

# INTRODUCING DEFENCE

A BRIEFING FOR THE INCOMING MINISTER



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## Attached Documents

- *Defence White Paper 2016*
- *Defence Capability Plan 2016*
- *Ministry of Defence and New Zealand Defence Force Four Year Plans*
- *Ministry of Defence and New Zealand Defence Force Leadership Team Biographies*

## Welcome to Defence

Congratulations on your appointment as the Minister of Defence.

Defence provides Government with the options it needs to respond to crises that can arise with little or no warning.

Few other militaries in the world cover such a broad range of tasks as the New Zealand Defence Force: from being ready for combat – the core role of any military, to humanitarian response, to supporting domestic agencies with tasks that matter to New Zealanders – like protecting our borders and ocean resources; conducting search and rescue; sustaining our scientists in Antarctica; responding to emergencies like earthquakes or floods; or responding to bomb disposal call outs.

Your appointment comes at a time of uncertainty and upheaval in the wider international security environment.

This places a high premium on the decisions Government makes in Defence policy. The military capabilities, platforms and infrastructure invested in today will most likely still be in use 25 years from now. Defence is a capital intensive portfolio, with up to \$20 billion of capability investment planned out to 2030. Progressing this investment will require Cabinet to make significant spending decisions on a regular basis.

The Defence White Paper released by the Government in June 2016, and its associated Defence Capability Plan, outline the Government's longer-term policy settings. These include the changes that are anticipated in New Zealand's strategic environment, the roles the Government expects the Defence Force to perform, and how defence capabilities suitable to these roles will be established and maintained.

The Defence agencies – the Ministry of Defence (MoD) and the New Zealand Defence Force (NZDF) – have prepared this short introductory briefing on the immediate issues and priorities for the Defence portfolio. It provides detail on:

- Ministerial decisions or actions required in the next few months
- your role as Minister of Defence;
- the roles and responsibilities of the two agencies, the Ministry of Defence and the New Zealand Defence Force (which together are referred to as 'Defence');
- the Government's direction for Defence;
- key issues in the Defence portfolio;
- international deployments; and
- currently scheduled Cabinet Papers, Ministerial travel and important meetings.

## **During Your First Three Months**

The Defence portfolio includes a busy programme of attendance at international and domestic events, and in the next three months you are scheduled to take a number of Cabinet Papers that need to be submitted prior to the pre-election period.

### **International Engagements**

As Minister, you have an important role in maintaining Government to Government defence relationships. Defence supports you in this activity, working closely with the Ministry of Foreign Affairs and Trade. You will receive comprehensive briefing packs, including formal speeches when required, for each of your engagements. International engagements take place both overseas, and domestically, when you host counterparts in New Zealand.

The Ministry and the Defence Force also maintain international engagement programmes at the official-to-official and military-to-military level. These are guided by an International Defence Engagement Strategy.

A list of currently scheduled international meetings and visits is provided in Annex A. We can engage with you as soon as you are ready, to shape this programme to your satisfaction.

The significant currently scheduled international events are:

- Counter-Islamic State in Iraq and the Levant (ISIL) Coalition Ministerial meeting, Copenhagen (9 May)
- Bilateral visit to Indonesia (30 – 31 May)
- Five Power Defence Arrangements Ministerial meeting, Singapore (2 June)
- Shangri-La Dialogue, Singapore (2 – 4 June)

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### **Domestic Engagements**

The types of domestic events that you are invited to attend include visits to New Zealand Defence Force camps and bases, arrival and departure ceremonies of deployed forces, openings of New Zealand Defence Force facilities, military commemorations and public events. Advice on domestic engagement, and a New Zealand Defence Force induction programme will be provided to you and your office separate to this paper.

## Cabinet Papers

A full Cabinet Paper schedule out to August is included at Annex B, which details the purpose of each paper, whether funding is sought, and the proposed Cabinet Committee date.

s9(2)(f)(iv)

Cabinet Papers are currently scheduled to be progressed prior to the election, details of which are provided below. These are:

- Mandate renewal and expansion for the deployment to the United Nations Command, Republic of Korea

s9(2)(f)(iv)

- Proposal to base Singaporean F-15 fighter squadron at Ohakea

## Budget 2017

Budget Initiatives were submitted that reflect the capability decisions made in the Defence White Paper 2016.

The operating expenditure initiatives seek funding for:

- the introduction into service of new and upgraded capabilities;
- the targeted re-growth of personnel in critical military capabilities; and
- the regeneration of the Defence Estate.

The capital injection initiatives seek funding for:

- acquisition of specialist military equipment;
- first stage of the Defence Estate Regeneration Programme.

As part of Budget 2017 the Defence Force has also sought increased contingent operating funding for the next three years for overseas deployments to reflect an increase in deployment activity.

## Foreign Affairs, Defence and Trade Committee

A hearing of the Foreign Affairs, Defence and Trade Committee is scheduled for 8 June. The meeting will discuss the Budget Estimates for Vote Defence and Vote Defence Force. As Minister, you will be the lead presenter at the hearing, with support from the Secretary of Defence and the Chief of Defence Force.

The Major Projects Report was created in 2010 to give Parliament, via the Foreign Affairs, Defence, and Trade Committee, greater visibility of how major Defence projects are being managed. Focusing on cost, schedule and capability, the Report is completed in close consultation with the Office of the Auditor-General.

s9(2)(f)(iv)

## The Special Role of the Minister of Defence

The arrangements for Defence are set out in the Defence Act 1990. The Act states that the Commander-in-Chief of New Zealand's Defence Forces is the Governor-General, and you as Minister of Defence have power of control over the Defence Force on behalf of the Government. You exercise this power through the Chief of Defence Force. The New Zealand Defence Force is the only agency of State with the ability to raise and maintain armed forces for the Defence of New Zealand and protection of New Zealand's interests.

As Minister, you shape the Defence portfolio and have formal input at key decision points, including:

- the approval of mandates, through Cabinet, to deploy the Defence Force overseas;
- setting the policy direction of Defence, through Cabinet, principally through the White Paper;
- the selection of capability options and the granting of approval, through Cabinet, to sign major contracts for the procurement of capability;
- setting Government priorities for the Defence agencies;
- making senior Defence Force appointments, through Cabinet, including for the Chief of Defence Force and the Service Chiefs;
- leading New Zealand's international defence engagement programme; and
- agreeing the Evaluation programme for the Ministry of Defence, and, directing specific evaluations, assessments or audits of Defence performance to be undertaken where required.

Key relationships for the Minister of Defence include the Prime Minister, Minister of Finance, given the significant spending implications of the Defence portfolio, and the Minister of Foreign Affairs, in particular when considering international deployments and engagements. At times, you may also engage with Ministers of agencies that work with Defence or receive Defence Force assistance, such as the intelligence agencies, Customs, Primary Industries, Police, Civil Defence and Emergency Management, and Conservation.

Your relationships with your international counterparts will set the tone, level and direction for defence cooperation activities. With most of our partner countries, particularly the other 'Five

Eyes' countries (Australia, Canada, United Kingdom and United States), the defence relationship has a significant impact on the broader bilateral relationship.

