

MINISTRY OF DEFENCE STATEMENT OF INTENT

1 July 2018 – 30 June 2022

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

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The Ministry of Defence administers the Defence Act 1990

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This page: Beat Retreat and Ceremonial Sunset
Ceremony at Waitangi Treaty Grounds

Cover page: A New Zealand Army soldier watches
from the shore as a Royal New Zealand Navy Landing
Craft Mechanised is sent from HMNZS *Canterbury*

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FOREWORD

BY THE MINISTER OF DEFENCE

In July this year the coalition Government released the *Strategic Defence Policy Statement 2018*.

The document provided the Government with an opportunity to articulate to the New Zealand public for the first time New Zealand's updated strategic defence policy settings to reflect this Government's foreign policy and national security priorities.

Overall the document reflects significant developments in the global strategic environment since Defence policy settings were last updated in the 2016 Defence White Paper. As a country we will face compounding challenges of scope and magnitude not previously seen in our neighbourhood.

Increasing the priority of the Defence Force's ability to operate in the South Pacific to the same level as that for New Zealand's territory, the Southern Ocean and Antarctica, along with addressing the impacts of climate change, protecting the environment and New Zealand's natural resources were key areas highlighted as part of the updated statement.

The Policy Statement emphasises a new framework (Community, Nation and World) and recognises the value that Defence provides New Zealand's community and environmental wellbeing, and to national resilience. It provided the backdrop of the government's key announcement to purchase four P-8A Poseidon aircraft.

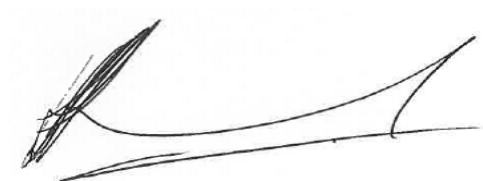
The P-8A decision represents the most significant Defence capital investment for three decades. It demonstrates our Government's commitment to ensure that the New Zealand Defence Force have the modern tools they need to allow them to undertake the tasks we require in the decades ahead.

The Government will also consider options for a complementary maritime surveillance capability during the forthcoming Defence Capability Plan review due to be completed by the end of 2018.

The review of the Defence Capability Plan will consider capability options across the whole range of Defence tasks and functions. We need to look carefully at our priorities, and what will best equip our Defence Force for the wide range of missions we expect them to be ready to undertake.



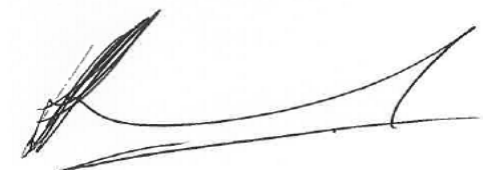
Ensuring that our Defence Force is able to support our Community, Nation and safeguarding the international rules-based order is a priority for this Government.



Hon Ron Mark
Minister of Defence

MINISTERIAL STATEMENT OF RESPONSIBILITY

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



Hon Ron Mark
Minister of Defence

INTRODUCTION

BY THE SECRETARY OF DEFENCE

The Ministry's Statement of Intent provides us with an opportunity to articulate our aim of raising the performance of our organisation and focus on particularly making sustainable and enduring enhancements to the Defence Capability Management System.

The Ministry has through the *Strategic Defence Policy Statement 2018* updated the Government's foreign policy and national security priorities. The Policy Statement reflects the significant developments in the global strategic environment.

The Policy Statement in particular recognises the value Defence provides to New Zealand's community and environmental wellbeing and to national resilience through a new set of Defence policy principles and the Community, Nation and World framework to reflect both long-standing expectations of Defence and this Government's priorities.

The Policy Statement emphasises:

- the importance of the Defence Force delivering value for New Zealand's communities
- New Zealand's responsibilities as a Pacific nation
- addressing the impacts of climate change and protecting the natural environment
- maintaining the international rules-based order which is crucial to safeguarding and promoting New Zealand's interests and wellbeing
- the importance of contributing to New Zealand's key security partnerships.

Key announcements such as the decision by the Government to purchase new maritime patrol aircraft will provide the Government with a valuable asset to operate in one of the world's largest Exclusive Economic Zones.

Already underway the review of the Defence Capability Plan, will provide Defence with a road map for the key capabilities we will look to procure over the next decade or more. We need to look carefully at our priorities, and what will best equip our service men and women for the wide range of missions we expect them to be ready to undertake. This work will be completed later this year.



The Ministry is more than half-way through the Defence Capability Change Action Programme. Improvements in the overall performance of the Capability Management System were confirmed through the *Review of Procurement Policies and Practices for Major Capability Projects*. The Review determined that Defence has a robust procurement system, but noted the changes are still relatively new, and that ongoing leadership is required to embed and sustain them. The Review demonstrates that the investment made in the Ministry in 2015 is already making a difference in the agencies overall performance.

The Ministry remains focused on delivering on its challenge of Defence has the people, relationships, policies and combat capabilities to respond to concurrent and diverse security challenge.



Helene Quilter
Secretary of Defence

CHIEF EXECUTIVE STATEMENT OF RESPONSIBILITY

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



Helene Quilter
Secretary of Defence

NATURE AND SCOPE OF FUNCTIONS

THE GOVERNMENT'S STRATEGIC DIRECTION FOR DEFENCE

The *Strategic Defence Policy Statement 2018* sets out the Government's policy objectives for Defence, which is made up of two agencies: the Ministry of Defence and the New Zealand Defence Force.¹



The Policy Statement provides the policy basis for further work to identify and define the Defence capability required to give effect to the Government's intentions.

Defence provides value to the Community, Nation, and World:

Community	Nation	World
Defence supports New Zealand's community and environmental wellbeing and resilience.	Defence promotes a safe, secure, and resilient New Zealand, including on its borders and approaches. Defence contributes to maintaining New Zealand's prosperity via secure air, sea and electronic lines of communication, and secure access to space-based services.	Defence contributes to the maintenance of the international rules-based order. Defence contributes to New Zealand's network of strong international relationships.

The Government has identified the following principles to describe its expectations of Defence and how it operates:



¹ The *Strategic Defence Policy Statement 2018* is available on the Ministry of Defence website at <https://defence.govt.nz/publications/publication/strategic-defence-policy-statement-2018>.

Defence assesses that there are three key forces affecting New Zealand’s strategic environment:

- The increasing importance of **spheres of influence**, with some states pursuing greater influence in ways that, at times, challenge international norms.
- **Challenges to open societies**, driven by increasing disillusionment with existing arrangements within these societies, threaten to reduce the willingness of those states to champion the rules-based order.
- A collection of **complex disruptors**, including an array of impacts from climate change, new technologies changing the nature of conflict, extremist ideologies, and transnational organised crime. Many of these disruptors disproportionately affect open societies and weak states. They are forces for disorder.

New Zealand will face compounding challenges of a scope and magnitude not previously seen in our neighbourhood

GOVERNMENT’S PRINCIPAL ROLES FOR THE DEFENCE FORCE

The Government expects the Defence Force to deliver the following principal roles:

Defend New Zealand’s sovereignty and territory, and contribute to protecting New Zealand’s critical lines of communication
Contribute to national, community and environmental wellbeing and resilience, and whole-of-government security objectives
Meet New Zealand’s commitments to its allies and partners
Support New Zealand’s civilian presence in the Ross Dependency of Antarctica, and work with other agencies to monitor and respond to activity in the Southern Ocean
Conduct a broad range of operations in the South Pacific, including leading operations when necessary, to protect and promote regional peace, security and resilience
Make a credible contribution in support of peace and security in the Asia-Pacific region, including in support of regional security arrangements
Protect New Zealand’s wider interests by contributing to international peace and security and the international rules-based order
Contribute to advancing New Zealand’s international relationships
Work with other agencies to monitor and understand New Zealand’s strategic environment
Be prepared to respond to sudden shifts in the strategic environment

GOVERNMENT'S PRIORITIES FOR THE DEFENCE FORCE

The Government's highest priority for the Defence Force is its ability to operate and undertake tasks in New Zealand's territory, including its Exclusive Economic Zone, and neighbourhood from the South Pole to the Equator. The Defence Force must be prepared to operate independently, or lead combined operations, in these areas if required.

New Zealand's national security and interests also depend on events further afield. It is important that we can contribute Defence capabilities in support of Asia-Pacific regional security. Similarly, New Zealand must be able to commit resources globally to support the maintenance of the international rules-based order.

Deployments beyond New Zealand's immediate region will most likely continue to be as part of operations led by New Zealand's security partners, or as part of United Nations-mandated operations. The Defence Force must be able to operate effectively with New Zealand's key security partners and ally Australia.

The Government will maintain a high level of discretion as to the size and nature of New Zealand's contributions to such operations outside New Zealand's immediate neighbourhood. Decisions on such operations will include New Zealand's national security interests, New Zealand's international relationships, and the threats associated with any deployment.

Together, the Defence priorities and principal roles describe Government's expectations for the Defence Force's ability to operate.

