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Statement of Intent 2008 - 2011

New Zealand Defence Force

Te Ope Kaatua o Aotearoa

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Cover Pictures (from left to right):

- (1) HMNZS CANTERBURY as she arrived, in ceremonial order, at Lyttleton Harbour on 28 June 2007.
- (2) A New Zealand Army Light Armoured Vehicle (LAV) in the Waiouru Training Area.
- (3) A P-3K Orion Maritime Patrol Aircraft about to be loaded with a Mark 46 torpedo.

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Abbreviations Used

ABCA American, British, Canadian, Australian Armies Standardisation Programme

ACR Army Configuration Review
AE Aeromedical Evacuation

ASIC Air Standardisation Interoperability Council

ATP Army Transformation Programme

AUSCANNZUKUS Australia, Canada, New Zealand, United Kingdom, United States agreement Naval Command, Control and

Communication Board

CA Chief of Army
CAF Chief of Air Force

CBRE IEDD/EOD Chemical, Biological, Radiological, Explosive, Improvised Explosive Device Disposal / Explosive Ordinance Disposal

CDF Chief of Defence Force

CCEB Combined Communications Electronics Board

CMF Capability Management Framework

CN Chief of Navy

COMJFNZ Commander Joint Forces New Zealand

CONPLAN/s Contingency Plan/s
CT Counter-Terrorist/ism

DCARR Defence Capability and Resourcing Review

DFP Defence Funding Package

DOC Department of Conservation

DPF Defence Planning Framework

DSI Defence Sustainability Initiative

DTA Defence Technology Agency

DTP Defence Transformation Programme
EAS Exercise and Activity Schedule

EC/s Employment Context/s

EEZ Exclusive Economic Zone

EOD Explosive Ordnance Disposal

FPDA Five Power Defence Arrangements

HMNZS Her Majesty's New Zealand Ship

HQ JFNZ Headquarters Joint Forces New Zealand IEDD Improvised Explosive Device Disposal

IPV/s Inshore Patrol Vessel/s

JMETL/s Joint Mission Essential Task List/s

KMA/s Key Measurement Area/s
KPI/s Key Performance Indicator/s
LINZ Land Information New Zealand

LOC: Level of Capability:

BLOC Basic Level of Capability

DLOC Directed Level of Capability

OLOC Operational Level of Capability

NLOC No Level of Capability

LOV Light Operational Vehicle

LSV Limited Service Volunteer

LTDP Long-Term Development Plan

MAO&T Multi-Agency Operations and Tasks

MAP Mutual Assistance Programme

MCM Mine Counter Measures

MCOA Multi-Class Output Appropriation

MET/s Mission Essential Task/s
METL/s Mission Essential Task List/s

MFAT Ministry of Foreign Affairs and Trade

MoD Ministry of Defence
MRV Multi-Role Vessel

MSD Ministry of Social Development NSA NATO Standardisation Agency

NRCC National Rescue Coordination Centre

NZCF New Zealand Cadet Forces

NZDF New Zealand Defence Force

NZ LAV NZ Light Armoured Vehicle

ODA Overseas Development Aid

OPV/s Offshore Patrol Vessel/s

OPRES Operational Preparedness Reporting System
PASOLS Pacific Area Senior Officers Logistic Seminar

RF Regular Force

RNZAF Royal New Zealand Air Force
RNZN Royal New Zealand Navy

RNZNVR Royal New Zealand Naval Volunteer Reserve

SAS Special Air Service

SME Specialist Military Equipment

TF Territorial Force

TTCP The Technical Cooperation Programme

UN United Nations

VANZ Veterans' Affairs New Zealand

Foreword: Minister of Defence

I am pleased to present the 2008 - 2011 Statement of Intent of the New Zealand Defence Force (NZDF).

The next three years covered by this Statement of Intent will see the fruition of much hard work within Defence on many reviews, programmes, initiatives and projects since the issue of the Government's Defence Policy Framework in June 2000. The Framework was the origin of a goal to rebuild, reshape and modernise the NZDF so that it could "offer an adequate range of capabilities which are realistically attainable and affordable". That goal is being attained, and this has been possible through the steady implementation of, and application of the principles contained in, the Government Defence Policy Statement of 8 May 2001, the Defence Sustainability Initiative of May 2005 and the annually updated Defence Long-Term Development Plan (LTDP). These documents, together with the Government's Defence Policy Framework, remain the cornerstones of New Zealand's defence policy. Progress has also been made possible by the dedication of the leadership and management teams of the NZDF and the Ministry of Defence.

New Zealand's primary defence interests are protecting New Zealand's territorial sovereignty, meeting shared alliance commitments to Australia and fulfilling obligations and responsibilities in the South Pacific. The wider Asia-Pacific strategic environment, of which we are a part, is also relevant. Security includes more than just defence, and focuses on global challenges. New Zealand can best contribute to regional stability and global peace by promoting comprehensive security through a range of initiatives including, but not limited to, diplomacy, development assistance, and continuing to meet its United Nations Charter commitments to the maintenance of international peace and security. While identifying no country as being of direct threat to New Zealand, the Defence Policy Framework makes no assumptions about a continuing benign security environment. It warns that circumstances could change and we need to closely watch developments of strategic importance.

Against this background, the government has set clear goals, priorities and funding commitments for the Defence Force. The investments we are making in defence need to ensure that it produces the agreed outputs which the Government can call on to deploy in support of New Zealand's foreign and security policy aims, whether it be in a combat role, peace support, or counter-terrorism.

Under the Defence LTDP, all seven new vessels for the Navy will have been delivered by the end of 2008, the two Boeing 757-200 strategic transport aircraft now have upgraded avionics and have been modified to carry cargo - as well as passengers, and the life-extension upgrade of the C-130 Hercules aircraft and the upgrade of the P-3K2 Orion aircraft are proceeding. The military capabilities of the Navy and Air Force have thus been considerably extended. Furthermore, planning for the purchase of new helicopters, both the medium utility (NH-90) and light utility (Agusta-Westland A-109) helicopters, is progressing well, and the plans to support the consolidation of the Air Force at Ohakea are well advanced. The reality of a *modernised*, *well-equipped* and *sustainable Defence Force*, as envisaged in June 2000, is being realised.

However, there is still much to be done. The period 2008 -2011 moves the NZDF into the 'construction' phase of the 2005 Defence Sustainability Initiative. With continued funding injections under the DSI Funding Package it is expected that this phase will bring continued growth in military and corporate capability, and more substantial progress in the areas of personnel retention and recruitment, shaping the future structure of the Army, addressing the backlog of deferred maintenance, restoration of the Defence Estate, and restoring contingency reserve stocks. It is also a goal during this period to more readily maintain operational commitments. All of these programmes will require careful management of resources and continuing focus on efficiency and effectiveness by the NZDF.

The Defence Transformation Programme, introduced by the NZDF in mid-2006 and covered in this Statement of Intent, will greatly assist in realising the efficiencies being sought.

The contribution of individuals and force elements of the NZDF to various missions around the world continues to be the prime operational focus of the Defence Force. Major deployments continue to Afghanistan, the Solomon Islands and Timor-Leste, as well as many smaller, but important, missions around the world. The high operational tempo is expected to continue in 2008/09 and beyond, and there remains the potential for the NZDF to have to respond to short-notice, low-level regional contingencies. During my visits to the various missions I have seen how well our servicemen and women are performing their tasks and how well they are regarded by those they are supporting. In all cases I have been impressed by their professionalism and the warmth with which they are regarded by locals. As I have stated publicly our servicemen and women on these operational deployments acquit themselves very well and bring credit to New Zealand.

