May 1986, when it passed two remits calling for the adoption of a civilian-based defence policy, and the replacement of the frigate fleet by smaller boats suitable for fisheries protection.¹³

Early in 1987 the debate heated up. The Australian Chief of Naval Staff, Vice Admiral Michael Hudson, was in New Zealand meeting top Navy and Defence officials during February. The 23 February issue of the *Evening Post* carried a story stating that 'the New Zealand Navy is considering joining Australia in a frigate deal as part of a long-term plan to replace New Zealand's ageing vessels'. It went on to say that 'one frigate type of particular interest was a light patrol vessel with ocean-going capabilities'. The report brought a sharp rebuke immediately from the New Zealand Prime Minister, David Lange, which was reported in the *Dominion* the following day. Lange criticised by inference the Secretary of Defence, Denis McLean, commenting:

The prospect is that we have a vessel, drummed up with Australia, providing exactly what we need. *But it won't be a frigate.* ... It is unfortunate that there has been the impression gained, from certain statements in certain quarters, that we are in the frigate business. *We are not in the frigate business.*¹⁴

The report went on to say that defence specialists suggested that Lange was talking about a frigate hull, but without the high-tech installations of a fully fitted frigate, perhaps to appease the peace groups who were becoming increasingly vociferous in their opposition to any replacement for frigates. It was further suggested that replacing the frigates with patrol boats would have meant the end of a blue-water role for the RNZN, but that Lange's comments made it clear that the Government intended to maintain a blue-water capability.

The 1987 *Defence Review* was published two days later, on 26 February 1987. In the introduction to the 1987 *Review*, emphasis was placed on the comprehensive nature of the review of defence policy which had taken place since the Labour Party had come to power and introduced New Zealand's nuclear-free legislation. As a result of the ending of the security relationship with the United States, greater emphasis was to be placed on the importance of New Zealand's relationship with Australia:

The New Zealand—Australia defence relationship has always been close and remains a key element in New Zealand's defence strategy. Defence cooperation is one of the strands of the evolving trans-Tasman relationship that also covers political, commercial and personal links. The ANZAC military ties have a long and honourable history. ... The withdrawal of United States military cooperation with New Zealand has made our defence relationship with Australia more important, but it has not substantially changed its nature.¹⁵

The importance of this relationship was underscored with a clear acknowledgement that New Zealand forces needed to be trained and equipped to operate jointly with Australian forces, and that:

The security of either New Zealand or Australia would be at severe risk if the other was seriously threatened and it is inconceivable that a joint response would not be forthcoming. For both security and military reasons, as well as economic and political considerations, we need to maintain our close defence relationship with Australia.¹⁶

The central defence objective of developing greater self reliance and working closely with Australia to meet the defence needs of the region was clearly stated. Some joint developments and purchasing had already begun to take place, with the setting up of identical defence communications networks in both countries, the purchase of an artillery field gun, and the potential purchase of new rifles which would be manufactured in Australia. None of these, though, were on the scale envisaged in the involvement of New Zealand in the planning and potential purchase of the 'Australian Ocean Combat Ship'.

The Labour Government had two clear and interlinked objectives—the development of naval capability, with the replacement of the surface combatants; and the development of the relationship with Australia. With the tenor of the times, neither objective was going to be easy to achieve.

The *Defence Review* highlighted the importance of maintaining flexibility in New Zealand's naval forces. It confirmed that there was a longstanding need for replacement of the current frigates, and pointed to working together with the Australians to see 'if a mutually acceptable and cost-effective ship can be constructed which will meet both countries' needs'.¹⁷ Two weeks later, the Australian Minister for Defence, Kim Beazley, was reported as saying that a blue-water navy with a capacity to contribute significantly in the area of submarine warfare was seen as an essential ingredient in the trans-Tasman relationship: 'Provided those capabilities are maintained ... the co-operation between our two countries will be close.'¹⁸ Significantly, the new vessels were being called 'new surface combatants' in the official title of the Australian project—supporting Lange's insistence that New Zealand would not buy any more frigates. John Henderson, at the time Head of the Prime Minister's Department, emphasised that great care was taken in those early stages to avoid the term 'frigate' completely.¹⁹

The press release by Lange on 15 July 1987 confirmed the Government's plan to proceed with the projected replacement of the frigates during the 1990s. Notwithstanding this confirmation, the same month the *International Defence Review* drew attention to the political atmosphere in New Zealand, which it suggested could seriously obstruct the procurement of any warships. It quoted one source 'close to the programme': 'The Prime Minister needs educating, although that's the New Zealand Navy's job, not ours. Even "frigate" is a dirty word there, and to be politically acceptable the ship will have to be called something like an "ocean surveillance vessel".'²⁰ However, the descriptive term

could not be avoided, and when Beazley released a statement on the project in July, he welcomed the New Zealand announcement to join Australia in buying a 'new class of frigate'.

Initial estimates gave an indicative figure of up to NZ\$300 million as the sail-away cost for each of the first two ships delivered. Opposition to the frigates closely followed the announcements, with Just Defence concerned that the Government had not seriously considered cheaper non-frigate alternatives, again mentioning the *Castle*-class patrol vessel. Sylvia Bagnall, its spokesperson, said that at a total cost of \$1 billion, New Zealand would get four frigates designed to suit Australia's and not New Zealand's needs.²¹ The following week the Minister of Defence, R.J. Tizard, responded to clarify aspects of the project in the light of the criticisms that were being reported:

Since we have no defined enemy, we need vessels that can perform the functions of the various roles we see for ourselves. These include maintaining a role in the South Pacific and building co-operation with Australia. Contact and co-operation with Pacific Island countries is paramount, as is protection of our own economic zone and help to Pacific Island countries to do the same. Obviously an increased search and rescue response will be a very significant part of our contribution.

There is a certainty that we will have these roles. By contrast there is no certainty our ships will have to perform a wartime function. They must have that capacity of course, but their use for most of their lifetime will be in the roles set out above. That may not be how the Australians see their ships' role.²²

The Minister's words were carefully crafted, emphasising those roles that would be most politically acceptable at the time. Jim Anderton, the new Chair of the Foreign Affairs Select Committee, was only too well aware of the issues involved in upgrading the Defence Forces. Anderton drew attention to the trade-offs involved:

Now that the nuclear policy is in place, the reality is that we are going to have to bear the cost. There is a cost, and if we are to carry on with any kind of conventional forces, we're going to have to give them the wherewithal.²³

The trade-offs and controversy were only just beginning.