## Appointments

### *Territorial Employer Support Council*

You are responsible for appointing the members of the Territorial Employer Support Council, a statutory council created by the Defence Act of 1990. The Council currently operates as the "Defence Employer Support Council" and aims to increase the effectiveness of the Reserve Forces by gaining the support of employers. [REDACTED]

s9(2)(f)(iv)

### *New Zealand Defence Industry Advisory Council*

Defence has undertaken a number of significant improvements in the way industry and Defence engage. A key partner in supporting these improvements is the New Zealand Defence Industry Advisory Council. The Council is a non-statutory Ministerial advisory board comprising senior defence industry leaders. Chaired by Beca Group Ltd Chief Executive, Greg Lowe, its purpose is to provide you with national and international defence industry advice, encourage a strategic relationship between Defence and industry, and act as a conduit between Defence and industry on defence matters. The Council also facilitates the annual Minister of Defence Excellence Awards to Industry.

s9(2)(f)(iv)

#### **HOW WE KEEP YOU INFORMED**

Briefings and discussions on a range of defence matters are scheduled with the Chief Executives and senior Defence staff or through a weekly meeting on Defence matters.

Defence prepares for you a weekly report, tailored to your expectations, which provides an update on current issues and key projects, NZDF events and visits, forthcoming Cabinet papers and submissions, and official overseas travel. Defence agencies will adjust their tempo of engagement to fit in with your expectations and other portfolio demands.

You are supported in your Office by a Military Secretary (NZDF), and a Private Secretary (Ministry of Defence). You will also receive regular intelligence briefings from Defence Intelligence and the New Zealand Intelligence Community.

The Defence Force provides you with a Quarterly Performance Report. The Report ending 30 March will be with your office in May.

## **The Defence Portfolio**

Defence is made up of two agencies: the Ministry of Defence and the New Zealand Defence Force (which together are referred to as 'Defence').

The Defence Act defines the primary roles and responsibilities of the Secretary of Defence as to be the principal civilian adviser to the Minister of Defence and other Ministers; to formulate defence policy in consultation with the Chief of Defence Force; to prepare Defence

Assessments; procure, replace or repair major defence equipment and to arrange for audits and assessments of Defence as agreed with the Minister.

The Act defines the primary roles and responsibilities of the Chief of Defence Force as to be the principal military adviser to the Minister of Defence and other Ministers; be responsible to the Minister for the functions, conduct and management of the Defence Force and be responsible to appropriate Ministers for carrying out defence responsibilities as directed by the Government and relevant to their portfolio.

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



**How the Defence agencies work together**

Defence is based on constitutional arrangements that mean that the portfolio does not reflect a traditional policy / operational split.

Under New Zealand's arrangements the two Defence agencies are constituted separately, but are expected to work closely together. This arrangement works well, with the military and civilian perspectives strongly supported by the agencies' different cultures, but with a commitment to the same outcome - meeting the defence requirements of the country effectively.

The Secretary of Defence and the Chief of Defence Force are jointly accountable for the management of defence capability. This joint accountability is exercised through the Capability Management Board, which includes two external advisors.

Defence operates in the context of a broader external and security sector that links Defence to other priorities that include border control, resource protection, foreign relations, trade and

economic interests. New Zealand's partners often view the Defence relationship as something that goes hand-in-hand with a close economic relationship.

In particular, Defence contributes 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 relationships; and
- the maintenance of New Zealand's prosperity via sea, air and electronic lines of communication.

### **Investment in Defence**

The Government makes a significant investment in Defence, both through the cost of operating our Defence Force and the investment it makes over time in purchasing, upgrading and maintaining defence systems and equipment.

Defence continuously works to improve the value for money Government achieves from its investments. Defence advice enables the Government to take capability choices based on clear, transparent trade-offs, and the 2016 Defence White Paper is the first to have been fully costed and funded.

Defence formed part of the first tranche of agencies to be assessed by the Treasury's Investor Confidence Rating in 2016, and has received a 'B' rating. This confidence has led to Ministers agreeing in early 2016 to new, higher thresholds under which the Minister of Defence and chief executives can approve selected investments. Defence has set a goal of achieving an 'A' confidence rating in 2018.

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## The Ministry of Defence

The Ministry of Defence is the Government's lead civilian advisor on defence. The Ministry also purchases major equipment for use by the New Zealand Defence Force.

To carry out our role, the Ministry:

- provides long-range advice (20-30 years) on New Zealand's defence interests and challenges;
- advises the Government on how our Defence Force can meet current challenges (such as potential deployments) and possible future challenges, by purchasing, upgrading and deploying capabilities;
- purchases major defence equipment for use by the New Zealand Defence Force as a defence capability;
- builds and maintains strong defence relationships internationally;
- advises on Defence's performance and effectiveness as a system.

The Ministry works closely with the New Zealand Defence Force, the Ministry of Foreign Affairs and Trade, and other agencies to carry out these activities. The Ministry also builds and maintains strong defence connections with other governments so New Zealand can contribute to the security of the Asia-Pacific region, as well as understand and respond to defence and security challenges internationally.

In order to deliver the capability programme of the Defence White Paper, the Ministry of Defence is increasing from around 70 employees in 2015 to more than 130 by June 2017. In Budget 2015, the Government provided \$27.1 million over four years to support this change. The Ministry's departmental operating budget for 2017/18 will be \$19.6 million and it is forecast to expend approximately \$266 million on major defence capability projects during the 2017/18 year. The value of capital projects under active management is \$3.4 billion.

## The New Zealand Defence Force (NZDF) – A Force For New Zealand

The primary purpose of the New Zealand Defence Force is to be ready and able to undertake armed conflict, protecting New Zealand's national interests, so that the citizens of New Zealand can enjoy peace and prosperity.

The preparation and availability of a credible and effective armed force, capable of serving the Government's defence and national security policy objectives, is the Defence Force's highest priority.

Although prepared for combat, it is recognised that the technical skills, professional training, and high-end military equipment of the Defence Force also lends versatility to a range of security and humanitarian tasks. Therefore, the Defence Force is constantly working in partnership with other government agencies helping people, and protecting New Zealand's territory and our oceans.

Additionally, the Defence Force makes a valuable contribution to the development of policy, appropriate to today's security challenges, and plays a supporting role in the wider community, through the training and development of young New Zealanders, and the honouring of veterans.

The outputs the Defence Force delivers the Government annually fall into five main themes:

### **Prepared** - Prepared for Military Operations and Other Tasks

Being 'prepared' is about the generation of Navy, Army and Air Force capabilities that achieve the levels of readiness for military operations and other tasks, directed by the Government of New Zealand. The Defence Force must retain the capacity to undertake future tasks and respond to contingencies.

### **Protect** - Protection of New Zealand and New Zealanders

The Defence Force contributes to domestic security and is employed to ensure the safety and security of New Zealanders. This includes:

- Resource and Border Protection Operations;
- Assistance to the Civil Power and Provision of a Public Service in Emergency Situations;
- Military Assistance to Civil Authorities in Non-Emergency Situations;
- Defence Support to the Community; and
- Defence International Engagement.