As well as the contributions to missions overseas, the NZDF continues to contribute significantly to operations and tasks in and around New Zealand, in support of other *security-related* government departments and agencies. These, including the New Zealand Customs Service, Ministry of Fisheries, New Zealand Police and Maritime New Zealand, for border control, the protection of our Exclusive Economic Zone and search and rescue, reflect a necessary Whole of Government approach, especially in the use of scarce resources. The new vessels of the Navy, especially the Offshore and Inshore Patrol vessels, and the aircraft of the Air Force, particularly the P-3 Orions, work closely with these other agencies.

This Statement of Intent expands on the above matters and continues to forecast the Government's long-term commitment to a comprehensive approach to security. I am confident that the NZDF will continue to contribute significantly to the wider security outcomes for the benefit of all New Zealanders.

Hon Phil Goff Minister of Defence

22 April 2008

Introduction: Chief of Defence Force

The recent past has been characterised by continued high activity tempo (a combination of our commitments to operations overseas, our commitments in and around New Zealand, including training and multi-agency tasks, and modernisation). During Financial Year 2007/08 the New Zealand Defence Force (NZDF) commenced the introduction into service of the Project Protector vessels, despatched aircraft for upgrade, completed a major baseline review to identify savings, and, related to that, initiated a Defence Transformation Programme (DTP) to ensure that we can deliver Government's expectations now and into the future. Other significant milestones included a continuation of projects under the Defence Sustainability Initiative; consolidation of the NZDF Strategic Plan, including performance measurement and reporting; built military capability and strengthened organisational capacity in HQ NZDF. In concert with the Ministry of Defence we achieved significant progress with the Defence Long-Term Development Plan (LTDP).

In accordance with decisions by the Cabinet relating to the structure and content of accountability documents, this Statement of Intent, compared with those of the past, focuses more on the medium term – out to three years. It emphasises our core business, including strategic priorities, how we go about our business and how we intend to measure our performance.

During the next three financial years (2008 - 2011) it is anticipated that the NZDF will maintain a similar level of commitment to government-approved overseas operational missions. We also expect to maintain the capacity to react to short-warning contingencies in our strategic area of interest. As well as maintaining those operational commitments, support to multi-agency operations and tasks that other government departments and agencies rely on for NZDF equipment, manpower and expertise will likely continue, indeed probably increase. The new vessels for the Navy have an important military role, yet the government purchased them, particularly the Offshore and Inshore Patrol Vessels, to undertake tasks relating to New Zealand's wider security needs - border control and protecting our marine environment and resources. These are important tasks, and the NZDF will continue to build the necessary working relationships with the associated departments and agencies of government. Notwithstanding, we need to ensure the cost effectiveness of our involvement in multi-agency operations and tasks to maximise efficiencies and make the very best use of our resources.

Our vision remains "Three Services as One Force being the best in everything we do". The underlying notion that I want to promote in support of this vision over the next few years is excellence; we need to do the things we currently do better and to seek ways of doing better things - to do our business simpler and better. As detailed in this Statement of Intent, and with the full support of my Executive Leadership Team, I intend this notion to underscore everything we do.

The Defence Sustainability Initiative (DSI), together with a ten-year Defence Funding Package (DFP), set about to build military and organisational capability to a level that would ensure the Government's defence policy objectives could be met on a sustainable basis. The projects under the DSI have either been completed or have transitioned to business as usual. The DSI is subject to a mid-term review in 2010. The baseline review that was completed to complement the achievement of DSI objectives and goals led to the DTP. The DTP comprises five Change Programmes. These programmes, covering Human Resources, Education and Training, Logistics, Defence Estate, and Information and Technology, will be far-reaching and will result in organisational and structural changes. I expect these changes will preserve our military capability and ensure the NZDF is an effective organisation. The DTP will also continue our alignment as an *agile*, *resource efficient* and *valued partner* organisation as identified in the NZDF Strategic Plan.

The main items on the LTDP (new vessels for the Navy and replacement and upgraded Air Force aircraft) are being realised. Looking forward to 2011, other major items currently on the LTDP to improve the capabilities of the NZDF include: a Joint Command and Control System; Consolidation of the Air Force at Ohakea; Land Intelligence, Surveillance and Reconnaissance; Advanced Pilot Training Capability; NZDF General Service Vehicle Fleet Replacement Programme; NZDF Weapon Replacement Programme; and the ANZAC Class Frigate Platform Systems Upgrade and Self-Defence Upgrade. These matters will be subject to appropriate staff action and government approval.

In my introduction to the 2007 Statement of Intent I noted that there were gaps in how we measured our performance and the overall health of the NZDF. I had high expectations that the inaugural NZDF Strategic Plan and Defence Performance Management System (DPMS) would enable the Executive Leadership Team to draw together the necessary information upon which to base its decisions. While we still have some development to do, the building blocks of our Strategic Plan and related systems and processes are proving invaluable. All major planning is now being linked to the Strategic Plan and the three strategic themes of *The Agile Force*, *Resource Efficiency*, and *Valued Partner*. The NZDF Balanced Scorecard, introduced at the same time as the Strategic Plan, is being used by the Executive Leadership Team to track progress against our strategic objectives. It is a most useful management tool for tracking the achievement of strategic initiatives, and the quality of our performance against the strategic challenges that the NZDF faces.

The NZDF continues to meet a wide range of challenges. It must be combat-capable, joint in effect, deployable, highly adaptable, open to change, and totally professional. It must be able to meet military and non-military challenges in New Zealand, in the Pacific, and across the globe where this is in New Zealand's best interests. My primary concern will remain on the ability of the NZDF to provide effective military response options for the Government that are prepared for operations; to improve our management processes; and to drive the change necessary, via the DTP, to ensure we can keep delivering effective military capabilities into the future. The combination of the high activity tempo within the NZDF and cost increase pressures, including remuneration and personnel growth requirements, create a significant challenge to maintaining delivery of services and directed outputs during FY 2008/09 and beyond. To help ease this challenge, the operational preparedness of force elements has been adjusted.

The Defence Outcomes and the NZDF Mission Statement have not changed. They continue to reflect the Government's defence policy and future intentions. Improvements continue to be made in the way the NZDF operates. I remain confident that we will continue to move closer to our vision of being "Three Services as One Force, being the best in everything we do".