Defence faces capability challenges. Increasing demands for Defence operations in New Zealand and our neighbourhood will present a capacity challenge, while maintaining interoperability with security partners presents a capability sophistication challenge.

Managing the introduction of replacement capabilities is, and will continue to be, a major focus.

Three particular areas require attention:

- Maritime domain awareness and response, in New Zealand's neighbourhood and further afield.
- A Defence contribution to New Zealand's secure access to space-based systems.
- Enhanced Defence cyber capabilities to provide military commanders with a broader set of tools to achieve military objectives.

THE MINISTRY'S ROLE AND FUNCTIONS

The Ministry of Defence is the Government's lead civilian advisor on defence. Our purpose is to give civilian advice on defence matters to enhance the security and interests of New Zealand and its people. We also purchase major equipment which becomes a capability when it is used by service men and women of the Defence Force.²

To carry out our role, we:

- provide long-range advice (20-30 years) on New Zealand's defence interests and challenges
- advise 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
- purchase major defence capability for use by the New Zealand Defence Force as a defence capability
- build and maintain strong defence relationships internationally
- advise on Defence's performance and effectiveness as a system.

We work closely with the Defence Force, the Ministry of Foreign Affairs and Trade, and other agencies to carry out these activities. We also build and maintain strong defence connections with other

The Ministry of Defence's purpose is to give civilian advice on defence matters to enhance the security and interests of New Zealand and its people



² In the Defence context, 'capability' refers to the personnel, equipment, platforms, and/or other resources that affect the capacity to undertake military operations.

governments, including our ally Australia, 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.

OUR CUSTOMERS

The Ministry's work programme is often determined directly by Ministerial and Cabinet decisions. The overarching strategy for us is the Government's *Strategic Defence Policy Statement 2018*, with subsequent detail about the capabilities to deliver on this policy statement set out in the Defence Capability Plan and Defence Capital Plan. Our customers are:

- **The Government.** With the New Zealand Defence Force, we deliver the people, relationships, policies and capabilities to meet the Government's policy objectives.
- **The Minister of Defence.** The Minister is the customer for reviews and advice that test and demonstrate Defence's performance, capability and management of risks.
- **Users of Defence Platforms.** We deliver safe, effective systems and equipment that can be used to deliver a defence capability for New Zealand.

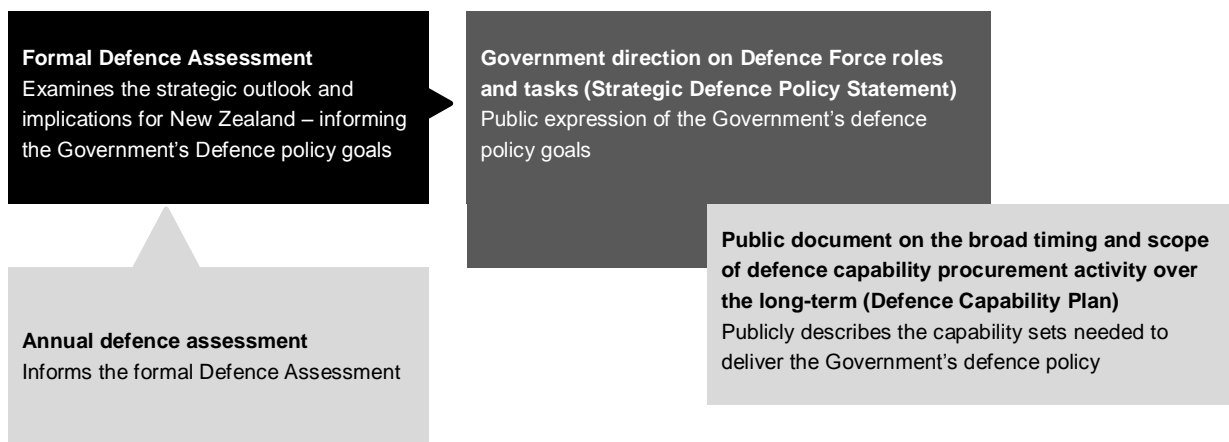
HOW WE WORK

WE INFORM AND IMPLEMENT THE GOVERNMENT'S POLICY FOR DEFENCE

The Ministry's work starts with a long-term view of the performance and fit-for-purpose of New Zealand's defence system, and an understanding of New Zealand's current and longer term defence challenges.

The Government sets its strategic direction for how it expects Defence to respond to these challenges, which the Ministry and Defence Force implement together. The *Strategic Defence Policy Statement* sets out the roles and tasks the Government expects the Defence Force to undertake, and guides choices and priorities in making capability purchases, building international defence relationships, and assessing risk and performance.

Based on the Government's direction, Defence develops long-term plans on how these intentions will be translated into defence effects and materiel.

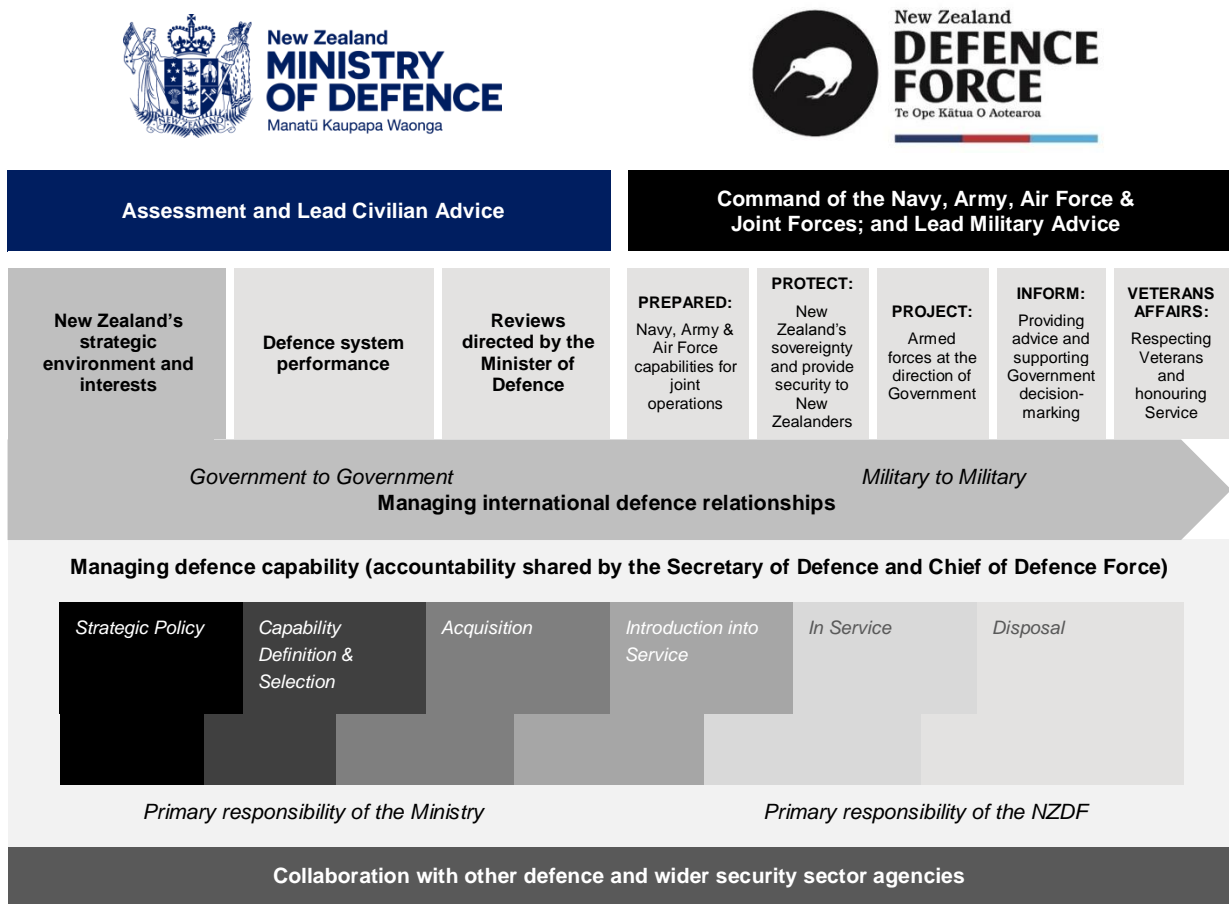


The Defence Capability Plan sets out the detailed capability requirements to deliver on these policy settings – including the people, research and development, infrastructure, processes, information technology, equipment, and logistics. The detail of proposals for acquisition of particular items of equipment for major defence capabilities are put to Cabinet. The Defence Capability Plan is being reviewed in the second half of 2018.

WE WORK IN PARTNERSHIP WITH THE NEW ZEALAND DEFENCE FORCE

The Ministry and Defence Force work very closely together; drawing on their strong, separate civilian and military perspectives. The separation between the two agencies is part of New Zealand’s constitutional arrangements. Under the Defence Act 1990, the Secretary of Defence is the lead civilian advisor on defence matters and the Chief of Defence Force is the lead military advisor and senior military officer.