## SNAPSHOT NZDF:

### PERSONNEL

#### **NUMBERS**

Regular Force	9290
Reserve Force	2423
Civilian	2881
<b>TOTAL</b>	<b>14,594</b>

#### **ATTRITION**

Regular Force	8.04%
Civilian	14.02%

#### **MORALE**

- 85 percent of NZDF personnel record their morale as satisfactory or better
- Half of all personnel describe their morale as 'high' or 'very high'.

### FINANCES

#### **APPROPRIATION AT BUDGET**

2016\* \$2,542m

Personnel	\$965m
Operating	\$760m
Depreciation	\$375m
Capital Charge	\$442m

\* Supplementary Estimates will be tabled at Budget 2017

#### **NET ASSETS AT 30 JUNE 2016**

\$6.05bn

Land	and	Buildings
\$2.35bn		
Specialist Military Equipment		
\$3.07bn		

### ESTATE

- nine major camps and bases, two major training areas, plus smaller regional support facilities
- 81,000 hectares of land
- 4,700 buildings
- 39% of the NZDF assets

**Project** - Operations contributing to New Zealand's security, stability and interests

'Project' refers to the employment of our Armed Forces in the conduct of operations for the defence of New Zealand and its approaches, and global operations in accordance with the Government of New Zealand's policies.

**Inform** – Provide advice to the Government

The Chief of Defence Force, as the principal military adviser, provides the Government, and government departments and agencies, with quality, timely advice on military matters as the basis for well-informed decision-making.

**Veterans' Affairs** - Respecting Veterans, Honouring Service

Veterans' Affairs New Zealand (VANZ) exists to meet New Zealand's obligation to veterans through the provision of policy advice to the Government and service delivery to the veteran community. VANZ is an operational unit within the New Zealand Defence Force. However, the Minister of Veterans' Affairs is the Minister responsible for these appropriations within Vote Defence Force.

#### **THE SPECIAL NATURE OF THE CHIEF OF DEFENCE FORCE'S RELATIONSHIP WITH SERVICE PEOPLE**

NZDF military personnel are not employees under the State Sector Act – they serve under the Defence Act and are therefore not subject to New Zealand employment legislation. This creates special obligations on the NZDF and the Government to consider the interests of military personnel,

The Chief of Defence Force is bound by an unwritten covenant with all members of our armed forces: this tacit agreement gives the Chief of Defence Force the power to direct into harms way those who have volunteered to serve in defence and protection of New Zealand's interests. In return, it places upon the Chief of Defence Force the responsibility to care for and fairly reward and compensate our uniformed members for their courage, commitment and comradeship.

The Chief of Defence Force's responsibilities to provide care does not cease when service people leave the Defence Force. Through Veterans' Affairs New Zealand (VANZ) the Chief of Defence Force delivers an ongoing duty to provide support and advocacy to New Zealand's war veteran community.

## **New Zealand Cadet Forces**

The New Zealand Cadet Forces is a voluntary, disciplined uniformed youth leadership training organisation, constituted in accordance with section 74 of the Defence Act. The organisation is not part of the Defence Force but is sponsored by the Chief of Defence Force, on behalf of the Minister of Defence, to provide leadership and training skills for young people aged 13 to 18. The Defence Force provides training support to 99 Cadet Force units across New Zealand totalling some 4000 volunteer officers and cadets.

The Cadet Forces endeavour to develop confident, responsible young citizens who are valued in their community by providing them with safe, enjoyable and challenging opportunities. The organisation is supported in partnership by the Defence Force and the community. All functions, duties and powers for the control and direction of the Cadet Forces have been delegated to the Chief of Defence Force, with the exception of commissions for Cadet Force officers, and honours and awards that recognise service.

## **Youth Development Services**

The Defence Force is linked to two other youth development programmes. Each is funded by the government but uses the expertise of Defence Force staff to help motivate young New Zealanders enter the workforce. The Limited Service Volunteer (LSV) Programme is an intensive residential course providing life skills to unemployed young people between the ages of 18 to 25. The programme is sponsored and substantially funded by the Ministry of Social Development. It provides instruction on a wide range of life skills designed to develop core values, teamwork and trust which boost self esteem and self confidence.

The Youth Life Skills (Service Academies) programme provides support to Service Academies located within high schools throughout New Zealand. The academies are funded by the Ministry of Education. These Service Academies provide a structured academic programme supplemented with physical activity for students who may have otherwise left school without qualifications. The Defence Force typically provides leadership development and outdoors adventure-based training opportunities for the Service Academies.

## **Police community support programmes**

The New Zealand Police support many of the programmes that the Defence Force delivers, including those funded by other government departments and the Blue Light Trust. The Blue Light Trust funds the Defence Force to provide services to the Trust's Youth Development programmes nationwide.

s9(2)(f)(iv)

## Defence Portfolio Scope and Scale

Defence is a busy portfolio. For example, based on data for the year to 27 April 2017:

- 20-35 Cabinet Papers per year, usually on deployments or large capability projects;
- 400 papers to the Minister for consideration;
- 32 Ministerial Official Information Act (OIA) requests;
- 250 departmental OIA requests for noting;
- 70 written parliamentary questions;
- 117 Ministerial letters;
- 2 Ombudsman investigations;
- 642 questions as part of Foreign Affairs, Defence and Trade Committee Reviews.

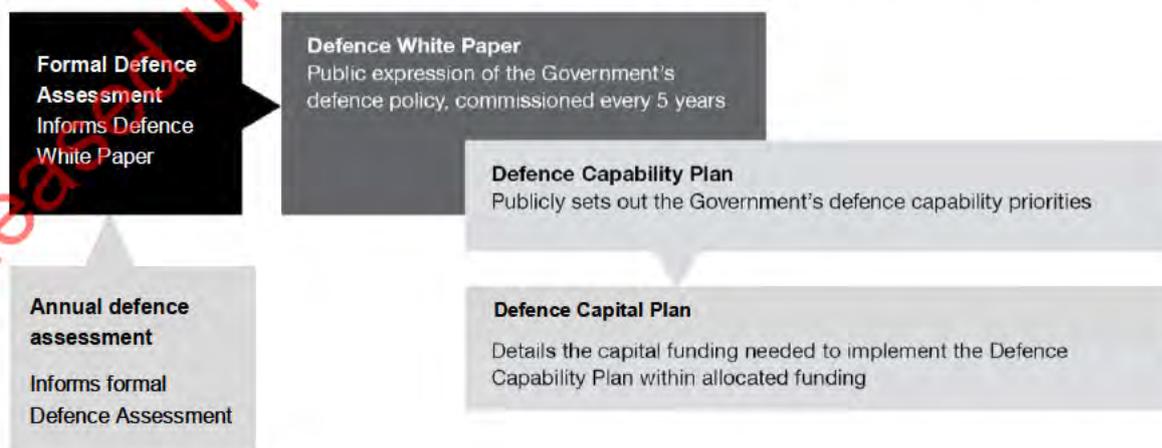
## The Government's Direction for Defence

### How the Government sets the long-term direction for Defence

The Defence White Paper 2016 has a 25 year time horizon, reflecting the fact that changes in the direction and capability of Defence require investment in people and equipment over the long term. If the Government wishes to consider making significant changes to the policy direction for Defence, having regard to shifts in the strategic environment, then a White Paper process provides the opportunity to fully investigate these, and ensure changes are reflected in the total arrangements for Defence. White Papers may involve a public consultation process.

