



MINISTRY OF
DEFENCE

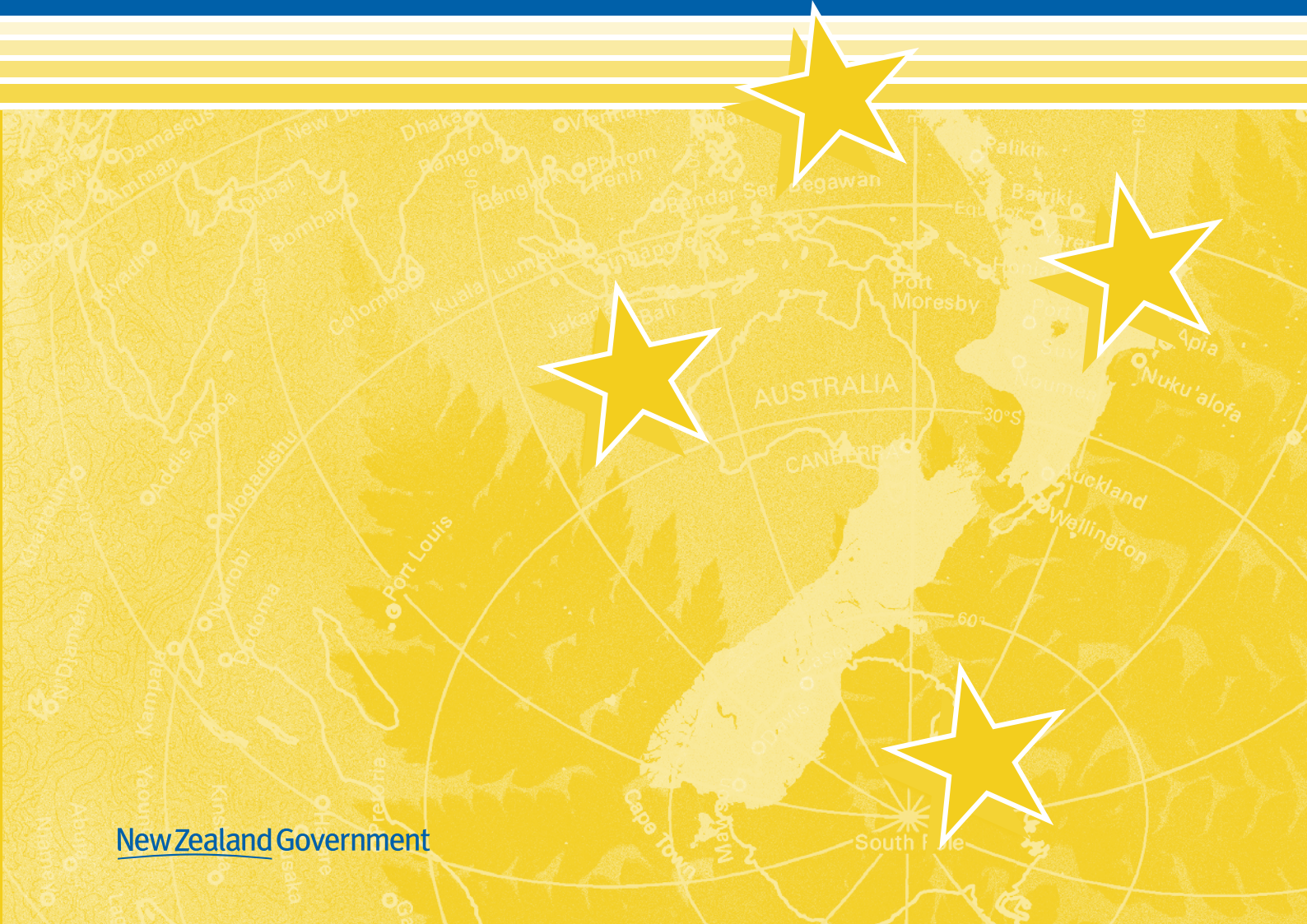
Manatū Kaupapa Waonga

Statement of Intent

1 July 2013 – 30 June 2016

Presented to the House of Representatives

Pursuant to section 39 of the *Public Finance Act 1989*





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Contents

Ministerial foreword	1
Chief Executive statement of responsibility	2
Introduction from the Secretary of Defence	3
Addressing affordability issues	3
Maintaining momentum in key relationships	3
Organisational improvements	3
Strategic direction	5
The strategic environment	5
Defence outcomes and intermediate outcomes	5
Outcomes measures - Assessing current security and likely changes	8
Nature and scope of functions	9
Our purpose and roles	9
Our three operating intentions	9
The Government's priorities	11
How we will measure progress	12
How we will work with other agencies	13
Efficient and effective delivery	15
Measuring and improving our cost-effectiveness	15
How we add value	15
Managing in a changeable environment	16
Strategic environment	16
Specific challenges	16
Business continuity	16
Organisational capability	17
People	17
Organisational health	18
Continuous improvement	18
Environmental impact	18
Equality and diversity	19
Departmental capital intentions	20

Ministerial foreword

The Government is committed to making sure that New Zealand has an effective defence and national security system. The period of this *Statement of Intent* will mark important changes in our international commitments, organisational improvements, and the introduction of new military capabilities.

Over the next three years I expect the Ministry to deliver on a number of significant priorities for the Government including: addressing affordability issues; maintaining momentum in key international relationships; and progressing organisational improvements.



The next Defence White Paper is anticipated for 2015. The international strategic environment has continued to evolve since the last White Paper in 2010 and it is timely to examine New Zealand's defence requirements. A Defence Mid-point Rebalancing Review is being undertaken, by the Ministry, the New Zealand Defence Force (NZDF) and Central Agencies, to inform the upcoming White Paper.

