



# MINISTRY OF DEFENCE STATEMENT OF INTENT

1 July 2016 – 30 June 2020

Presented to the House of Representatives pursuant to  
section 39 of the Public Finance Act 1989

## Our Purpose

We give civilian advice on defence matters to enhance the security and interests of New Zealand and its people

## Our Focus

Be a valued partner, with an influential voice

## Spirit and Character

### Leading through excellence

Influential  
Collaborative  
Courageous

Dynamic  
Pragmatic  
Professional

## Our Priorities

- Defence anticipates the dynamic security environment and contributes to a stronger national security sector
- Our defence diplomacy and support for deployments enhances New Zealand's security and other interests
- Defence advice balances policy, capability, funding and risk, with Defence recognised as an international exemplar in capability management
- Defence successfully delivers and sustains systemic improvement
- Defence is open, transparent, accessible and trusted

## What we Believe

- A safe and secure New Zealand is fundamental to the nation's wellbeing
- Robust, contestable civilian advice enables better security outcomes
- A credible, sustainable Defence Force is essential for New Zealand's national interests
- We care about Defence Force people
- We attract and grow great people and give them the best opportunities
- Foresight and preparedness are essential to our work
- Working collaboratively and partnering is fundamental to success

## Our Greatest Challenge

Defence has the people, relationships, policies and combat capabilities to respond to concurrent and diverse security challenges

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# FOREWORD

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## BY THE MINISTER OF DEFENCE

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The Government's *Defence White Paper 2016* outlines a 15-year modernisation plan worth nearly \$20 billion to ensure the New Zealand Defence Force has the breadth of capability it needs to meet the country's security and defence challenges.

There is no doubt that the security environment is challenging and dynamic. It is likely to become more so in the years ahead.

As in the *Defence White Paper 2010*, it is clear that New Zealand's Defence priorities are in our immediate region, but events further afield are increasingly affecting New Zealand's security. This is recognised in New Zealand's contribution to the joint New Zealand-Australia mission to train Iraqi Security Forces.

In addition to maintaining the Defence Force's existing mix of capabilities, the Government will invest in:

- better supporting sea to shore operations with a littoral operations support vessel that can operate in medium security environments
- enhanced air surveillance capability to better enable the Defence Force to undertake these operations at home and overseas
- ice strengthening the planned third offshore patrol vessel and replacement naval tanker for operations in the Southern Ocean and Antarctica
- a cyber security capability for the protection of Defence Force networks, platforms and people, and
- additional defence intelligence personnel to support military operations.

The \$20 billion investment provides the Defence agencies with a degree of funding certainty that enables them to plan with confidence out to 2030 and beyond. It signals the Government's continued commitment to the defence and security of New Zealand.

Recognising the significant number of once in a generation defence capability decisions required in the coming years, the Government has made a significant investment of new operating funding in the Ministry of Defence. In Budget 2015 the Government announced that the Ministry will receive \$27.1 million over four years to fund a change programme to strengthen the defence capability management system. This work will ensure New Zealand buys equipment that is fit for its needs, acquires it on time, to budget, and to the specifications the Government has agreed.





## **Ministerial statement of responsibility**

I am satisfied that the information on strategic intentions prepared by the Ministry of Defence is consistent with the policies and performance expectations of the Government.

A handwritten signature in blue ink, appearing to read 'Gerry Brownlee', with a stylized flourish at the end.

Hon Gerry Brownlee  
**Minister of Defence**

# INTRODUCTION

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## BY THE SECRETARY OF DEFENCE

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This Statement of Intent sets out a new Four Year Excellence Horizon and priorities for the Ministry of Defence. It sets higher levels of ambition for the Ministry, following delivery on a significant period of activity and organisational reforms across the last three years.

This Statement describes how the Ministry will deliver improvements to the defence capability management system, as a result of the Government's \$27.1 million investment in the Ministry in Budget 2015.

It also takes into account changes to the Ministry's strategic environment identified in the *Defence White Paper 2016*.

New Zealand's ability to protect and advance its national security interests is under increasing pressure. In particular, our interests are being increasingly affected by events happening well beyond our immediate region.

On 8 June 2016, the Government delivered a new Defence White Paper that updates the Government's defence policy – including the capabilities that it expects Defence to deliver over the medium and long term. This Statement notes the Ministry's work to implement the *Defence White Paper 2016* over the coming four years.<sup>1</sup>

To deliver on the new Excellence Horizon, the Ministry has worked with key stakeholders to set five new strategic priorities:

- Defence anticipates the dynamic security environment and contributes to a stronger national security sector.
- Our Defence diplomacy and support for deployments enhances New Zealand's security and other interests.
- Defence advice balances policy capability, funding and risk, with Defence recognised as an international exemplar in capability management.
- Defence successfully delivers and sustains systemic improvement.
- Defence is open, transparent, accessible and trusted.

In addition, the Ministry has developed a new Operating Model focused on how the Ministry delivers for its customers. Key to this is ensuring the Ministry's people deliver results for New Zealanders through our key partnerships with the New Zealand Defence Force and others – both in and outside of Government. The Ministry's focus is *to be a valued partner with an influential voice*.



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<sup>1</sup> The *Defence White Paper 2016* is available from the Ministry's website: <http://defence.govt.nz/reports-publications/dwp-2016/defence-white-paper-2016.html>.

Resourcing from the Budget 2015 investment will significantly grow the Ministry's headcount during the period of this document – from approximately 70 to 120. This investment is designed to expand the capability development and acquisition functions, and strengthen supporting systems and practice.

The Ministry has a workforce strategy that is focused on:

- making the Ministry more sustainable through a period of growth
- getting the best people
- giving them the best opportunities
- developing careers and a pipeline of talent
- expecting excellence.

Through this plan the Ministry will be positioned to deliver on the greatest challenge it has identified for itself – *Defence has the people, relationships, policies and combat capabilities to respond to concurrent and diverse security challenges.*

### **Chief executive statement of responsibility**

In signing this statement, I acknowledge that I am responsible for the information on strategic intentions for the Ministry of Defence. This information has been prepared in accordance with section 38 and section 40 of the Public Finance Act 1989.

A handwritten signature in black ink, appearing to read 'Helene Quilter', with a large, stylized 'Q' at the end.

Helene Quilter  
**Secretary of Defence**



# THE MINISTRY'S ROLE

## THE MINISTRY'S PURPOSE

The Ministry of Defence gives civilian advice on defence matters to enhance the security of New Zealand and its people.

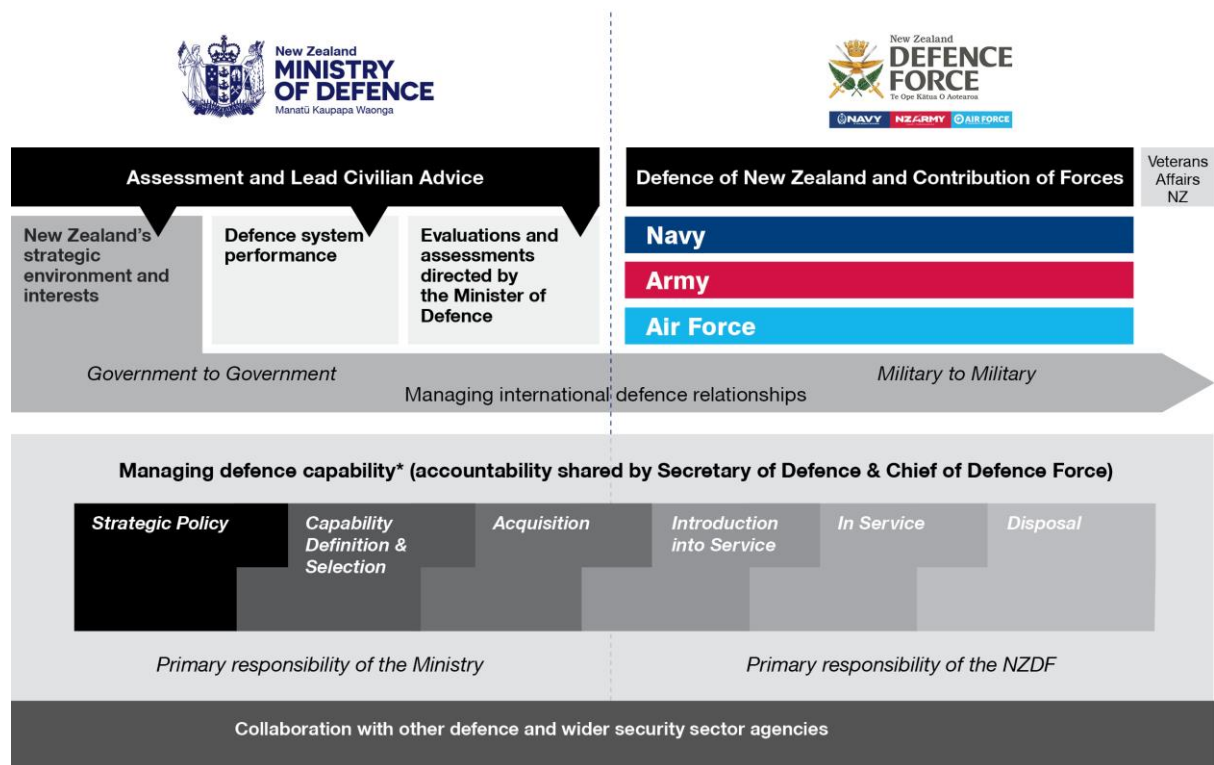
The Secretary of Defence is the lead civilian advisor to the Government on defence matters. Both the Ministry and the New Zealand Defence Force contribute to New Zealand's security through:

- the promotion of a safe, secure and resilient New Zealand, including its border and approaches
- the preservation of a rules-based international order, which respects national sovereignty
- a network of strong international linkages
- the maintenance of New Zealand's prosperity via sea, air and electronic lines of communication.<sup>2</sup>

## TWO DEFENCE AGENCIES: CIVILIAN AND MILITARY

Defence is made up of two agencies: the Ministry of Defence and the New Zealand Defence Force. They work very closely together; drawing on their strong, separate civilian and military perspectives. The separation between the two agencies is part of New Zealand's constitutional arrangements.

Figure 1: Respective roles of the Ministry of Defence and New Zealand Defence Force



<sup>2</sup> Source: the *Defence White Paper 2016*, available from the Ministry's website at: <http://defence.govt.nz/reports-publications/dwp-2016/defence-white-paper-2016.html>.

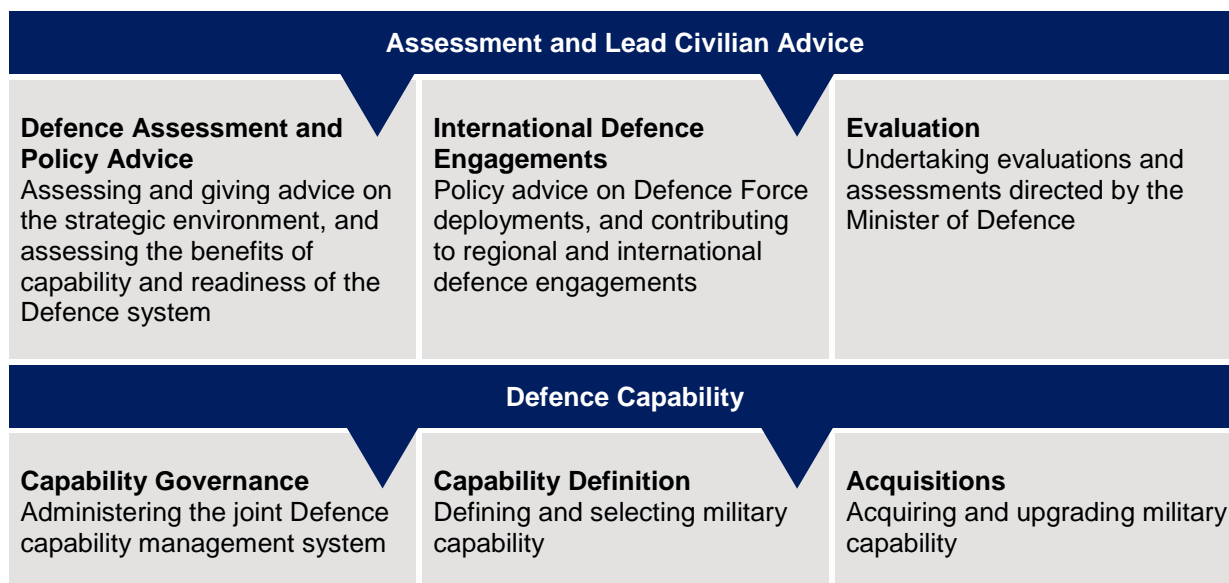
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## THE MINISTRY'S RESPONSIBILITIES

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The Ministry is a small civilian agency with \$11.2 million in baseline funding, rising to \$19.8 million in 2018/19. It undertakes the following core business activities:

Figure 2: The Ministry's core business activities



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## THE GOVERNMENT'S DIRECTION FOR DEFENCE

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The *Defence White Paper 2016* sets out the Government's defence policy objectives and how the Defence Force will be structured and equipped to deliver on these objectives out to 2030 and beyond.

It builds on a substantive body of work, including the *Defence Assessment 2014* – a comprehensive review of the international strategic environment and its implications for Defence policy and capability.<sup>3</sup> The White Paper is also informed by work on long term capital and operating costs associated with New Zealand's current and planned mix of defence capabilities, including the *Defence Mid-point Rebalancing Review* in 2013.<sup>4</sup>

The White Paper commits Defence to managing the affordability pressures that come with maintaining a modern military that can negotiate the challenges of an evolving strategic environment.

The White Paper was developed in close consultation with other Government agencies, and with members of the Ministerial Advisory Panel. The views of the New Zealand public, including those of New Zealand's academic community, were sought in its development.

As part of implementing the new White Paper, in 2016 the Ministry will produce a new Defence Capability Plan that will identify the capability deliverables arising from the policy articulated in the White Paper.

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<sup>3</sup> The *Defence Assessment 2014* is available from the Ministry's website: <http://defence.govt.nz/reports-publications/defence-assessment-2014/contents.html>.

<sup>4</sup> The *Defence Mid-point Rebalancing Review* is available from the Ministry's website: <http://defence.govt.nz/reports-publications/dmrr-2013/contents.html>.

# FOUR YEAR EXCELLENCE HORIZON

The Ministry has set a new Four Year Excellence Horizon, because its previous one was largely achieved.<sup>5</sup> This new Excellence Horizon incorporates the formal assessment of the global strategic environment that is reflected in the *Defence White Paper 2016*.

The new **Excellence Horizon** sets higher ambition levels for Defence, including to be an international exemplar in capability management

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## THE ENVIRONMENT

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Defence operates in a dynamic environment. The quality of the Ministry's performance over the next four years will depend on how well it responds to challenges that are both external and internal to the Ministry, some of which may arise without warning.

The Ministry will grow, but will continue to be a small agency. Its success will depend on the work it does with its partners – primarily the New Zealand Defence Force, but also other agencies in the broader external and security sector.

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## KEY EXTERNAL CHANGES

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The Ministry must respond to a range of specific changes in the external operating environment over the next four years.

## SECURITY ENVIRONMENT

At a time of increasing instability and uncertainty in the international strategic environment the *Defence White Paper 2016* provides the foundation for New Zealand's security now and into the future. It identifies that there have been a number of positive developments in the international environment since the publication of the last Defence White Paper, including the continued rise of a more prosperous Asia, and a South Pacific that has remained more stable than expected.

New Zealand has a critical interest in the maintenance of security in the Asia-Pacific region, as well as in growing and expanding its relationships. Any major conflict would have flow on effects for peace and security beyond the region. New Zealand continues to benefit from the economic opportunities associated with Asia's growth, but tensions in the region, which are now greater than they were five years ago, are cause for concern.

The rules-based international order has come under greater pressure since 2010, most notably in the Middle East.

Since the last Defence White paper was published in 2010, terrorist groups have enhanced their ability to radicalise individuals and extend their global reach, particularly through the use of internet technology and social media.