A Defence Assessment precedes each White Paper. These provide an up to date assessment of the strategic environment, and take into account the views of a range of defence partners. The last Defence Assessment in 2014 was carried out by a joint Ministry of Defence / Defence Force team, drawing on expertise from across government. The subsequent White Paper recognised that in a rapidly evolving strategic environment, conducting a regular and more frequent programme of defence assessments would help officials identify changes and consider their implications for New Zealand's defence policy and military capabilities.

Following each White Paper, a Capability Plan and a Capital Plan set out how these intentions will be translated into defence effects and materiel.



Additional requirements for capital intensive agencies, such as Defence, include the preparation of a Long Term Investment Plan, and the regular conduct of Investor Confidence Rating assessments.

### **Defence White Paper 2016**

The White Paper, released in June 2016, is the primary policy statement on Defence, and demonstrates the Government's commitment to a flexible, combat-ready force, able to bolster national resilience at home (such as after major natural disasters) and advance New Zealand's interests overseas. The White Paper also reflects Defence's commitment to balancing costs against the need to attract and retain skilled personnel, modernise its Estate, and enhance the management of its increasingly sophisticated capability portfolio.

Ministers, in approving the White Paper, agreed to in-principle indicative annual increases in capital and operating expenditure to deliver new and enhanced capabilities. The total of the investment in capital out to 2030 is approximately \$20 billion, made up of depreciation and capital injections, as well as year-on-year increases in operating funding that will see the Defence Force annual operating allowance double by 2030, while remaining roughly 1 per cent of Gross Domestic Product.

Underpinning this investment is the need to review the Defence Force's workforce structure and remuneration strategy, and also a recommendation in 2018 to refresh long-term cost projections and to extend projections out to 2035. [REDACTED] s9(2)(f)(iv)

The new and enhanced capabilities, detailed further in the Defence Capability Plan, include:

- Ice-strengthened naval vessels for support to our scientific presence in Antarctica, and in response to increased international interest in Southern Ocean fisheries stocks.
- Additional funding for the replacement of the P-3 Orion, reflecting an increase in demand for air surveillance over our maritime domain and during multinational missions overseas.
- A littoral operations vessel, to increase the range of operations the Defence Force can undertake independently in the South Pacific.
- A cyber protection and support capability, in response to the rapidly growing and evolving global cyber threat.
- Additional intelligence personnel, to analyse the increasing amounts of data that will be collected by new and upgraded platforms.

### **Defence Capability Plan 2016**

The Defence Capability Plan, the latest edition of which was published in November 2016, outlines the \$20 billion programme of capital investment in capability required to deliver the force structure in the Defence White Paper.

The Capability Plan is the primary vehicle for the Government to communicate its defence capability priorities to the public, industry, and international partners. The Plan also provides planning support for the Defence Force. The 2016 Defence Capability Plan is the most

detailed version of the document to date, and includes indicative cost and schedule bands for capability projects.

It breaks down the \$20 billion programme of capability investment signalled in the Defence White Paper in the Maritime, Land, Air, and Networked domains. Specific focus is given to the additional capabilities provisioned in the Defence White Paper, including ice-strengthening for Antarctic and Southern Ocean operations, enhanced air surveillance and littoral operations, cyber protection, and intelligence support.

The Plan also details how capability investments contribute to the operational capacity of the Defence Force. This includes how forces are recruited, trained, and prepare for operations. The Plan states what types of operations the Defence Force plans for, and what forces are available for military deployment.

### **Defence Capital Plan 2016**

The Defence Capital Plan details specific capital spending by fiscal year out to 2030. It was updated in November 2016 to reflect the Defence White Paper funding and capability decisions. It is an official document not for release to the public due to the commercially sensitive nature of the information. The Defence Capital Plan will be reviewed on an annual basis to assess the affordability of planned investments. Defence will present options to address any cost pressures through reallocation of funds or trade-offs of capabilities, and a full update of the Plan is submitted to Cabinet each year. The next update is scheduled for November 2017.

The most significant upcoming investments on the Defence Capital Plan are the Future Air Surveillance and Future Air Mobility capability projects, with a combined indicative capital investment of about s9(2)(j) by the mid 2020s. Other notable new investments prior to 2020 include the Littoral Operations Support Capability, the second tranche of the Network Enabled Army programme, and the initial stages of the Protected Mobility project. The Defence Capital Plan is available for you to discuss with officials, should you wish.

### **Investor Confidence Rating**

As a tier one capital intensive agency, Defence is subject to regular assessments under the Investor Confidence Rating assessment. The Investor Confidence Rating is designed to provide an incentive mechanism that rewards good investment management performance and encourages departments and the Central Agencies to address gaps in investment performance. Defence was assessed as part of the first tranche of assessments. Performance was assessed against an agreed mix of eight indicators that together provide insights into the way each agency manages its assets and capital investments. Defence received a 'B' rating in that assessment.

The ICR evidence showed Defence had strong asset management capabilities that enabled it to meet its asset performance targets. Its Project Programme Portfolio Management Maturity Model (P3M3) capability was seen as underpinning the delivery of the required benefits from significant investments though the timeliness of its actual project delivery was more mixed at an individual project level. Key recommendations of the assessment for improvement were to lift P3M3 capability, benefits management, portfolio management, and

tighten project delivery performance. The B rating led to the approval thresholds for selected low or medium risk Defence investments being raised subject to the approval of Investment Ministers. The next Investor Confidence Rating assessment is planned for early 2018.

### **Long Term Investment Plan December 2015**

The development of a Long Term Investment Plan is a requirement for capital intensive agencies and one of the eight performance areas assessed under the Investor Confidence Rating. In the Long Term Investment Plan Defence sets out the planned investments over the next ten years, and outlines the processes and systems to ensure investments and assets deliver value. Drawing on the Defence Mid-point Rebalancing Review and Defence White Paper planning process and material, Defence produced the strongest Long Term Investment Plan amongst the Tranche One Investor Confidence Rating agencies. An update of the Long Term Investment Plan will be required by the end of 2017.

### **New Zealand Defence Force Strategy – Future35**

In response to the Defence White Paper 2010, the Defence Force developed, *Future 35*, its vision for a fully interoperable defence force that can work flexibly in a range of environments – but particularly in the challenging maritime environment of the Pacific. The purpose of the strategy is to optimise the Defence Force's ability to deliver on Government policy. Following the release of the Defence White Paper 2016, the Future35 strategy is being refreshed with advice from the internal Defence Force Board.

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## Current Deployments

New Zealand Defence Force personnel are deployed on major peace support operations, training missions and into headquarters positions around the world.