J Mateparae

Lieutenant General

Chief of Defence Force

New Zealand Defence Force

22 April 2008

PART A

Section 1: The Strategic Context

Overview of Linkages (Diagram)

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Government Priorities / Themes

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NZDF Strategy Map

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Shaping and Rebuilding the NZDF

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Defence Transformation Programme (DTP)

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Providing Government with Choice in NZDF Outputs

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Generic Service Performance Objectives of NZDF Outputs

Impact of Operational Deployments and Concurrency

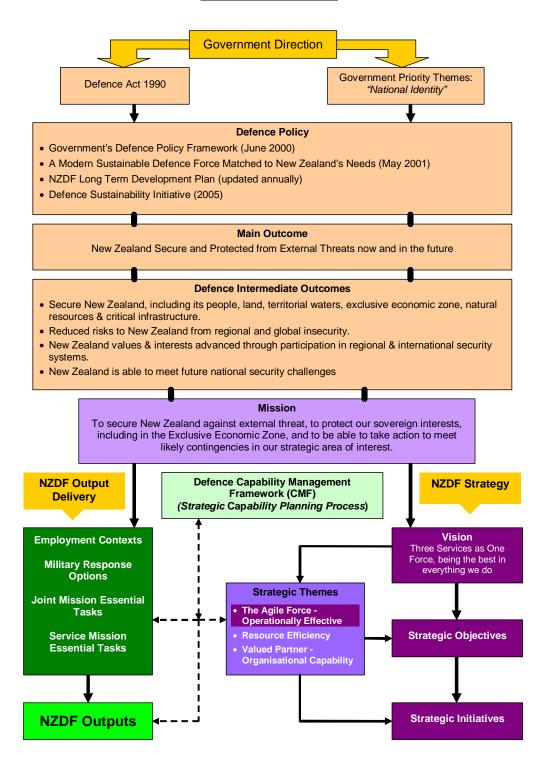
Services in Support of the Government and the Community

Operational Commitments

Section 1: The Strategic Context

This section provides essential information at the strategic level on the nature and functions of the NZDF. In particular, it shows how the NZDF contributes to Defence Outcomes and how those outcomes are linked to the day-to-day delivery of military capabilities resident in the NZDF Outputs. It also explains the key aspects of the NZDF Strategic Plan. The diagram below is a diagrammatic representation of the linkages involved and as covered in this Statement of Intent.

Overview of Linkages



The Strategic Environment

Defence and foreign policy are a partnership working in a comprehensive way to secure our territorial, economic, social and cultural interests, and to meet our collective and global responsibilities. Our participation in the United Nations and other appropriate multi-national peace support operations underlines our wider commitment to collective security and our credentials as a good international citizen. Our current contributions in Solomon Islands, Afghanistan and Timor Leste are just the latest examples of that commitment. Peacekeeping also reinforces and in some cases establishes New Zealand's profile in areas of considerable international tension, such as the Middle East.

The lesson of Afghanistan is that state collapse is more than a humanitarian tragedy; it can threaten regional and international peace and security. Closer to home, this lesson is being applied in the Solomon Islands where ethnic conflict, the breakdown of law and order, and economic collapse compelled a regional response. The Australian-led *Regional Assistance Mission in Solomon Islands (RAMSI)*, to which the NZDF continues to be a major contributor, is a Pacific response to a neighbour's request for help. We expect to be needed there in support of the Police-led mission for some time.

New Zealand has also been playing a crucial role in Timor Leste and currently contributes military personnel to the Australian-led *International Security Force (ISF)*, and the *United Nations Interim Mission to Timor Leste (UNMIT)* as well as having training and advisory staff embedded in the Timor Leste Defence Force under the Mutual Assistance Programme. Our extensive involvement reflects the importance New Zealand attaches to stability and security in the region, and to assisting a regional country in time of great need.

At a regional level, the South Pacific will continue to be a key focus for the NZDF. The impact of globalisation on the Pacific has transformed the regional security environment. The negative aspects of globalisation are bringing transnational threats to the region's doorstep. Transnational problems such as organised crime, money laundering, and the illegal movement of people and goods are placing additional stress on neighbouring countries with pressing economic and social problems. The challenge for the New Zealand Defence Force is to maintain mobile, responsive forces that can respond to calls for help from the region as we are presently doing in Solomon Islands, and as we did in Tonga following the riots in November 2006. To do this New Zealand needs partners. Regrettably, the Fijian military, which was capable of making a constructive and needed contribution to regional peacekeeping and confidence building measures, has instead chosen to usurp power in its own country. In doing so, the Fijian military forces have undermined Fiji's stability and added to the region's growing problems.

Our closest strategic partnership is with Australia. We have a tradition of mutual commitment to each other's security and of working together in pursuit of shared strategic interests. A high priority in the period ahead will be to work closely with Australia to promote a secure and stable neighbourhood as we are currently doing together in Solomon Islands and Timor Leste. We will continue to work and operate closely with the Australian Defence Force [ADF] to respond in a timely and co-ordinated fashion to a range of contingencies.

New Zealand is an active participant in measures designed to reinforce peace and stability in Southeast Asia. The NZDF takes an active role in the *Five Power Defence Arrangements (FPDA)* with Australia, Malaysia, Singapore and the United Kingdom, and in adopting FPDA activities to help build capacity to meet non-conventional security challenges. The NZDF is also active in the *ASEAN Regional Forum*, which with its broad regional membership provides opportunities for New Zealand to work with other forum members in countering terrorism and transnational crime, and promoting regional security through participation in confidence building measures.

On the bilateral level we continue to maintain strong relationships with Malaysia and Singapore. The latter's welcome decision to contribute personnel to our provincial reconstruction team in Afghanistan underlines the closeness of the relationship with Singapore and the ability of the two forces to work together effectively in the field for peace. In other recent developments, bilateral relations with Indonesia have been renewed with an emphasis on military education, and closer links are being established with Vietnam.

Further north, our maturing defence relations with China, Japan and Korea, enhanced through regular defence contact and dialogue, add an important dimension to New Zealand's engagement in North Asia, and underscore our commitment to peaceful interaction in a region of substantial and growing significance to New Zealand. The NZDF's contribution to the United Nations Command in the Republic of Korea underlines the Government's commitment to the Armistice Agreement until a peace agreement can be put in place on the Korean Peninsula.

International terrorism remains a significant and serious threat to New Zealand, our interests overseas, our wider region, and to the international community. The deployment of NZDF personnel and forces in support of peacekeeping efforts in Afghanistan and the wider Middle East will remain an operational priority. The appointment of a senior defence attaché in Riyadh with wide regional responsibilities demonstrates the value that New Zealand attaches to maintaining stability and building relations with key countries in this region.

The NZDF has a good operational relationship with its United States counterparts, which has underpinned our efforts in Afghanistan. We will continue to work together in support of our common international and regional security interests. We have close operational contact with Canada and the UK as a result of common peacekeeping endeavours and have strengthened our defence and security dialogue with both countries. The transfer of all provincial reconstruction teams in Afghanistan to the operational control of the *North Atlantic Treaty Organisation (NATO)* has strengthened our association with NATO, and the NZDF now has a good working relationship with the headquarters of that organisation.

The demands on the NZDF will intensify as we continue to play our part in countering international terrorism, supporting fragile states, and addressing the challenges of nuclear proliferation. As part of our wider effort to meet these challenges, New Zealand has joined with a number of like-minded countries in support of the *Proliferation Security Initiative (PSI)*, a multilateral effort to counter the illegal trafficking of weapons of mass destruction and related materials. With the broadening of security definitions in the post-Cold War era to include transnational crime, the NZDF will be called on to do more in the future to deal with those threats, particularly in the South Pacific.

This strategic environment has been taken into account in the NZDF's plans for the future. The ongoing work under the *Defence Sustainability Initiative (DSI)*, the enhanced capabilities being introduced to the NZDF under the *Defence Long-Term Development Plan (LTDP)*, and the alignment of the NZDF with the key strategic themes of our Strategic Plan under the *Defence Transformation Programme*, are but three of the important aspects of the NZDF's strategy to meet the complex and uncertain security challenges of the future.