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<sup>5</sup> The Ministry's previous Four Year Excellence Horizon is set out in its 2012 Performance Improvement Framework Review, available from the State Services Commission website: <http://www.ssc.govt.nz/sites/all/files/pif-mod-review-sept12.pdf>

Advances in technology continue to enhance the ease with which knowledge is able to be transferred. This is a positive development, and has a number of advantages in the military context. However, increasing reliance on technology and information networks is creating new vulnerabilities. The threat to systems that rely on networked technologies such as the internet, industrial control systems and global positioning satellites has increased markedly since 2010. New Zealand therefore has an interest in contributing to international cyberspace and space efforts to protect this infrastructure from being exploited or disrupted.

While the White Paper notes that the country does not face a direct military threat in the foreseeable future, New Zealand's ability to protect and advance its security interests is becoming increasingly challenging as the strategic environment evolves.

In particular, the White Paper notes challenges associated with managing New Zealand's large maritime domain, as well as the importance attached to preservation of the natural environment and stability in the Atlantic and Southern Ocean.

Regionally, the White Paper notes that the South Pacific has remained relatively stable since 2010, and is unlikely to face an external military threat in the foreseeable future. However, the region continues to face a range of economic, governance, and environmental challenges. These challenges indicate that it is likely that the Defence Force will have to deploy to the region over the next 10 years, for a response beyond humanitarian assistance and disaster relief.

## **THE NEW ZEALAND DEFENCE FORCE**

The New Zealand Defence Force must be able to undertake a range of roles and tasks across diverse geographical and operational environments. The principle roles for the Defence Force are to:

- defend New Zealand's sovereign territory
- contribute to national resilience and whole of Government security objectives
- meet New Zealand's commitment as an ally of Australia
- support New Zealand's civilian presence in the Ross Dependency of Antarctica, and participate in whole of Government efforts to monitor and respond to activity in the Southern Ocean
- contribute to, and where necessary lead, operations in the South Pacific
- make a credible contribution in support of peace and security in the Asia-Pacific region
- protect New Zealand's wider interests by contributing to international peace and security, and the international rule of law
- contribute to the advancement of New Zealand's security partnerships
- participate in whole of Government efforts to monitor the strategic environment, and
- be prepared to respond to sudden shifts in the strategic environment.

The Government's highest priority for the Defence Force is its ability to operate in New Zealand and its Exclusive Economic Zone, followed by the South Pacific and the Southern Ocean. It is also important that the Defence Force maintains its ability to contribute to operations further afield, should the Government require it to do so.

New Zealand will continue to balance its interests in contributing to the rules-based international order, from which it benefits, with the increasing risks posed to New Zealanders deployed beyond the South Pacific.

## THE EXTERNAL AND SECURITY SECTOR

The Ministry is a lead policy agency in the external and security sector. In the four years of this plan, sector agencies will be expected by Government to operate in a more consistently integrated way. This is to achieve:

- coherent and consistent advice to Ministers on national security, foreign policy, intelligence and defence issues
- the maximum whole of sector performance from the available resources
- the ability to adapt quickly to changes in the strategic and security environment, including sudden changes that may occur without warning
- improved attraction, development and retention of skilled people, by providing career pathways across the agencies that work on national security issues, as well as with other sectors.

## INCREASED NUMBER AND COMPLEXITY OF MILITARY CAPABILITY PROJECTS

The *Defence White Paper 2016* provides an overview of the military capabilities that the Defence Force will need to undertake its roles and tasks out to 2040. To achieve this, the Government has signalled a commitment to a portfolio of planned defence capability investments valued at close to \$20 billion over the next 15 years. These include new capability challenges that have arisen for the Defence Force since the last White Paper in 2010. A summary of the military capabilities that the Defence Force will need is provided in the Appendix.

A significant period of defence capability replacement is required, with Defence developing capability projects with total costs of more than \$10 billion over the four years of this Statement.<sup>6</sup> The Ministry is currently managing acquisition projects with total costs of more than \$2 billion. In the 2020s, the average value of the acquisition projects being managed by the Ministry will total \$4–6 billion at any time. This period will include work on decisions for three once in a generation defence platforms – air transport, air surveillance and naval combat replacement.

This increase in activity will continue well beyond the life of the Ministry's Four Year Excellence Horizon. By 2030, Defence will have replaced most of its current major military platforms.

New defence capabilities will be more specialised and sophisticated than the decades old platforms, systems and equipment they replace, with different support requirements over their lifetime.

These new and complex capabilities will offer New Zealand industry opportunities – primarily as part of a support supply chain.

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## KEY ORGANISATIONAL CHANGES

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As part of Budget 2015, the Government invested \$27.1 million over four years in the Ministry, to support improvement to the defence capability management system. By 2018/19, the Ministry's baseline will have increased by \$8.6 million to \$19.8 million (nearly eighty per cent more than in 2014/15).

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<sup>6</sup> A list of forthcoming defence capability projects is provided in the [Appendix](#).

Changes in the internal environment within which the Ministry operates will include:

- implementation of the Defence Capability Change Action Plan – a joint programme of work with the Defence Force that will improve and strengthen the defence capability management system
- increased organisational scale and maturing partnerships that the Ministry can leverage to be sustainable in the medium and longer term
- a period of change to the organisation's workforce with a number of new staff joining the Ministry, including from outside of Defence, at the same time as there is increased mobility and exchange of talent in the sector and turnover in key positions.

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## WHAT WILL SUCCESS LOOK LIKE IN FOUR YEARS?

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The Ministry will be an active and influential lead agency within an external and security sector that provides coherent, collective advice on New Zealand's defence and security interests and choices in a dynamic strategic environment.

The Ministry will be delivering on its responsibilities for long range strategic thinking; regular advice on immediate and emergent issues; and maintaining a balanced and credible defence capability portfolio that provides Ministers and the Cabinet with transparent choices across policy, capability, risk and cost.

The Ministry's Defence Assessments and regular review of the strategic environment will lead debate on long range security issues. The quality of this work will contribute to a reputation for rigorous policy analysis and advice.

New Zealand will have grown the value it obtains from government to government defence relations. A strategic approach to defence engagement will have strengthened cross-agency debate on priorities for engagement. Agencies' collective efforts will be complementary to get the best results across New Zealand's national interests.

Defence will be recognised as an international exemplar in capability management. The Defence Capability Change Action Plan will have strengthened the capability management system to be integrated, end to end, and delivering capabilities on time, within budget, and to quality standards. This will be the most visible demonstration of the Ministry's partnership with the New Zealand Defence Force.

This partnership will have been a part of the Defence Force's success in achieving its own Four Year Excellence Horizon. Once made, reforms in Defence – including in the critical areas of personnel and the defence estate – will have been sustained.

As an organisation, the Ministry will be small and strong. It will have successfully managed the Government's investment in it. The Ministry will have used its increased scale and integration with its partners to make all parts of the organisation sustainable and resilient.

The Ministry will be an employer of choice, reflecting a reputation for excellence, an engaged and participative culture, and the offer to its people of a career in a sector – not just a job in an organisation.

As part of the broader national security system, the Ministry and its people will be well positioned to adapt to changes, including sudden changes, in the security environment.

Defence will be trusted and accessible, with a reputation for transparency and ethical behaviour. The Ministry will have strongly embedded partnership practices, a culture that welcomes transparency and review, and a pragmatic, plain English approach. It will be engaging proactively with universities, Defence Industry, and others with an interest in defence.



# STRATEGIC DIRECTION

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## THE MINISTRY'S PRIORITIES AND OUTCOMES FRAMEWORK

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Security matters because it ensures countries remain free from harm and offers the confidence essential for investing, growing and prospering. Security partnerships are also part of the fabric of rules-based international relationships, including trade relationships, which benefit everyone.

The Ministry's strategic outcomes framework, set out on the following page, defines the Ministry's priorities and performance indicators for the four year period. It involves three outputs supporting nine core business activities to deliver on five strategic priorities. These contribute to the Ministry's two high level outcomes.

