

## **HON ANDREW LITTLE, MINISTER OF DEFENCE**

### **Defence Policy Review: Future Force Design Principles Cabinet Paper**

August 2023

This publication provides documents pertaining to Cabinet's 26 June decision to agree to the second product of the Defence Policy Review, the *Future Force Design Principles*.

The pack comprises the following documents:

- Cabinet minute: *Defence Policy Review: Future Force Design Principles [CAB-23-MIN-0265]*
- Cabinet paper: *Defence Policy Review: Future Force Design Principles [CAB-23-SUB-0265]*

This pack has been released on the Ministry of Defence website, available at: [www.defence.govt.nz/publications](http://www.defence.govt.nz/publications).

It has been necessary to withhold certain information in accordance with the following provisions of the Official Information Act 1982. Where information is withheld, the relevant sections of the Act are indicated in the body of the document. Where information has been withheld in accordance with section 9(2) of the Act, no public interest has been identified that would outweigh the reasons for withholding it.

Information is withheld where making it available would be likely to prejudice:

- the security or defence of New Zealand or the international relations of the Government of New Zealand [section 6(a)]

Information is also withheld in order to:

- maintain the constitutional conventions for the timing being which protect the confidentiality of advice tendered by Ministers of the Crown and officials [section 9(2)(f)(iv)]
- maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any department or organisation in the course of their duty [section 9(2)(g)(i)]



# Cabinet

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Defence Policy Review: Future Force Design Principles

**Portfolio**      **Defence**

On 26 June 2023, the Cabinet, following reference from the Cabinet External Relations and Security Committee (ERS) :

- 1      **noted** that on 7 June 2022, ERS agreed to the terms of reference for the Defence Policy Review, which included the preparation of a set of Future Force Design Principles (FFDP) [ERS-22-MIN-0022];
- 2      **noted** that the FFDP provides an opportunity to give early direction to officials on the development of future New Zealand Defence Force (NZDF) investment options;
- 3      **noted** that strategic competition and the effects of climate change mean the NZDF is likely to be called on more often in the future to support security in New Zealand and its region, including for peace support operations, humanitarian assistance and disaster relief, and support to other agencies;
- 4      **agreed** to the recommended set of design principles s6(a), s9(2)(g)(i) as outlined below:
  - 4.1      a systems approach will be taken to force design;
  - 4.2      people are Defence's most important capability;
  - 4.3      Defence will follow the principle of kaitiakitanga in responding, adapting, mitigating, and engaging in response to the climate crisis;
  - 4.4      combat capable: s6(a)
  - 4.5      concurrency: s6(a)
  - 4.6      resilience: s6(a)
  - 4.7      flexibility: s6(a)
  - 4.8      scalability: s6(a)
  - 4.9      partnership: s6(a)
  - 4.10      technological approach: s6(a)

4.11 system complexity:

s6(a)

- 5 **noted** that the recommended option will ensure the NZDF will be able to continue to provide options for the government to respond to the most likely future scenarios;
- 6 **agreed** to the draft FFDP text, attached as Appendix 3 to the paper under CAB-23-SUB-0265;
- 7 **authorised** the Prime Minister, the Minister of Defence and the Minister of Foreign Affairs to approve the final content of the FFDP, and the timing of its release and sequencing with other national security products;

### Future work for the Defence Policy Review

- 8 **noted** that the changing security environment requires New Zealand's future Defence, Security and Intelligence obligations and requirements to be considered alongside each other;
- 9 **noted** that delivering on the principles outlined in paragraph 4 above point to a need for additional investment in the NZDF in order to deliver a Force that meets New Zealand's obligations and requirements in a changing strategic environment;
- 10 **directed** officials to report back to Cabinet s9(2)(f)(iv) with an update on options development, and s9(2)(f)(iv) with a shortlist of Force structure and investment options to form the basis of a new Defence Capability Plan;

11 s9(2)(f)(iv)

12

Diana Hawker  
Acting Secretary of the Cabinet

## Defence Policy Review: Future Force Design Principles

### Proposal

- 1 This paper seeks Cabinet agreement on the second product of the Defence Policy Review (the Review), the *Future Force Design Principles* (FFDP) to guide future Defence investment decisions. A companion paper seeks approval for the *Defence Policy and Strategy Statement* (DPSS).
- 2 This paper also seeks Cabinet approval to commence work on a *Defence Capability Plan* (DCP) and direct officials to report back to Cabinet s9(2)(f)(iv) with an update on option development, and s9(2)(f)(iv) force structure and investment options to form the basis of a new Defence Capability Plan.