Deployment	Mandated Size	Description	Mandate Expiry
Afghanistan: Operation RUA II	10	Providing training support to the Afghan National Army Officer Academy	June 2018
Bahrain, Qatar, United Arab Emirates: Operation PUKEKO	5	Providing command and specialist support to coalition maritime security operations at the Combined Maritime Forces Headquarters in Bahrain (two officers), the Combined Air Operations Centre in Qatar (two officers), and one officer beginning in 2017 at the United Kingdom's Maritime Trade Operations Detachment in Dubai.	June 2018
Egypt: Operation FARAD	28 (temporarily 61)	Deployment to the Multinational Force and Observers, Sinai Peninsula, Egypt, supervising the peace treaty between Egypt and Israel (26 personnel). A contingent of 35 Army Engineers are deployed under a separate mandate until July 2017 to assist with enhancement of the perimeter security of South Camp where the Mission's headquarters is based..	July 2018
Fiji: Operation WASAWASA	29	Up to 29 personnel are deployed to Fiji. The Inshore Patrol Vessel HAWEA will assist the Republic of Fiji Military Forces Navy with the conduct of maritime patrol duties in the Fiji Exclusive Economic Zone, Search and Rescue, and other maritime border protection operations. The first patrol begins on 12 May.	September 2017
Iraq: Operation MANAWA	Up to 118 (MANAWA and MOHUA)	Deployment to a combined New Zealand and Australian Building Partner Capacity mission at Taji Military Complex, Iraq, to assist with training the Iraqi Security Forces.	November 2018
Iraq: Operation MOHUA		s6(a) deployed to the Coalition Joint Forces Land Component Command in Baghdad. s6(a) are deployed to coalition headquarters for the United States led Operation INHERENT RESOLVE in Kuwait	November 2018
Israel and Lebanon: Operation SCORIA	8	Deployment to the United Nations Truce Supervision Organisation, monitoring the truce agreements between Israel and Syria, and Israel and Lebanon.	September 2018

Republic of Korea: Operation MONITOR	5	Contribution to the United Nations Command Military Armistice Commission in South Korea (also known as the Republic of Korea), which monitors the implementation of the armistice agreement signed at the end of the Korean War. [REDACTED] s9(2)(f)(iv)	August 2017
South Sudan: Operation SUDDEN	4	Peace support deployment of officers to the United Nations Mission in South Sudan, monitoring peace agreements and protecting civilian sites. Cabinet recently approved an additional officer as a Military Assistant to the Special Representative to the Secretary-General, David Shearer.	November 2018
s6(a) Operation TAKAPU	56	A P-3 Orion is deployed to the United States Naval Forces Central Command and the Combined Maritime Forces for maritime security surveillance. [REDACTED] s6(a)	January 2018
s6(a) Operation TROY	11	Providing an essential logistics and transport hub for all New Zealand Defence Force operations in the Middle East and Africa. [REDACTED] s6(a) deployed as the New Zealand National Support Element [REDACTED] s6(a), with [REDACTED] s6(a) supporting the deployment to Iraq.	June 2018

## New Zealand's Security Environment

Defence operates in a dynamic environment.

The *Defence White Paper 2016* describes New Zealand's security challenges now and into the future, as well as the way the Government expects Defence to contribute to meeting these.

While the White Paper notes that New Zealand 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.

New Zealand faces challenges associated with managing its large maritime domain, as well as protecting its interests in Antarctica and the Southern Ocean.

New Zealand is not immune to the increasing cyber threat, or to the extended reach of terrorist groups, who have enhanced their ability to radicalise individuals globally through the use of internet technology and social media.

New Zealand is becoming increasingly reliant on access to space based systems and infrastructure such as satellites at the same time as threats to these systems rise.

New Zealand's South Pacific partners continue to face a range of economic, governance and environmental challenges, which mean it is likely that over the next 10 years the Defence

Force will have to deploy to the region for a response beyond humanitarian assistance and disaster relief.

Further afield, New Zealand has a critical interest in the maintenance of security in the Asia-Pacific, 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 rising tensions in the region are cause for concern.

The rules-based international order that New Zealand benefits from is coming under greater pressure. While events in Syria, Iraq and Ukraine are dramatic examples, such pressure is also evident in the Asia-Pacific, as seen in the South China Sea. These pressures are consuming the attention of our traditional partners. [REDACTED] s6(a)

## Key issues in the Defence Portfolio

### Delivering the Defence Capability Plan 2016

[REDACTED] s9(2)(f)(iv), s9(2)(j)

### International Security Issues

[REDACTED] s6(a)

### International Engagement Opportunities

- Singapore's interest in Ohakea as a potential location for an F-15 Fighter Training Detachment

### Implementing the Defence White Paper 2016

[REDACTED] s9(2)(f)(iv)

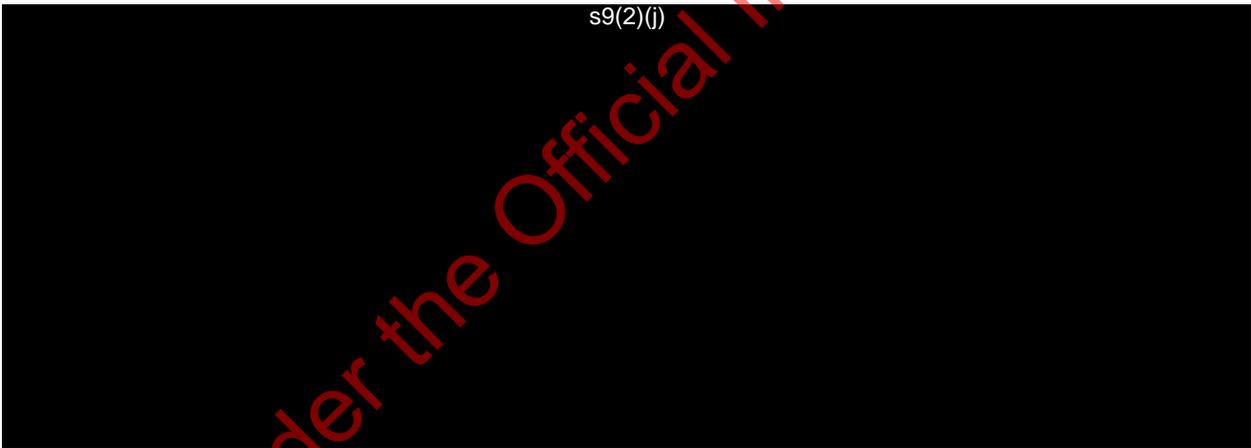
- To deliver the indicative \$1.7 billion of capital investment in the Estate Regeneration Programme