Our deployments in Afghanistan, Timor-Leste and Solomon Islands have demonstrated New Zealand's commitment to international security. In coming years the Ministry will need to work to maintain and enhance the relationships built during these deployments as well as continuing to support regional security through defence diplomacy.

Future acquisitions are also being advanced. Tenders for a new military pilot training capability are being evaluated and a tender has been issued for an upgrade of the ANZAC frigates' combat systems. New maritime helicopters, medium and heavy operational vehicles, and equipment for the Wideband Global Satellite Communications network will be introduced into service. I am looking forward to these projects benefiting from the new processes for whole-of-life capability management that are being implemented as outlined in the last White Paper.

The Ministry also has an important role in strengthening the national security sector by evaluating Defence's performance. Provision of meaningful assessments are essential to lifting performance to meet the expectations of Government and New Zealanders.

The White Paper and the Better Public Services programme set out the Government's expectations for the Ministry to improve its performance. The 2012 Performance Improvement Framework Review of the Ministry found a number of areas where the Ministry can improve its efficiency and effectiveness. I am keen to see the recommendations of the Review implemented over the period of this Statement of Intent.

I am satisfied that the information on future operating intentions provided by the Ministry of Defence in this *Statement of Intent* accords with sections 38, 40, and 41 of the *Public Finance Act 1989* and is consistent with the policies and performance expectations of the Government.

A handwritten signature in black ink, which appears to read 'Coleman'. The signature is fluid and cursive, with a large initial 'C'.

Hon Dr Jonathan Coleman
Minister of Defence

Chief Executive statement of responsibility

In signing this statement, I acknowledge that I am responsible for the information contained in the *Statement of Intent* for the Ministry of Defence. The information has been prepared in accordance with the *Public Finance Act 1989*. It is also consistent with the proposed appropriations set out in the Appropriations (2013/14 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the *Public Finance Act 1989*, and with existing appropriations and financial authorities.



Helene Quilter
Secretary of Defence



Bryan Westbury
Deputy Secretary (Finance) and
Chief Financial Officer

Introduction from the Secretary of Defence

National security represents a foundation on which all individual welfare and national prosperity depends. Defence supports the Government's objective of maintaining national security; thereby underpinning the achievement of the Government's broader social and economic priorities.

The Ministry of Defence, working with the NZDF, has made significant progress in implementing the Government's policy objectives as set out in the Defence White Paper 2010. The Ministry has supported the NZDF in delivering efficiencies; delivered its key capabilities and supported the decision making for the draw downs from our major deployments in Afghanistan, Timor-Leste and the Solomon Islands.

A number of major acquisition projects are also reaching their conclusion, with the Ministry having delivered the NZDF some significant new or upgraded capabilities. New light and medium utility helicopters have been introduced and upgraded Orion maritime patrol and Hercules transport aircraft have been delivered to the RNZAF. The remediation of the Protector fleet is well advanced, with upgrades to the ANZAC frigates having commenced.

While the period since the White Paper has involved considerable changes for the Ministry and the NZDF, there is further work to do. The gains that have been made across a number of areas need to be secured and preparations need to be made for future challenges.

Addressing affordability issues

The Ministry will continue its work to support the NZDF's efficiency and reform programme. The challenges of a constrained fiscal environment mean it will remain important to ensure that there is a balance between defence policy, funding and capability over the longer-term. The Ministry, the NZDF, and Central Agencies will work together, including through the Defence Mid-point Rebalancing Review, on how we will ensure New Zealand retains a capable, sustainable, deployable and affordable defence force.

Maintaining momentum in key relationships

Excellent progress has been made in recent years in advancing our relationships with key security partners, particularly those with Australia and the United States. The Ministry will continue to strengthen these relationships by identifying the most mutually beneficial engagement and training activities.

To enhance our relationships in the wider Asia-Pacific region we will continue our involvement in forums such as the ASEAN Defence Ministers Meeting Plus and the Five Powers Defence Arrangements. The Ministry will continue to play an active role in regional defence architecture.

Organisational improvements

The White Paper and the Government's Better Public Services programme set out the Government's expectations for the Ministry to improve its performance. A Performance Improvement Framework Review (PIF Review) of the Ministry has recently been completed. The Ministry has taken careful note of the review's findings and we are using them to improve our performance and efficiency. Early priorities are developing and implementing a four-year business plan, reviewing our governance and operating model, and improving our audit and assessment programme.

The PIF Review found that the Ministry needs to take a more active role in the national security policy space. The Ministry is increasingly engaged in inter-agency efforts, including the sharing of information on policy and priorities. Changes have already been made to improve the whole-of-life management of military capabilities and are a foundation for greater effectiveness in acquiring major capabilities for the NZDF.

Keeping the Ministry fit for purpose is crucial if we are to achieve our primary objective of enhancing New Zealand's security.

A handwritten signature in black ink, consisting of a series of loops and a large circular flourish.

Helene Quilter
Secretary of Defence

Strategic direction

The strategic environment

We will assist the Government to ensure New Zealand is prepared to meet the challenges of its strategic environment.

The next 25 years are likely to be more difficult than recent ones. Key issues include:

- challenges to rules-based international order
- the ability of international institutions to forge consensus on trans-boundary problems
- the emergence of new centres of economic strength that shift the balance of power
- new technologies that create new threats
- the increasing risk of weapons proliferation
- terrorism continuing to challenge state authority.