Evaluating the Alternatives

Paradoxically perhaps, the anti-nuclear policy of the Labour Government provided the greatest opportunity in many years for the purchase of new ships for the RNZN. The commitment to maintaining a blue-water navy and to ongoing cooperation with Australia, that was to be spelt out in the 1987 *Defence Review*,

ensured that the New Zealand Government took seriously the opportunity to purchase ships jointly with the Australians. Whilst the South Pacific was intended to be the major focus for Defence, the Government did not wish to see New Zealand distanced from its closest ally. A Defence Review Officials Committee had been exploring the possibilities for surface combat ship replacements throughout 1986, and published their report in November of that year. They noted that, as a consequence of ongoing close liaison between the navies of each country, it was found that 'the independently desired ship characteristics for the RAN new Surface Combatants and the RNZN Replacement Combat Ship are virtually identical'.²⁴ (See Appendix 2, Ship Characteristics.) The *Review* Committee indicated that significant operational and logistical advantages would be possible if New Zealand and Australia were to select a common design. They went on to say that, in collaboration with the RAN, two options had been identified. The first was to pursue a joint program based on building all of the ships in Australia. The second option was to pursue a cooperative program where New Zealand would have ships built to the same design, but in the country of origin. To pursue the first option, they advised, it would be necessary to sign a Memorandum of Understanding by mid-1987. The Memorandum of Understanding was subsequently signed on 6 March 1987, noting that the Australian Government was seeking eight new Surface Combatants, and that New Zealand would have an option to purchase two, with the possibility of a further two at a later stage.²⁵

The *Review* Committee had noted that the cost of the vessels was likely to be up to 30 per cent more if they were built in Australian yards, yet felt that the net benefit to Australia was such that the Australians could be expected to offset the cost penalty to New Zealand. Notwithstanding this observation, the Committee also noted that it was likely that potential European shipbuilders might offer a package that was more fiscally attractive, and that therefore building the ships in their country of origin was the most likely option. Nevertheless, they recommended proceeding with the first option in the interests of closer relationships with Australia, and to provide the maximum opportunity for New Zealand industry involvement. The Memorandum of Understanding recognised this dilemma, and was crafted in such a way that it allowed for New Zealand participation up to the stage of selecting the design and shipbuilder evaluations. At that point New Zealand could choose whether it wished to proceed with the acquisition of the ships. This allowed for significant opportunities for New Zealand to be involved in the choice of design and for potential New Zealand industry involvement. It also allowed the opportunity for a significant period of public debate about the acquisition itself. These two elements developed alongside each other in an unparalleled fashion which was to impact significantly on the decision-making process. At stake were political futures; the nature of the trans-Tasman relationship; developments for New

Zealand industry; and the future shape of the RNZN. The 'Frigate Debate', as it became known, was of such significance that it shall be examined separately in a following section.

The *Review* Committee's observations

In developing its report, the *Review* Committee took the opportunity to look broadly at what ships or designs were available at the time which might meet the need of the RNZN to fulfil the tasks required of it. It reviewed a range of vessels which would give an indication of a cost/capability balance, looking at vessels which ranged from 1000–4000 tonnes, from Offshore Patrol Vessels (OPVs) to Destroyers. It commented on a UK Ministry of Defence review which examined an initial 13 OPV proposals, and narrowed that down to three—the *Skeandu*, 84 metres; VT (Vosper Thornycroft) Mk19, 78 metres; and Yarrow OPV at 95 metres. It noted that all three could be offered as 'stretched' versions at 90 and 91 metres for the first two, with the Yarrow OPV being available at 101, 105 and 115 metres. On the grounds of inadequate capability (having made the observation that the minimum length to allow sufficient space for a hangar for helicopter maintenance as well as adequate space for weapons and sensor separation was approximately 110 metres), the Review team rejected the notion of all of the OPVs with the exception of the Yarrow 115 metre OPV III. This ship it considered alongside those falling into the Corvette/Light Frigate category.

The ships in the Corvette/Light Frigate category which they examined were the Yarrow 115 metre OPV III; Vosper Thornycroft Mk 18; 'M' Type (Netherlands); and F2000 (France). From this group of four, they noted that there would be no compatibility of weapons systems on the French ship with those in service with the RAN, and that, as the Yarrow OPV had been designed to merchant ship standards, the vessel would not have the same survivability as a conventional warship, yet would cost as much. The *Review* Committee also looked at two larger vessels—the Yarrow Type 23 Frigate and the Vosper Thornycroft Type 21, but felt that both vessels exceeded the capability requirements of the RNZN, and were too costly.

Proposals to the Joint Project Management Team

Following the signing of the Memorandum of Understanding, a Joint Project Management Team was set up in the Australian Department of Defence. Twelve proposals were initially received by the team, including three which had been reviewed by the RNZN. These 12 designs were the 'M' Type (Netherlands); Meko 200P (Germany); F2000 (France); the Italian *Maestrals*; Type 23, (Yarrow and Swan Hunter); Type 122 (Germany); *City*-class frigate (Canada); a modernised *Leander* (Vosper Thornycroft); *Nordkapp* 'coast guard frigate' (Norway); *Ulsan*-class frigate (Korea); and an airship proposal from Airship Industries. A

reduced Type 122; Light Patrol Frigate, (Yarrow); Light Frigate, (Hall and Russell); and FFG-7, (Unysis Corporation) were also proposed.

In September a supplement to the original Memorandum of Understanding was signed, spelling out in greater detail the Collaborative Project Management Arrangements.²⁶ (That same month the New Zealand Labour Party's Annual Conference voted for withdrawal from the frigate project.) By October three designers had been selected to develop their designs further; these were Royal Schelde of Holland for the 'M' Type; Yarrows Shipbuilding for the Type 23; and Blohm and Voss for the Meko 200P. It was indicated by the respective Ministers of Defence that the three had been chosen from a total of 19 who had responded to the request for proposals, and that two of the three would be chosen to join consortia to bid for the tendering of the ships by March 1988. Later that month the Ministers announced that the 13 groups who had registered in the project would be invited to reconsider their original plans; and that from the final proposals two consortia would be invited to tender for the ships to be built in Australia.

By the end of 1987 the designs had been narrowed to two—the Type 'M' and the Meko 200. Blohm and Voss had not only paired with Australian Marine Engineering Corp (Amecon), based at Williamstown in Victoria, to build the Meko 200, they had purchased a 25 per cent shareholding. Royal Schelde meanwhile had paired with Australian Warship Systems (AWS), based at Newcastle in New South Wales. Both consortia presented their tenders to the Department of Defence on 19 January 1989, with an expectation that the successful bidder would be announced in August. New Zealand would at that time make its decision on whether or not to proceed with the project.

The Frigate Debate

The potential purchase of the ANZAC frigates was possibly the most strongly debated defence purchase of the century, generating significant public discussion and media coverage. It was clear almost from the outset of the frigate debate that the Government was intent on maintaining a blue-water capability, just as their predecessors had determined in 1983 and 1978. 'One key point is clear: as an island nation we need a navy,' said the Minister of Defence in a December 1988 discussion paper.²⁷ What was less clear was what form of vessel would replace the frigates and form the core of the RNZN's capability. At the centre of the debate were arguments about cost and utility. Members of the peace movement, politicians and service personnel, both serving and retired, produced a plethora of articles.

This debate about the frigates raged throughout 1988 and 1989, quickening pace as it went along. Members of the peace movement and others opposed to

the frigate purchase were quick to raise their concerns, whilst the New Zealand Government seemed slow to rebuff its critics.