The Defence Act 1990

The primary legislation concerning the raising and maintaining of New Zealand's armed forces is the *Defence Act 1990*. That Act confirms the purposes of the armed forces, constitutes the NZDF, affirms that the armed forces are under Ministerial authority, defines the roles and relationships of senior officials, and makes provisions, generally, in respect of the establishment, control and activities of the NZDF, and related matters.

Government's Priorities / Themes

The purpose of the NZDF is primarily linked to *Government Priority Number 3* - the theme of *National Identity* and the connotation that, as New Zealanders, we celebrate our identity in a world as people who support and defend freedom and fairness. This theme links with the Government policy to not only provide Defence Force contributions to the resolution of conflict and maintenance of stability, particularly the international roles of peacekeeping and humanitarian relief operations, but also to the wide range of assistance that is provided by the NZDF to the New Zealand community. The theme of *National Identity* also reflects how New Zealanders understand our history as a nation and our stance on international issues. Significant periods of our history have, of course, involved military contributions to world wars and other conflicts.

Other less obvious informal links with the Government's Priority themes of *Economic Transformation* and *Families - young and old* can also be made: For example, NZDF contributions to *Economic Transformation* include the following:

- The NZDF encourages innovation, and promotes high standards in education.
- The education and skills given to members of the Armed Forces add value to the wider New Zealand community when those members take their release; especially those who take release at the 10 to 15 year mark.
- The NZDF promotes a healthy Defence Industry in New Zealand.
- The NZDF will buy *New Zealand made* where considered prudent and within current government requirements/limitations.

NZDF contributions to Families - young and old include:

- The NZDF supports other agencies of government to assist in maintaining the security and wellbeing
 of New Zealanders. For example, the NZDF has formal and informal arrangements in support of the
 NZ Police, the NZ Customs Service, Ministry of Emergency Management, Civil Defence, and so on,
 all aimed at keeping New Zealanders safe/secure and promoting safer communities.
- The NZDF promotes fitness and better health.
- Through the Limited Service Volunteer (LSV) Scheme, support of the NZ Cadets Forces, and relations with schools at the local level throughout New Zealand, the NZDF promotes and supports healthy, confident children / youth and disadvantaged youth.

While these links are important to the NZDF and to the community, they arise simply as by-products of being a *Defence Force* per se.

New Zealand's Defence Policy

The *Defence Policy Framework*, issued by the Government in June 2000, provides the initial framework for future decisions about military capabilities, resources and funding. It articulates the Government's goals and priorities for defence, and was substantially guided by, and builds on, the *Defence Beyond 2000 Report*.

Subsequent Government statements on defence, such as those of 8 May 2001 (*A Modern Sustainable Defence Force Matched to New Zealand's Needs*), 11 June 2002 (the *Defence Long-Term Development Plan* - and subsequent updates), and 2 May 2005 (*The Defence Sustainability Initiative*) add detail to the *Defence Policy Framework*. The *Defence Sustainability Initiative* (DSI), in particular, sets the NZDF on a recovery and growth programme out to 2014/15. The DSI is discussed in more detail later in this SOI.

The *Defence Policy Framework* sets out New Zealand's security interests and lists five key *Defence Policy Objectives*. These are to:

- defend New Zealand and to protect its people, land, territorial waters, EEZ, natural resources and critical infrastructure:
- meet our alliance commitments to Australia by maintaining a close defence partnership in pursuit of common security interests;
- assist in the maintenance of security in the South Pacific and to provide assistance to our Pacific neighbours;
- play an appropriate role in the maintenance of security in the Asia-Pacific region, including meeting our obligations as a member of the Five Power Defence Arrangements; and
- contribute to global security and peacekeeping through participation in the full range of UN and other appropriate multilateral peace support and humanitarian operations.

Defence Outcomes

The *Defence Policy Objectives* can be expressed in terms of *Defence Outcomes*. While the NZDF is constitutionally the sole provider of military forces, it is not the sole contributor to *Defence Outcomes*. The Ministry of Defence, Ministry of Foreign Affairs and Trade, NZ Police, NZ Customs Service, and other departments and agencies also contribute to the outcomes.

Based on the foregoing *Defence Policy Objectives* the following Defence *Main* and *Intermediate Outcomes* have been developed:

- Main Outcome: New Zealand Secure and Protected from External Threats now and in the future.
- · Intermediate Outcomes:
 - Intermediate Outcome 1: Secure New Zealand, including its people, land, territorial waters, exclusive economic zone, natural resources and critical infrastructure.
 - Intermediate Outcome 2: Reduced risks to New Zealand from regional and global insecurity.
 - Intermediate Outcome 3: New Zealand values and interests advanced through participation in regional and international security systems.

Intermediate Outcome 4: New Zealand is able to meet future national security challenges.

The *Main Outcome* was selected on the basis that it encapsulates both the local (New Zealand) and international intent of the *Defence Policy Framework* and makes specific mention of the "future". It includes a focus on abilities to generate security and protection actions and recognises that New Zealand has national interests that materially affect the security of the nation. As should be expected, it is also compatible with the main outcomes of MFAT and the MoD

The *Intermediate Outcomes* are also compatible with the *Defence Policy Framework* and subsequent Government statements on defence policy. They are focused on subordinate results that, if achieved, influence materially and directly the achievement of the *Main Outcome*.

Primary Mission of the NZDF

The primary mission of the NZDF, as derived from the Defence Policy Framework, is:

"to secure New Zealand against external threat, to protect our sovereign interests, including in the Exclusive Economic Zone (EEZ), and to be able to take action to meet likely contingencies in our strategic area of interest".

NZDF Vision

The NZDF vision is:

"Three Services as one Force, being the best in everything we do".

This vision stresses that all members of the NZDF - military and civilian - must give of their best, for there is no second place in combat.

Defence Intermediate Outcomes

The *Intermediate Outcomes* and sub-outcomes provide the vital links between the *Government's Defence Policy Objectives*, the *Main Defence Outcome* and *NZDF Outputs*.

For each of the Intermediate Outcomes listed below (and sub-outcomes, where applicable) two main aspects are covered in sufficient detail to clearly indicate how the NZDF intends to work towards achieving the *Main Outcome*:

- The desired state of affairs from a national perspective for the wider security of New Zealand and its people (the *National Perspective*).
- The narrower NZDF contribution showing how the everyday employment of the NZDF outputs
 across a spectrum of activities, over time and together with outputs from other related government
 departments and agencies, achieve the Main Outcome (the NZDF Contribution).

Intermediate Outcome 1 - Secure New Zealand, including its people, land, territorial waters, exclusive economic zone, natural resources and critical infrastructure. This intermediate outcome is divided into the sub-outcomes of:

- Protected from Terrorism
- · Protected from Transnational Illegal Activities
- Protected persons and infrastructure from Civil Instability and Disasters.

<u>National Perspective</u>. National sovereignty requires that New Zealand assume the prime responsibility for direct national tasks such as the protection of our territory and citizens, the capability to monitor and protect resources in areas that are under New Zealand jurisdiction, the countering of any threat posed by terrorism or acts of sabotage, the welfare of our people and our economic livelihood.