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



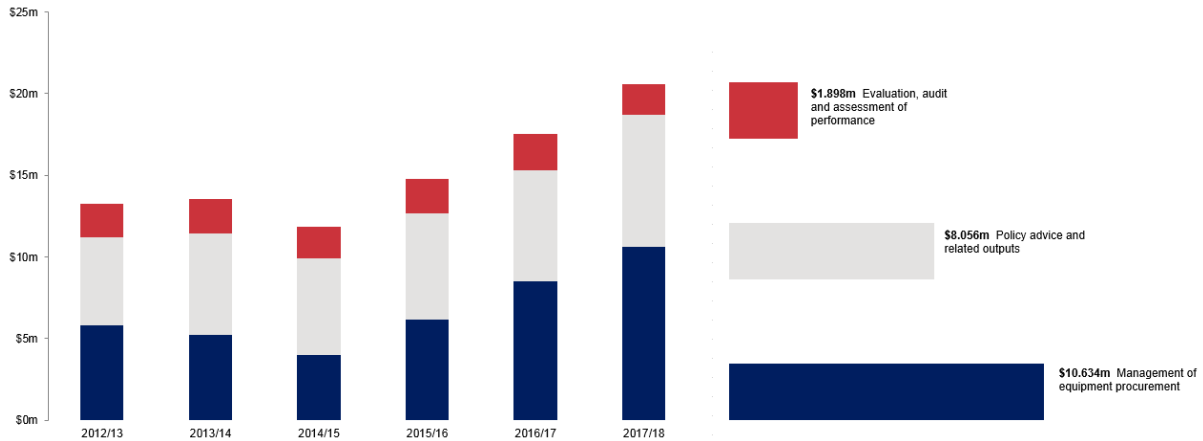
VOTE DEFENCE

The Ministry delivers its work through three departmental appropriations, and operates a Crown capital appropriation on behalf of the Minister of Defence for its work procuring major military equipment.

Departmental appropriations

Additional funding in Budget 2015 to enhance the Defence Capability Management System has seen the Ministry's departmental funding rise to a new baseline of \$19.7 million in 2018/19.

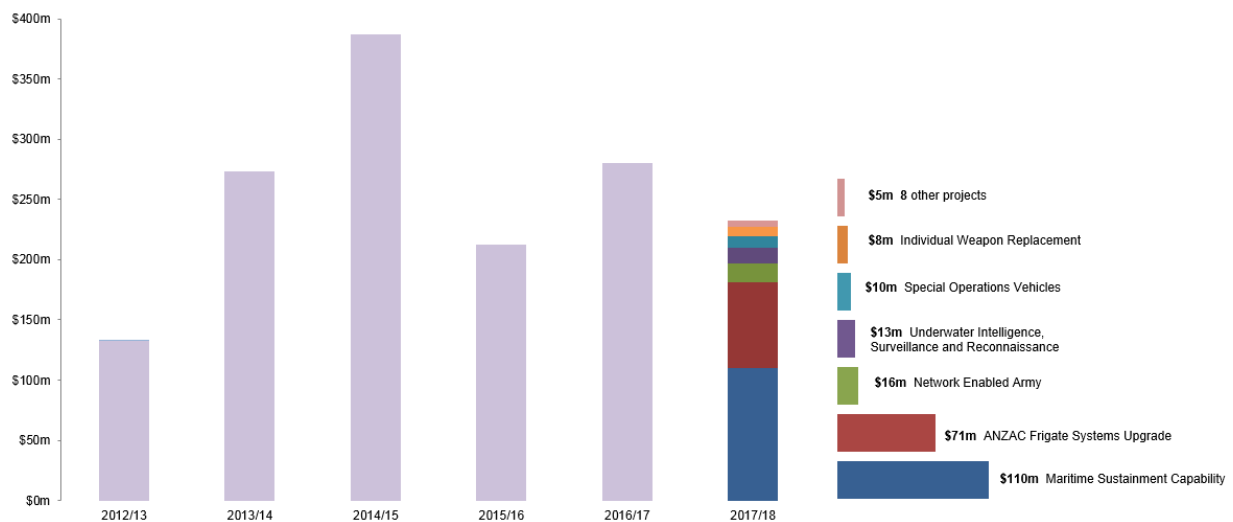
Figure 2: The Ministry's departmental expenditure



Crown capital appropriation for procuring major military equipment.

Crown funding for major defence procurement activities is allocated after Cabinet approves the business case for the specific project.

Figure 3: The Ministry's non-departmental expenditure on Defence equipment, with 2017/18 expenditure broken out as an example



THE DEFENCE OPERATING ENVIRONMENT

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

To be successful, the Ministry must:

- understand and advise on changes and trends in the security environment
- support the New Zealand Defence Force to carry out its roles and tasks
- contribute to the work of the external and security sector.

NEW ZEALAND'S SECURITY ENVIRONMENT

New Zealand is navigating an increasingly complex and dynamic international security environment. We will face compounding challenges of a scope and magnitude not previously seen in our neighbourhood. While there may be noteworthy effects on New Zealand's interests from singular developments, New Zealand's security outlook may be shaped most powerfully by a combination of forces increasing pressure on the international rules-based order. These forces will also play out in newly potent ways close to home.

The three key forces, and their dynamic intersections, pressuring the order are:

- the increasing importance of spheres of influence, with some states pursuing greater influence in ways that, at times, challenge international norms
- challenges to open societies, driven by increasing disillusionment with existing arrangements within these societies, threaten those states' willingness to champion the rules-based order
- a collection of complex disruptors, including an array of impacts from climate change, new technologies changing the nature of conflict, extremist ideologies, and transnational organised crime. Many of these disruptors disproportionately affect open societies and weak states. They are forces for disorder.

As the international-rules based order – the foundation of our security – comes under pressure, New Zealand will also face intensifying disruptors closer to home. Climate change, transnational organised crime, resource competition, together with increasing influence and presence of non-traditional partners will disrupt our neighbourhood, including our extensive maritime area, in complex and compounding ways.

Supporting stability in the Asia-Pacific, from countering violent extremism in Southeast Asia to the denuclearisation of North Korea, will increase in importance. Groupings of like-minded nations are emerging to balance challenges to rules and norms, and to reinforce the rules-based order across the Asia-Pacific.

As challenges to the international rules-based order intensify – from our neighbourhood to the Asia-Pacific and further afield – it will remain in New Zealand's vital interest to act in support of the order. While the New Zealand Defence Force will conduct some missions on its own, most deployments will be undertaken alongside other Government agencies and international partners.

It is therefore critical for the Defence Force to maintain and develop capabilities that are able to operate effectively with others. This involves developing complementary capabilities as appropriate, ensuring mutual familiarity (developed through personnel exchanges and exercising), and the compatibility of

communications and command and control systems. Interoperability is key to New Zealand's strong international reputation as a valued and credible defence partner and ally to Australia.

The domains of cyber and space bring both vulnerabilities and opportunities. Increased use of cyber and space capabilities could enhance Defence's operational effectiveness and efficiency, but the Defence Force will also need to be prepared to respond to increased threats manifesting in and through both space and cyber space.

Defence will have to act in new ways and at new levels to protect New Zealand's values and interests.

THE NATIONAL SECURITY SECTOR

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

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



View of the flight deck on board a Royal New Zealand Air Force P3K-2 Orion

THE MINISTRY'S STRATEGY

The Ministry's strategy summarises how the work we do will contribute to a safe, secure and resilient New Zealand. It shows the connections between:

- the key things that need to be in place for Defence to succeed
- the Ministry's priorities for delivering and strengthening these
- how the Ministry of Defence contributes to New Zealand's security and wellbeing.

Our strategy draws from our Four Year Excellence Horizon that describes where we would like to be in three to four years' time. Achieving this will enable the delivery of our long-term system outcomes.

WHAT WILL SUCCESS LOOK LIKE IN FOUR YEARS?

The Ministry will be an active and influential lead agency within an external and security sector that provides coherent, collective advice on New Zealand's defence and security interests and choices in a dynamic strategic environment. It will do this through the depth of its relationships and partnerships, the high quality of its strategic assessments and advice, and the consistently high standards it meets in delivering the Government's major defence investments.

The Ministry will be known and respected for the way it partners with others to amplify its influence well beyond its size. This will be exemplified in the formal and informal arrangements with the New Zealand Defence Force for capability management. It will extend to relationships with the wider sector, central agencies, academia and defence industry.

The Ministry will be highly regarded for its understanding of security and defence in a changing world, and it will have grown the value New Zealand obtains from government to government defence relations. Its efforts will have shaped stakeholders' understanding of New Zealand's role on the world stage and the contribution defence and security makes to international trade and the domestic economy.

This will have resulted in greater support for the Ministry's work to maintain and grow government to government defence relationships. These relationships will be viewed and managed as an important part of the total relationship with New Zealand's trade, economic and security partners.