Lieutenant Commander David Davies (a retired RN and RNZN officer) was strongly critical of the Government's stance, and wrote a lengthy paper arguing against the frigate purchase, fundamentally on the basis of their lack of utility for New Zealand's needs.²⁸ He argued that the current four frigate force had been used in much the same way as frigates had been used throughout the 1950s, 1960s and 1970s, with an emphasis on overseas deployments and very little time on active service in New Zealand.²⁹ With the introduction of a new *Fisheries Act* in 1976, New Zealand had indicated its intention to declare a 200 mile Exclusive Economic Zone (EEZ) and, through his experience as Fisheries Controller at the Ministry of Agriculture and Fisheries, Davies felt certain that the resulting 1.4 million square miles of ocean had inadequate protection. Furthermore, he suggested it never could have as long as the deep-sea navy consisted of four frigates. His concern centred on reports that he had received from several different sources about the illegal activities of longliners fishing north of the Kermadecs. If these reports were accurate, he suggested, this activity would lead to significant depletion of stocks of juvenile fish:

I am very strongly of the opinion that the deep-sea resources of the EEZ are not only under threat but are under attack and have been from the earliest days of the declaration of the 200mile Exclusive Economic Zone. I would also speculate that unless we get our defences in place to combat this situation very soon, irreparable damage will be caused.³⁰

Davies was concerned that the RNZN should have sufficient vessels, of sufficient capability, to ensure adequate protection of New Zealand's EEZ, and to undertake the other tasks spelt out in the 1987 *Defence Review*. He suggested that six ships was the smallest possible working group, and discounted any meaningful role for the *Lake*-class patrol boats which were still nominally in Navy service at the time.³¹ Whilst not specifying the type of vessel which would best meet New Zealand's needs, he suggested specifications which were similar to a well equipped OPV.

When the arguments against the ANZAC frigates were put forward by the peace movement, they drew attention to the highly sophisticated nature of the proposed vessels. 'What you see here is a very sophisticated modern warship, one of the most sophisticated armaments in the world today,' is how David Knox of the Meko 200 consortium described their proposed ship.³²

In August 1988 Peace Movement Aotearoa published its case against the frigates. They highlighted that the issue should not just be seen as a military or Government spending issue, but also as a moral issue. They reflected the feeling that few in the Labour Government supported the project, and that if the project

went ahead it would be 'purely for short term political reasons', and that 'most of the pressure is coming from the Australians whose shipbuilding industry is operating under-capacity and who are keen to build a defence export industry'.³³ The cost of the project was viewed as preposterous when spending was being squeezed in so many other crucial areas, and this was seen as the biggest single reason for not proceeding with the purchase. The point was carefully made that Treasury had emphasised that the need to reduce the deficit should take financial precedence over other Government objectives, and quoted an *Evening Post* editorial which had asked: 'Can the Government seriously be contemplating expenditure of nearly \$2 billion, or more, at a time when gas reserves are being sold off to pay off part of the national debt?'³⁴ The RNZN was attacked for driving the project for historical reasons—a continuing wish for an anti-submarine capacity and an ANZUS role, and for pushing through a project 'they know isn't reasonable'.³⁵

Peace Movement Aotearoa proposed a new concept navy, based also on six ocean-going vessels—two multi-purpose support ships, and four resource protection ships. Whilst it did not specify that these should be *Castle*-class vessels, they did comment that the approach from the Whangarei Engineering and Construction Co. to the Ministry of Defence, indicating that it had the capacity to build the *Castle*-class OPVs, should have been taken more seriously. They also suggested that the RNZN's priorities should be completely re-assessed, and that the current emphasis on anti-submarine warfare training be replaced by training for tasks which were actually needed. The following month, the Labour Party's Dunedin conference rejected the ANZAC ship program, and in October a Heylen poll conducted for the television program *Frontline* indicated that 76 per cent of the population was against the frigate deal.

The Government was slow to respond to criticism, but in October Tizard indicated that the Government was serious about the project, and that from then on criticism would be met with a Government publicity campaign. He began this himself with a presentation to the Tawa Rotary Club in November. Here he commented that the project had been very much in the media spotlight over the previous six months, and that it had been 'subject to an intense, emotional campaign by the New Zealand peace movement'.³⁶ Tizard wished to take the opportunity to 'blow the logic back into the debate'.³⁷ He went on to summarise the reasons for the purchase of the ANZAC frigates, highlighting the block obsolescence of the *Leanders*, and the requirements of the 1987 *Review*. In addition to the baseline characteristics, he emphasised the 'fitted for, but not with' weapons capability of the vessels, which would allow for 'equipment such as anti-ship missiles, towed array sonar, and close-in weapon systems (to) be fitted later if circumstances demand'.³⁸ Tizard emphasised that the frigates would come with an adequate level of equipment to protect themselves in low

threat environments, responding to critics who had expressed concern that the vessels would have insufficient self-defence capabilities. Echoing his comments of the previous year, he once more stressed the resource protection, disaster relief and search and rescue, and the low-level military roles of the vessels, adding: 'If these ships never fire a shot in anger, then I shall be pleased, because throughout their lives these vessels will be busy performing peacetime roles.'³⁹

Peace Movement Aotearoa and others had been highly critical of the cost of the frigates, but the Prime Minister sought to put the deal in perspective at a press conference in November 1988:

Now I believe that people will gradually get the whole thing into context when they recognise that there is going to be no whipping out there and asking for \$2 billion. That it is accommodated within the vote. That at the maximum projection it reaches \$100 million a year. Now we are spending about \$16.9 billion—not million, but billion dollars a year—on health, education and social welfare.⁴⁰

Alexander Fry, the Assistant Editor of the *New Zealand Listener* also sought to give some sense of proportion to the debate when he commented:

Aggregating the expenditure on ships over 20 years and coming up with a figure of \$2 billion is itself a cheap shot. We could do the same for education (\$60 billion in twenty years) and frighten ourselves off education. The fact is that New Zealand spends less on defence than most developed countries. Nobody wants to increase that dramatically, so we need intelligent debate before the final decision on ships is made.⁴¹

The debate was set to continue. The publication in December 1988 of *New Zealand Defence, Resource Management Review* (which was to become known as The Quigley Report) saw another step taken in the process of major state sector reforms, which were the hallmark of the Fourth Labour Government. Whilst many of the reforms suggested were focused on structural and fiscal concerns, opportunity was nonetheless taken to comment on the ANZAC frigate proposal

The ANZAC ship project is seen by Australia as a litmus test of New Zealand's commitment to the trans-Tasman relationship. But in our view, this project involves much more than a decision to purchase or not to purchase frigates. The Australians have made it clear that if New Zealand opts out of the project, this will be regarded as raising questions not only about our defence credibility but about our overall commitment to closer relations with Australia generally. Failure to purchase the frigates will be interpreted by the Australians as an unwillingness on New Zealand's part to play a credible role as a defence partner in the region and signal that we are in the process of withdrawal from the 'community of friends'. It will also be interpreted as a clear sign that we are not

prepared to recognize that Australia is itself prepared to pay a substantial price in monetary and non-monetary terms to ensure that New Zealand remains a credible defence partner. The 'price' which Australia is prepared to pay has already been extended to a commitment that New Zealand will not find comparable ships which cost less from other sources.⁴²