The South Pacific is likely to become more fragile. New Zealand, together with Australia, will continue to play a regional leadership role, acting as a trusted friend to our South Pacific neighbours.

New Zealand is highly unlikely to face direct military threat over the next 25 years. However, more pressure on maritime resources and increased illegal migration are likely.

Defence outcomes¹ and intermediate outcomes

The Government aims for a state of security – a safe domestic and international environment that protects New Zealand interests. Although security is an increasingly broad concept, in the defence context it means being free from actions by other states or organised groups that entail:

- intentional or threatened use of destructive or deadly force
- hostile incursions into our sovereign territory.

It also means the capability to deter and, where necessary, neutralise such threats. In doing so, New Zealand may act alone or with others. Thus, our partnerships and defence capabilities improve our own security and that of other countries.

Security matters not only because it ensures countries remain free from harm, but also because it offers the confidence essential for investing, growing and prospering. Security partnerships are also part of the fabric of rules-based international relationships, including trade relationships, which benefit everyone.

NZDF capabilities can be usefully applied to more than military interventions. They also include search and rescue, border protection and disaster relief.

¹ 'Outcome' is defined as a state or condition of society, the economy or the environment, and includes any change in that state or condition.

Our high-level outcomes are:

- **Outcome one: New Zealand is secure.**
- **Outcome two: New Zealand's efforts enhance the security of other nations.**

The wider strategic environment sometimes changes fast, witness recent events in the Middle East and in Africa. More often, though, it evolves over years. To achieve shorter-term objectives, we will focus on four intermediate outcomes:

- **Intermediate outcome one: New Zealand identifies all credible threats to its security.**

The Ministry will continue to work with other government security-sector agencies and with our security partners to detect and monitor emerging issues and potential security threats.

- **Intermediate outcome two: New Zealand's military capabilities align with our needs.**

The Ministry will:

- work with the NZDF and other government agencies to give the Government high-quality advice on the military capabilities New Zealand needs. The Ministry has new accountabilities in this area, arising from the *White Paper*
- manage the acquisition or upgrade of important military platforms and equipment
- audit and assess how well the NZDF and the Ministry are developing and maintaining military capabilities.

- **Intermediate outcome three: New Zealand's defence relationships align with our security interests and foreign policy goals.**

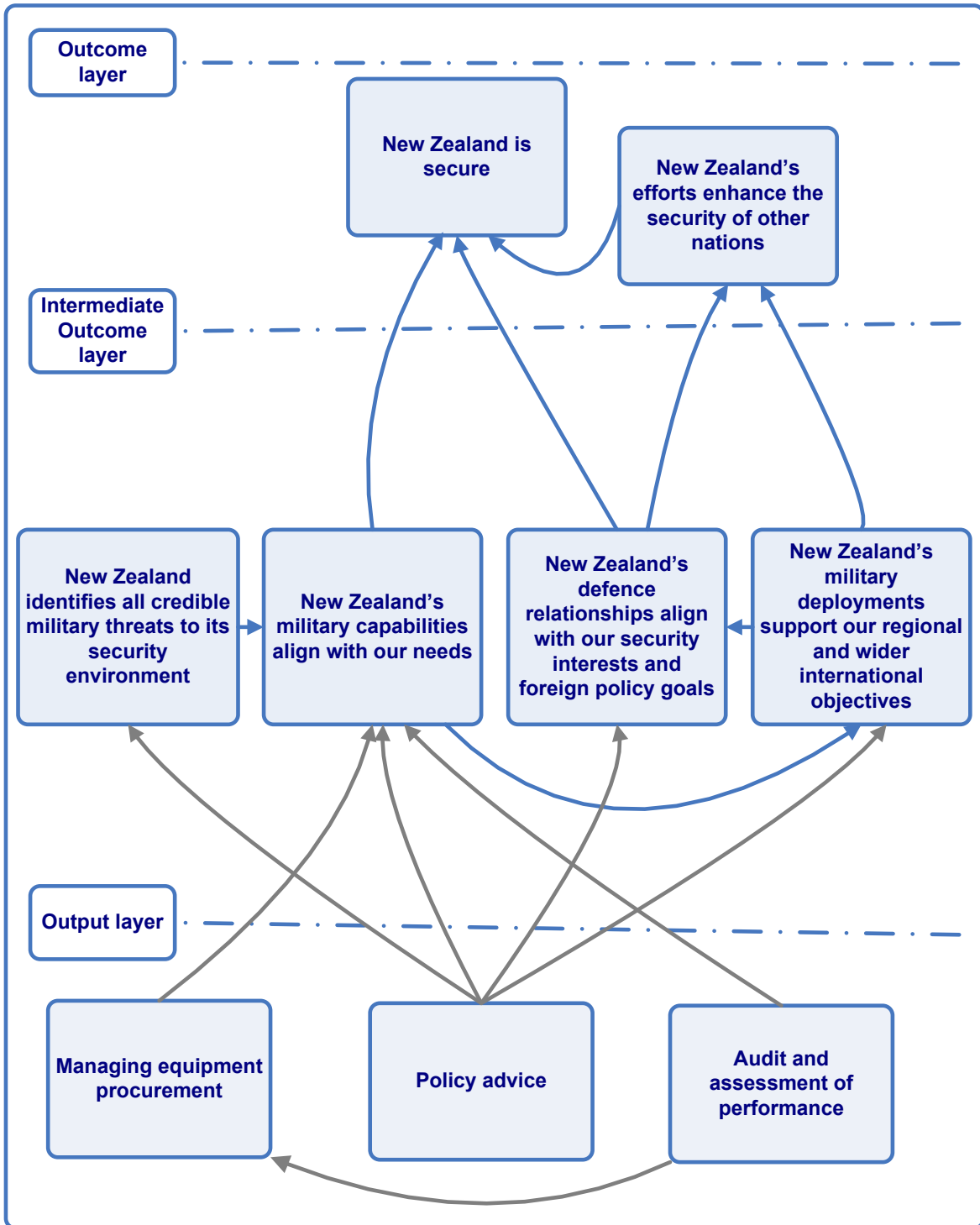
The Ministry will work with the Ministry of Foreign Affairs and Trade, the NZDF and other government agencies to give the Government high-quality advice on developing and maintaining New Zealand's security partnerships.