The Ministry will have achieved its goal of being recognised as an international exemplar for defence capability management. Defence's transformation of defence capability management will be complete and embedded. Defence capability projects will be delivering on time, to budget, and to quality standards. Defence's in-use capabilities will faithfully reflect Government's portfolio choices and the defence capability it intended New Zealand to have.

This performance will be sustained through a culture and organisational systems that measure performance and benefits, and which drive continuous improvement.

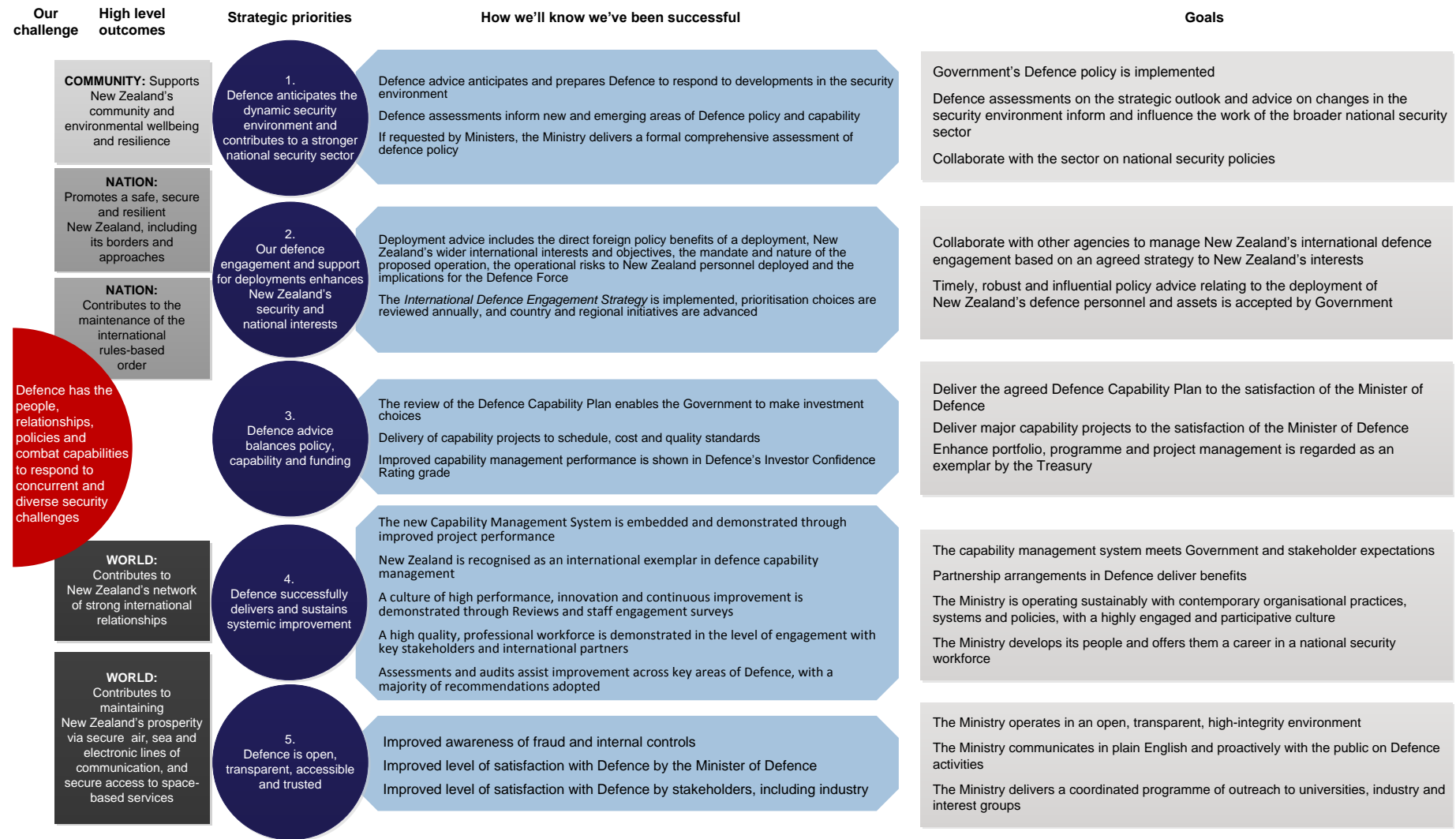
The Ministry will have shaped its values and operating model for the larger agency it has become. Its increase in capability and capacity will have translated into resilience and performance. The Ministry's people will have 'clear rules and good tools', and experience strong support for their development and careers.

The Ministry will lead its sector in attracting people with diverse backgrounds and perspectives. Its diversity and inclusive behaviours will help it to be adaptable, respond quickly to changes in its environment, and reinforce its reputation for transparency and ethical behaviour.



Ministry staff in Freyberg Building, Wellington

THE MINISTRY'S STRATEGY SUMMARISED



OUR STRATEGIC PRIORITIES

The Ministry has five strategic priorities against a challenge that would test its ability to deliver. These have been developed in consultation with our partners and stakeholders.

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

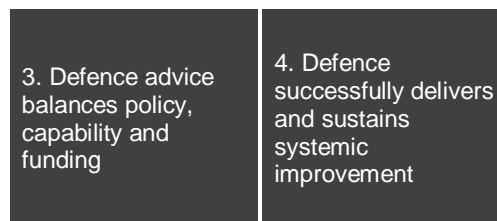


The Ministry's achievements are often through influence and over the longer term. As such, our measures involve an element of judgement. We will chart our progress against our Four Year Excellence Horizon.

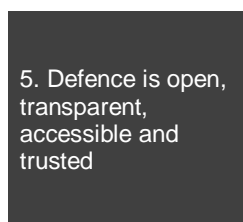
The Ministry is focused on implementing the Government's policy direction and strategy for Defence – particularly the roles and tasks for the Defence Force articulated in the Defence Strategic Policy Statement. This is primarily delivered through priorities 1–3.



To ensure the effective delivery of the significant forward programme of defence capability projects, Defence is enhancing its Capability Management System through the Defence Capability Change Action Programme. The detail of the impact of this change is reflected in priorities 3 and 4:



Priority 5 underpins the way that the Ministry works across all areas of its activity.



1. DEFENCE ANTICIPATES THE DYNAMIC SECURITY ENVIRONMENT AND CONTRIBUTES TO A STRONGER NATIONAL SECURITY SECTOR

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

Defence anticipates the dynamic security environment and contributes to a stronger national security sector		
Goals		
Government's defence policy is implemented	Defence assessments on the strategic outlook and advice on changes in the security environment inform and influence the work of the broader national security sector	Collaborate with the sector on national security policies
What will be achieved		
In partnership with the Defence Force, the Ministry will implement the Government's defence policy	The Ministry produces regular defence assessments, including annual Strategic Defence Assessments, and informs strategic decision-making, focusing on new and evolving areas of Defence policy	The Ministry will work with sector partners to implement change in the national security and intelligence community
Working with the Defence Force and other sector partners, the Ministry produces a suite of future-focused Defence Planning Scenarios to inform capability decisions	The Ministry will work with sector partners to develop policy in new and emerging areas of national security and defence policy	
How we'll know we've been successful		
Defence advice anticipates and prepares Defence to respond to developments in the security environment	Defence assessments inform new and emerging areas of Defence policy and capability	If requested by Ministers, the Ministry delivers a formal comprehensive assessment of defence policy

Implementing the Government's policy for Defence

The Ministry works in partnership with the Defence Force and other partner agencies to implement the Government's policy for Defence. This includes undertaking initiatives arising from the 2018 Strategic Defence Policy Statement which sets out the Government's priorities and principal task expectations for the Defence Force.

Policy implementation related to international engagement and deployments is discussed under priority 2. Policy implementation in respect of defence capability, including the review of the Defence Capability Plan, is discussed under priority 3.

In addition, the Ministry is working with the Defence Force to analyse and provide advice on its plan for the regeneration of the Defence estate, and undertake work to better understand its personnel portfolio.

Advice on the strategic outlook and assessment

Work on major five-yearly Ministry-led Defence Assessments is being augmented by a cycle of smaller, more focused assessments on emerging issues. An annual Defence Strategic Assessment will also be produced to inform decision makers of significant changes to the overall international environment, including results of the more focused work where they are relevant. This approach ensures that Defence is better able to keep pace with changes in the international strategic environment and their possible implications for New Zealand's national security interests, Defence policy and the capabilities

required by the Defence Force to fulfil its roles and tasks. Details arising from this work will be reflected in the Ministry's annual report.

The Ministry will work with partners, both domestically and internationally, to ensure it is well-placed to provide ongoing advice on the strategic environment and the appropriateness of policy settings, capability and funding. This advice will be able to be provided within short timeframes. The Ministry's leadership role in Defence Assessments and Defence White Papers means it is well-placed to contribute to a range of policy initiatives led by agencies across the wider intelligence and security sector, from space policy to maritime and cyber security.