NZDF Contribution. The NZDF contributes to this outcome through the delivery of annual outputs that provide prime or major contributions to sovereignty protection, deterrence, incident or crisis response, including counter-terrorism, civil defence and other emergencies. The NZDF will seek to deter unwanted intrusions by demonstrating its ability to operate throughout New Zealand, its offshore islands, its EEZ and the Southern Ocean and Ross Dependency, and being able to respond to tests to our sovereignty. The vessels being delivered under Project Protector (the MRV, OPVs and IPVs) will greatly enhance the NZDF's ability, in concert with others, to operate in these areas. The NZDF will monitor activities in the region to provide warning of any adverse developments, and maintain levels of preparedness in order to respond to contingencies. Within the capabilities maintained the NZDF will provide assistance to the civil power and in the event of natural disasters provide assistance to restore vital services and essential amenities. The NZDF contributes to this outcome by the deterrent effect of a credible Defence Force and the demonstrated ability to take action where appropriate. This includes the maintenance of capabilities sufficient to demonstrate to others a commitment to national defence and to secure the support of others. As a by-product of the outputs the NZDF accomplishes public support tasks for other government departments and agencies and the community; provides opportunities for training and rewarding careers, and provides a source of skilled personnel who join the national work force as values-based citizens at the end of their engagement.

Intermediate Outcome 2 - Reduced risks to New Zealand from regional and global insecurity. This intermediate outcome is divided into the sub-outcomes of:

- · A Secure, Peaceful and Stable Australia
- · A Secure, Peaceful and Stable South Pacific
- A Secure and Stable Asia-Pacific Region
- · A more Secure and Stable World

A Secure, Peaceful and Stable Australia

<u>National Perspective.</u> Australia is New Zealand's closest and most important security partner. Our alliance commitments to Australia are met by maintaining a close defence partnership in pursuit of common security interests. The two countries are better able to influence events in the region of joint interest if they operate together rather than separately.

<u>NZDF Contribution</u>. The NZDF contributes significantly to this outcome through the delivery of annual outputs that support regional security arrangements, and provides a capacity to act if Australia is threatened. Cooperation between the defence forces of the two countries is aided by capabilities that are interoperable, and reflects New Zealand's alliance commitments to Australia. The capacity of the two countries to act together is enhanced by combined exercises, personnel exchanges and cooperation under the Closer Defence Relations (CDR) agreement. CDR includes coordination of regional assistance, cooperation in operational planning, combined military missions, reciprocal force augmentation and collaborative logistic support. The end state is a strong strategic relationship with Australia in support of common interests for a secure and peaceful region.

A Secure, Peaceful and Stable South Pacific

National Perspective. New Zealand's major interest in the South Pacific centres on the South Pacific states with which it has significant cultural, ethnic or historical ties, and in some cases constitutional obligations (the Cook Islands, Niue and Tokelau). Our interests are affected by the continuing ability of Pacific governments to provide a stable environment for economic growth and social development. The successes of these governments will shape the region's stability and migration patterns, and limit calls on New Zealand for economic or military assistance, including, where required, assistance in peace processes through diplomacy, mediation and peacekeeping. Consequently we have a substantial interest in the South Pacific's stability and prosperity and its good governance. We help by providing aid through MAP and ODA, disaster relief, obligations for search and rescue and emergency medical evacuation, and assistance with the protection of its natural resources, including surveillance of their EEZs.

NZDF Contribution. The NZDF contributes to this outcome through the delivery of annual outputs that provide contributions to regional engagement, security assistance, developmental assistance, resource protection, and disaster relief. The NZDF will effect regional engagement by participation in security co-operative and confidence-building measures such as visits to, and exercises and activities with, and within, South Pacific countries. The provision of training and development assistance throughout the region, under the auspices of the Mutual Assistance Programme (MAP), also contributes to this outcome. Further contributions to this outcome are derived from assisting in the surveillance of EEZs of South Pacific states, civil aid activities and assistance with relief in the event of any natural or humanitarian disasters in the region. The NZDF also contributes to this outcome by maintaining capabilities sufficient to respond to requests for assistance from South Pacific states in the event a serious breakdown of law and order, and to provide protection for, and if necessary assist in the evacuation of, New Zealand nationals in civil emergencies in the region. New Zealand's contribution to resolving the recent problems in the Solomon Islands is a good example of our commitment to this intermediate outcome.

A Secure and Stable Asia-Pacific Region

National Perspective. The costs of any future trouble in the Asia Pacific region could be high. The new interdependence of interests means these costs will be carried not only by those countries directly involved in dispute but also by their neighbours. As a beneficiary of a stable and secure environment, New Zealand must also bear some of the responsibility and costs of keeping it that way. The Government will continue to support the FPDA, build upon existing co-operative bilateral defence relations with Singapore, Malaysia, Thailand and the Philippines, and develop a broader-based defence dialogue with other nations in East Asia. New Zealand's security policy in East Asia will include active participation in important regional fora, such as APEC and the ASEAN Regional Forum, a constructive approach to regional human rights initiatives, and, where necessary and feasible, mediation and peace support. As evidenced by New Zealand's support and assistance during the relief operations following the devastation caused by the 2004 Boxing Day earthquake-induced tsunami, New Zealand is prepared to offer military and other aid to the region in such circumstances. A November 2007 Government paper (Our Future with Asia) by MFAT, emphasises that it is critical that New Zealand remains attuned to, and plays an active role in the trends and developments in this vibrant region.

<u>NZDF Contribution</u>. The NZDF contributes to this outcome through the delivery of annual outputs that provide contributions to peacetime engagement. This includes military-to-military contacts, military-to-diplomatic contacts, security assistance, confidence-building measures, support of regional security arrangements and conflict deterrence. The NZDF will effect regional engagement by multilateral exercises under the aegis of the FPDA, by bilateral exercises with regional countries, and by

participation in regional fora. Contributions to the outcome include Defence Liaison and Attaché Staffs at key New Zealand Embassies and High Commissions, support of UN missions and demining programmes, visits by senior defence staff and port visits. The provision of training assistance under the auspices of the MAP also contributes to this outcome. The NZDF also contributes to this outcome by the deterrent effect of capabilities that are interoperable with other relevant armed forces and available as a contribution to the regional efforts aimed at deterring aggression. The NZDF will play its part in defence and security dialogue in the region (as covered in *Our Future with Asia* - under the banner of "Raising the tempo of our relationship with Asia") through Defence Attachés and Advisers in support of the Heads of New Zealand Missions in a selected range of Asian nations.

A More Secure and Stable World

National Perspective. New Zealand expects to benefit from the globalisation of trade, information, communications and technology. These benefits can be best secured when there is an environment of peace, stability and shared prosperity. Constructive involvement will not only ensure that New Zealand is a welcome participant in the benefits but will also contribute to New Zealand's image and standing in the world community. This will allow New Zealand to have a voice in processes that shape international economic, diplomatic and security developments. The Government will continue to base its global engagement on active support for, and participation in, UN and appropriate multi-national peace support operations. New Zealand will continue to make as full a contribution to peace support operations as is reasonably possible. New Zealand will not engage in military cooperation or exercises with the armed forces of states which sanction the use of armed forces to suppress human rights. This does not preclude New Zealand involvement in UN peace support or other appropriate multinational peace support operations where the armed forces of such countries are also involved.