- **Intermediate outcome four: New Zealand's military deployments support our regional and wider international objectives.**

The Ministry will work with the Ministry of Foreign Affairs and Trade, the NZDF and other government agencies to give the Government high-quality advice on deploying New Zealand's military forces overseas.

This diagram shows how Ministry outputs contribute to the Government's outcome.

Figure 1: Ministry of Defence Outcome Framework



Outcomes measures - Assessing current security and likely changes

Assessing the state of a security environment is a complex operation since many factors are at work. In considering our high-level outcomes we base our view on a combination of information sources.

The Ministry constantly monitors the security environment and will summarise developments in the 2013 Annual Report. This ongoing monitoring is part of achieving our intermediate outcome that New Zealand identifies all credible threats to its security.

Our high level assessment of the state of a security environment will relate to five areas of interest:

- New Zealand
- Australia
- South Pacific
- Asia-Pacific
- Global.

We will consider two aspects of security:

- the 'current security outlook status' - the likelihood that a significant compromise of security will occur through the use of destructive or deadly force, or by hostile incursion. An assessment will be made according to the set of classifications *Very Low, Low, Moderate, Mixed, High, and Conflict*
- the apparent 'direction of change' - whether the evidence suggests that the security environment is getting better or worse. An assessment will be made according to the classifications *Improving, Stable, Deteriorating and Unclear*.

The Defence White Paper 2010's conclusions on the security outlook remain the basis for considering developments.

Assessing our performance against our intermediate outcomes is undertaken on an ongoing basis. We report to the Minister of Defence on a quarterly basis against the Government's priorities, from which our intermediate outcomes are derived. Our 2013 Annual Report will summarise our efforts to achieve these outcomes.

Nature and scope of functions

Our purpose and roles

The Ministry works with other government organisations – principally the NZDF – to ensure New Zealand remains secure. Main Defence tasks indicated in the *White Paper* are:

- defending New Zealand's sovereignty
- discharging our obligations as an Australian ally
- contributing to and, where necessary, leading South Pacific peace and security operations
- contributing to Asia-Pacific peace and security
- protecting New Zealand's wider interests by contributing to international peace and security, and the international rule of law
- contributing to whole-of-government efforts at home and abroad in resource protection, disaster relief and humanitarian assistance
- participating in whole-of-government efforts to monitor the international strategic environment
- being prepared to respond to sudden shifts and disjunctions in the strategic environment.

We contribute to these tasks by:

- advising the Government on New Zealand's strategic environment, the security tasks we are likely to have to undertake, and the military capabilities New Zealand will need in order to undertake them
- advising on and helping with management of military capabilities at every stage of their life cycle
- helping maintain and enhance international defence relations, particularly with Australia and other security partners
- acquiring or upgrading major items of military equipment
- auditing and assessing NZDF and Ministry performance.

Our three operating intentions

We will achieve these outcomes by delivering three outputs:

1. policy advice and related outputs
2. management of equipment procurement
3. evaluation, audit and assessment of performance.

The cost of these outputs, along with associated output performance measures and standards, are published in *Information Supporting the Estimates*.²

² Performance Information for Appropriations: Vote Defence (B 5A Vol. 4).

1. Policy advice

We advise the Government on:

- changes in the strategic environment
- defence and security policies
- the military capabilities needed to achieve defence policy goals
- bilateral and multilateral defence relations.

Our policy advice contributes to all four intermediate and the two high-level outcomes.

Changes in the strategic environment

We work with the NZDF and other organisations to identify emerging trends and issues by maintaining an overview of New Zealand's strategic environment.

Defence and security policies

Security environment changes may require policy responses, although not necessarily military ones. Some changes, however, might suggest a need for the NZDF to undertake tasks different from those for which it is currently equipped.

Military capabilities and outputs

The NZDF administers a portfolio of around \$5 billion in assets, and spends around \$2.3 billion a year on outputs and capabilities.

We advise on managing military capabilities across their life cycle. In particular, we ensure business cases are robust whenever the Government considers buying or upgrading major platforms and items of military equipment. This involves looking at how well spending proposals align with defence policy, as well as at broad resource implications, and the merits and risks of various options, including technical advice and analysis. This ensures the Government has sound information, and that large capital expenditure delivers value for money.

Bilateral and multilateral defence relations

The collective effort of security partnerships enhances each partner's individual security. We help maintain and improve New Zealand's security by giving policy advice on security partnerships and by participating in international defence relations.

2. Procuring military equipment

We purchase major items of military equipment needed to implement the Government's defence policy. We aim to ensure equipment meets contract specifications and is delivered on time and to budget. We strive for a seamless procurement process and effective stakeholder management.

Purchasing military equipment achieves Intermediate Outcome Two and the two high-level outcomes.