The Ministry is working with the Defence Force, and other partner agencies as appropriate, to produce Defence planning scenarios for a range of New Zealand Defence Force roles. These will support Defence Force's planning activities, including for capability development and contingency planning.

Collaboration with the sector on national security policies

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

The areas of focus for sector work reflect the key Government priorities for Defence, including areas where whole-of-government activity is ramping up – such as space and cyber policy issues. In 2018/19 the Ministry is taking on a leadership role in the Combined Space Operations Initiative, and is working closely with a range of New Zealand government agencies to build space capability and expertise.

2. OUR DEFENCE ENGAGEMENT AND SUPPORT FOR DEPLOYMENTS ENHANCES NEW ZEALAND'S SECURITY AND OTHER INTERESTS

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

Our defence engagement and support for deployments enhances New Zealand's security and other interests

Goals

Collaborate with other agencies to manage New Zealand's international defence engagement based on an agreed strategy to maximise the value to New Zealand

Timely, robust and influential policy advice relating to the deployment of New Zealand's defence personnel and assets is accepted by Government

What will be achieved

The Ministry will work with the Defence Force to be sure international defence engagement is conducted in accordance with priorities established in the *International Defence Engagement Strategy*

The Ministry will track progress on key initiatives set out in the country and regional strategies and will use the Strategy to guide priorities for Ministerial and other senior-level travel within Defence

The Ministry will support the international engagement programmes of the Minister of Defence and other Defence principals, including through comprehensive briefing and visit management

The Ministry will continue to work with the Defence Force and other agencies to review and update the Strategy on an annual basis

Working with the Defence Force and other agencies, the Ministry will provide joint advice to Government on existing or proposed deployment mandates

Working with the Defence Force, the Ministry will monitor deployments and provide updated policy advice to the Minister in the event of substantive changes to the mission or environment

How we'll know we've been successful

Deployment advice includes the direct foreign policy benefits of a deployment, New Zealand's wider international interests and objectives, the mandate and nature of the proposed operation, the operational risks to New Zealand personnel deployed and the implications to the Defence Force

The *International Defence Engagement Strategy* is implemented, prioritisation choices are reviewed annually, and country and regional initiatives are advanced

International engagement and deployments

The Ministry works with the Defence Force to shape New Zealand's relationships with foreign militaries and security organisations. We provide advice to Government and direction on defence relationships to maximise New Zealand's security and broader interests. Having a network of strong international relationships serves to protect and advance New Zealand's interests.

In line with this, the Ministry's role in managing the full spectrum of international defence policy is expected to continue to grow.

New Zealand's international defence engagement

Working with the Defence Force, the Ministry has developed an overarching *International Defence Engagement Strategy*, which is reviewed and updated on an annual basis. The purpose of the Strategy is to:

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

Drawing from the Strategic Defence Policy Statement and Defence White Paper, the Strategy sets five-year objectives for individual defence relationships and regional strategies. It identifies specifications and strategic initiatives to achieve these objectives.

As foreign policy considerations are a major driver of Defence engagement activities, close coordination is also undertaken with the Ministry of Foreign Affairs and Trade.

Representing New Zealand and advancing our security interests on the international stage

The Ministry has a role in representing New Zealand at bilateral, regional and multilateral engagements. Major engagement activities include:

- supporting the Minister of Defence's international travel programme and hosting visitors to New Zealand
- supporting the international engagement activities of the Secretary of Defence, Chief of Defence Force and tier-two Defence leadership
- annual or biennial bilateral defence strategic dialogue and policy dialogue with all of New Zealand's defence partners
- active involvement in regional fora, such as the ASEAN Defence Ministers' Meeting – Plus
- attending major international defence conferences.

The policy behind deployments

New Zealand has 10 operational overseas deployments of Defence Force personnel across a range of countries and regions, in addition to providing support for activities in Antarctica.³ Each of these deployments is mandated by Cabinet, usually for up to two years.

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

³ Up to date details about New Zealand deployments are available from the Ministry's website at www.defence.govt.nz/what-we-do/diplomacy-and-democracy/deployments/deployment-map/.

Figure 4: New Zealand Defence Force deployments⁴



The Ministry’s civilian advice on deployments is all-encompassing. It considers a wide range of issues, from the overarching political and security environment to the more specific question of how the Defence Force could best contribute to a particular mission. A central concern is always the safety and security of Defence Force personnel deployed overseas.

⁴ In addition to the operational deployments noted in this section, this map also references:

- training within New Zealand
- Operation WASAWASA in Fiji, which was for a fixed period in 2018
- the Mutual Assistance Programme that covers a range of training, technical and other support that the NZDF undertakes to support peace and security in the Asia-Pacific region.

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

The mandates for all current deployments will expire during the period of this Statement of Intent and, where an extension is proposed, the Ministry will prepare advice to Government on this.



Pre-deployment training for New Zealand Army personnel as part of the Multinational Force and Observers mission

3. DEFENCE ADVICE BALANCES POLICY, CAPABILITY AND FUNDING

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

Defence advice balances policy, capability and funding			
Goals			
Delivering the agreed Defence Capability Plan to the satisfaction of the Minister of Defence	Delivering major capability projects to the satisfaction of the Minister of Defence	Enhanced portfolio, programme and project management	
What will be achieved			
Review the Defence Capability Plan and implement it once agreed by Government	Projects are operating in accordance with the standards, guidance and practices of the Capability Management Framework	Strengthened portfolio management	Effective governance at the portfolio and project level
More aligned and integrated systems and infrastructure	Improved engagement with Defence industry	Integrated Project Teams enhance collaboration and delivery	Improved Whole of Life Costing
How we'll know we've been successful			
The review of the Defence Capability Plan enables the Government to make investment choices	Delivery of capability projects to schedule, cost and quality standards	Improved capability management performance, as shown in Defence's Investor Confidence Rating grade	

Once in a generation investments in defence capability

The investment in new military capability required over the next 15 years will be the largest in a generation. Defence will be responsible for the management of capital investment confirmed through the Capability Plan renewal. During the period of this Statement of Intent, critical once in a generation decisions will be made for the Future Air Mobility Capability project.

New Zealand's core defence capabilities include:

- **maritime capabilities:** including naval combat, maritime patrol, sealift, littoral and maritime sustainment capabilities
- **land capabilities:** including land combat capabilities, engineering, communications, intelligence, fire support (artillery), transport and deployable medical facilities, domestic and expeditionary special operations forces and vehicles, and domestic and expeditionary explosive ordnance disposal capabilities
- **air capabilities:** including air surveillance and response, fixed wing transport, and rotary wing airlift capabilities, and
- **networked capabilities:** including command and control systems, high frequency radio, and satellite communications networks.

By 2030, Defence is planning to replace most of its current major military capabilities. New defence capabilities will be more specialised and sophisticated than the decades old platforms, systems and equipment they replace, with different support requirements over their lifetime.

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

A review of the Defence Capability Plan is underway. The purpose of the Review is to present options to the government for planned investments in future New Zealand Defence Force military capability. The Review will enable the Government to take decisions on capability choices and ensure these are aligned with the government's Defence policy and fiscal strategy.

The Review of the Defence Capability Plan will use a robust, repeatable and transparent methodology to identify viable and fully costed options for Ministers on investment in New Zealand Defence Force capabilities. It assesses the value of military capabilities in meeting policy objectives, alongside identifying and costing possible military options. First deployed in the 2013 Defence Midpoint Rebalancing Review and again in the 2016 Defence White Paper, this methodology supports decision makers to consider the relative value of military capabilities and indicative capital and operating funding tracks over a 15 to 20 year period to deliver a sustainable and coherent defence force.

Defence is investigating the application of the Living Standards Framework to Defence investments to enable Ministers to assess these in the wider context of government priorities and objectives.

Defence's Long Term Investment Plan includes more detail on this, and this detail feeds into the Investor Confidence Rating for Defence.

4. DEFENCE SUCCESSFULLY DELIVERS AND SUSTAINS SYSTEMIC IMPROVEMENT

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



The Defence Capability Management System

Budget 2015 invested \$27.1 million in additional operating funding over four years to strengthen the Ministry's capability development and acquisition functions in preparation to deliver a proposed \$20 billion of investment to 2030. This investment was provided to reduce risk and ensure the increased pipeline of new capability is delivered to Government intentions and expectations. The Ministry's baseline will increase from \$11.2 million in 2014/15 to \$19.7 million in 2018/19.

This investment provided Defence with a unique opportunity to significantly enhance the Capability Management System.