Also in December 1988, the Minister of Defence released a discussion paper which provided a clear critique of previous defence planning. It drew attention to the exaggerated view previously held of the direct threat to New Zealand, and the lack of planning for more likely contingencies. It highlighted equipment weaknesses in each of the services, and the lack of logistical resources needed for regional operations. As the paper discussed the specific requirements for the replacement of the frigates, it highlighted one of the biggest dilemmas facing the Government—that of specification: 'On the face of it our requirements are simple. For most of the situations New Zealand ships might expect to face the question of "threat" does not arise.'⁴³ Much criticism had been raised about the level of equipment with which the ships were to be fitted, driving the price. The Minister squarely raised the question of what self-defence capabilities were appropriate, pointing to the RNZN's recommendation for specifications close to those of NATO vessels; however, he indicated that the New Zealand Government would pursue a lesser specification. Nevertheless, he acknowledged that the vessels would have to be suitably equipped to take account of the possibility that they might be used in coming to the defence of Australia. The tenor of the times was reflected in the Minister's careful use of language: 'The question of a military role for these ships is not an easy area for public discussion.'⁴⁴ Nevertheless, the Minister once again spelt out the Government's commitment to maintaining New Zealand's naval forces so that the country could make a contribution to international security, and would not limit the RNZN to the role of coastguard:

That is not the Government's intention. Current defence policy is founded on a wider regional view of New Zealand's defence interests and responsibilities. The decision to take the coastguard route would be difficult to reconcile with those commitments. In some circumstances it could prevent the use of New Zealand ships in situations where they were needed.⁴⁵

Fears about the possible roles for the ships, and the possibility that they might draw New Zealand back into the ANZUS alliance remained strong, as did the opposition to the ships from within the Labour Party. The same month as the Minister released his paper, the Labour Party president, Ruth Dyson, commented that 'buying the frigates is not inevitable',⁴⁶ and later that month

the Party was reported to be working on a package which would outline a range of cheaper alternatives to the Government.

The debate about the frigates continued to rage into 1989. The year began with a major seminar in Wellington, hosted by the Pacific Institute of Resource Management. Terence O'Brien, at the time Assistant Secretary at the Ministry of External Relations and Trade, ended his presentation thus:

My conclusion is simply that the case for alternatives has not yet really been made. The case for proceeding along the road that the Government set two years ago remains undisturbed in terms of hard-nosed NZ national and external interests.⁴⁷

Kevin Hackwell from Just Defence responded in his presentation:

In his paper, Mr O'Brien stated that for anyone to argue for an alternative ship to the ANZAC frigate they would first have to rewrite the 1987 Defence White Paper ...

It is Just Defence's belief that an accurate reading of the White Paper leads inevitably to the conclusion that New Zealand should be buying alternative ships that are very different from the ANZAC frigates.⁴⁸

It *was* the case that the baseline characteristics approved by the Labour Cabinet on 15 July 1987 provided for a significantly higher level of capability than had been intended by the White Paper.⁴⁹ The baseline specifications set for the frigates to be acquired by New Zealand were exactly the same as those earlier set by the Australians for their own frigates:⁵⁰

New Zealand requirements could not be said to have been arrived at independently. Mr [Frank] O'Flynn agreed, pointing out that as the Minister of Defence who had signed the Memorandum of Understanding with Australia, he had had no control over the provision of baseline characteristics for the New Zealand ships.⁵¹

David Lange couched his observations about the ships specifications quite carefully when he addressed the 73rd Dominion Council Meeting of the Returned Services' Association on 12 June 1989:

I think it is fair to say that the ANZAC design is toward the higher end of the spectrum envisaged by the 1987 White Paper. ... We set out in the 1987 Review the sort of characteristics we had in mind. ... It is no secret that we originally expected to end up with something more like a patrol boat.⁵²

The Australians, however, were determined that New Zealand would not end up with just patrol boats.

What's in a name?

External sources of influence were quite apparent when it came to New Zealand narrowing down the alternatives, and deciding whether it would pursue the opportunity to join the Australians for the 'Australian Ocean Combat Ship' option. Those influences were both subtle and not so subtle, impacting from the time of the naming of the project, through to New Zealand's decision to proceed with purchasing two ANZACS:

The glorious name of ANZAC (Australia–New Zealand Army Corps) of WW1 and WW2 fame has been adopted for the programme, despite perhaps being incongruous for a naval project, in that it is a traditional symbol of virtually all forms of military co-operation between the two countries.⁵³

In June 1989, the Strategic and Defence Studies Centre at The Australian National University published a paper by former New Zealand Defence Secretary Denis McLean, and Desmond Ball, at the time Head of the SDSC, titled simply *The ANZAC Ships*.⁵⁴ They also sought to draw on the ANZAC connection in their support for the joint project:

The ANZAC connection is, in terms of its breadth, intimacy and longevity, a rare phenomenon in the modern world. ... But a common cultural heritage overlapping geostrategic interests and a long tradition of close cooperation in the defence field mean that it would be folly radically to diverge in our regional defence policies and military programmes.⁵⁵

The peace movement was not impressed:

It's clear why the name 'ANZAC' was chosen for the new frigates. It's easier for the Navy to appeal to sentimental, backward-looking associations with past wars rather than think through what a real role in the South Pacific would mean today.⁵⁶

Rear Admiral David Campbell was Secretary to the Australian Chief of Naval Staff at the time, and recalls the emphasis accorded to the ANZAC connection:

Minister Kim Beazley was very keen in the early days of this project that NZ should be involved, and the more the better. He was of the view that every encouragement and assistance should be given to NZ to remain fully engaged in regional defence. All sorts of bad vibes were seen as coming from NZ after the ANZUS split. CNS knew full well from his political master that he had to exercise as much influence over his RNZN counterpart as possible. I recall special pressure being placed in the lead-up to and the conduct of the inaugural Western Pacific Naval

Symposium in '86. Part of the pressure was the selection of the name of the ship class.

Naming ships in the RAN is a very serious business. There is a Ships' Names Committee whose secretariat sifts and sorts the many hundreds of submissions that come in each year. Ship Associations are the most vociferous but ideas come from city councils and individuals as well. The Committee also looks after ships' badges and other naval heraldry. The new frigates attracted their share of nominations and *Tribal* and *Bathurst* class were prominent, after their WW2 and Korean forebears. In the end, CNS (Vice Admiral M.W. Hudson) personally decided on *Anzac*. Not only was she an honoured name in the RAN (with two predecessors) but there was very powerful symbology in the New Zealand connection and that, I believe, was uppermost in CNS's mind. (All of which, I'm bound to say, was against the expert and earnest advice of his Secretary, who urged *Tasman*. There had been an earlier ship of that name and the same NZ connection was there. Better, indeed, since it was a maritime connection and not just a khaki, Army thing. The Secretary still sulks over the decision. Naming ships is a very serious business indeed.)

In the event, the name was well received in NZ. But it's interesting that it was such a calculated thing. I don't know whether in fact it had any influence on the NZ decision, but it was certainly hoped and intended that it would.⁵⁷

Admiral Hudson commented;

I cannot recall the precise date on which the term 'ANZAC' was made public, but its origin lay in a single cross Tasman telephone conversation between RADM Doug Domett and myself. We needed some symbolism that this would be a truly joint project and I suggested 'ANZAC' as one that politicians on both sides would be hard put to ignore. He agreed immediately and, as we anticipated, it was quickly taken up. This possibly was the easiest part of the whole project.⁵⁸

Whether the naming of the project did or did not have any influence on the decision, Australian politicians were determined that they would have.

