

NZDIA FORUM 2018

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Deputy Secretary Capability Delivery

Tēna koutou, tēna koutou, tēna koutou katoa.

Nga mihi nui ki a koutou katoa.

PLEASED TO BE HERE

I am pleased to join you here today, as we mark what has been a truly significant year for New Zealand's defence capability.

RECENT INVESTMENT DECISIONS

The Government's investment decisions over the past 12 months will shape the capability of the New Zealand Defence Force for the next generation.

With a value of around \$2.8 billion, these include:

- The lease of four King Air 350 aircraft that will enable New Zealand-based air warfare officer training.
- Acquisition of an NH90 Flight Training Device, which means this training will also take place domestically, resulting in increased availability of our helicopter fleet, pilots and trainers, reduced risk to the existing capability as well as the creation of several permanent jobs here in the Manawatu.
- The recent announcement of the decision to purchase and modify the MV *Edda Fonn* will deliver the replacement dive and hydrographic capability for the Royal New Zealand Navy.
- And the announcement of the Government's significant investment in New Zealand's air surveillance capability will see delivery of four P-8A aircraft to replace the aging Orion fleet.

The decisions that have been made reflect the Government's stated commitment to ensuring Defence can continue to meet expectations placed on it.

The New Zealand public and our international partners have a high degree of confidence in our Defence Force's ability to engage and respond. This has led to its established global reputation for delivering.

The airlift support and evacuation response following last month's destructive earthquake in Indonesia is just the most recent example of New Zealand's willingness to help.

And as everyone gathered here knows, one of the key factors that enables New Zealand's ability to respond when needed is the capability on which our military personnel rely.

Along with its key asset – our personnel – this is the equipment, integrated technology and systems, logistical support and infrastructure.

The programme to upgrade, enhance and replace this capability has already delivered a great deal. More will come online over future years as projects that are in flight continue their progress towards introducing capability into service.

STRATEGIC DEFENCE POLICY STATEMENT

We are nearing the end of a period of review as well, ensuring our focus remains relevant in a changing global environment and aligns with Coalition Government's national security and foreign policy priorities.

The Government's *Strategic Defence Policy Statement*, released early in July, provided clear policy objectives, setting the strategic focus and **basis** for Defence's ongoing work programme. It confirms the value that Defence provides to our community, nation and the wider world.

At the recent Defence Industry Reception, Minister Mark spoke about the Policy, and highlighted the need for the New Zealand Defence force to be:

- Combat capable
- Flexible and ready
- Able to operate with high levels of public trust and confidence
- And embodying and promoting New Zealand's values.

A strong and mutually supportive relationship between Defence and industry is a priority for achieving and maintaining the level of capability that will enable this vision to be met.

REVIEW OF DEFENCE PROCUREMENT

During this year the Government also sought assurance that Defence is, in its own right, well-placed to deliver on any future commitments.

The *Review of Defence Procurement Policies and Practices for Major Capability Projects* by Sir Brian Roche confirmed that, overall, our procurement process is robust.

Feedback was sought from Industry, and I know its outcomes have been of particular interest to the sector.

Defence has been clear on its role; we need to be able to deliver capability within budget and on time, and meeting the requirements of users. It has to be able to be supported throughout its life, and consider such issues as life of type interoperability, training and infrastructure requirements.

The advice and support we receive from industry strengthens the expertise that exists within the NZDF and the Ministry.

And it was appropriate that the review's findings recognised the complexity of projects that we undertake.

Take the Network Enabled Army programme, which is focused on Army and Special Forces' C4ISR capabilities.

The first Tranche of the programme is in delivery, aiming to deliver a complex series of integrated technological solutions. At the same time, the project is having to work closely with other projects that have, in turn, their own interdependencies.

For example, the Protected Mobility Capability Project, which is in definition phase, is working closely with the Network Enabled Army, while also engaging with the teams from the Garrison and Training Support and Consolidated Logistics Projects. Operating in isolation is not an option for any Defence project.

MAKING THE DIFFERENCE

While the difficulties inherent in any managing any complex project were noted by the Review, the Defence Capability Change Action Programme, or DCCAP, was noted for the difference it has made to the way Defence manages capital projects.

What have we been doing?

Since 2015 we have built a contemporary capability management system through DCCAP, ensuring collaboration between our two agencies to ensure we draw on expertise from both.

We implemented the integrated project team structure and approach, and the benefits are being seen as projects are being considered across their entire life cycle.

These blended Ministry and NZDF teams are strengthened by making better use subject matter experts who are introduced at an appropriate time to identify, mitigate and manage risks and complexities.

Likewise, experts on governance bodies and forums are being used better, and external advisors are helping us to manage complex risks in a timely way as well.

While the review made no specific recommendations, Sir Brian offered a series of observations, which are being incorporated into Defence's continuous improvement process.

INDUSTRY'S FEEDBACK TO THE REVIEW

Industry's feedback to the review was important to this process. It suggested you have seen a positive trend as a result of the DCCAP process. Both the Ministry and the NZDF are considered to have made great progress.

While this is an acknowledgement of work that we've been implementing progressively over the past three years, we have taken on board the Review's comments about examining the engagement process between the Approval to Initiate stage, and the drafting of a Detailed Business Case and looking for increased opportunities to engage.

So what will you see?

New industry engagement guidance has been included in our Capability Management System, mandating a minimum number of early engagements in a project's lifecycle.

And recent feedback has been positive about the discussions and information sharing in relation to the Garrison and Training Support Vehicles projects, and the information provided to the market about the Fixed High Frequency Radio Refresh and the Network Enabled Army Tactical Communication Access Nodes. And yesterday's Air Surveillance Complementary Capability workshop

was oversubscribed, so we know you remain keen to take up these opportunities to connect with the projects as early as possible.

We've provided additional resources through the Defence Industry Portal, including Ministry of Defence contract templates, RFT, Whole of Life Costing, and RFI documents to support you.

We are increasing the knowledge and skills of our project teams through workshops that focus on building understanding of early engagement with industry.

We're also looking beyond our own work, with the Ministry's staff connecting with local government to discuss regional opportunities.

Internationally, Defence has supported NZTE initiatives associated with the significant opportunities that exist in Australia. How their investment programme might be leveraged by New Zealand industry is worth exploring. There have been:

- Australian Prime Contractor visits to New Zealand – including Thales (Auckland and Christchurch), and Rheinmetall (Auckland)
- Government workshops between Defence, MFAT and MBIE that focused on the importance of a strong defence industry in New Zealand.

We will build on this, and the other work that is underway, and add value. Engagement leads to better project outcomes; reducing misinterpretation, increasing understanding and the value that can be achieved for all. In the meantime, Defence staff are speaking at NZDIA members' meetings throughout the year as well, ensuring that opportunities to connect with you are taken and continue to deliver timely information, and enable Defence to seek early advice and input from industry, and to hear your feedback on how things are going.

CONCLUSION

The Roche Review recognised that a nation such as New Zealand – with our purchasing power and comparative size of acquisition projects – has challenges.

A strong and mutually supportive relationship between Defence and industry is a priority for achieving and maintaining the level of capability that will enable us to achieve the vision that has been set.

As you know, the release of the updated Defence Capability Plan is the next key step.

The previous plan, released in 2016, took the level of transparency about proposed Defence capability expenditure to a new level, giving indicative budgets and timings for projects and offering a greater level of information for industry.

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These future investment decisions – along with Industry's support for the delivery of new or upgraded capability and its through life support – will enable our projects to succeed, and enable the NZDF to continue to deliver its great work.

We look forward to continuing the work we are doing with you to achieve this.