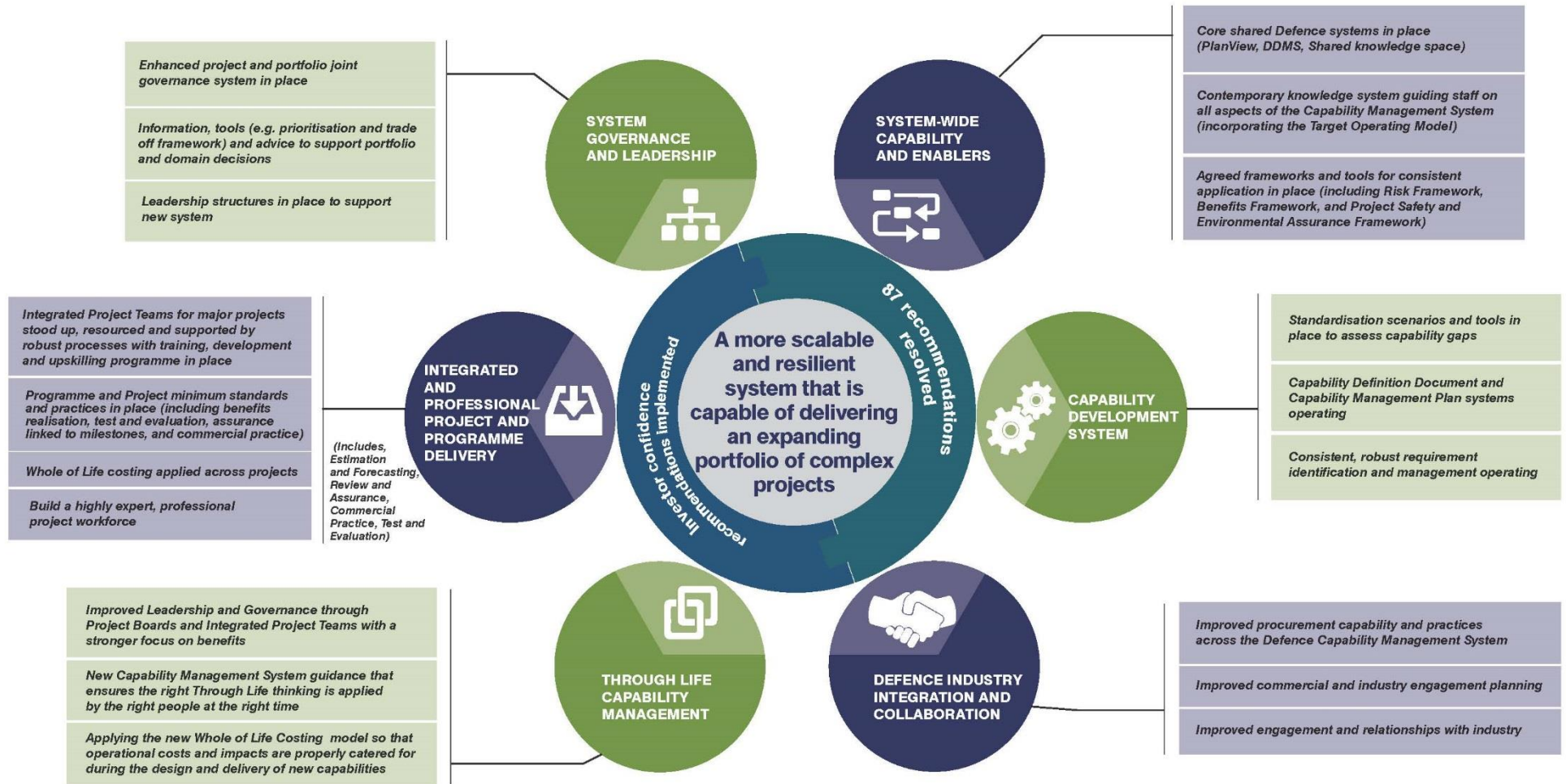
The Defence Capability Change Action Programme (DCCAP) was established as a joint programme between the Ministry and Defence Force to create a more scalable and resilient system that is capable of delivering an expanding portfolio of complex projects.

A *Review of Defence Procurement Policies and Practices for Major Capability Projects* in 2018 by Sir Brian Roche concluded that the DCCAP has addressed the structural, operations and information deficiencies of the previous system; and the new Capability Management System now provides decision makers with a strong level of confidence and assurance to support informed decision-making. Although DCCAP is still early in its lifecycle, the foundations have been well established. The focus now is on embedding the new ways of working.

The DCCAP Board monitors progress against milestones and deliverables. The joint Ministry-Defence Force Capability Governance Board also receives monthly reports on progress towards the interim indicators of success and benefit realisation.

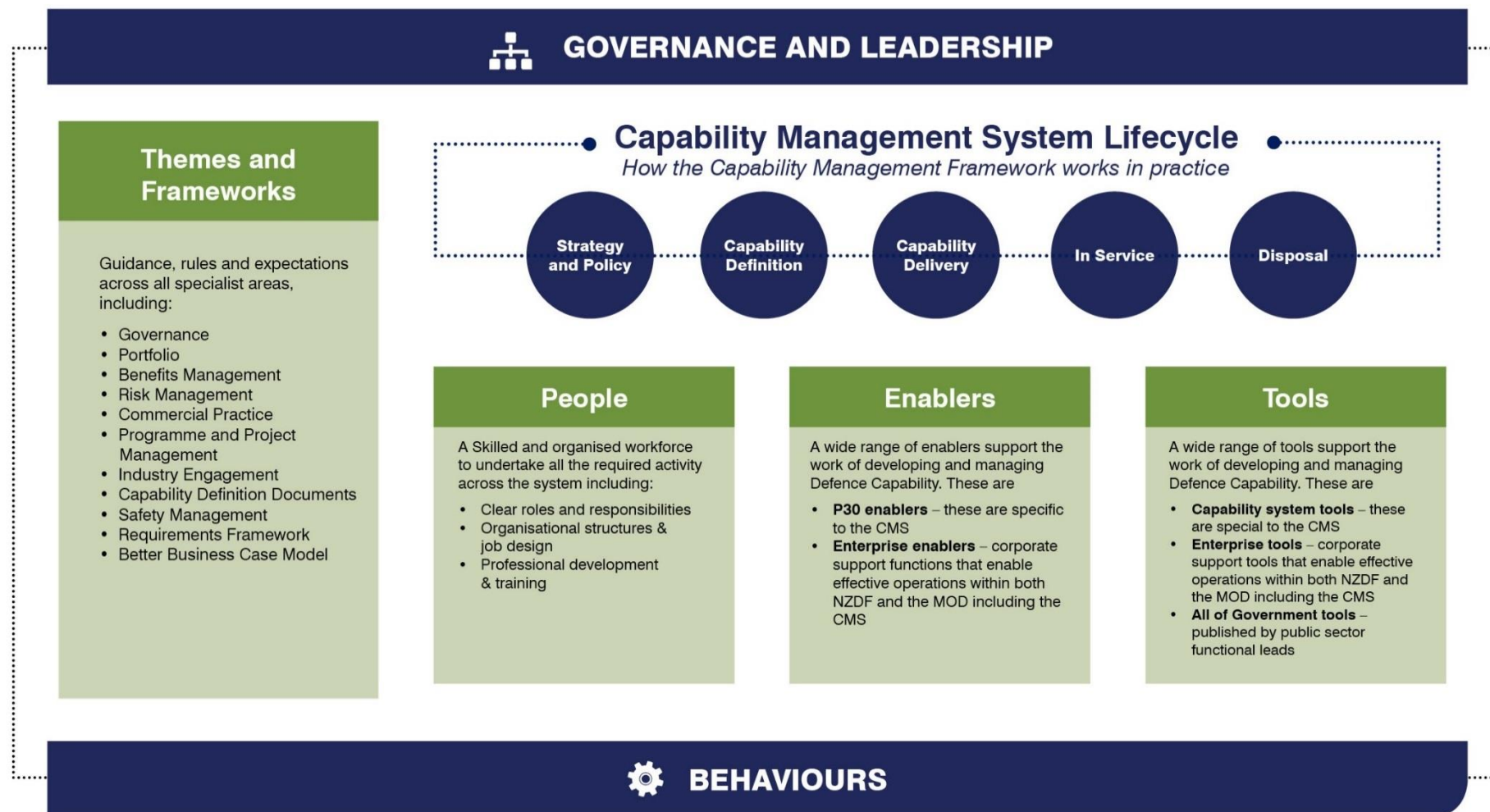
In April 2016, both Defence agencies released their shared vision for a fully integrated, end to end Capability Management System that is an international exemplar for a country of our size. This was developed with wide consultation involving international experts, across government, with the private sector and internally.

Figure 5: The elements that make up International Exemplar – the future state that the Defence Capability Change Action Programme will help Defence deliver



The following diagram outlines the enhanced Defence Capability Management System.

Figure 6: The enhanced Defence Capability Management System



Embedding partnership in Defence

The relationship with the Defence Force is the most important of a number of partnership relationships the Ministry has. The Ministry describes its focus as to *'be a valued partner, with an influential voice'*.

For Defence to succeed, both agencies need to achieve their strategic objectives. The Ministry has recognised this in describing a Greatest Challenge that tests the outcome from the Ministry achieving its five strategic priorities. This is that:

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

The Ministry has established a strong culture-shaping programme to make sure it recruits and develops the attitudes and behaviours that foster partnered ways of working.