Major Capability Decisions out to August 2017

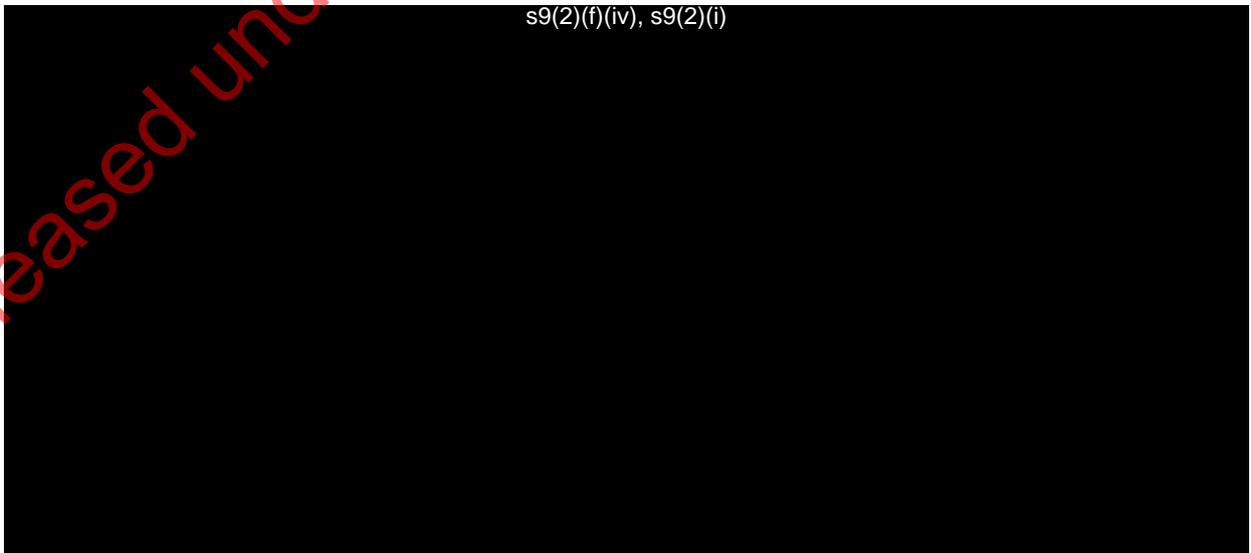
s9(2)(f)(iv), s9(2)(i)



s9(2)(j)



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



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

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## Defence Relationships

New Zealand's security is enhanced by strong defence relationships with our neighbours, in our region and beyond. Effective defence diplomacy also supports New Zealand's broader foreign and economic policy objectives. Defence relationships ensure we can work with trusted partners in responding to security challenges, and also access information, equipment, and training opportunities. It is important therefore that New Zealand be active in our engagement with partners, including contributing to international security efforts and undertaking operational deployments.

Defence has an International Defence Engagement Strategy (IDES) that is revised annually. The IDES is a high level strategic document setting out objectives for defence engagement with international partners. Aligning our activities under this approach ensures that our relationships are appropriately prioritised and that our engagement supports broader defence, security and foreign policy objectives. The IDES sets out three enduring objectives for Defence diplomacy:

- To shape the strategic environment to meet New Zealand's interests;
- Enhance New Zealand's reputation and profile as a valued and responsible international partner;
- Contribute to regional and global peace, security, and stability in order to support an international environment which promotes New Zealand's prosperity.

### Country and regional strategies

#### *Australia*

As our key defence relationship, we are seeking a meeting with Defence Minister Marise Payne at the earliest opportunity. Supporting Australia and preparing to respond to security developments in the South Pacific are the priority focus for New Zealand international defence efforts.

#### *United States*

After Australia, the defence relationship with the United States is now our most important. Defence engagement occurs at all levels including maritime security, counter terrorism, peacekeeping and humanitarian assistance and in all capability areas relevant to New Zealand. The 2016 Defence White Paper emphasises that our engagement with the United States is deepening, including through exchanges, and the relationship will remain one of New Zealand's closest. We deliver value to the United States as a leader in the South Pacific, providing logistics support to Antarctica and as a partner in Asia, and in international efforts, such as the counter-ISIL coalition in Iraq.

#### *Pacific Island Countries*

New Zealand has strong defence relationships with South Pacific countries and in particular those with armed forces – i.e. Fiji, Tonga and Papua New Guinea. New Zealand recently hosted the biennial South Pacific Defence Ministers' Meeting (SPDMM) in Auckland, which includes these countries alongside Australia, France and New Zealand. Fiji is an important and growing defence relationship, including with ongoing training and the deployment in April

of an NZDF Inshore Patrol Vessel to Fiji. New Zealand will also provide support to Papua New Guinea's hosting of APEC 2018.

#### *United Kingdom*

The 2016 Defence White Paper reinforces that the UK will remain a close and enduring defence and security partner due to our close practical engagement and shared perspectives on a range of security challenges. Involvement with UK defence is critical for the NZDF, in particular for specialist training and exercising, and doctrine and capability development.

#### *Canada*

Canada is also a longstanding security partner, and has provided valuable support to New Zealand as part of some of its major Defence acquisition and procurement projects, an aspect of the relationship that will continue to develop.

#### *United Arab Emirates*

New Zealand's defence relationship with the United Arab Emirates (UAE) is our closest and most important in the Middle East region. The UAE has emerged as a key actor in the region, and in the international fight against radical Islam.

#### *China*

China is an important strategic partner for New Zealand due to its political and strategic importance in the Asia-Pacific region and globally. New Zealand was the first Western country to agree a long term defence engagement plan with China, which sets out the scope of defence activities expected to take place between our countries. High level visits are a strong feature of the defence relationship. These provide opportunities to raise issues of regional concern; and to encourage China to be more transparent about its defence policies and to play a constructive role in supporting regional and global security. Our programme of military to military engagement has largely been limited to humanitarian and disaster relief exercises and training, [REDACTED] s6(a) [REDACTED].

#### *Singapore*

Singapore is New Zealand's closest defence and security partner in Southeast Asia, in terms of overall activity. The 2016 Defence White Paper confirms our significant links and commitment to Singapore. These links are deepened by common membership of the Five Power Defence Arrangements framework (FPDA), ASEAN Defence Ministers' Meeting Plus (ADMM-Plus), and combined operations overseas. New Zealand has an extensive series of reciprocal exercises with the Singapore Armed Forces (SAF) set out in a five year plan.

If the proposal to base F-15 aircraft at Ohakea were to go ahead (see next section), it would represent a significant strengthening of the defence relationship, and would be a key element in the defence and security pillar of the proposed Enhanced Partnership announced by the Singapore and New Zealand Foreign Ministers on 4 April.

#### *Malaysia*

Malaysia has historically been one of New Zealand's closest defence partners in Southeast Asia, with engagement through bilateral meetings, training, and exercises, coupled with multilateral activity through the FPDA and ADMM-Plus. The depth and breadth of the

relationship has been reflected by the regularity of high level visits and the variety of engagement across all three Services. Engagement is anticipated to continue to broaden.

### *Japan*

New Zealand's defence relationship with Japan is based on support for common values, as well as a strong commitment to regional peace and security. Changes to Japan's constitution under Prime Minister Abe have expanded the scope for security cooperation with defence partners, and allowed Japan to pursue a more active role for its military in international affairs. New Zealand has sought to increase our modest level of defence engagement with Japan in response to these changes. This includes exploring opportunities for our defence forces to work together in international peacekeeping and peace support operations. Japan is also seeking to sell its military aircraft to New Zealand.

### *South Korea*

New Zealand's defence relationship with South Korea dates back to its involvement in the 1950-53 Korean War. The 2016 Defence White Paper highlights our longstanding relationship with South Korea and our commitment to supporting peace and stability on the Korean Peninsula through our deployment to the United Nations Command Military Armistice Commission. New Zealand's growing links with South Korean industry (Hyundai Heavy Industries is to build New Zealand's replacement naval tanker in Busan) also provide an ongoing touchpoint.

### *ASEAN Defence Ministers' Meeting Plus*

For Defence the primary forum in the Asia regional security architecture is the ASEAN Defence Ministers Meeting Plus (ADMM-Plus), which is focused on enhancing regional security through closer integration. The 2016 Defence White Paper acknowledges that the ADMM-Plus helps to mitigate the risk of regional conflict by bringing states together, entrenching habits of dialogue and encouraging practical military cooperation. The next biennial Defence Ministers meeting will take place in October 2017. New Zealand currently co-chairs with the Philippines, at senior officials' level, the ADMM-Plus Experts Working Group on Cyber Security.