## MONITORING THE SECURITY ENVIRONMENT

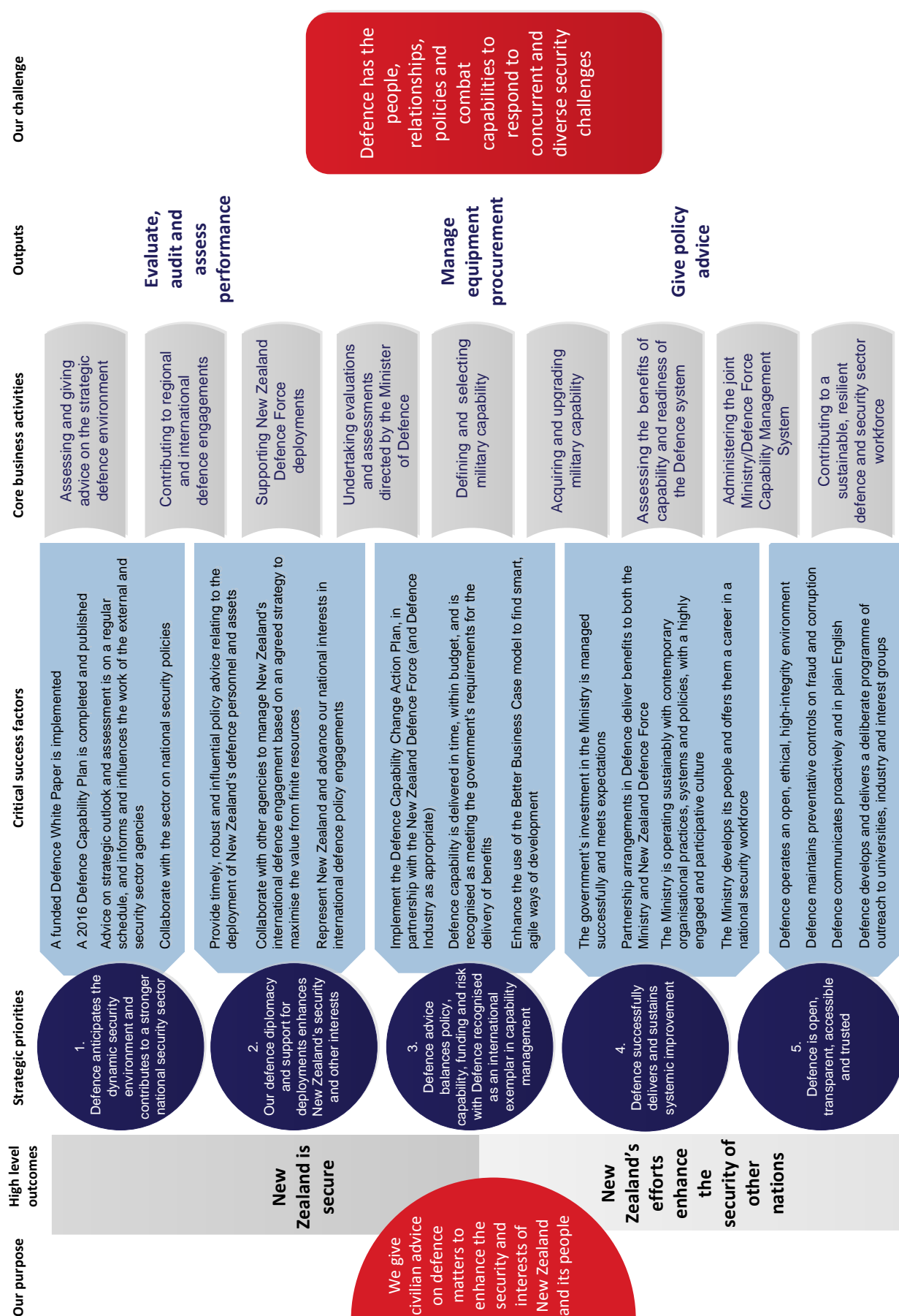
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The Ministry's high level outcomes are that New Zealand is secure, and that New Zealand's efforts enhance the security of other nations.

Assessing the state of a security environment is complex since many factors are at work. In assessing the environment and considering its impact, the Ministry bases its view on a combination of information sources.

The Ministry constantly monitors the security environment, producing formal assessments that culminate in its five-yearly Defence Assessments. Developments in the intervening years are reported in its annual report. This ongoing monitoring is part of achieving its strategic priority that Defence anticipates the dynamic security environment and contributes to a stronger national security sector.

Figure 3: The Ministry of Defence's Strategic Outcomes Framework



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## OUR STRATEGIC PRIORITIES

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The Ministry has set five strategic priorities against a challenge that would test its ability to deliver:

*Defence has the people, relationships, policies and combat capabilities to respond to concurrent and diverse security challenges.*

Each priority has up to four milestones that will contribute to its success. Our nine core business activities and three main outputs are aligned with these goals to enable the Ministry to achieve them.

### **PRIORITY 1: DEFENCE ANTICIPATES THE DYNAMIC SECURITY ENVIRONMENT AND CONTRIBUTES TO A STRONGER NATIONAL SECURITY SECTOR**

The Ministry assesses and provides advice to the Government on the strategic environment, assesses the benefits of capability, and the readiness of the Defence system. Over the coming four years, this work will involve work with the Defence Force to implement the *Defence White Paper 2016*, including ensuring an ongoing balance between defence policy, capability and funding, within the parameters set by Government.

The Ministry will produce annual reviews focused on new and evolving areas of defence policy to complement its more formal and comprehensive Defence Assessment. These reviews will be developed with sector partners and will be a key input into the national security sector, providing a common reference point to enable the alignment of national security and defence policy to meet New Zealand's long term security interests.

The Ministry will work closely with security sector partners as they undertake substantial change programmes, and to develop policy in new national security and defence areas. This will ensure appropriate capability is being developed to meet New Zealand's long term needs, and that the sector is working together effectively and efficiently, without unnecessary duplication.

Milestone	What will be achieved
A funded Defence White Paper is implemented	<ul style="list-style-type: none"><li>• In partnership with the Defence Force, the Ministry will implement the new Defence White Paper over the next four years</li></ul>
A 2016 Defence Capability Plan is completed and published	<ul style="list-style-type: none"><li>• A Defence Capability Plan, reflecting the Defence White Paper capability sets, will be published to provide greater detail on Defence's capability intentions out to 2029/30</li></ul>
Advice on strategic outlook and assessment is on a regular schedule, and informs and influences the work of the external and security sector agencies	<ul style="list-style-type: none"><li>• The Ministry produces annual reviews that embed its strategic assessment and advice function to inform defence long term decision making, focusing on new and evolving areas of defence policy</li><li>• An assessment will be produced to coincide with a mid point review of policy, capability and funding, and a formal, comprehensive assessment will be produced in 2018</li><li>• Working with partners, the Ministry will ensure New Zealand is able to anticipate trends in the dynamic security environment</li><li>• The Ministry's annual reviews will provide a common reference point to enable the alignment of national security and defence policy to meet New Zealand's long term security interests</li></ul>

Collaborate with the sector on national security policies

- The Ministry will work with sector partners to implement change in the national security and intelligence community, including implementing the Strategic Capability and Resourcing Review
- The Ministry will work with sector partners to develop policy in new and emerging areas of national security and defence policy

## **PRIORITY 2: OUR DEFENCE DIPLOMACY AND SUPPORT FOR DEPLOYMENTS ENHANCES NEW ZEALAND'S SECURITY AND OTHER INTERESTS**

The *Defence White Paper 2016* identifies the importance of international engagement to support defence decision making. In line with this, the Ministry's role in managing the full spectrum of international defence policy is expected to continue to grow.

The Ministry manages New Zealand's defence engagement in conjunction with the Defence Force, and in support of the Ministry of Foreign Affairs and Trade. It provides the direction for the development of international defence partnerships to maximise the benefit to New Zealand security and foreign policy interests. This includes leading bilateral policy talks, supporting high level defence diplomacy activities, and representing New Zealand in the regional and international defence architecture.

Working with the Defence Force, the Ministry has developed an overarching International Defence Engagement Strategy. The purpose of the Strategy is to:

- identify and prioritise the international defence relationships that add value to New Zealand
- determine where and how the Ministry and Defence Force should focus resources that contribute to international defence engagement, to maximise the value to New Zealand.