Throughout the two and a half years leading up to New Zealand's decision about whether to sign up to the ANZAC shipbuilding program, the Australians made it very clear that they wanted New Zealand involvement. As previously indicated, Kim Beazley made it apparent at the time of the release of the 1987 White Paper, that if New Zealand expected close cooperation with Australia it needed to maintain its blue-water and anti-submarine warfare capability.

In June 1988 Senator Gareth Evans reinforced the need for New Zealand to maintain its capability; 'New Zealand has to decide whether it wants the common security defence relationship with Australia. If it wants it, it's going to have to bring something worthwhile to that relationship.'⁵⁹ That something, as it turned out, was expected to be the purchase of up to four ANZAC frigates.

Whilst there were many denials of apparent Aussie bullying ('Senator Denies Australian Pressure Over Frigates' read a headline in the *New Zealand Herald*),⁶⁰ the leaking of a Cabinet paper to the press in November 1988 made clear what the Australians expected:

The *Anzac* ship project, as Mr Beazley's own pet project, is something he is determined to see come to fruition. In Mr Beazley's view the region required the protection of a frigate force of some 20 ships. ... Without New Zealand's help Australia would be three or four ships short of this essential requirement. For these reasons Beazley stressed that Australia was willing to 'go overboard' to ensure that New Zealand got the ships at a price it could afford.⁶¹

Apart from the additional naval capability that the ANZAC ship project promised, the addition of a nominal extra four ships made the unit cost per vessel much more attractive for the Australians, who were determined to redevelop their ailing shipbuilding industry: 'In announcing the programme, the Australian Minister for Defence, Kim Beazley, described it as "the largest naval shipbuilding programme in Australia's peacetime history" and commented that "the navy is offering the salvation of Australia's shipbuilding industry".'⁶²

For reasons of both regional security and domestic politics, Australia wished to ensure that New Zealand committed to the project. Perhaps this was another reason why Australia was willing to 'go overboard'. John Henderson commented: 'I worked a lot with Beazley's office. Beazley was determined we'd have four frigates. Why was he so keen? Because it was make-work for the Australian shipbuilding industry.'⁶³

That same day in November 1988 that the Cabinet paper was leaked, David Lange was reported in the *Evening Post* as saying that New Zealand could not 'decouple' its security interests from those of Australia. He went on to say that:

there was no 'real, practical, logical alternative' to the joint *Anzac* frigate building programme. If New Zealand was to withdraw from its joint commitment to Australia, it would 'tear apart the fabric of a relationship built up over the years that covers everything from politics, law and business to a whole mass of personal and family ties'.⁶⁴

Earlier that day at a post-Caucus press conference, when asked if it was inevitable that New Zealand would be buying from Australia, the Prime Minister

replied: 'Now as I've said before, we won't be buying anywhere else and I have the view that we will be buying ocean combat vessels from Australia.'⁶⁵

The first two issues of the *New Zealand International Review* in 1989 contained a total of five articles, putting both sides of the issue—and again the question of alternatives was raised.⁶⁶ So what were the other alternatives?

The Other Alternatives

The alternative that had perhaps had most press space by the beginning of 1989 was the *Castle*-class, having been suggested by Robert Miles in 1983, and by Just Defence since 1985. This class of offshore patrol vessel had been designed for the Royal Navy, to provide a ship capable of resource protection, policing Britain's 200 mile EEZ. The first of class, HMS *Leeds Castle*, was completed in 1981. Together with its sister ship HMS *Dumbarton Castle*, the vessel quickly saw active service in the Falklands War, being despatched there in April 1982. The vessels gained a reputation for excellent sea-keeping, and an ability to embark helicopters in rough conditions. They were 81 metres long, and displaced 1630 tonnes. Maximum speed was 19.5 knots, with a range of up to 10 000 miles. Whilst the original vessels did not have hangars for helicopters, the manufacturers indicated that design provision had been made for hangar space. Just Defence made much of their relative cost and capability when comparing them with the ANZAC frigates, citing the Whangarei Engineering Company managing director Kelvin Hardie giving a price of about NZ\$40 million for construction (admittedly without weapons systems), as opposed to NZ\$500 million for an ANZAC frigate.⁶⁷

The suggested alternative of the *Castle*-class was given short shrift by the Minister of Defence. In a press release issued in July, Tizard was again on the offensive, saying that the RNZN had never considered the *Castle*-class as replacements for the *Leanders*. They had been considered as replacements for the *Lake*-class patrol vessels prior to the development of the 1987 White Paper:

The reference to the Navy wanting to purchase or build Castle class patrol vessels is based on information that was produced prior to the 1987 White Paper. ... What it comes down to is the Castle class vessel was a contender for the patrol craft and nothing else. ... The 1987 White Paper did not include a strong priority for replacement patrol craft so funding for it was never sought in the indicative capital equipment plan.⁶⁸

The following month Captain Ian Bradley (Ret.) sent a letter to John Matthews, the Managing Director of Technic Group—an engineering firm in New Plymouth which was keen to see new vessels built in New Zealand—responding to a request for comment on the *Castle*-class. He compared it to the IS-86, a Danish designed ship which had by now entered the fray, championed by Harry Duynhoven,

Labour MP for New Plymouth. 'Either of these ships could have a role in the RNZN', commented Captain Bradley. Duynhoven had been intent to see that the IS-86 was chosen.

In March 1989, two months after the tenders for the ANZAC frigate project had been delivered, Peter Glente, the managing director of Svendborg Shipyard in Denmark visited New Zealand. Subsequently he wrote to Gerald Hensley (at that time in the Prime Ministers' Department) offering details of his firm's frigate—the 4000GRT (subsequently referred to as the IS-86). This was a vessel of 112 metres, with a displacement of 3500 tonnes, and a top speed of 21.4 knots. It had a large helicopter deck, hangar and a double skinned hull designed for breaking ice up to a metre thick. The vessel was offered at an indicative price of NZ\$70 million, or on very favourable finance terms.