### Relation to government priorities

- 3 The FFDP supports the Government's objective of laying the foundations for the future by considering how best to design the NZDF to respond to a deteriorating strategic environment and the effects of climate change.
- 4 It also supports the Minister of Defence's priorities, in placing *people* at the core of future force design, and detailing principles that will assist in guiding future decisions on *infrastructure* and NZDF capabilities that support New Zealand's interests in the *Pacific*, including working to improve the resilience of the region against security challenges.

### Executive Summary

- 5 In July 2022, Cabinet approved the Terms of Reference for the Defence Policy Review [CAB-22-MIN-0218 refers] and commissioned the development of the FFDP as a second product.
- 6 The FFDP is designed to act as a bridge between the high-level policy and strategy in the DPSS (see companion paper) and detailed investment planning in a DCP. The FFDP takes a 15 year horizon. Application of the principles provides early direction on options to be developed in a DCP. Government will then have confidence that investments in Defence will be well aligned to policy and strategy settings, and that trade-offs are clear in the dimensions that matter most for outcomes and cost.
- 7 During the FFDP development process, Defence officials identified s9(2)(g)(i) to guide future force design. s6(a)

- 7.1 Level of **combat capability** – s6(a)

s6(a)

7.2 Level of **concurrency** – Concurrency relates to how many activities the NZDF is designed to do at once.

s6(a), s9(2)(g)(i)

7.3 Level of **resilience** –

s6(a), s9(2)(g)(i)

This principle also applies to people and organisational resilience.

8 Other principles identified are the need to take an integrated, systems approach; that people are NZDF's most important capability; the need to consider climate change;

s6(a)

flexibility and scalability;

s6(a)

partnership;

s6(a)

reduce system

complexity

s6(a)

9 These principles guide a future state for Defence that reflects and responds to the strategic environment and approach set out in the DPSS.

s6(a), s9(2)(g)(i)

10 I recommend Cabinet direct officials to design investment options based on these principles. The principles signal a need to increase investment to maintain and grow the NZDF to meet the challenges of the future environment. The Government is not being asked to commit now to a particular level of funding. Rather, the next step of the Review process will allow Cabinet to understand detailed investment options over time to build an NZDF well placed to advance New Zealand's interests and respond to the Government's needs in the future. The preferred option would form the basis of a *Defence Capability Plan*

s9(2)(g)(i)

## Background

11 In July 2022, Cabinet approved the Terms of Reference for the Defence Policy Review [CAB-22-MIN-0218 refers], and commissioned two initial products: the DPSS and FFDP. The component parts of the Review provide guidance to Defence to support a long-term approach for New Zealand's defence policy, capability and resourcing.

- 12 The FFDP is a new step for the Review process, and is designed to be read in conjunction with the DPSS. It is intended to act as a bridge between the high level DPSS and detailed investment planning in a DCP. The FFDP also takes into account the NZDF's contribution to other government strategies, including the *National Security Strategy*, *Maritime Security Strategy* and *Transnational Organised Crime Strategy*.
- 13 The FFDP sets out assumptions and principles to guide force design and, through application of these, provides early direction on options to be developed in a DCP. This will help Government have confidence that investments in Defence will be well aligned to policy and strategy settings, and that trade-offs are clear.

### The world is growing increasingly complex

- 14 As outlined in the DPSS, the strategic environment is changing, and force design must take this into account. In the next 10-15 years, the NZDF will need to grapple with challenges such as:

14.1

s6(a), s9(2)(g)(i)

14.2

An increasing complexity of threats, including through cyber and space domains:

s6(a)

14.3

Advanced technologies will become increasingly common in the national security space: the NZDF will need to be able to both protect against and take advantage of these technologies.

s6(a), s9(2)(g)(i)

14.4

The impacts of climate change: an increase in the intensity of weather events in New Zealand and our region will require NZDF to provide a wide range of responses more often. The direct environmental and human security risks stemming from climate change will increase the need for government-led responses.

14.5

New Zealand's security will continue to be challenged by illegal, unreported and unregulated (IUU) fishing, transnational crime, and irregular migration, which the NZDF will need to work with other agencies to combat.