### *Five Power Defence Arrangements*

The Five Power Defence Arrangements (FPDA) was signed in 1971 between New Zealand, Australia, Malaysia, Singapore and the United Kingdom. Currently the key role of the FPDA is to enhance the interoperability and proficiency of maritime, air and land forces by exercising FPDA forces on a defence of Malaysia and Singapore scenario. New Zealand's history of involvement in Asia security through the FPDA provides the credentials for our involvement in the contemporary architecture.

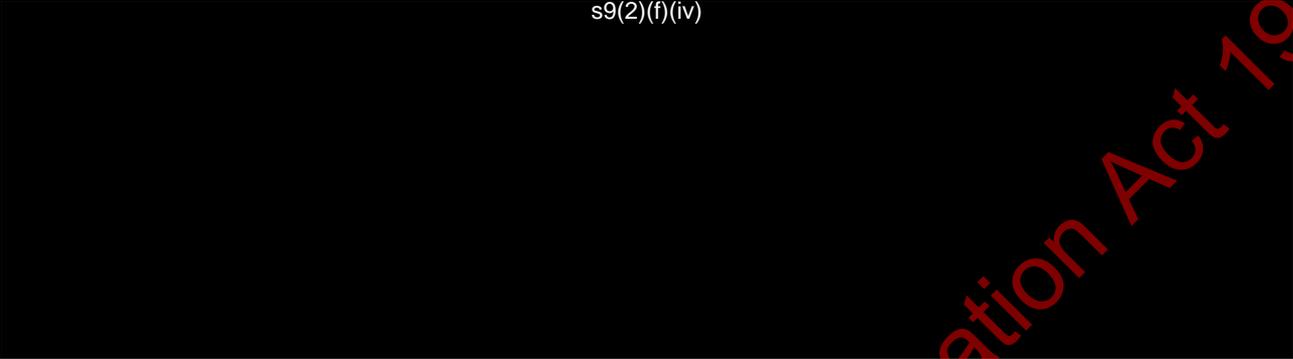
### **Singapore Proposal to base F-15 Fighter Jets at Ohakea**

Singapore has asked New Zealand to consider the possibility of the Republic of Singapore Air Force (RSAF) conducting fighter jet training in New Zealand. The proposal is for a long term base for RSAF F-15 fighter jets, and military personnel accompanied by their families, at the Royal New Zealand Air Force (RNZAF) Base at Ohakea. There would be economic

and social benefits for the local community from having Singaporean personnel and their families living and working in the Manawatu.

The Government is undertaking a feasibility study to understand the full implications of the proposal, including housing, health and education. A study has also been commissioned by Singapore (via the New Zealand Defence Force) to assess the infrastructure costs and what would be required to accommodate the F-15s at Ohakea. These studies need to be completed before the proposal can be fully considered.

s9(2)(f)(iv)



### **Organisational Initiatives**

The 2016 Defence White Paper describes new capabilities and a significant programme of work to purchase these and see them into service. Once in service, the capabilities will place different demands on the Defence Force and its people. Defence is implementing several initiatives to make sure it can meet these changing demands.

### **Defence Capability Change Action Programme**

The 2016 Defence White Paper sets out a more significant programme of capability procurement than its predecessor, and these capabilities will be more complex than those they replace. Defence established a programme in mid-2015 to implement a fully integrated, end-to-end capability management system that is an international exemplar for a country of our size.

This change programme is being delivered through the Defence Capability Change Action Programme, managed by the Ministry and the Defence Force. The programme includes improvements to governance, developing and staffing an industry engagement strategy, and recruiting people with broader technical and industry experience into the Ministry. We can provide a further briefing on this if that would be helpful.

### **Ministry of Defence Organisational Reform**

As part of Budget 2015, the Government provided \$27.1 million over four years to support the Ministry of Defence's implementation of the Defence Capability Change Action Programme. This reflects the increased demands on the Ministry to manage a larger programme of investment. Most of this is being spent on employing additional staff, with some funding set aside for joint investment in systems with the NZDF.

As a consequence of the capability change programme, the Ministry is increasing from around 70 employees in 2015 to more than 130 by June 2017. Almost all the additional roles are being introduced in the Capability Delivery area. Because this is a significant lift in

organisational size, the Ministry also has work underway to ensure it can support this greater number of people.

### **NZDF Workforce and Organisational Capability**

To further support effective implementation of the Defence White Paper, the NZDF is also undertaking changes in its people management practices, which were signalled as a weakness in the 2015 Performance Improvement Framework Review (PIF). These include improved career and talent management, greater diversity in the workforce, enhanced professional military education and better health and safety management.

### **Defence Estate Regeneration Programme**

The Estate Regeneration Programme implements Government's commitment to modernise the estate and infrastructure to enable NZDF to succeed in operations. The investment programme was approved by Cabinet in August 2016 and approval to initiate the first three years of the programme (out to 2020) was approved by the Minister of Finance and Minister of Defence in December 2016.

### **New Zealand Defence Industry**

Defence is currently working through changes to the way it deals with Defence Industry. The changes will ensure that New Zealand industry involvement is more visible in defence procurements and that industry is better able to respond to the Government's significant investment in Defence over the next fifteen years. Currently, around 80 percent of defence operating expenditure goes to New Zealand Defence Industry, but just 30 percent of the capital spend. There are opportunities for domestic suppliers in respect of getting a greater share of the capital spend by partnering with prime contractors, particularly in the area of through-life support where there is the greatest potential for strategic partnerships

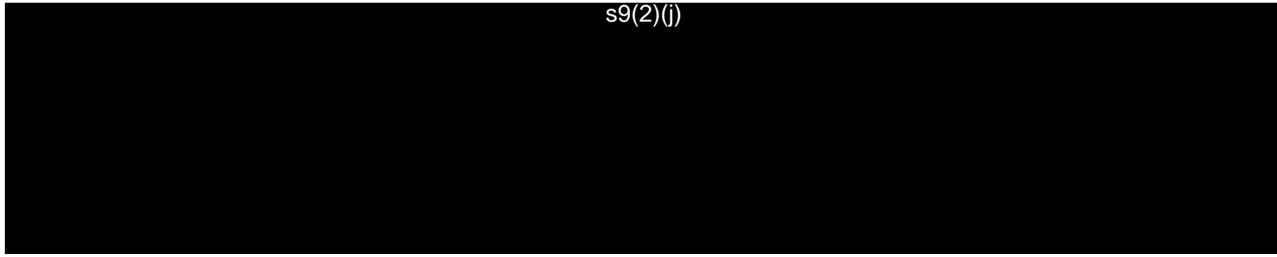
### **Veterans' Affairs – Repatriation**

Of significance is the recent Government decision to offer families the option to repatriate at public expense family members buried in Singapore and Malaysia. The NZDF will manage the repatriation project with support from other agencies as required. The NZDF will establish a project team in mid-2017 to begin scoping and planning the repatriation. Consultation with families will be an integral part of this process. The NZDF will also explore the option of extending the offer of the repatriation to cover other New Zealanders buried overseas as a result of a military burial since 1 January 1955.