Partnering is embedded into all layers of the enhanced Capability Management System. A foundation to the new way of working under the enhanced system is the behaviours that support effective relationships between the two agencies. These are embedded into training on the changes rolled out from the start of 2018.

A sustainable, contemporary Ministry of Defence

The Ministry has implemented modern, fit for purpose policies that are appropriate for its increased number of staff. The focus over the coming years will be to embed and refine these.

Following the loss of Defence House as a result of the November 2016 Kaikoura Earthquake, the Ministry and Defence Force relocated to temporary accommodation in Freyberg Building. In 2019 both Defence agencies will move their headquarters to the new Bowen State Building. The Ministry is working with the Defence Force as it leads the establishment of these facilities.

In addition, the Ministry is supported by a range of all-of-government tools provided by the government's functional leads, including use of the common web platform for the Ministry's website, the Government Electronic Tender Service and benefits from all-of-government procurement contracts.

Reviewing Defence Activities

The Ministry carries out assessments and audits to assist improvements across key areas for Defence. This role is mandated under the Defence Act.

An annual work programme is proposed for approval by the Minister of Defence. The work programme comprises topics that align with strategic risks to Defence, and is focused on the performance of system-level functions or core capabilities that support Government objectives. Each assessment or audit aims to provide findings, insights and recommendations that can be used to support continuous improvement.

The Minister of Defence may also direct that reviews be carried out.

5. DEFENCE IS OPEN, TRANSPARENT, ACCESSIBLE AND TRUSTED

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

Defence is open, transparent, accessible and trusted		
Goals		
The Ministry operates an open, transparent, high-integrity environment	The Ministry communicates in plain English and proactively with the public on Defence activities	The Ministry delivers a coordinated programme of outreach to universities, industry and interest groups
What will be achieved		
Participation in an anti-corruption network with defence partners	Proactively report on the detail of major Defence procurement work, including the annual Major Projects Report	Proactively release key material on Defence activities and major decisions on the Ministry's website
Capability projects meet probity and anti-corruption requirements	Internal processes support Ministry documents to use active language and be accessible to the audience	Strengthen relationships with key stakeholders, including Defence industry and universities
How we'll know we've been successful		
Improved awareness of fraud and internal controls	Improved level of satisfaction with Defence by the Minister of Defence	Improved level of satisfaction with Defence by stakeholders, including industry

High Integrity Environment

The Ministry regularly communicates to its staff the importance of always acting ethically, with integrity, and honesty. Staff are required in particular to demonstrate probity and good judgement when committing funds.

The Ministry is committed to the active maintenance of and improvement in the preventative controls on fraud and corruption within the defence sector. The Ministry participates in the Five Country Defence Fraud and Anti-Corruption Network, with defence partners in the United States, United Kingdom, Canada and Australia.

Our participation in global networks with defence partners allows us to pursue best practice and identify risks and mitigations that will inform and provide a benchmark for our own endeavours.

Outreach and Communication

The Ministry's website is the main channel used for communicating information on Defence activities to the public. The Ministry regularly proactively releases information on key Cabinet decisions that relate to key Defence capability decisions and deployments.

The Ministry will implement the States Services Commission policy for Strengthening Proactive Release requirements and continue to investigate other opportunities to improve the transparency of information related to Defence activities.

Enhancing domestic engagement

The Ministry engages with the academic community as it undertakes strategic assessment activity, to test assumptions and thinking. Senior staff present at universities as part of graduate recruitment to engage a wider range of potential applicants on the Ministry's work and role, and the Ministry funds the Freyberg Scholarship in order to foster students involved in learning on strategic studies.

Defence is developing a joint domestic engagement strategy to enhance, direct and prioritise its engagement with stakeholders in New Zealand.

Our strategy for engaging with Industry

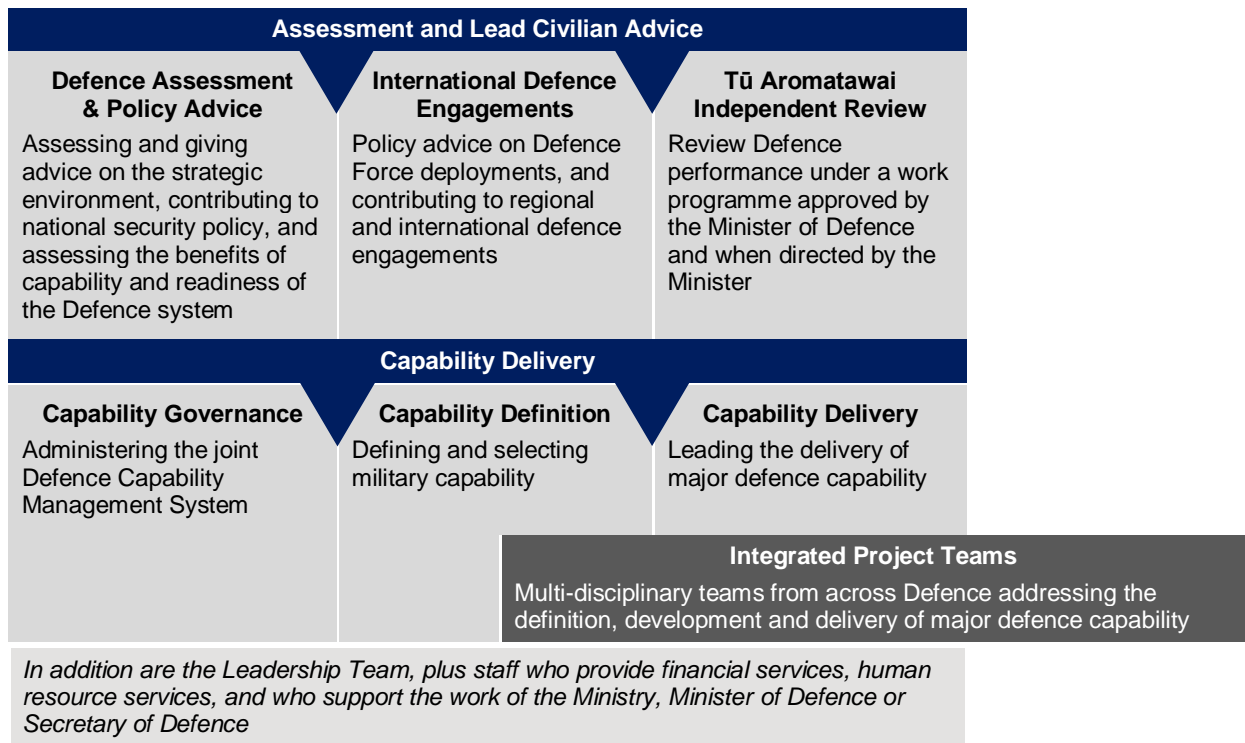
Defence has issued its joint Defence strategy for engaging with Industry – *Smart Customers and Smart Suppliers*. It sets out a strategy for good engagement between Defence and Industry, which includes getting the right two-way communications, being open to early partnership engagement and making an effort to understand each party's constraints. In it, Defence commits to five enabling principles:

- early engagement
- effective two-way communication
- a whole of life view of materiel
- collaboration and partnering
- commercial good practice.

To support our engagement with Industry, the Ministry has launched enhancements to its website. Driven by new Defence Industry Engagement roles in both defence agencies, the website has new content to support a range of industry participants – from large international suppliers of capabilities, to smaller New Zealand service providers – to identify opportunities to engage on major defence capability projects. An industry portal supports companies to connect where they may be able to work together to deliver a major defence capability. This helps address difficulties identifying complementary industry partners, which were identified as an issue in the Ministry's 2014 report *Optimising the New Zealand Industry Involvement in the New Zealand Defence Sector*.

OUR CAPABILITY

HOW WE ARE ORGANISED



The Ministry is organised around its civilian advice and capability delivery roles. It operates a small centre that provides in-house financial services, human resources, strategy and governance, security and other back office services.

The Ministry has shared services arrangements with the New Zealand Defence Force for property, IT and communications services, and some security services. This involves a shared services agreement, and agreed priorities for delivery.

OUR STEWARDSHIP PRIORITIES

The Ministry has to manage itself in the same way it manages its business activities – with both the short term and the longer term in mind.

Our current operating model is to deliver through people and partnerships, for customers and results. Our people are our most valuable asset and we seek to maximise their contributions through a strong learning and development culture.

The components of our current operating model can be summarised as:

- **People.** People who can deliver results through partnership, in accordance with our values, and who get the best opportunities through their role with the Ministry.

- **Partnerships.** We deliver in partnership with our sector, Defence Industry suppliers who can contribute at each step of the process, our international defence partners who help us advance New Zealand's interests, and our partner agency the Defence Force.
- **Customers.** We deliver for the Government, which decides our priorities through the Strategic Defence Policy Statement, for the Minister of Defence, who receives advice on Defence system performance and risk, and for the Defence Force service men and women, who use defence equipment as defence capabilities.
- **Results.** Our overall results are a credible deployable Defence Force that can meet the government's objectives now and in the future, transparent defence choices for the government, and a strong external and security sector.