14.6

Security events will increasingly overlap; the NZDF will be required to respond in multiple places simultaneously.

14.7

The changing New Zealand workforce and demographics will need to be taken into account as Defence works to continue to attract skilled personnel.

s6(a)

## The current state of Defence

- 15 [Redacted] s6(a), s9(2)(g)(i)  
[Redacted]  
diminishing skills and experience. [Redacted] s6(a), s9(2)(g)(i)  
[Redacted]
- 16 [Redacted] s6(a), s9(2)(g)(i)  
[Redacted] As demand on the NZDF is projected to increase, it is important to stabilise the NZDF's foundations so it can support New Zealand's security today, and have a solid base from which to support New Zealand's defence interests into the future.
- 17 A core Defence interest articulated in the DPSS is collective security through a strong network of partners. [Redacted] s6(a), s9(2)(g)(i)  
[Redacted]

## Future Force Design – Key Features

- 18 Defence officials have identified a set of assumptions and principles to guide the design of a future NZDF that can be used in a more proactive and deliberate way by the Government as outlined in the DPSS. The assumptions will be taken as fact in designing a future force. The principles provide 'guide rails' for Defence in considering future investment and operational planning. They will be used to guide development of a future DCP if commissioned, and individual business cases.
- 19 Assumptions and principles were developed taking into account the strategic environment detailed in *Defence Assessment 2021* and DPSS, assessments of current and future challenges for Defence, literature reviews, feedback from industry, and an assessment of lessons learnt from previous capability projects.

## Assumptions

- 20 Defence officials identified the following assumptions:
- 20.1 [Redacted] s6(a), s9(2)(g)(i)  
[Redacted]
- 20.2 **Defence will leverage partnerships to deliver outcomes** – as a small nation, New Zealand relies on partnerships to meet its Defence interests.  
[Redacted] s6(a), s9(2)(g)(i)  
[Redacted]

20.3 **The NZDF will be prepared for combat**  
s6(a), s9(2)(f)(iv)

20.4 **Defence will have improved funding certainty**  
s9(2)(f)(iv)

The exact phasing and combination of investments would be developed and tested as part of the DCP, taking into account consideration of Security and Intelligence obligations and priorities alongside Defence.

20.5 s9(2)(f)(iv)

## Principles

21 Two types of principles were identified: *fixed principles* which are enduring guide rails for Defence; and *sliding scale principles*, where the Government has choice on which direction to aim towards, as a guide for future force design.

22 Externally facilitated workshops with Defence subject matter experts were used to shortlist principles and undertake qualitative sensitivity testing. The approach has been tested with academics, and other government agencies were engaged.

23 The fixed principles are:

23.1 **Defence will take a systems approach to force design**  
s9(2)(f)(iv)

23.2 **People are Defence's most important capability** - a skilled, sustainable and engaged workforce will remain the critical capability for Defence to continue to serve New Zealand.



23.3 **Defence will be guided by the principle of kaitiakitanga in responding, adapting, mitigating, and engaging in response to the climate crisis -** Defence will continue to follow the 2019 *Responding to the Climate Crisis: An Implementation Plan* as it designs a force for the future.

24 The 'sliding scale' principles were prioritised as important design characteristics for the future NZDF. Each of these principles is a continuum and the Government has choices around the direction of travel or policy settings for these principles.

25 s6(a)

*Level of combat capability*

26 s6(a)

Released by the Minister of Defence

s6(a), s9(2)(g)(i)

Released by the Minister of Defence

27 [Redacted] s6(a)

*Level of concurrency*

28 Concurrency relates to the ability of the NZDF to undertake multiple activities or deployments at once.

**Table Two: Concurrency - options** [Redacted] s6(a)  
[Redacted] s6(a)

29 [Redacted] s6(a), s9(2)(g)(i)

30 [Redacted] s6(a), s9(2)(g)(i)

31 [Redacted] s6(a)

*Level of resilience*

32 Resilience relates to the ability of the Defence Force to keep operating under pressure [Redacted] s6(a)

**Table 3: Resilience - options** [Redacted] s6(a)  
[Redacted] s6(a)

33 [Redacted] s6(a)  
[Redacted] The COVID-19 pandemic highlighted the fragility of global supply chains. [Redacted] s6(a)

[Redacted] s6(a)

s6(a)

34 s6(a), s9(2)(g)(i)

This principle also applies to people and organisational resilience.