### **New Zealand Defence Force Future HQ Programme**

The Kaikoura earthquake caused seismic damage to Defence House, 2-12 Aitken Street, Wellington. This was the Headquarters for the New Zealand Defence Force and also the Ministry of Defence's home, normally housing around 1100 - 1200 staff in total. The Defence Force is now running its headquarters temporarily from the high rise building known as Freyberg Building immediately behind the earthquake-damaged Headquarters.

The Ministry of Defence is also temporarily housed in Freyberg Building. [REDACTED] s9(2)(j)



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## Annex A – Proposed International Engagement Programme

This includes meetings where Ministerial attendance has been customary in recent years, or where as Minister you are the appropriate representative of the New Zealand Government. The programme will be determined at your discretion, and finalised between Defence and your office.

Proposed Travel Arrangements	Proposed Date
<p><b>Counter-ISIL Coalition Ministerial Meeting, Copenhagen, Denmark</b></p> <p>The counter-ISIL coalition defence ministers meet regularly to discuss progress in the counter-ISIL campaign in Iraq and Syria, capability gaps and requirements in the campaign, and other issues including countering the threat of violent extremism globally. These meetings are chaired by the US Secretary of Defence. On 9 May, you will visit Copenhagen to attend the fifth small group meeting of Defence Ministers, attended by the main force contributing countries to the counter-Daesh military coalition. The focus of this first such meeting chaired by Secretary of Defence James Mattis will be to provide an update on the ongoing campaign against Daesh in Iraq and Syria, as well as explore the challenges and tasks ahead following military victory in Mosul and Raqqa.</p>	9 May
<p><b>Indonesia counterpart visit, Jakarta</b></p> <p>A counterpart visit has been secured with the Minister of Defence as a priority engagement. Indonesia is the Association of Southeast Asian Nations' (ASEAN's) most populous nation and largest economy. It is a major strategic influencer in the Asia-Pacific region and a key player in the ASEAN defence structure. New Zealand is seeking to boost its defence engagement with Indonesia in support of wider foreign policy and strategic interests. We are working with Indonesia to agree a Memorandum of Arrangement on Defence Cooperation to be signed by you and your counterpart. The visit will also provide an opportunity to hear senior Indonesian perspectives on countering terrorism and returning Foreign Terrorist Fighters.</p>	30-31 May
<p><b>Five Power Defence Arrangements Defence Ministers' Meeting, Singapore</b></p> <p>The triennial Five Power Defence Arrangements (FPDA) Defence Ministers' Meeting is scheduled for 2 June to precede the Shangri-La Dialogue. This FDMM provides an opportunity for the Ministers of New Zealand, United Kingdom, Australia, Malaysia and Singapore to reaffirm their commitment to the historical collective defence agreement (1971) which is a critical strategic component of New Zealand's engagement in South East Asia.</p>	1-2 June

## Shangri-La Dialogue

2-4 June

The Shangri-La Dialogue is the pre-eminent regional security forum in the Asia-Pacific. It is attended by many defence ministers from the region and other key partners such as the UK, US and France. Your attendance at this event will provide an excellent opportunity to hold introductory bilateral meetings with a wide range of counterparts. New Zealand has accepted an invitation to speak in the final plenary session, "Global Threats and Regional Security" alongside representatives from Bahrain and Singapore.

Officials will engage with you and your office on a speech outline and draft in due course. Australian Prime Minister Malcolm Turnbull will deliver the keynote address to the Dialogue, and United States Secretary of Defense General (retired) James Mattis will also deliver a speech.

s6(a)

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## Annex B – Cabinet Forward Programme to August 2017

The table below details issues you may need to take to Cabinet between now and August 2017. Scheduling for Cabinet Papers will be at your discretion, and coordinated between Defence and your office. Historically, the Defence portfolio has involved a significant amount of Cabinet submissions. Potential international deployments will also need to be factored into the Cabinet Programme, if and when they arise.

Note that Parliament will be dissolved on 22 August, prior to the General Election on 23 September.

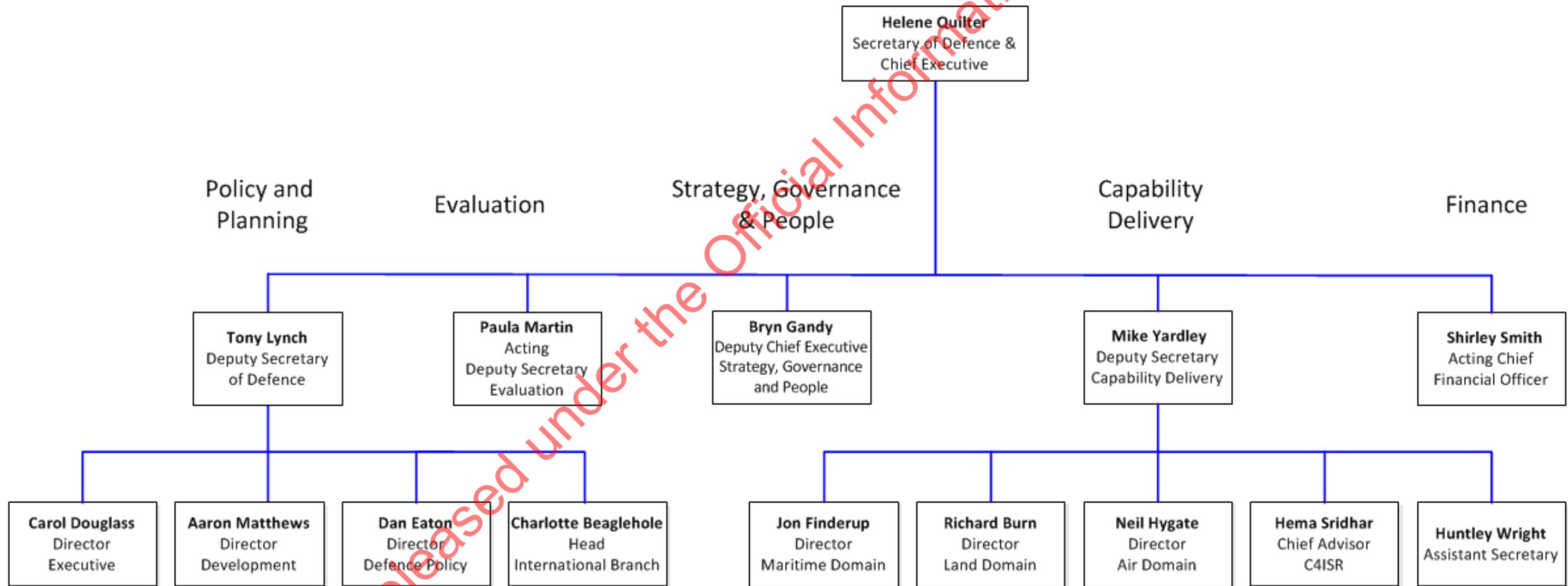
Title	Purpose of Paper	Funding Sought	Proposed Date
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s9(2)(f)(iv), s9(2)(j)

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# Ministry of Defence Organisation Chart May 2017



# New Zealand Defence Force Senior Leadership Organisational Chart



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