Glente made the point that four such ships had been ordered by the Royal Danish Navy, and the first would go to sea trials the following year. His letter was forwarded on to Tizard, to whom Glente subsequently wrote on 5 April 1989. By this time Svendborg had made contact with Duynhoven who was on holiday in Europe, and had persuaded him to visit the shipyard. Duynhoven returned in time for the central North Island Labour conference in Wanganui on 9 April, and helped ensure this conference voted against the ANZAC frigate proposal. He said:

I believe we can get ships that can easily do what we require for New Zealand, and that are completely capable of coping with the seas, that are quite similar in size to the frigates, for less than \$100 million.⁶⁹

The Government was unmoved, with the Minister of Defence responding in May to a letter from John Matthews requesting a meeting, by saying that there was no good reason for having a meeting at that stage, and emphasising that the review of potential ships had been closed some two years previously. This response was reinforced by the Prime Minister the following month in a written reply, when he wrote: 'I would not at this point wish to pursue your offer to build "any type of frigate you require" here in New Zealand.'⁷⁰ Unwilling to take 'No' for an answer, the Danes sent a delegation in July, with Glente, and Captain Niels Ottesen of the Royal Danish Navy, but Lange still remained unmoved, once more 'pouring cold water' on the idea. Lange commented that the proposal could pass quite a high degree of commercial and technology risk on to the New Zealand Government, and he was also critical of a number of purported technical deficiencies with the vessel. Not to be deterred, Matthews wrote an open letter to the New Zealand Government on 20 August 1989, and on that same day Duynhoven also wrote to all Cabinet members, urging them to once more consider the IS-86. Duynhoven worked hard to use political influence to help shape a change in the decision-making process, but to no avail. David Lange made that very clear:

Once we got the word that the frigates were the price of Australian goodwill, it became a matter of extracting the best possible deal. We mused publicly about alternative purchases. We acted coy about making up our minds. We haggled over details. But in the end we signed on the dotted line and bought two Australian ships.⁷¹

Later he was to comment:

Yes, the other designs didn't get a look in; they didn't get a fair hearing. We went through the motions but I made it abundantly clear that there was no way those designs were going to succeed. I mean, I told Harry Duynhoven that he could produce them for nothing and we still wouldn't take them. ... We ended up being told they were going to be built in Australia. There is no doubt about that. ... But in 1988 I said we wouldn't be buying anywhere else and that was the truth of it. There was no point in mucking around—that was what we had to do.⁷²

Geoffrey Palmer had a different perception:

Yes Harry's ships were never a goer. But we had them analysed incessantly, and they were never going to be interoperable with the Australians. Interoperability with Australia is essential, and we needed to have the equipment to make that possible.⁷³

Despite Duynhoven's protestations, by August 1989 the decision on the ANZAC frigates was well in train.

The Frigate Decision

August 1989 was a pivotal month in the ANZAC frigate decision-making process. Already in July, Tizard had indicated that the Government had the support of the majority of Cabinet ministers. This however was insufficient to save the political career of David Lange, who resigned as Prime Minister during the first week of August. The US-based publication *American Defense & Foreign Affairs Weekly* was quick to comment on the significance of this resignation, suggesting that it would seriously delay any decisions on the joint ANZAC program. They noted that Deputy Prime Minister Geoffrey Palmer, who was to take Lange's place, and Helen Clark, who was to become Deputy Prime Minister, had been quiet on the frigate issue, and would in all probability not support the proposal. They were unequivocal in their comments on Lange's departure: 'Lange, known for never being able to make a decision, took the easy way out—almost predictably, according to the cynics—and retired on "health grounds" before the tough frigate decision was to be made.'⁷⁴

The Australians were going to wait no longer, and took the decision on 14 August to accept the Amecon consortium bid to build the Meko 200 derivative. The issue remained a potentially divisive one within the Labour Party with the

Party president, Ruth Dyson, reminding MPs that the national conference the previous year had rejected the frigate deal. Nonetheless three days later the Prime Minister, Geoffrey Palmer, publicly announced his support for the project, and on 7 September 1989 announced that the Government had decided in principle also to accept the Amecon tender and purchase two ANZAC ships, with an option for two more at a future date, envisaging 'a one-for-one replacement of the Royal New Zealand Navy's existing four ships'.⁷⁵ The Prime Minister acknowledged the influence of societal concerns, saying:

And I know the Peace Movement will not be happy with it. But about that matter, what I want to say is that we have considered very carefully everything that the critics have put up. We've been through a lengthy consultative process about it. And we've come to the conclusion in the end that in the best interests of New Zealand we needed to commit to this project.⁷⁶

He spelt out the cost of the project—\$942 million for two ships and the total project, with project costs some 20 per cent less than Australian costs, as New Zealand was to carry a lower share of project and infrastructure costs. The sail away cost of each ship had been kept to NZ\$299 million, with an overall project cost some 30 per cent less in real terms than the 1986 dollar price. In considering the question of whether to commit to two or four frigates, the Prime Minister added that the cost for a further two vessels would be an additional \$867 million, 'but I should say to you that that decision does not need to be taken for nearly a decade'.⁷⁷

A change of leadership in New Zealand clearly helped the decision-making process. According to John Henderson, 'in the first month after the change of leadership, Palmer drove the frigate decision through. ... It was the honeymoon period.'⁷⁸ Palmer himself acknowledged the place of both timing and political influence when facing the challenge of having the decision approved:

When David Lange left the decision was far from a done deal. Timing is everything in politics and the change of leadership probably made things easier. Russell Marshall, Bob Tizard and myself were never in any doubt about the importance of acquiring the ANZACS. But I had to work extremely hard to get it through Caucus.⁷⁹

The editorial in the *New Zealand Herald* the day after the decision was announced concluded that 'the country, meanwhile, will gratefully close the issue and await with interest a start on shipbuilding'.⁸⁰ Such sentiment subsequently proved unduly optimistic.

Implementation of the Project

How well did the decision to go ahead with the ANZAC project work in practice for New Zealand? What were the difficulties that had to be surmounted? There was a delay to the final signing of the heads of agreement contract for the two frigates, when it became apparent that the Australians wanted New Zealand to commit to pay for parts for the second, optional, pair of frigates. The contractual issues were eventually settled and the contract signed on 10 November 1989. That was not, however, the end of the matter.

The Labour Party had had a particularly difficult term of office between 1987 and 1990, with three Prime Ministers in that period. When it seemed clear that Labour was likely to lose the 1990 election, the then Prime Minister, Mike Moore, suggested that the frigate deal might be cancelled.⁸¹ Trade-offs and judgement of political side effects were to the fore. As the secretary of the Metal Workers Union in Victoria said: 'It seems to me the statement of a man desperate for votes'⁸² In the event, the votes were not forthcoming, and the Labour Party lost office. The uncertainty over the frigates though remained.

In July 1992 the Foreign Affairs and Defence Select Committee was critical of several aspects of the frigate project in its report which examined progress on the frigate contract. In particular, it was critical of Treasury not ensuring greater certainty in costs through foreign exchange management (by this time the dollar cost for the frigates had risen 31 per cent to \$1219.5 million⁸³), and they were concerned about whether industry participation levels would be met. The criticism brought a stinging rebuke from the Australian Shadow Minister for Defence, Alexander Downer: 'So much of this New Zealand report just sounds like whingeing. We offered New Zealand a situation where they could buy one frigate and practically get the other one free at the Australian taxpayer's expense.'⁸⁴

New Zealand industry participation rates did improve, and the promised trade off of greater New Zealand involvement in Australian defence work contracts did begin to materialise. By July 1993 New Zealand companies had secured NZ\$340 million of some NZ\$800 million earmarked for New Zealand industry. By December 1995 that had only increased to NZ\$382 million, but by February 1997 that amount had risen to NZ\$470 million, placed with some 417 firms. Ultimately, the total value of work awarded to New Zealand firms was in excess of NZ\$800 million.