*Other sliding scale principles*

35 s9(2)(f)(iv) other principles are significant to consider in guiding future force design. Further detail on the principles is in the FFDP summary (Appendix 1) and draft document (Appendix 3).

36 The additional principles s6(a), s9(2)(g)(i)

36.1 s6(a) flexibility and scalability s6(a)

36.2 s6(a) partnership

36.3 s6(a) technological approach

36.4 system complexity s6(a)

37 s6(a), s9(2)(g)(i)

37.1 s6(a), s9(2)(g)(i)

37.2

37.3

37.4

38 s6(a), s9(2)(g)(i)

s6(a)

s6(a), s9(2)(g)(i)

39

### Timing – path to a future NZDF

40 The principles set out directions of travel for the design of a NZDF over the next 15 years, which would be applied through a DCP and other organisational planning. They show a future state for Defence. To achieve this future, we need to plot a path from the NZDF's current state.

41

s9(2)(f)(iv), s9(2)(g)(i)

42 The exact phasing and combination of investments would be developed and tested as part of the DCP, while also taking Security and Intelligence obligations and requirements into account. Taking this approach allows Government to retain agility in a rapidly changing global and economic/fiscal environment.

43

s9(2)(f)(iv), s9(2)(g)(i)

44

### Financial implications

45 There are no immediate financial implications of the DPSS or FFDP. Staffing of the programme has been financed through Vote Defence and Defence Force baselines. Future elements of the Review will address investment options in Defence.

46 While the preferred option for principles does not set a level of investment, it does point to the need for an increase so we can meet increasing levels of obligations across Defence, Security and Intelligence.

s9(2)(g)(i)

s9(2)(g)(i)

47

s6(a), s9(2)(g)(i)

- 48 The nature of any additional investment will depend on choices and options in the DCP, including the timing of any investment decisions and availability of funding. Consideration also needs to take Security and Intelligence obligations into account alongside Defence.

#### **Public Release of FFDP**

- 49 I seek Cabinet approval to work with officials to determine the appropriate form and content of a public version of the FFDP.

#### **Consultation and engagement**

- 50 The Defence Policy Review process has included engagement across a broad array of stakeholder groups, including the public, defence industry, academia, government agencies, and international partners. The Ministerial Advisory Panel and the Executive Advisory Group have also been consulted throughout the development of the DPSS and FFDP. These engagements have been used to inform and test the analysis underpinning the DPSS and FFDP.
- 51 A summary of the consultation and engagement process across these stakeholder groups is included in the companion paper.
- 52 The project has also received 86 email submissions. The majority of respondents expressed the need for the NZDF to enhance its capabilities to address threats from strategic competition, climate change and cyber. Most referenced the need for greater capacity for concurrent operations, the ability to operate with partners, and more flexibility in platform design for efficient or dual purpose use of equipment. Standalone submissions included suggestions to regenerate an air combat force, expand naval capabilities, improve digital infrastructure; and greater adoption of autonomous systems and AI.

#### *Government agency consultation*

- 53 Government agencies have been consulted across the development of the concepts and the text for the FFDP.
- 54 Government agencies who were consulted and provided feedback on this Cabinet paper and accompanying documents are Department of the Prime Minister and Cabinet (National Security Group), Ministry of Foreign Affairs and Trade, Ministry for Primary Industries, New Zealand Customs Service, Government Communications Security Bureau, New Zealand Security Intelligence Service, New Zealand Police, Public Service Commission, Ministry of Transport, and The Treasury. The

Department of the Prime Minister and Cabinet (Policy Advisory Group) has been informed.

*Ministerial Advisory Panel*

55 In September 2022, Cabinet approved the Terms of Reference for the Defence Policy Review Ministerial Advisory Panel [APH-22-MIN-0214] to provide me with advice, separate from Defence officials, on matters relating to the Defence Policy Review and its policy products. Throughout the Panel's engagement, members have identified the following themes relevant to the FFDP:

s9(2)(g)(i)

56

57

Released by the Minister of Defence

s9(2)(g)(i)

**Next Steps**

58 There is still more work required to translate the DPSS and FFDP from policy settings into practical reality. I recommend the Committee direct the Ministry of Defence and NZDF to develop force structure and investment options for Cabinet consideration, in line with the agreed principles

59 This work will provide options to match force structure, infrastructure and other future investments to policy objectives. The preferred option would be detailed in a new DCP.