3. Evaluation, audit and assessment of performance

We undertake independent evaluations, audits and assessments of performance, for the Minister of Defence, of NZDF functions, duties or projects, and Ministry of Defence procurement activities. We also audit, for the Minister for the Environment and the Minister of Defence, controls on hazardous substances that are under the control of the Minister of Defence.

Our audits and assessments help achieve Intermediate Outcome Two and the two high-level outcomes.

The Government's priorities

The *White Paper* established priorities for 2010 onward. We will continue to undertake roles and deliver outputs described in the previous section. The Minister has also outlined the Government's priorities through to 2016. The table illustrates these alongside corresponding Ministry activities.

Government priority	Ministry support
<p>Deployments</p> <p>The Government is committed to New Zealand making a contribution to international security and peace support initiatives. New Zealand has concluded its military contribution to Timor Leste and is in the process of drawing down from Afghanistan and Solomon Islands.</p>	<p>We will advise on developing whole-of-government strategies to ensure New Zealand makes a credible contribution to international efforts to support peace and security.</p>
<p>Capability plan</p> <p>The <i>Capability Plan</i>, approved by the Government in 2011, sets out major areas of development through to 2020. The NZDF intends having a joint amphibious taskforce at the core of its force structure by 2015.</p>	<p>We will advise on several major acquisition decisions that Cabinet will consider over the next three years. In particular, we will work to ensure proposals are affordable, aligned with the Government's policies and priorities, and scrutinised under Defence's revised capability management arrangements.</p>
<p>Shifting resources</p> <p>To achieve best use of available funding, the Government has directed the NZDF to make specific savings up to 2015 and redirect resources to align them to Government priorities.</p>	<p>We will work with the NZDF to implement its savings plan, while ensuring the NZDF can deliver on the Government's operational expectations over the longer term. This will include working with the NZDF and central agencies to complete the Defence Mid-point Rebalancing Review, which will analyse long term Defence funding and capability.</p> <p>We will continue to contain our own costs.</p>
<p>Legislative change</p> <p>Some <i>White Paper</i> policy changes require amendments to the <i>Defence Act 1990</i>. A Defence Amendment Bill has been considered by Select Committee.</p>	<p>We will work with the NZDF to progress the Bill.</p>
<p>International relations</p> <p>The Government intends maintaining and building on our strategic relationships, particularly with Australia and other partners in the Asia-Pacific region.</p>	<p>We will continue playing a leading role in strengthening New Zealand's international defence relationships.</p> <p>We will continue to enhance cooperation with Australia and the United States.</p> <p>We will support the Five Power Defence Arrangements and the ASEAN Defence Ministers Meeting Plus, including through bilateral engagement in the region.</p>

Acquisitions

Several projects for acquiring and upgrading key platforms and items of equipment are well advanced. They include upgrading the C130 Hercules tactical air transport aircraft and the P3 Orion surveillance aircraft, and bringing into service the NH90 medium utility helicopter. Any further major acquisitions approved by the Government will also be progressed.

We will continue to work on these and any new acquisitions and upgrades the Government approves, and bring them to a successful conclusion as soon as possible.

How we will measure progress

Our internal work plans will set out tasks and milestones associated with supporting the Government priorities outlined above. We will monitor progress on these milestones and report regularly to the Minister.

How we will work with other agencies

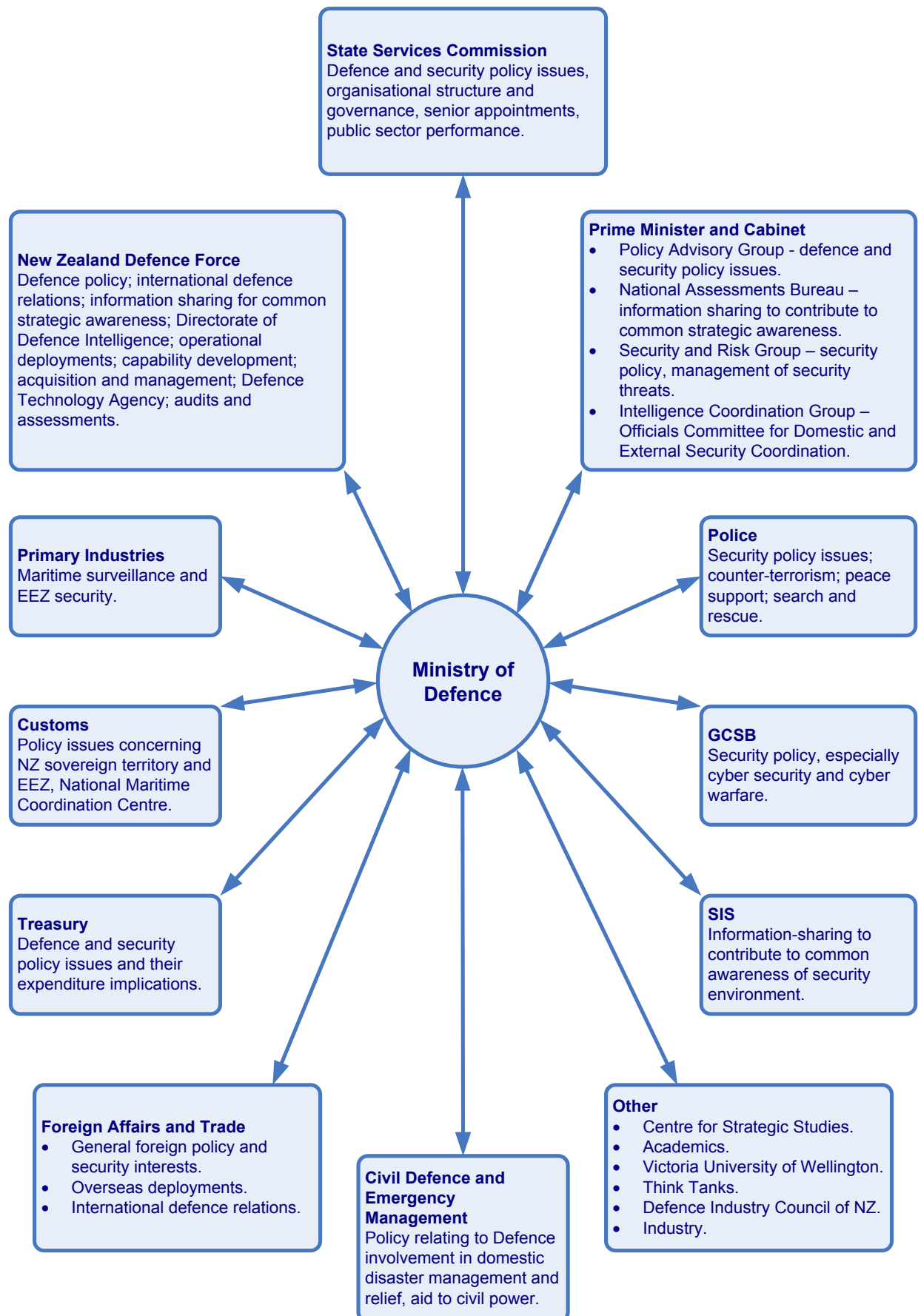
We are a security-sector agency. We assess influences on the security environment by working with other security agencies, mainly the NZDF, the Ministry of Foreign Affairs and Trade, and the Department of the Prime Minister and Cabinet, all of whom have a high level of input into our final policy advice.