<u>NZDF Contribution</u>. The NZDF contributes to this outcome through the delivery of annual outputs that provide contributions to collective security operations, peacekeeping, and peace-enforcement conducted by the United Nations and other relevant multinational agencies. The NZDF will provide the Government with options for contributing to collective security operations by maintaining forces at specified levels of preparedness. Interoperability (the ability to interchange units and to operate effectively with forces from other states) will be maintained through participation in international military standardisation and safety fora, multinational exercises, and the exchange of personnel with the armed forces of Australia, Canada and the United Kingdom. Qualified NZDF personnel are deployed overseas for initiatives such as de-mining, arms control support, and inspections that contribute to international order. As a by-product of these outputs the NZDF is able to deliver assistance for international humanitarian relief.

Intermediate Outcome 3 - New Zealand values and interests advanced through participation in regional and international security systems. This intermediate outcome is divided into the suboutcomes of:

- · Collaboratively Develop and Shape the International Security Order
- Effective Participation in the International Security Order.

<u>National Perspective.</u> New Zealand has always been outward looking and taken an active interest in developments in other parts of the world. New Zealand is prepared to speak out on international security issues and, when applicable, offer constructive suggestions as to resolution and provide personnel and resources to aid in effecting relevant change.

<u>NZDF Contribution.</u> In concert with other relevant government agencies, the NZDF supports this outcome through a range of activities, including participation in confidence-building, defence diplomacy and coalition-building. Also in concert with other relevant government agencies, the NZDF

contributes to this outcome through participation in or support of a range of security treaties, military-related fora and programmes and standardisation organisations. New Zealand is a member of the Canberra Pact and FPDA and actively participates in the ASEAN Regional Forum, APEC and the Pacific Islands Forum. The NZDF has either formal membership of or at least observer status on: the Australia, British, Canadian, and American Armies (ABCA) Standardisation Organisation (New Zealand recently becoming a full member of this organisation); the Air and Space Interoperability Council (ASIC), The Technical Cooperation Programme (TTCP); NATO Standardisation Agency (NSA); the Australian, Canadian, New Zealand, United Kingdom and United States Navies (AUSCANNZUKUS); the Multinational Interoperability Council (MIC); the combined Communications and Electronics Board (CCEB); Pacific Area Senior Officer Logistic Seminar (PASOLS), and so on.

Intermediate Outcome 4 - New Zealand is able to meet future national security challenges.

<u>National Perspective.</u> This intermediate outcome was selected on the basis that it is vital for the NZDF to plan for the future, especially for sustainable future capability requirements. This outcome is directly related to the Defence Policy Framework and the Government's Statement of 8 May 2001 – A Modern, Sustainable Defence Force matched to New Zealand's needs. While comment could be made that planning for the future should be routine, the development of this Intermediate Outcome helps to emphasise the importance of "futures planning/future capability requirements".

NZDF Contribution. It is essential that the nature of defence capability planning be seen and understood in the long-term. Given the very high cost of major equipments that contribute to military capability and the life expectancy of such equipment (frigates, aircraft and armoured vehicles out to 20(+) years, even before life extensions are considered) planning must have a long-term horizon. It is equally essential that the human resource base of the NZDF, the most significant element of military capability, be seen in the long-term. Given the higher range of technologies, the sophistication of modern platforms, the time required to become proficient in their use, and doing more with fewer personnel, demands high calibre Service personnel who are prepared to make the Services a fulltime career. The tools to support this longer-term capability planning are included in the Defence Capability Management Framework (CMF). The NZDF and the MoD use a variety of strategic planning tools to assess future capability requirements. An examination of defence policy and current capabilities identifies capability gaps. Additionally, many capabilities/equipments have known obsolescence dates. Planning tools include enduring strategic guidance, evidence-based decision support tools, strategic assessments, capability goals matrices and research/lessons learned. These are all defined in detail in the CMF. An annual capability prioritisation conference, co-chaired by the Secretary of Defence and Chief of Defence Force, will result in a recommended future capability assessment for the Government to note, and a current capability plan, the LTDP, for the Government to approve. The whole process is one of internal evaluation - measuring options, managing risk, assessing policy and making judgements. Where necessary, external evaluation will be conducted by, or at least involve, agencies such as the MoD Evaluations Division, Office of the Auditor General, and Treasury.

Linking NZDF Outputs to Outcomes

Each of the Intermediate Outcomes (as listed above) is linked to NZDF Outputs through the main intervention logic links of **Employment Contexts** (ECs). ECs are discussed in more detail in the next section; suffice to state here that they are descriptions of geographically-arranged representative and illustrative security events for which there is a likelihood that a New Zealand Government would expect to make a military response should they occur. ECs are realistic and likely contingencies ranging from security incidents in New Zealand, through possible assistance to our Pacific neighbours in law and order and disaster relief, to military commitments in any part of the world, including under the United Nations or other coalition forces. ECs are the major "drivers" as to the likely military trasks that elements of the NZDF will be required to perform and these, in turn, "drive" the military training

requirements of the Force Elements of the NZDF. In the longer-term, ECs also contribute to formulating future military capability requirements. ECs are therefore the central and vital link between outcomes and outputs.

The NZDF Output Expense specifications are detailed in the Supporting Information to the Estimates of Appropriations for Vote Defence Force (under Part 2.1 - Departmental Output Expenses). A summary of the NZDF Output Expenses and Outputs, including one Multi-Class Appropriation (MCOA), are shown in the following table:

Table: Summary of NZDF Output Expenses and Outputs

Output Expense	Title and Description	Outputs
1	Military Policy Development, Coordination and Advice	1.1 Collection/Collation/ Dissemination of Military Intelligence
	Under this output expense the Minister of Defence purchases military advice on NZDF contributions to New Zealand's foreign policy and military responses to contingencies. Also included is the provision of	1.2 Development and Production of Military Policy
	military intelligence, responses on behalf of the Minister to ministerial correspondence, select committee and parliamentary questions,	1.3 Operational Military Policy Advice
	Official Information Act inquiries and Ombudsmen correspondence.	1.4 Ministerial Correspondence and Parliamentary Questions
2	Naval Combat Forces	2 Naval Combat Forces
	Under this output expense the Minister of Defence purchases the capabilities of the Naval Combat Forces (two ANZAC Class Frigates - HMNZ Ships Te Mana and Te Kaha) prepared to conduct maritime operations. This output expense also includes contributions by the Naval Combat Forces to a range of services to the Government and the community.	
3	Naval Support Forces	3.1 Replenishment Forces
	Under this output expense the Minister of Defence purchases the capabilities of the Naval Support Forces (the Fleet Replenishment Ship HMNZS Endeavour and the Multi-Role Vessel HMNZS Canterbury) prepared to conduct maritime logistic support and amphibious sealift operations for deployed military forces. This output expense also includes contributions by Naval Support Forces to a range of services to the Government and the community.	3.2 Amphibious Sealift Forces
4	Mine Countermeasures (MCM) and MCM Diving Forces	4.1 MCM Forces
Under this output expense the Minister of Defence purchases the capabilities of the MCM and MCM Diving Forces. The MCM Force (HMNZS Manawanui with HMNZS Kahu as backup) is prepared to conduct Q route surveys and conditioning of selected New Zealand ports. The MCM Diving Force (the Operational Diving Team), is prepared to support MCM Forces operations and to conduct independent diving tasks. This output expense includes the provision of some support services to the community, when appropriate.		4.2 MCM Diving Forces
5	Naval Patrol Forces	5.1 Offshore Patrol Forces
	Under this output expense the Minister of Defence purchases the capabilities of the Offshore and Inshore Patrol Vessels (OPVs and IPVs) prepared for the conduct of maritime operations in support of Multi-Agency Operations and Tasks (MAO&T), and for the security and protection of New Zealand's economic border and EEZ. The OPVs will also be prepared to conduct sovereignty and resource protection patrol operations in the Southern Ocean, Ross Dependency, South Pacific region and further afield when directed.	5.2 Inshore Patrol Forces