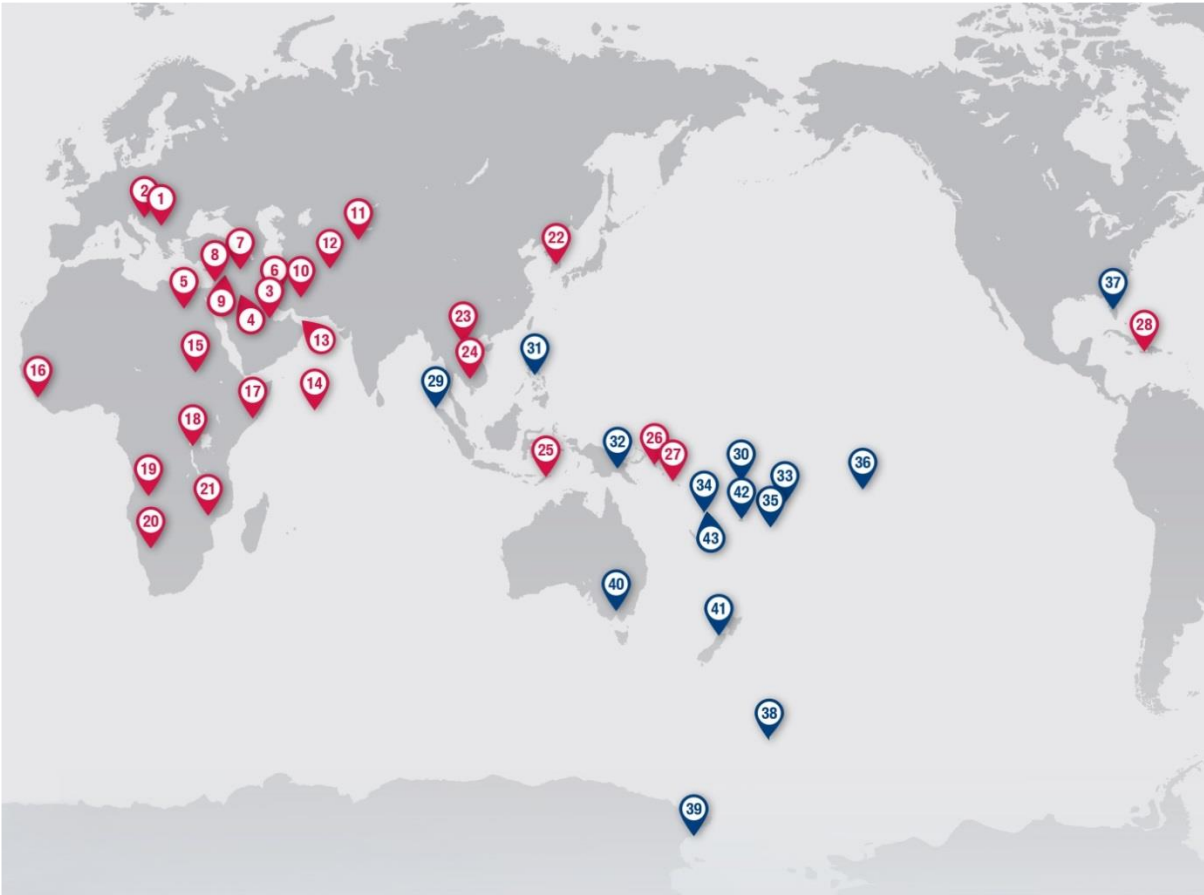
The Strategy sets five year objectives for individual defence relationships and regional strategies. It identifies specifications and strategic initiatives to achieve these objectives. As foreign policy considerations are a major driver of defence diplomacy activities, this work is closely coordinated with the Ministry of Foreign Affairs and Trade.

The Ministry, working with the Defence Force, provides advice to the Government on the deployment of New Zealand armed forces, including the renewal of existing deployment mandates. In recent times, this has included advice on the deployment of Defence Force personnel to the Building Partnership Capability Mission in Iraq.

Consideration of new deployments could be based on New Zealand generated proposals (such as maritime security contributions) or requests from partner coalitions or the United Nations (such as support for counter piracy operations in the Gulf of Aden). New operational deployments can range from single officers through to formed units and platforms.

The Ministry engages closely with policy counterparts from New Zealand's partner countries on all possible deployment activities. Whether New Zealand will deploy, under what conditions and level of commitment, is decided by the government of the day. The number, frequency and variety of international security challenges necessitating an international military response is on the rise and becoming more complex. The Ministry, therefore, expects the role for policy advice in this space to continue to grow.

Figure 4: History of New Zealand Defence Force global deployments from 1990 – 2014



#### OPERATIONAL DEPLOYMENTS

1. Kosovo (1999 – 2008)
2. Bosnia (1992 – 2007)
3. Bahrain (2014 – present)
4. Middle East (1954 – present)
5. Egypt (1982 – present)
6. The Gulf War (1990 – 91)
7. Iraq (1991 – 95, 2003 – 2013, 2015 – 2016)
8. Lebanon (2007 – 2016)
9. Syria (2012)
10. Iran – Iraq (1988 – 91)
11. Kyrgyzstan (2003)
12. Afghanistan (2003 – present)
13. Horn of Africa, Indian Ocean (2003 – present)
14. Arabian Sea (2002 – 2004, 2008)
15. Sudan and South Sudan (2003 – present)
16. Sierra Leone (2003 – 2004)
17. Somalia (1992 – 95)
18. Rwanda (1994)
19. Angola (1992 – 94)
20. Namibia (1989 – 90)
21. Mozambique (1993 – 2005)
22. Korea (1950 – present)
23. Laos (1995)
24. Cambodia (1991 – 2005)
25. Timor-Leste (1999 – 2012)
26. Bougainville (1990 – 2003)
27. Solomon Islands (2003 – 2014 RAMSI and HADR)
28. Haiti (1994 – 95)

#### NON-OPERATIONAL ACTIVITIES

29. Banda Aceh (2004 – HADR)
30. Pacific Partnership (2005 – present)
31. Philippines (2013 – HADR)
32. PNG (1998 – HADR)
33. Samoa (2009 – HADR)
34. Vanuatu (2006 – present)
35. Tonga (2003 – 2004, 2006)
36. Pacific Ocean
37. Florida (2006 – present)
38. Southern Ocean
39. Antarctica (1965 – present)
40. Victoria (2009 – HADR)
41. New Zealand (Aid and Disaster Relief)
42. Fiji (Cyclone Winston) (2016 – HADR)
43. Vanuatu (Cyclone Pam) (2015 – HADR)

Milestone	What will be achieved
Provide timely, robust and influential policy advice relating to the deployment of New Zealand's defence personnel and assets	<ul style="list-style-type: none"><li>Working with the Defence Force and other agencies, the Ministry will lead the discussion on and draft the Cabinet papers for all new international deployments</li><li>The Ministry will manage the process and draft Cabinet papers as required to renew existing deployment mandates</li><li>The Ministry will monitor deployments and provide updated policy advice to Ministers in the event of substantive changes to the mission or environment</li></ul>



<p>Collaborate with other agencies to manage New Zealand's international defence engagement based on an agreed strategy to maximise the value from finite resources</p>	<ul style="list-style-type: none"> <li>• The Ministry will work with the Defence Force to manage the implementation of the International Defence Engagement Strategy</li> <li>• The Ministry will work with the Defence Force and other agencies to review and update the Strategy on an annual basis</li> <li>• The Ministry will measure the performance of New Zealand's defence relationships through a formal monitoring system</li> <li>• The Ministry will advance New Zealand's defence relationships with the priority group of countries identified in the Strategy</li> <li>• The Ministry will actively manage other defence relationships to ensure maximum benefit to New Zealand</li> <li>• The Ministry will support the Minister of Defence's international engagement programme and use these opportunities to advance New Zealand's interests</li> </ul>
<p>Represent New Zealand and advance our national interests in international defence policy engagements</p>	<ul style="list-style-type: none"> <li>• The Ministry will lead annual/biennial bilateral defence talks with partner countries</li> <li>• Representation by New Zealand at regional and multilateral security events will be prioritised in line with budget constraints</li> </ul>

### **PRIORITY 3: DEFENCE ADVICE BALANCES POLICY, CAPABILITY, FUNDING AND RISK WITH DEFENCE RECOGNISED AS AN INTERNATIONAL EXEMPLAR IN CAPABILITY MANAGEMENT**

The Ministry defines and selects future military capability, and acquires or upgrades capabilities involving whole of life costs of \$15 million or more. This is delivered through a joint capability management system with the Defence Force, which the Ministry administers.