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

We routinely liaise with the Ministry of Foreign Affairs and Trade, the Treasury, and the Department of the Prime Minister and Cabinet staff. We participate in central government security and crisis-management arrangements.

The challenge of supporting a whole-of-government approach to security management is aligning defence policies, capabilities and operations to foreign policy and wider government objectives. Thus we work towards a sectoral approach to outcome achievement and reporting.

We have a close relationship with HQ NZDF. This is formalised through various committees, and shared management of capability development and other defence business. It is complemented by routine informal collaboration.

Figure 2: Relationships with other Government agencies

Efficient and effective delivery

Measuring and improving our cost-effectiveness³

It is difficult to estimate the dollar value of the effects of military capabilities and interventions. It is equally difficult to quantify, in dollar terms, either the contributions the Ministry makes to NZDF military effectiveness, or the contributions NZDF military activities make to high-level outcomes. Thus, we believe it unfeasible to posit a direct measure of our cost-effectiveness.

We can, however, describe where and how we add value. Further, if we can achieve more – or at least the same – for less cost, we will have improved the efficiency and effectiveness of our service delivery. In the coming year we will measure our cost effectiveness by:

- using the Common Indicator Set performance measures for policy appropriations
- comparing the quality and cost of our current performance with our performance in previous years.

How we add value

Strategic policy and purchase advice

Well-focused expenditure avoids unnecessary cost. We ensure defence spending is aligned to policy requirements and, by way of careful analysis of options and business cases, delivers value for money.

International defence relations

Security partnerships enhance each partner's individual security through their collective military capabilities. Policy alignment and military capability is potentially available to every partner without more defence expenditure. We help maintain and improve New Zealand's security position by managing and participating in the conduct of international defence relations.

Acquisitions

The benefits of national security are realised through military capabilities. In general, these capabilities consist of platforms and equipment, and personnel trained to use them.

Purchasing and upgrading military equipment builds and maintains military capabilities, and therefore contributes to national security. We aim to manage procurement contracts so that platforms and equipment are delivered within budget, and according to specifications and contracted timelines.

Evaluation, audit and assessment

We conduct our audit and assessment activity for the Minister of Defence, to fulfil the Secretary's obligations under the *Defence Act 1990*, and the *Hazardous Substances and New Organisms Act 1996*. We provide the Minister with independent advice on the performance of both the NZDF and the Ministry. As well as informing the Minister, we add value to the defence organisations by identifying opportunities for performance improvement and by recommending appropriate action.

³ Cost-effectiveness is defined as the relationship between resources used (cost) and progress towards a predetermined outcome (effect). It is measured by comparing the dollar cost with the dollar value of the outcome's benefits. If another approach to the outcome results in more benefits or similar benefits at less cost, then the alternate approach is more cost effective.

Managing in a changeable environment

Strategic environment

We must have a clear view of the strategic environment. Deploying military forces affects Service members' lives, and entails difficult policy choices. Capability requirement decisions involve large sums of money, and influence foreign and security policy options for decades. We need a long-term view of the strategic environment so that our advice ensures military capabilities align with our requirements, and the NZDF is deployed to best support New Zealand's interests.

The *White Paper* reflects a thorough analysis of likely impacts on New Zealand's defence requirements. It presents the Government's view of the strategic environment. We will continue to monitor developments that might alter this view.

Specific challenges

Staff are our main resource. We have been under-resourced in some specialist areas – financial and commercial – partly because we are a small organisation that finds it difficult to recruit and retain staff in a competitive labour market. This has been mitigated by contracting outside services.

The biggest financial and capability risks we face lie in the delivery of individual acquisition projects to the NZDF. Delays and cost overruns can impact enormously on NZDF generation of military capability. Individual acquisition projects are comprehensively risk analysed, and any risks managed and mitigated. The Acquisition Division is certified to ISO 9001 level for quality-management processes and outcomes.