Output Expense	Title and Description	Outputs
6	Military Hydrography, and Hydrographic Data Collection and	6.1 Military Hydrography
	Processing for LINZ Under this output expense the Minister of Defence purchases the capabilities of the hydrographic and oceanographic survey vessel (HMNZS Resolution), specialist personnel and support infrastructure to conduct military hydrography, and hydrographic data collection and processing which meets contractual commitments to LINZ. This output expense is supported by the Hydrographic Business Unit as part of the Joint Geospatial Support Facility.	6.2 Hydrographic Data Collection and Processing for LINZ
7	Land Combat Forces	7.1 Command, Control and Intelligence
	Under this output expense the Minister of Defence purchases the capabilities of the Land Combat Forces, consisting of command, control and intelligence elements and manoeuvre force elements (infantry and reconnaissance) prepared to conduct land operations. This output expense also includes contributions to a range of services to the Government and the community.	7.2 Manoeuvre Elements [Infantry (motorised, non-motorised or composite)] and Reconnaissance
8	Land Combat Support Forces	8.1 Artillery
	Under this output expense the Minister of Defence purchases the	8.2 Engineers
	capabilities of the Land Combat Support Forces, consisting of artillery, engineer, communications and military police force elements,	8.3 Communications
	prepared to conduct land operations. This output expense also includes contributions to a range of services to the Government and the community.	8.4 Military Police
9	Land Combat Service Support Forces	9.1 Transport
	Under this output expense the Minister of Defence purchases the capabilities of the Land Combat Service Support Forces, consisting of transport, medical, supply, repair and movements force elements, prepared to support land operations. This output expense also includes contributions to a range of services to the Government and	9.2 Medical9.3 Supply9.4 Repair9.5 Movements
10	the community.	
10	Specialised Forces	10.1 Special Forces
	Under this output expense the Minister of Defence purchases the capabilities of the Special Operations Forces prepared to conduct special operations in support of land operations and counter-terrorist operations. Also purchased are the capabilities of the NZDF CBRE IEDD/EOD organisation prepared to dispose of chemical, biological, radiological, explosive, improvised explosive devices that threaten public safety or national interests. These forces will not usually be available for other community support tasks.	10.2 Counter-Terrorist Forces10.3 Chemical, Biological, Radiological, Explosive, Improvised Explosive Device Disposal (CBRE IEDD)
11	Naval Helicopter Forces	11 Naval Helicopter Forces
	Under this output expense the Minister of Defence purchases the capabilities of the Naval Helicopter Forces (Seasprite SH-2G helicopters) prepared to conduct maritime operations in support of the Naval Combat Forces, Naval Support Forces and Naval Patrol Forces, and to conduct limited independent operations. This output expense may also include the provision of naval helicopter forces for a range of support to the Government and the community, when required.	
12	Maritime Patrol Forces	12 Maritime Patrol Forces
	Under this output expense the Minister of Defence purchases the capabilities of the Maritime Patrol Forces (P-3K Orion aircraft) prepared to conduct maritime surveillance of New Zealand's EEZ, the Pacific region and the Southern Ocean, search and rescue missions, and maritime air operations. This output expense also includes the provision of Orion aircraft for a range of support services to the Government and the community.	

Output Expense	Title and Description	Outputs
13	Fixed Wing Transport Forces	13.1 B-757 Transport Force
	Under this output expense the Minister of Defence purchases the capabilities of the Fixed Wing Transport Forces (B757-200 and C-130 Hercules aircraft) prepared to conduct strategic and tactical air transport operations, including aeromedical evacuation (AE). This output expense also includes the provision of air transport aircraft for a range of support services to the Government and the community.	13.2 C-130 Transport Force
14	Rotary Wing Transport Forces	14 Rotary Wing Transport Forces
	Under this output expense the Minister of Defence purchases the capabilities of the Rotary Wing Transport Forces (Iroquois helicopters) prepared to conduct tactical air transport operations, including AE, and counter-terrorist operations. This output expense also includes the provision of helicopters for a range of support services to the Government and the community, land search and rescue in particular.	
15	Multi-Class Output Appropriation (MCOA): Miscellaneous Support Activities	15.1 Support to Mutual Assistance Programme
	The individual Output Classes that make up this MCOA are as follows:	15.2 Support to New Zealand Cadet
	15.1 Support to Mutual Assistance Programme(MAP): This output class is limited to the provision of training, technical advice and resources to the defence forces and law enforcement agencies of participant countries under the Mutual Assistance Programme (MAP), both in New Zealand and in MAP countries.	Forces 15.3 Support to Limited Service Volunteer Scheme 15.4 Support to Service Military Museums
	15.2 Support to New Zealand Cadet Forces: This output class is limited to the provision of leadership and skills training for all approved New Zealand Cadet Force (NZCF) units.	
	15.3 Support to Limited Service Volunteer Scheme: This output class is limited to the conduct of Limited Service Volunteer courses for unemployed or disadvantaged youth, selected by the Ministry of Social Development, to encourage these youth towards employment.	
	15.4 Support to Service Military Museums: This output class is limited to collection development, collection management and exhibits related to New Zealand's military history.	
16	Operationally Deployed Forces	16 Operationally Deployed Forces
	Under this output expense the Minister of Defence purchases the capabilities of deployed NZDF force elements on operations, including the commitments agreed by the Government under which the NZDF contributes to peace support and other operations conducted in support of the United Nations and other relevant multinational agencies. This includes the provision of individuals, observers, advisors, instructors, headquarters staff, and complete force elements and contingents, when necessary, to operational missions. Also included is the conduct of any additional training required to bring force elements to the operational level of capability (OLOC) and to meet any special conditions associated with threat levels anticipated when deployed.	