Before any of this work was undertaken, the final weapons specification had to be decided. The November 1992 issue of *Asia Defence Journal* noted that, besides a vertical launch point defence missile system, each of the new frigates would carry an FMC Mk45 127mm gun under a technology transfer contract. The article began: 'It seems that the 'politics' of the 'ANZAC' frigate project are

well in the past. There are no longer demonstrations against the frigate acquisition outside the New Zealand Parliament. ... It is now business as usual.⁸⁵

The 'politics' of the project had though been alive and well, and yet again it was necessary to contend with external sources of influence. Rear-Admiral David Campbell of the RAN again commented:

I was the Australian Naval Attaché in Washington from January 1989–February 1992. It was an interesting and difficult time in US–NZ relationships. It's hard to appreciate now, but NZ was treated as a pariah state. Australia and New Zealand were bound by treaty over the frigate acquisition, i.e. something enforceable under international law. In effect, the RNZN would have an exact copy of the RAN ships—guaranteed by treaty. The catch was that nobody had consulted Uncle Sam. The RAN enjoyed a pretty-well unrestricted access to US technology, but it was a presumptuous assumption that this was transferable to NZ—yet this is precisely what was entailed in the treaty. Soon at issue were the Mk 49 radar, the Mk 41 vertical launch system, and the 5" Mk 45 Mod2 gun. The US was not at all happy to see these going to NZ and soon made its objection known.

I initially knew nothing of this. The first thing I knew was when I was summoned by the Secretary of the Navy (The Hon H. Lawrence Garrett III) to explain myself. Why was I going around saying that the Kiwis ought to get/were going to get the radar? Why was I stirring up the Navy International Program Office clearly in the face of US policy? Apparently, that's what the NZ Defence Staff were doing—taking my name in vain. I pleaded innocence and outrage and Garrett accepted that. It happened again a few weeks later, this time over the Mk 41, and again later over the gun. Both times I was again summoned and Garrett was really getting annoyed, accusing me of duplicity, and worse. After the third occasion, I had a blazing row with my NZ counterpart and threatened serious consequences.

A little later, I was being directed by Canberra to try to get the USN to relent but that was something that had to be done without NZ 'assistance'. Given all that had gone before, that was not easy to accomplish. Looking back upon it, I really can't decide whether I was a brilliant negotiator or whether Uncle Sam was simply making us all sweat a bit. But, either way, it was hard work. In the end, everything worked out alright.⁸⁶

In the end, as far as delivery of the vessels was concerned, everything was resolved, though with several teething problems along the way.

The first steel was cut for ANZAC ship 01 in March 1992, and it was commissioned as HMAS *Anzac* on 18 May 1996. Ship 02 was to be HMNZS

Te Kaha. The first steel for the vessel was cut on 11 February 1993, and it was launched in Melbourne on 22 July 1995. The vessel's arrival in New Zealand, due for May 1997, was delayed after problems were discovered with the propulsion system—calcium buildup from marine growth on the bearings around the ship's propeller shafts. *Te Kaha* crossed the Tasman Sea in early July, and was commissioned into the RNZN on 22 July 1997. Whilst there were some modest delays in the build program, the early concerns about significant delays and cost over-runs in Australian yards were largely unfounded. The RNZN's second ANZAC, HMNZS *Te Mana*, had its first steel cut in February 1995 and was launched on 10 May 1997. Due for commissioning in March 1999, *Te Mana* was actually commissioned on 10 December 1999.

The ANZAC Frigates in Service

Since being commissioned, both ANZAC frigates have been working at a heavy operational pace. Initially there were some further equipment failures, with *Te Kaha* having its gas turbine propulsion unit replaced under guarantee in September 1998. The following July it once more had problems with the propshaft bearings, and these were replaced in dry dock in Devonport, Auckland. The final build problem was discovered when *Te Kaha* was once more in dry dock for its Annual Maintenance Period in May 2002. Microscopic cracks had been found in the bilge keels of several of the Australian ANZAC frigates, and similar cracks were discovered in *Te Kaha*. Design solutions were supplied by both the shipbuilder and the designer. *Te Mana* had fewer reported faults, a broken camshaft in one of the diesel engines being one of them.

'Fitted for but not with' was one of the catch-phrases of the time, leading to charges that the vessels would not be adequately armed. In 1996 the RAN instituted proposals to improve the warfighting capabilities of its vessels, with the introduction of its Warfighting Improvement Program, but the RNZN had no involvement. However, by the time the frigates were in service, there had been a number of additions to the weapon systems.

Original costings had been based on one medium calibre (76mm) gun and one battery of anti-aircraft missiles. Plans were underway at an early stage to fit refurbished Mk32 ship-launched torpedo tubes from the *Leanders*, and *Te Kaha* was fitted with the tubes from *Southland*. Provision was also made, and the vessels subsequently fitted with, the *Phalanx* close-in weapon support system, *Te Kaha* inheriting the system from HMNZS *Waikato*. The vessels were also designed to accommodate a towed array sonar system, with which they have been fitted from time to time.

Perhaps the most significant weapons upgrade was the addition of the SH-2G *Super Seasprite* helicopter, built by Kaman Aerospace in the United States. The maximum initial cost of four new-build helicopters was set not to exceed

NZ\$274 million in 1997—a decade after the frigate debate had begun in earnest. Whilst the new aircraft were being built, Kaman loaned the RNZN four SH-2Fs from the US Navy, the first of these flying in February 1998. Ultimately a decision was taken to acquire five new aircraft. The first two new aircraft were accepted in Auckland on 18 August 2001, with deliveries of all five due to be completed by 2003. Despite their not inconsiderable cost, they arrived with a minimum of fuss.

These aircraft added significantly to the capability of the vessels. They were fitted with advanced radar and electronic support measures equipment, and could be fitted with *Maverick* air-to-surface missiles, or Mk 46 torpedoes or Mk 11 depth charges, considerably extending the reach of the frigates. By the time the ANZAC frigates were sent in harm's way, they were significantly better armed than might have been anticipated. A decade previously Lange had said:

We're stuck with them now. Sometimes you win Lotto and sometimes you don't, and we didn't win on that one. I cannot see any justification for the frigates continuing. I just can't. I cannot get anyone in Defence to tell me what they're going to be used against. They cannot tell me how things of that specification are to be used. I come back to what we need. We need a logistic support ship to support the army and we need to have a platform to take to the Pacific for the sort of support work that needs to be done, but the frigates don't do it.⁸⁷

However, history has once again proven that it is never possible to predict future defence scenarios. True to the original intent of having vessels that would undertake resource protection close to home, *Te Kaha* sailed to the Ross Dependency amidst much media publicity in February 1999, to deter Patagonian Toothfish poachers. Later that year though, she was dispatched to provide support to International Force East Timor (INTERFET), and then to the Persian Gulf to join the Multinational Interception Force. In June 2000 *Te Mana* was sent to Honiara in the Solomon Islands for guardship duties, and was relieved later that month by *Te Kaha*. Both vessels were to return—*Te Kaha* in September, and *Te Mana* in May 2001. For five months in 2002 *Te Mana* was deployed to Asia, returning in July, and *Te Kaha* left the following month for a four month tour of duty in Asia. During the return voyage to New Zealand *Te Kaha* was diverted to the Persian Gulf once more, to take part in Operation *Enduring Freedom*, and was replaced on station in February 2003 by *Te Mana*. During the 2002–2003 reporting year, the two frigates were programmed for a total of 251 days at sea. In fact they worked a total of 337 days at sea. In April 2004 *Te Mana* once more deployed to the Persian Gulf for a four month period of Maritime Interdiction Operations (MIO). During the 2003–2004 reporting year, the two frigates were programmed for a total of 287 days at sea, yet worked a total of 307 days.⁸⁸ This high level of activity continued to be maintained over the next

four years. In the 2006–2007 reporting year programmed activity was to be a minimum of 272 days at sea, yet the two frigates achieved 290 sea days. In April 2008 *Te Mana* once more left Auckland for a five month period to undertake operations in the Persian Gulf as part of the Coalition Task Force. Such a pace of operations in distant waters was not what was envisaged as New Zealand's area of direct strategic interest when the ANZAC debate first began, and yet again reinforced the role of external sources of influence in the life of the ANZAC frigates.