The *White Paper* includes new arrangements for managing capability. The *Capability Management Framework* sets out principles and procedures for this work.

Principles for managing project risk will not change. Risks have three main aspects: cost, functional requirements and time:

- cost overruns are avoided by fixed-price contracts, with forward foreign-exchange cover taken out for the life of the contract
- risk of failure to meet functional requirements is managed by acquisition project directors and managers, who ensure the capability contracted for is actually delivered; the Deputy Secretary Acquisition monitors the performance of project directors and managers
- delays are avoided, or mitigated if they do occur, by ensuring contracts confer an advantage to the Ministry; any operational impact on the NZDF is managed by consultation and coordination.

Business continuity

We continue to test our business continuity policy and plan by way of scenario exercises.

Disaster recovery testing, for our information management and technology services, is carried out six monthly. We aim to protect and maintain access to core Ministry information and ensure key staff remain accessible during and after a disaster event.

Organisational capability

We need people, relationships and processes that allow us to achieve our intermediate- and high-level outcomes. We will not succeed in our work without well-qualified and motivated staff, sound resource management, and effective working relationships between staff and stakeholders.

The Performance Improvement Framework Review (Review) of the Ministry of Defence in 2012 put a spotlight on what we do well and where we need to improve. As a first priority in response to the Review's recommendations, we are developing an organisational strategy. This strategy will incorporate stakeholder feedback and the recommendations of the Review. The strategy will be used to develop an operating model that improves the Ministry's governance and management of performance. As part of this exercise the Ministry will also review its back office services.

People

The Ministry aims to attract and retain:

- high-quality policy analysts and advisers
- project managers who can manage military equipment procurement
- evaluation analysts who can assess and audit defence activities and functions
- corporate staff with a technical focus.

The Ministry has a comparatively small staff but a wide breadth of responsibilities. This means it is important to have the right people in the right job at the right time.

We will continue upholding and reinforcing ethical standards that ensure the New Zealand public service deserves and holds the respect of its citizens.⁴

Policy analysts and advisers

We attract highly qualified graduates as well as more senior people with depth and experience. We ensure we have the right human resources policies to recruit, develop, train and retain high-quality policy analysts. We want to further develop analysts' knowledge of defence issues, and to expand their knowledge of government processes and practices.

To this end, we have an open approach to training and a secondment policy. Mutual secondments of policy analysts between us and other government agencies give staff a broader understanding of how New Zealand's security and prosperity is protected and advanced abroad.

Acquisition project managers

We need people with expertise in the highly specialised area of acquiring military platforms and equipment: people who will operate to public service standards in a very competitive commercial environment.

Project managers and project officers may have to live overseas for some time in order to supervise an acquisition. Since this Ministry is too small and specialised to train and retain people with the necessary range of skills and experience, we must recruit project managers and staff who already have them.

A project manager may lead a team of up to 10 project officers (usually seconded from the NZDF) and manage several external service providers, such as: independent consultants who verify and validate specifications; lawyers who draw up contracts and advise on contractual issues; risk-management consultants; independent project-specific advisors; specialist auditors.

Our project managers must also protect Crown interests throughout complex, multi-faceted projects. They therefore need superior communication skills and leadership ability.

⁴ Standards of Integrity and Conduct issued by the State Services Commission.

Evaluation analysts

We aim for broad skills, disciplines and backgrounds in our evaluation team. We aim to achieve continuous learning and improvement through our evaluation activities and the skill set for this work is necessarily broad, taking in technical disciplines and the ability to engage with others, distil simplicity from complex issues, and communicate to a high standard.

Corporate roles with a technical focus

We attract professionals experienced in information management and technology, human resources, legal and finance. The development of our corporate roles through formal training and interdepartmental networks across government agencies is key to maintaining a wide breadth of knowledge, understanding state sector trends and to ensure best practice policies and processes are developed and maintained.

Organisational health

The compact nature of the Ministry ensures we consider staff views. Exit and post-appointment staff interviews run alongside informal communication channels. These allow staff to give confidential feedback and suggest improvements to processes and practices. We monitor indicators such as turnover, absence and performance to identify any trends.

We collect comprehensive information on key indicators of organisational health and capability, and report on them monthly to senior management.

We also participate in the State Services Commission's annual human resource capability survey of government departments. This gives us additional information on human resources capabilities in the public service and allows us to compare ourselves with other departments.

We promote employee health and well-being by:

- operating a health and safety committee which meets regularly
- recording and investigating all accidents
- assessing all new staff's immediate work environment
- offering and paying for all staff flu vaccinations
- meeting all first-aid training costs, including regularly updating first-aid certificates when required
- promoting among staff the employee assistance programme through the Ministry's referral advisors.

We recognise that employee/Ministry engagement correlates strongly with performance. The Ministry surveys employee engagement to discover and act on opportunities to enhance this engagement.

We consult staff when developing human resources policies, processes and staff development plans. We monitor plans to ensure capability development is making the most efficient and effective use of budget and resources.

Continuous improvement

Our credibility is critical to how our advice is received. We monitor it continuously through stakeholder feedback and peer review. We use this information to guide continuous improvement, so we can deliver better quality advice and thus further improve our credibility.