The *Defence White Paper 2016* outlines the significant programme of military capability work over the coming decades – through and beyond the period covered by this document. This emphasises the importance of the Defence agencies operating an effective capability management system. Investment by the Government of \$27.1 million over four years in Budget 2015 has provided the basis for a change programme across this system: the Defence Capability Change Action Plan.

As part of this change programme, the Ministry and Defence Force have worked with stakeholders, including central agencies and defence industry, to set a future state for the defence capability management system: *Defence is an international exemplar in capability management*.

Over the period of this document, the Ministry and Defence Force will jointly deliver the change programme – involving enhanced leadership and governance, strengthening the defence capability management system, including whole of life costing, and enhanced industry engagement.

While making changes to the capability management system, the Ministry will also deliver a significant programme of defence capability activity – both to support the Government to take decisions on new capability, and to acquire and upgrade capabilities. This defence capability will be delivered on time, within budget, and will be recognised as meeting the Government's requirements for the delivery of benefits. The Ministry will continue to enhance its expertise in business case development, and ensure it effectively uses the Better Business Cases model to ensure delivery of capability is not delayed, and that Defence is better placed to respond to unanticipated procurement opportunities.

Milestone	What will be achieved
Implement the Defence Capability Change Action Plan, in partnership with the New Zealand Defence Force (and Defence Industry as appropriate)	<ul style="list-style-type: none"> <li>• Over the four years, the Action Plan will have been implemented, ensuring that effort is focused on Defence becoming an international exemplar</li> <li>• Individual Project Boards will be in place for major defence capability projects</li> <li>• Critical aspects of the defence capability management system will have been updated, including: <ul style="list-style-type: none"> <li>○ changes to the Capability Management Framework</li> <li>○ clarification of roles across the Framework</li> <li>○ implementing mitigations to staff rotation issues.</li> </ul> </li> <li>• Staff with expertise in each phase of the capability management system will be involved in all appropriate phases of the system</li> <li>• Improvements will have been implemented across the seven areas of the capability management system</li> <li>• Portfolio management and assurance will have been substantially enhanced</li> <li>• A Capability Management Framework Safety Management System will have been implemented</li> <li>• The relationship with Defence Industry will continue to strengthen. Communications will be improved so that industry is clear about Defence requirements and Defence gets better cost and schedule information from industry. This will include: <ul style="list-style-type: none"> <li>○ a single website developed and rolled out to support Defence Industry on all defence procurement matters</li> <li>○ senior Defence Industry engagement relationship managers in place</li> </ul> </li> </ul>
Defence capability is delivered on time, within budget, and is recognised as meeting the Government's requirements for the delivery of benefits	<ul style="list-style-type: none"> <li>• Capabilities are delivered within the cost ranges and schedule forecast in the business case</li> <li>• Capabilities that are brought into service meet the Government's expectations for performance and benefits</li> </ul>
Enhance the use of the Better Business Case model to find smart, agile ways of development	<ul style="list-style-type: none"> <li>• The average time for development and approval of business cases is reduced from 18 to 12 months</li> <li>• Defence rapidly develops business cases to take advantage of any opportunities that arise</li> </ul>

## **PRIORITY 4: DEFENCE SUCCESSFULLY DELIVERS AND SUSTAINS SYSTEMIC IMPROVEMENT**

The Ministry needs deliver a significant programme of work arising from the *Defence White Paper 2016*, while undertaking a significant change programme. The nearly eighty per cent increase to the Ministry's baselines from the Government's Budget 2015 investment will enable improvements to the capability management system spanning both Defence agencies, and address personnel sustainability and resilience issues within the Ministry, including the retirement of key staff in 2016/17.

Key to this investment is a new structure and roles for the Acquisition Division, as well as new positions in the team that defines and selects military capability. These changes will ensure Defence is well prepared to address the extended period of intense capability development arising over the coming years.

In addition, the successful delivery of the Ministry's Four Year Excellence Horizon will depend on effective partnership with a range of groups inside and outside Government.

- The relationship with the Defence Force is the most important of a number of partnership relationships the Ministry has. To support delivery of each Defence agency's excellence horizons, the agencies operate shared Leadership Team level governance bodies.
- The Ministry has important partnerships with Defence Industry (both on and offshore), with other external and security sector agencies, and with international partners that the Ministry engages with on behalf of the Government.

System improvement across Defence is supported by the work of the Ministry's Evaluation Division, which carries out assessments and evaluations of the Defence Force, as well as the capability management functions of the Ministry. Evaluations and assessments are focused on supporting learning and improvement, understanding progress, and targeting risks at an early stage when they are most readily managed.

As a small agency, the Ministry will deliver enhanced back office performance through shared services arrangements. The first year of the Ministry's shared services arrangements delivered the Ministry onto the new platforms, as well as freeing up funding to be invested in capability management and policy activities. Maturing these arrangements means realising the strategic benefits that were sought from them.

In 2014, the Ministry entered into a formal arrangement with the Defence Force to remove everyday barriers to the agencies working together, by moving ICT, property and some security services onto the Defence Force's platform. Following a move onto the Defence Force's ICT platform in December 2014, the Ministry's ICT strategy is to move to shared knowledge management systems where this can support the work we do together.

The Ministry signed an enhanced Shared Services Arrangement with the Intelligence Community in December 2015. Moving onto this arrangement enables access to greater human resource expertise. An enhanced agreement is intended to move the Intelligence Community Shared Services from a service provider to being a strategic business partner. This will increase the level of support available to managers, and support the Ministry's people to participate in a sector wide talent and leadership development opportunities.

Milestone	What will be achieved
The Government's investment in the Ministry is managed successfully and meets expectations	<ul style="list-style-type: none"> <li>• Appointments made to new roles in the Ministry's Acquisition Division and Capability Development Branch by 2016/17</li> </ul>
Partnership arrangements in Defence deliver benefits to both the Ministry and New Zealand Defence Force	<ul style="list-style-type: none"> <li>• During 2016, the Ministry will systematically embed partnership-building skills and practices in its people and continue this practice once it is in place</li> <li>• Deliver on annual evaluation work programme agreed by the Minister of Defence</li> </ul>
The Ministry is operating sustainably with contemporary organisational practices, systems and policies, with a highly engaged and participative culture	<ul style="list-style-type: none"> <li>• In 2016/17, the Ministry will move to a new knowledge management system (SharePoint), shared with the Defence Force</li> <li>• In 2016, the Ministry will implement a shared Project, Programme and Portfolio management IT system (Planview) with the Defence Force</li> <li>• The Ministry will implement its new workforce strategy in 2016, which includes improvements to recruitment, induction and performance management</li> <li>• The Ministry will review its policies, systems and controls to ensure they reflect public service best practice and are appropriate for a larger organisation</li> <li>• In 2016/17, the Ministry will update its human resource policies framework, in line with public service best practice</li> </ul>
The Ministry develops its people and offers them a career in a national security workforce	<ul style="list-style-type: none"> <li>• During 2016, the Ministry will make improvements to staff rotation, to make this a more planned part of people's development, alongside improving learning and development policies</li> <li>• The Ministry will participate in the development of a sector based national security workforce initiative, the detail of which will be developed in 2016</li> <li>• The Ministry will initiate work with partner agencies to improve the options available for coaching and mentoring (2016 and 2017)</li> </ul>

## PRIORITY 5: DEFENCE IS OPEN, TRANSPARENT, ACCESSIBLE AND TRUSTED

The Ministry depends on its relationships with customers and partners. These depend on the Ministry's perception as open, transparent, accessible and trusted. It is important that the Ministry operates in an open, ethical and high integrity way.

The Ministry's work involves significant commercial and national security interests that must be managed sensitively. But it is also essential that stakeholders and the general public understand, can access and trust Defence.