OUR PEOPLE: MAKING SURE EVERY PERSON COUNTS

We believe our size is an advantage because each person can see the results of their own effort in what we collectively deliver. In this way, every person counts. This contributes to high levels of engagement within the Ministry.

To continue our success, we have to attract and retain the best people. Because of this, our aim is to be a place where people do their best work, get the best opportunities, and where development and performance in-role is recognised.

The Ministry established a People Strategy in 2016. As well as advancing the above objectives, it sets out how we will balance the demands to manage growth without diluting our culture, recruit into new specialist capability delivery roles, establish the systems we need to manage a larger organisation, and progress diversity.

The Ministry is committed to treating people fairly and respectfully, ensuring equality of access to opportunities, and understanding, appreciating and encouraging the value of individual differences.

A MORE DIVERSE MINISTRY

Gender diversity

While gender balance has improved, work to reduce the Ministry's gender pay gap is ongoing and remains the biggest challenge. The gender pay gap has reduced from 46 per cent in December 2016 to 37 per cent in June 2018. Despite this significant reduction, the Ministry is still a long way from the existing Public Service gender pay gap of 12.5 per cent.

We have reviewed every position in the Ministry and established that the Ministry pays men and women the same remuneration for the same work.

The Ministry is well into a transformational change programme which has grown the organisation. As a result, the proportion of permanent Ministry staff who are women has increased from 36 per cent in 2012 to 54 per cent at the end of June 2018. Over the same period the proportion of women in management roles has increased from 11 to 38 per cent.

The Ministry has taken a number of steps to support careers of all staff, particularly women:

- providing private sector secondments for high potential staff
- requiring shortlists for management roles to include at least one woman candidate
- progressive policies that include support with parental leave and flexible working arrangements
- reimbursing some childcare costs, including when staff have to travel
- providing free flu vaccinations for dependent family members, and
- making sure that, where people have to pause their career or change hours, we help them to maintain pay and career advancement.

The Ministry is taking a variety of initiatives to improve gender balance of managers and further reduce our gender pay gap.

We have made it a priority to:

- attract women to roles in the Ministry – especially to those traditionally held by men
- encourage them to apply, and
- support them in their careers.

To work towards closing our gender pay gap, we have set the following targets:

- a 40-40-20 gender basis across both managers and the Ministry generally – that is 40 per cent women, 40 per cent men, and 20 per cent of any gender
- at least 50 per cent of appointments to the Capability Delivery Division in each year to be women.

Achieving these changes has required sustained effort for the organisation and more will be needed over the next few years to achieve the level of change we are seeking.

Improving ethnic diversity

One of the five priorities for our People Strategy is to improve diversity within the Ministry, under the heading “More ideas, more influence”.

The Ministry has an improving level of ethnic diversity. It is still low compared to other organisations. We believe that multiple factors are contributing to this. A constraint we share with our sector partners is the security requirement that candidates meet citizenship criteria and have a checkable background history. We may not be able to achieve the level of improvement seen in other parts of government, but there are opportunities for us as New Zealand’s demographics change.

We have put in place the following measures:

- developing a Diversity and Inclusion Strategy
- participating in the Tupu Tai Pasifika intern programme
- promoting the Ministry as an inclusive organisation, where a variety of people would want to work
- participating in a stocktake of our Diversity and Inclusion practices with the State Services Commission and Diversity Works
- training for all our people managers on the management of unconscious bias and making sure managers have the skills they need to get the best from diverse teams; we will extend this training to all staff
- actively engaging with universities so that we get in front of a broader range of people

Figure 7: How the Ministry's gender diversity has changed

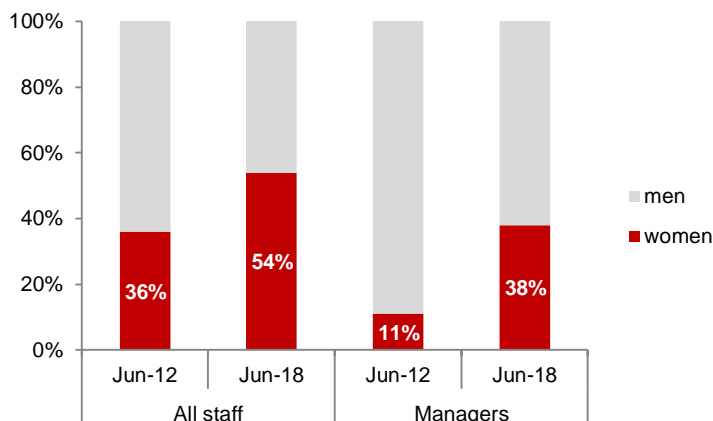


Figure 8: Ethnicities within the Ministry as at 30 June 2018 (staff can elect to identify with up to three ethnicities)

Ethnicity	%
NZ European/Pākehā	32%
New Zealander	28%
European	22%
Asian	5%
Māori	4%
Not Stated	4%
Other – Rest of World	3%
Pacific Peoples	1%

- re-surveying our staff to ascertain the ethnicities to which they identify
- identifying and addressing biases in the way we advertise and recruit.

How we measure success

Achieving change will take time. Our strategy is to create the conditions for success, monitor change, and learn.

We are monitoring a range of staff information, as well as indicators of how the Ministry is creating opportunities for advancement. This is shared with staff. These include:

- gender related information including gender pay gap action plan results
- turnover, by level and type of role
- tenure
- numbers of promotions within the Ministry
- development opportunities within and outside the Ministry.

PARTNERSHIP: DELIVERING DEFENCE CAPABILITY

Governance of major defence capability projects

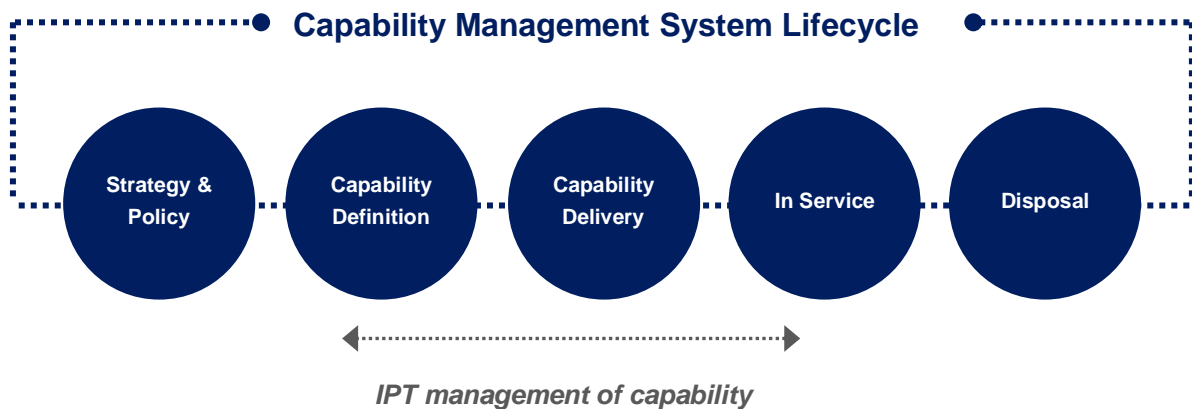
Defence has a joint system of capability governance and management, reflecting the shared responsibilities of the Secretary of Defence and Chief of Defence. There are permanent governance bodies with overall system and portfolio-level governance responsibilities, as well as a number of project governance bodies that oversee the development and delivery of specific, new or enhanced capabilities.

Integrated Project Teams

Integrated Project Teams (IPTs) are established for major capability projects. These comprise personnel from both the Ministry and Defence Force, and include professional project specialists and subject matter experts. IPTs are designed to deliver excellence in capability delivery within the New Zealand context. The IPT Leader is the single point of accountability for the success of the project.

The purpose of IPTs is to enable a more collaborative way of working on major projects across the Defence Capability Management System and drive end to end thinking at the project level and across the capability portfolio.

Figure 9: How Integrated Project Teams fit in the lifecycle of a defence capability



IPT membership is based on the technical and business functions required to define, develop and deliver a supportable capability, and is closely aligned to the requirements of the project cycle. In addition to the core team, an IPT leader is supported by a range of Defence Force and Ministry internal business partners.

This approach integrates professional project management disciplines with specialist military advice. The enhanced system provides for multiple parallel phases as projects progress through the lifecycle. It has allowed Defence to consider the procurement and sustainment for capabilities while developing the requirements. This sets up projects for success because all components for successful delivery are considered up front and together.

Portfolio, programme and project management across Defence

Portfolio, programme and project management across Defence is a distributed model with shared accountabilities and dispersed responsibilities. The Ministry has a Practice Office, which partners with the Defence Force Capability Branch Programme Management Office. The Practice Office is focused on improvements to Defence programme and project standards, techniques and processes – ensuring these new and changed functions are successful and impactful in their supporting roles, and that they can quickly operate in a highly collaborative and effective way.