60

s9(2)(f)(iv)

## Other implications

- 61 There are no legislative, gender, disability, climate change, or human rights implications resulting from the DPSS or FFDP.
- 62 Consistent with the work undertaken for the *National Security Strategy*, Defence is looking to better understand the interests of iwi/Māori in national security through continuing to build new and to foster existing relationships with iwi/Māori that endure beyond the completion of the Defence Policy Review. s9(2)(g)(i)

## Proactive Release

- 63 I intend to proactively release this paper and associated minute in due course with redactions in line with the Official Information Act 1982.

## Recommendations

The Minister of Defence recommends that the Committee:

- 1 **note** that in June 2022 Cabinet agreed to Terms of Reference for the Defence Policy Review, which included the preparation of a set of *Future Force Design Principles* (FFDP) [CAB-20-MIN-0365 refers];
- 2 **note** that the FFDP provides an opportunity to give early direction to officials on development of future NZDF investment options ;
- 3 **note** that strategic competition and the effects of climate change mean the NZDF is likely to be called on more often in the future to support security in New Zealand and its region, including for peace support operations, humanitarian assistance and disaster relief, and support to other agencies;
- 4 **agree** to the recommended set of design principles s6(a), s9(2)(g)(i)
- 4.1 a **systems approach** will be taken to force design;
- 4.2 **people** are Defence's most important capability;
- 4.3 Defence will follow the principle of **kaitiakitanga** in responding, adapting, mitigating, and engaging in response to the climate crisis;
- 4.4 **combat capable** s6(a)
- 4.5 **concurrency** s6(a)
- 4.6 **resilience** s6(a)
- 4.7 **flexibility** s6(a)
- 4.8 **scalability** s6(a)



4.9 **partnership** [redacted] s6(a)

4.10 **technological approach** [redacted] s6(a)

4.11 **system complexity** [redacted] s6(a)

5 **note** the recommended option will ensure the NZDF will be able to continue to provide options for the Government to respond to the most likely future scenarios;

6 **agree** the draft FFDP text, attached as Appendix 3;

7 **authorise** the Prime Minister, Minister of Defence and Minister of Foreign Affairs to approve the final content of the FFDP and the timing of its release and sequencing with other national security products.

*Future work for the Defence Policy Review*

8 **note** the changing security environment requires New Zealand's future Defence, Security and Intelligence obligations and requirements to be considered alongside each other

9 **note** that delivering on the principles contained in this paper point to a need for additional investment in the NZDF in order to deliver a force that meets New Zealand's obligations and requirements in a changing strategic environment;

10 **direct** officials to report back to Cabinet [redacted] s9(2)(g)(i) with an update on option development and [redacted] s9(2)(g)(i) with a shortlist of force structure and investment options to form the basis of a new Defence Capability Plan;

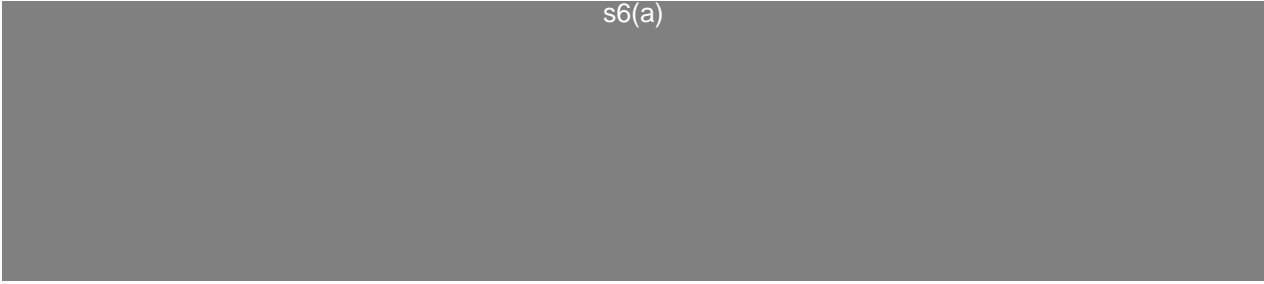
11 [redacted] s9(2)(f)(iv)

12 [redacted]

Authorised for lodgement

Hon Andrew Little  
**MINISTER OF DEFENCE**

s6(a)



Released by the Minister of Defence

Released by the Minister of Defence

Released by the Minister of Defence