Milestone	What will be achieved
The Ministry of Defence operates an open, ethical, high integrity environment	<ul style="list-style-type: none"><li>• Participation in a global anticorruption network with defence partners</li><li>• Address recommendations from the 2015 Transparency International Government Defence Index</li><li>• Implement Defence sector training on ethics and ethics awareness to increase understanding in this space</li><li>• Annual and triannual reporting on the detail of major Defence acquisition work, with a focus on delivering work that is clear and transparent</li></ul>
The Ministry of Defence maintains preventative controls on fraud and corruption	<ul style="list-style-type: none"><li>• Undertake regular ethics and integrity training</li><li>• Conduct assessment on the adequacy of controls around areas of highest risk and address shortcomings</li><li>• Ensure acquisition programmes incorporate ongoing probity and quality assurance on major procurements</li></ul>
The Ministry of Defence communicates proactively and in plain English	<ul style="list-style-type: none"><li>• Implement peer review and sample testing to ensure standards are met around clarity and quality of communications</li><li>• Internal processes will support Ministry documents to be in plain English, use active language and be accessible to the audience</li></ul>
The Ministry of Defence develops and delivers a deliberate programme of outreach to universities, industry and interest groups	<ul style="list-style-type: none"><li>• In 2016/17, the Ministry will establish formal linkages with all New Zealand universities on defence matters</li><li>• Strengthen relationships with key stakeholders – sector agencies, central agencies and Defence Industry</li></ul>



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## THE MINISTRY'S OUTPUTS

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The Ministry's activities are delivered through the following three outputs. The cost of these outputs, along with the associated output performance measures and standards are publicly available in *The Estimates of Appropriations*.<sup>77</sup>

### PROCURING MILITARY EQUIPMENT

The Ministry purchases major items of military equipment needed to implement the Government's defence policy. It ensures equipment meets contract specifications and is delivered on time and within budget. The Ministry strives for a seamless delivery process in partnership with the Defence Force and industry for each project.

Procurement occurs in the context of a defence capability management system shared by the Ministry and Defence Force. Through this, the two agencies collaborate to meet the Government's requirements to deliver programmes and projects involving personnel, equipment, platforms and other materiel that affect the Defence Force's capability to undertake military operations.

### POLICY ADVICE

The Ministry advises the Government on:

- the strategic environment
- defence and security policies
- military capabilities required to meet defence policy goals, including the costs, relative merits, and risks associated with proposed capability options, including technical analysis and advice
- the effective operation of the defence capability management system
- management of bilateral and multilateral defence relations, including deployments of the New Zealand Defence Force.

### EVALUATION, AUDIT AND ASSESSMENT OF PERFORMANCE

The Ministry undertakes independent evaluations, audits and assessments of performance, for the Minister of Defence, of Defence Force functions, duties or projects, and Ministry procurement activities. It also audits, for the Minister for the Environment and the Minister of Defence, controls on hazardous substances that are under the control of the Minister of Defence.

This work will focus on strategic risks in the defence system, and provide reports that are data driven and support learning and continuous improvement. The strategic risk focus will include aligning strategic risks across the Defence Force and the Ministry, as well as identifying any gaps, incorporating Government priorities, assessing the current state, and identifying comparable military risks elsewhere in the world.

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<sup>77</sup> Refer to Vote Defence information in *The Estimates of Appropriations – External Sector*, available as part of the annual Budget information release on the Treasury website: <http://www.treasury.govt.nz/budget>.

# HOW THE MINISTRY DELIVERS SERVICES

## OPERATING MODEL

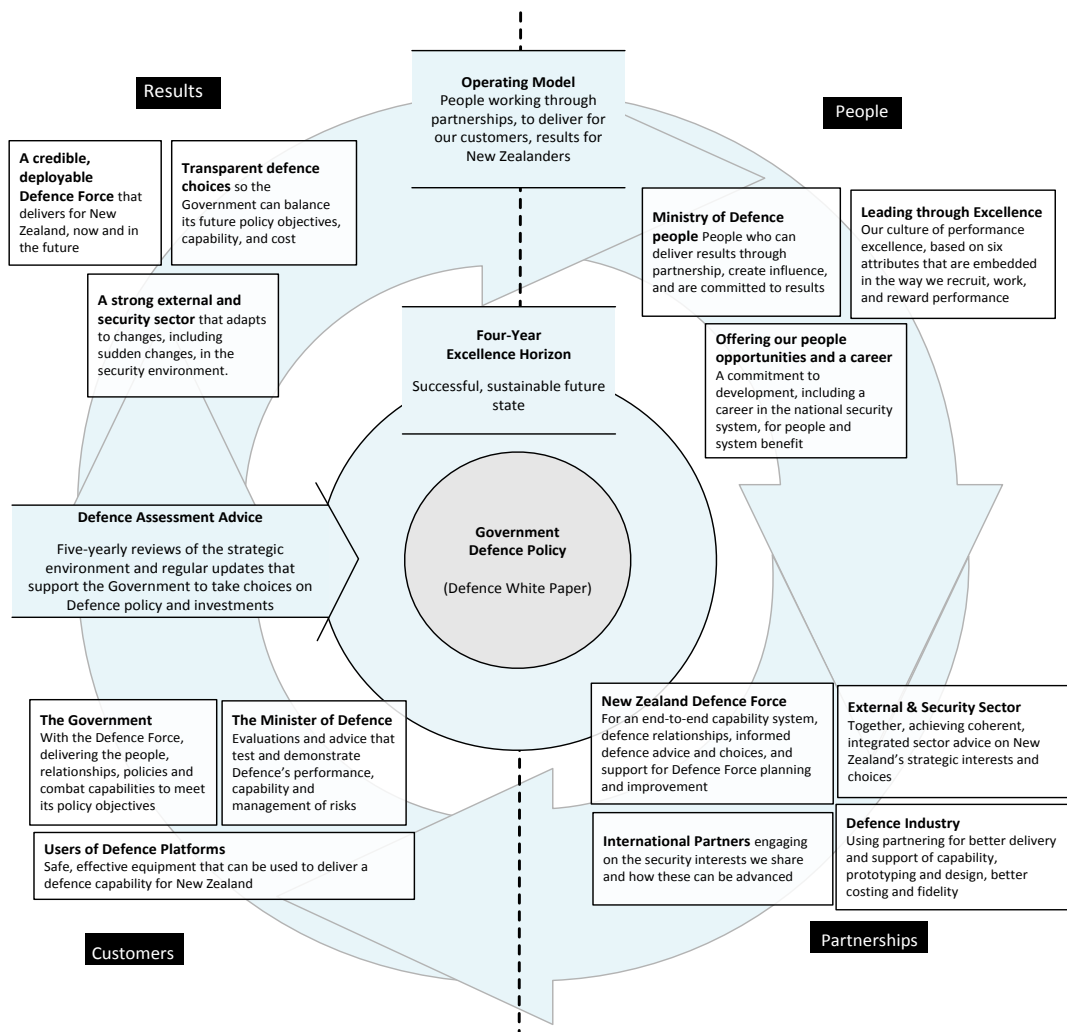
As well as a new Excellence Horizon and strategic priorities, the Ministry has refreshed its operating model.

The Ministry's previous operating model was focused on organisation reform, which was the challenge it faced in 2013. The new challenge is embedding the connections between:

- people who work through partnerships and are committed to results
- strong partnerships with the New Zealand Defence Force and others that improve the quality and transparency of what is delivered for our customers
- customers to whom we deliver, to get results for New Zealand.

The Ministry believes that if it does this, it will deliver on the Ministry's purpose and the Government's expectations.

The Ministry has developed a new Operating Model focused on how the Ministry delivers for its customers

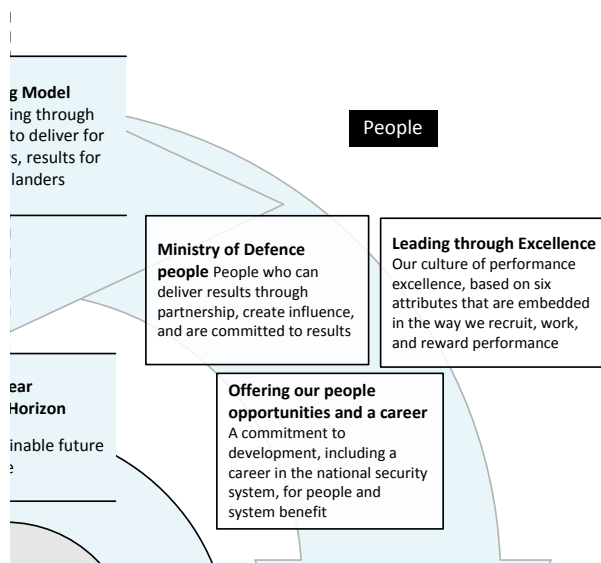


The Ministry will continue some existing improvements to its operating model, and also start new ones to advance its strategy.