Summary

The ANZAC frigate project was one of the most controversial major defence projects of recent times and the decision-making process long and tortuous. Indeed, when making the announcement about the decision to proceed with a two frigate purchase, Geoffrey Palmer said:

I can't remember a decision which the Cabinet and the Caucus have gone into in greater detail and argued the merits of for longer or more extensively than this one. It is certain that these issues have been thrashed out in complete detail.⁸⁹

History has proven the first assertion to be correct; undoubtedly the merits for and against were argued extensively. However a question mark was to remain over the second comment as will be examined in chapter 4, which focuses on the decision of whether or not to purchase a further ANZAC frigate.

In identifying key decision-making influences with regard to the purchase of the frigates, it is clear that the essential break-up of ANZUS and the need for closer relationships with Australia played a major part. Reflecting the pre-eminent place of external sources of influence, in his interview with Lange, Squadron Leader Forrest asked: 'If they said jump, would we jump?' Lange's response was: 'That's right, and that's the guts of it.'⁹⁰ However, Geoffrey Palmer disagreed, indicating both that he felt that the view of Australian pressure was overstated, and that there was a clear need for four frigates:

I was Prime Minister and I can tell you they did not lean on us. I had one telephone call from Bob Hawke. But I didn't need any convincing. I felt then that we needed a four frigate Navy, and I still feel that now. I couldn't have lived with myself if we hadn't bought them. It never occurred to me that we'd not end up buying the four.⁹¹

Whilst it is apparent that the role of Australia was pivotal, how New Zealand saw its role in the world, public opinion, the judgement of political side effects and opportunity costs, and politics and political influence were also influential throughout the whole frigate debate and decision-making process. New Zealand's role in the world was redefined by New Zealand's anti-nuclear stance and the

subsequent ANZUS split. The refocusing of New Zealand's Defence effort had to squarely face public opinion, which revolved around both the cost of the frigates, seen by some critics as obscenely expensive, and their warfighting potential which was strongly opposed by the peace movement. Taking account of politics and political influence, advocates such as Palmer were only too well aware of opposition among many in the Party to the purchase of the frigates. In undertaking its judgement of political side effects and opportunity costs, the New Zealand Government sought to make the decision more acceptable by emphasising the potential NZ\$800 million worth of work which was forecast to come to New Zealand, and by highlighting the 'fitted for but not with' nature of the vessels. Other influencing elements which had a strong bearing were bureaucratic politics (evident particularly during the evaluation period, as the RNZN sought to maximise the utility of the vessels), whilst timing and political influence were acutely important as a final choice was made.

There were therefore a number of clearly identifiable factors that weighed in the decision to proceed with the purchase of the ANZAC frigates. Whether or not such factors were vital in other acquisition case study decisions will be explored in the following chapters.

ENDNOTES

- ¹ *Defence Review 1978*, Government Printer, Wellington, 1978, p. 23.
- ² *Defence Review 1983*, Government Printer, Wellington, 1983, p. 23.
- ³ 'Navy going shopping overseas for frigate', *Evening Post*, 12 March 1979.
- ⁴ Ministry of Defence Library vertical file, 'Leander frigates for NZ', news release, 19 October 1981, in Matthew Wright, *Blue Water Kiwis*, Reed Books, Auckland, 2003, p. 193.
- ⁵ *Defence Review 1983*, p. 23.
- ⁶ *Defence Review 1983*. [my emphasis]
- ⁷ *National Business Review*, 28 November 1983, pp. 7–8.
- ⁸ Wright, *Blue Water Kiwis*, p. 194. Admiral Sir Somerford Teagle had been part of the project team investigating the submarines, and added that another reason for not pursuing them was that 'they were a one-shot weapon'. (Personal interview, 20 September 2003)
- ⁹ Dr Kate Dewes, Personal interview, 21 February 2004.
- ¹⁰ *The Defence Question: a discussion paper*, Government Printer, Wellington, 1985, p. 3.
- ¹¹ Peace and Justice Forum, *An Alternative Defence Policy*, Wellington Labour Regional Council, Wellington, March 1985, p. 15.
- ¹² 'Just Defence', *Submission to the Defence Committee of Enquiry*, Just Defence, Wellington, February 1986, p. 30.
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- ²⁴ *RNZN Replacement Surface Combat Ships*, Report of the Defence Review Officials Committee, Wellington, 18 November 1986, p. 4.
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- ²⁷ Minister of Defence, The Rt. Hon. Robert James Tizard, *The Naval Question*, Ministry of Defence, Wellington, December 1988, p. 8.
- ²⁸ Lieutenant Commander David Davies, RNZN (Ret.), *The Case Against the New Zealand Frigate*, David Davies, Karori, 1988.
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- ³⁰ Davies, *The Case Against the New Zealand Frigate*, p. 7. In 2003 the world was barely moved by the revelation that 90 per cent of the world's large fish stocks had been destroyed. Research in Canada, undertaken by Ransom Myers (fisheries biologist) and Boris Worm, published in *Nature* magazine, confirmed that the world's fish stocks were under attack, and that irreparable damage would be caused unless immediate measures for conservation were put in place. The resource base was said to have been reduced to less than 10 per cent of what it had been in 1950, 'not just in some areas, not just for some stocks, but for entire communities of these large fish species from the tropics to the poles'. *National Geographic News*, 15 May 2003, available at <http://news.nationalgeographic.com/news/2003/05/0515_030515_fishdecline.html>, accessed 12 December 2008.
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- ⁴⁸ Pacific Institute of Resource Management, *The Anzac Frigate Debate*, p. 32.
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- ⁵³ Ezio Bonsignore, 'The ANZAC Programme: Frigates for "Down Under"', *Military Technology*, vol. 13, no. 3, 3/89, p. 17.
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- ⁶⁶ *New Zealand International Review*, vol. XIV, nos. 1 & 2, 1989.
- ⁶⁷ Kevin Hackwell, 'The Case for Corvettes', *New Zealand International Review*, vol. XIV, no. 2, 1989, p. 9. In a subsequent letter to Kevin Hackwell, (21 August 1989), Alastair Lambie, the Managing Director of A&P Appledore (Aberdeen) Ltd (who had purchased the assets of Hall and Russell) indicated that a standard *Castle*-class vessel without weapons fit would cost £16 million; if fully fitted with significant ASW capability, it would cost £127 million.
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