Environmental impact

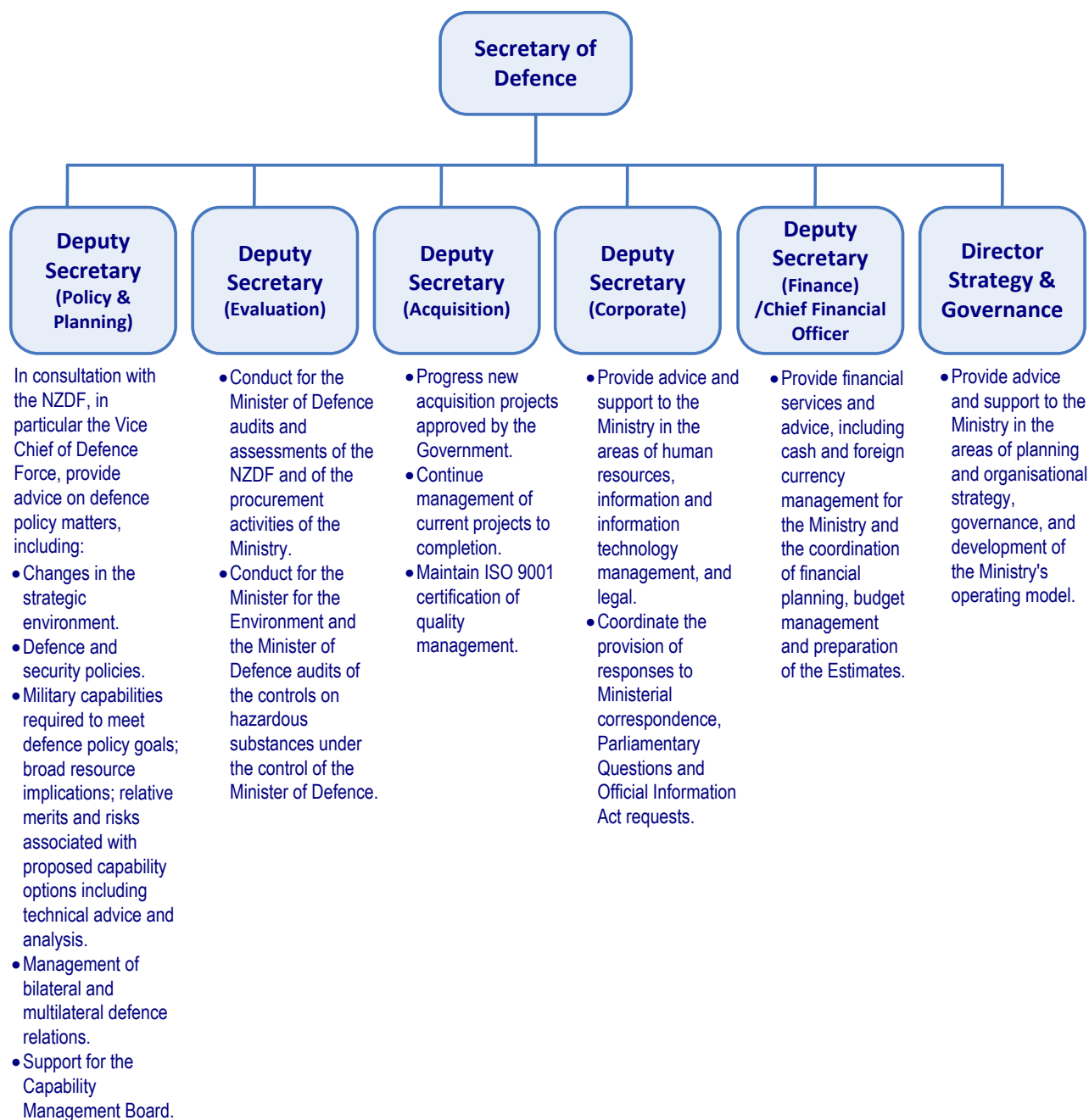
We will continue to reduce our impact on the environment where it makes economic sense to do so. This includes: taking a whole-of-life approach to procuring goods and services; minimising waste sent to landfill; using resources, including energy and water, more efficiently; improving planning, design and construction when commissioning and operating buildings; and adopting transport policies that minimise environmental impact.

Equality and diversity

We are committed to the State Services Commission's *Equality and Diversity Policy*, which means we:

- treat people fairly and respectfully, ensuring equality of access to opportunities (equality)
- understand, appreciate and realise the benefits of individual differences (diversity).

Figure 3: Ministry of Defence organisational chart



Departmental capital intentions

To be incurred according to section 24 of the *Public Finance Act 1989*.

Actual Ministry capital expenditure over the last four years was:

	2009/10 \$000	2010/11 \$000	2011/12 \$000	2012/13 \$000	
	Actual	Actual	Actual	Budget	Estimated Actual
Property, plant and equipment	109	109	77	147	147
Intangibles (software)	51	51	27	253	253
Total expenditure	160	160	104	400	400

Forecast Ministry capital expenditure for 2013-2017 is:

	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000
Property, plant and equipment	150	142	63	232
Intangibles (software)	200	178	267	118
Total expenditure	350	320	330	350

The Ministry's assets are office furniture and equipment, leasehold improvements, IT equipment and computer software.

A capital expenditure plan will be maintained for the entire period covered by this SOI. It will identify new and replacement capital items the Ministry needs to deliver planned outcomes and outputs. Whether or not to incur capital expenditure will be decided on the basis of a business case that justifies the necessity of a purchase, and identifies proposed costs and benefits, the depreciation effect on Vote Defence, and affordability within the capital appropriation.

The Ministry's operating intentions are to physically check all capital items at least once in the 12 months ended 30 June, to regularly review capital items reaching a zero book value, and to consider the need for replacement in order to maintain an asset base that allows the Ministry to function as planned.



MINISTRY OF
DEFENCE

Manatū Kaupapa Waonga