## PEOPLE

### Structures and systems to developing more of our own talent pipeline

With a variety of roles, the Ministry's Policy and Planning and Acquisition divisions are large enough to grow some of their own talent. The new Acquisition Division structure has been designed with this objective in mind. It includes a potential career path from project support roles up to Project Manager, Project Director and Programme Director level. The Ministry is exploring the potential to share talent and adopt options like secondments with other agencies, both in the private and public sector.



In the Policy and Planning Division, the Ministry is strengthening its talent management approaches at the same time as working more closely with external and security sector partners. This will include a more structured 12–24 month development path for new analysts, common job frameworks, and the potential for rotation arrangements with other agencies.

### New developments from the Ministry's shared services arrangements

The Ministry moved onto the New Zealand Defence Force's ICT platform in December 2014, in part to enable the two Defence agencies to use shared systems to accomplish shared work. In 2016 and 2017 the Ministry will introduce shared electronic filing systems and move onto a shared system that will allow a single view across defence capability projects, programmes and portfolios.

In March 2014, the Ministry started a shared services arrangement with the Intelligence Community for human resources and people services. An enhanced arrangement has now been agreed that includes the opportunity for the Ministry to participate the development of a national security workforce. The Ministry believes its ability to offer staff a career in a sector, not just a job in the Ministry of Defence, is important to our ability to recruit and retain the talent we need.

## PARTNERSHIPS

The Ministry will implement its new Workforce Strategy – *Every Person Counts* – from 2016. This includes steps to support its people with partnering skills and disciplines – including the large number of new staff who will start in the next two years.

### An enhanced Evaluation operating model, focused on supporting the Defence Force with implementing Evaluation recommendations

The Ministry will continue to produce its more strategic, improvement focused evaluations and assessments. In 2014/15, it prioritised funding away from external methodological advice, in order to provide more ongoing people resources to support the Defence Force with implementing report findings.

This approach has already helped support the Defence Force to implement recommendations in respect of opportunities for military women and recruit training. The Ministry believes this has a real benefit to the defence system and is a good example of a partnered approach getting better results.

### New roles and structures to support partnering with Defence Industry

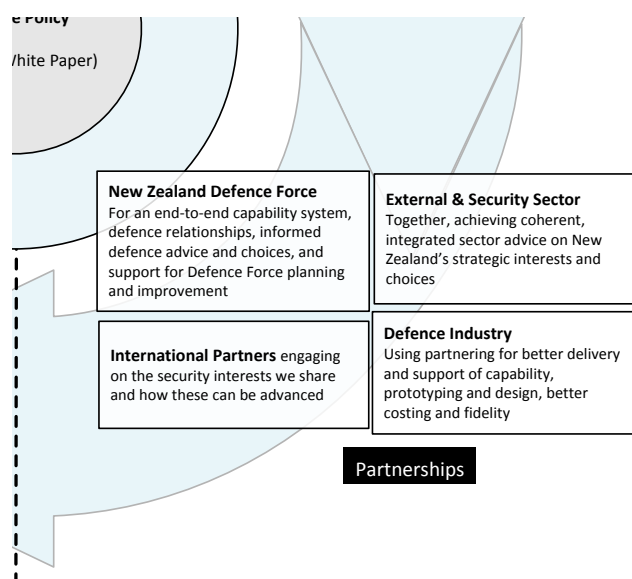
The Ministry is implementing the recommendations of the Evaluation report *Optimising New Zealand Industry Involvement in the New Zealand Defence Sector*, which identified that both industry and Government would benefit from a closer relationship.<sup>8</sup>

In its new Acquisition structure, the Ministry has established two senior roles with specific responsibility for industry relationships, and is including industry representatives in reforms to the defence capability management system. This will also be supported by a web portal (operated jointly with the Defence Force) to help Defence Industry suppliers engage earlier with the Crown.

The Ministry believes this will improve our delivery by improving prototyping and design, as well as costing and cost fidelity. Earlier engagement with Defence Industry will enable them more time to consider future defence investments, and more opportunities for small local companies to partner with prime contractors delivering larger initiatives.

### Changes to the defence capability management system

Priority three sets out extensive changes to the defence capability management system. This has already included structural change (a new structure for the Acquisition Division in September 2015) and other changes will follow over the next two years.



<sup>8</sup> *Optimising New Zealand Industry Involvement in the New Zealand Defence Sector* is available from the Ministry's website at: <http://defence.govt.nz/reports-publications/evaluation-report-optimising-nz-industry-involvement/contents.html>.

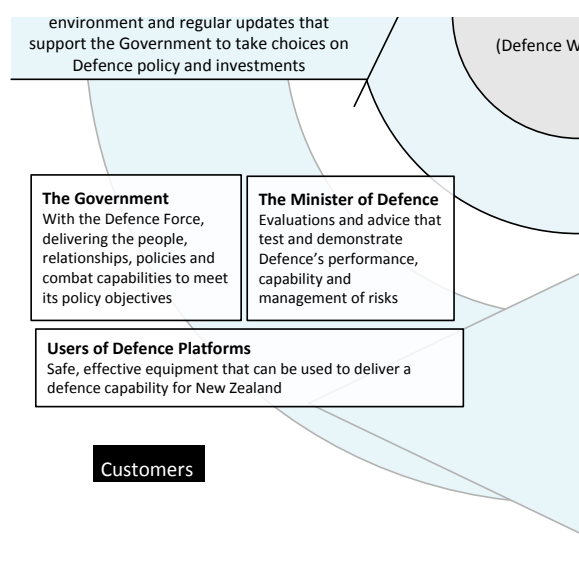
## CUSTOMERS

### New products to regularise our advice on the strategic environment

Defence Assessments have traditionally been provided on an occasional basis (currently about every five years), to inform periodically produced Defence White Papers.

Following completion of the *Defence White Paper 2016*, the Ministry will produce annual reviews of the strategic environment for Ministers, as part of more regular and proactive advice on New Zealand's strategic environment and outlook.

This will be accomplished in partnership with other external and security sector agencies.



## CONTINUOUS IMPROVEMENT

The Ministry's credibility is critical to how its advice is received. It monitors this continuously through stakeholder feedback and peer review. The Ministry uses this information to guide continuous improvement so it can deliver better quality advice and further improve its credibility.

## EQUALITY AND DIVERSITY

The Ministry is committed to the State Services Commission's *Equality and Diversity Policy*, which means it treats people fairly and respectfully, ensuring equality of access to opportunities (equality), and understands, appreciates and realises the benefits of individual differences (diversity).

## HOW WE WORK WITH OTHER AGENCIES

The Ministry is a part of the defence and security sector. It assesses influences on the security environment by working with other security agencies, mainly the Defence Force, the Ministry of Foreign Affairs and Trade, and the Department of the Prime Minister and Cabinet, all of which have a high level of input into its final policy advice.

The Ministry's core contribution to the security sector is to lead the debate, from a civilian perspective, on the defence aspects of national security and its implications for military capability.

Its close relationship with the New Zealand Defence Force is formalised through various committees, and shared management of capability development, and other defence business. This is complemented by routine informal collaboration.

The Ministry routinely liaises with staff from the Ministry of Foreign Affairs and Trade, the Treasury and the Department of the Prime Minister and Cabinet. It participates in central Government security and crisis management arrangements.

The challenge of supporting a whole of Government approach to security management is aligning defence policies, capabilities and operations to foreign policy and wider Government objectives. As a result, the Ministry works towards a sector approach to achieving outcomes and reporting.

Figure 5: Defence relationships with other departments and agencies





# APPENDIX: MILITARY CAPABILITY

The *Defence White Paper 2016* outlined the military capabilities that the Defence Force will need to undertake its roles and tasks out to 2040. These are summarised below. Further detail on the Government's updated mix of capabilities will be included in the next Defence Capability Plan, to be released in 2016.