Impacts through the delivery of current Outputs

What *impacts* is the NZDF hoping to achieve through delivering current NZDF Outputs? Most of the NZDF's day-to-day activities, and for which it is funded, provide a range of services to multi-agencies within New Zealand, strategic shaping services through military diplomacy, and the preparation of force elements of the Navy, Army and Air Force to contribute to operations as approved by the Government of the day. This makes the NZDF unique from most other governments departments in that those departments, in their day-to-day activities, are actually delivering their 'end product' (their services), whereas the NZDF's ultimate 'end product' is the effective contribution of NZDF force elements to operational missions - through the NZDF Output Expense *Operationally Deployed Forces*. The primary focus of what the NZDF does, therefore, is primarily geared to this ultimate 'end product' or goal. The *impacts* that the NZDF is hoping to achieve through the delivery of current NZDF Outputs are shown in the following table:

Table: Intended Impacts

Intended Impacts for which the NZDF is appropriated	Appropriations for Output Expenses	
On-going and improved advice to Government in the areas of:	Military Policy Development, Coordination	
Military Intelligence	and Advice	
Military Policy		
Operational Military Policy Advice		
Ministerial Correspondence and Parliamentary Questions		
Enhanced military capability of the Force Elements of the Navy, Army	Fixed Wing Transport Forces	
and Air Force:	Land Combat Forces	
 To better provide Government with choice in the deployment of NZDF capabilities 	Land Combat Support Forces	
 To better provide support in NZDF Multi-Agency Operations and Tasks 	Land Combat Service Support Forces	
To better provide support in NZDF infatting Operations and Tasks	Maritime Patrol Forces	
	Military Hydrography and Hydrographic Data Collection and Processing for LINZ	
	Mine Countermeasures (MCM) and MCM Diving Forces	
	Naval Combat Forces	
	Naval Helicopter Forces	
	Naval Patrol Forces	
	Naval Support Forces	
	Rotary Wing Transport Forces	
	Special Operations Forces	
Continued high quality support to NZDF miscellaneous activities,	Multi-Class Output Appropriation:	
namely.	Miscellaneous Support Activities	
Support to Mutual Assistance Programme (MAP)		
Support to NZ Cadet Forces		
Support to Limited Service Volunteer Scheme		
Support to Service Military Service Museums		

(Table continued over page)

Intended Impacts for which the NZDF is appropriated	Appropriations for Output Expenses
NZDF contributions to Government-approved operational missions and deployments is of a high standard in terms of personnel and equipment; personnel and equipment that is Ready, Combat Capable, Deployable and Sustainable	Operationally Deployed Forces

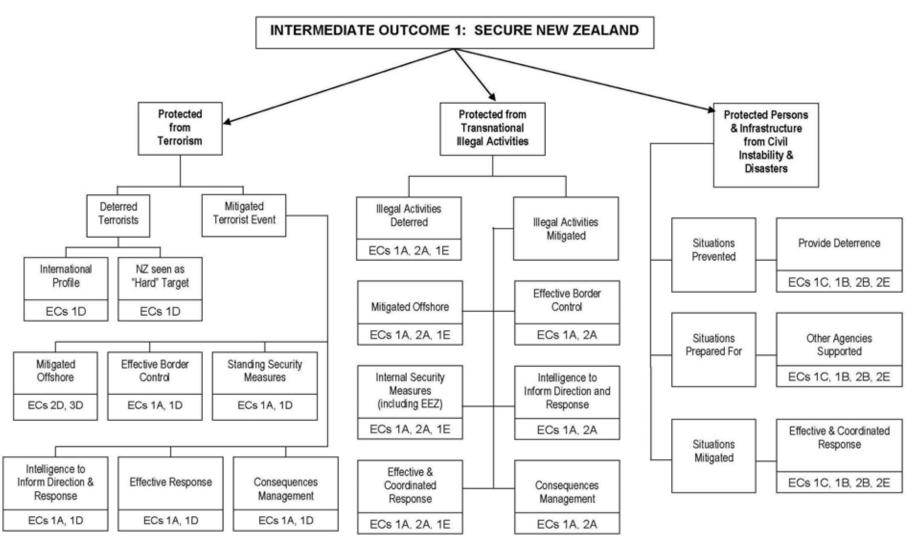
Summary of Linkages

The following table draws together the linkages between Intermediate Outcomes, Sub-Outcomes, Employment Contexts (ECs) and Output Expenses:

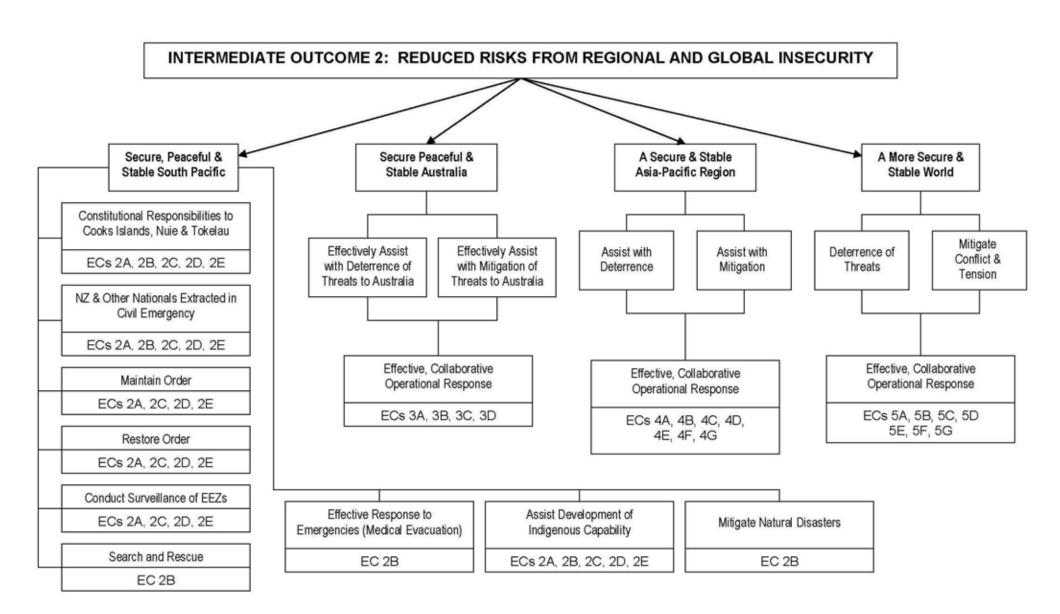
Table: Summary of Linkages between Outcomes, ECs and Output Expenses

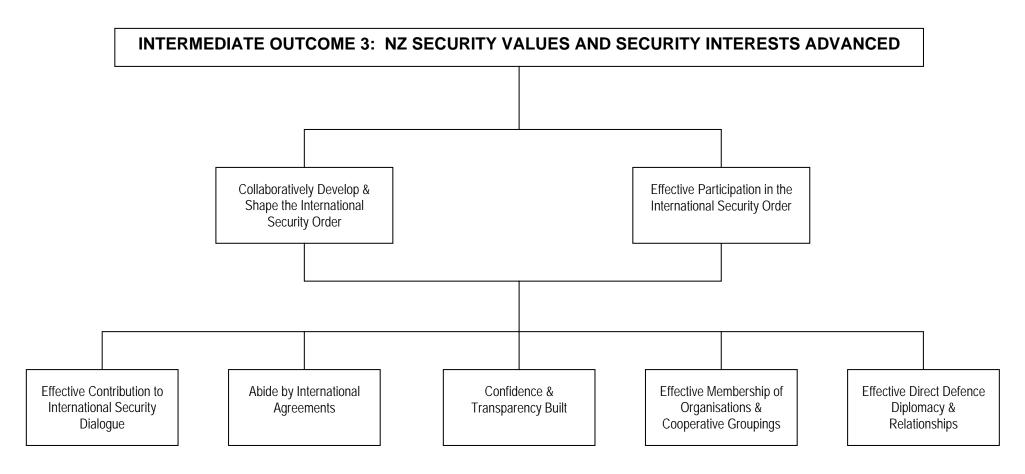
Intermediate Outcome	Sub-Outcome	Related Employment Contexts (ECs)	Related Output Expenses
Secure New Zealand	Protected from Terrorism	EC 1D	1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14 and 16
	Protected from Transnational Illegal Activities	ECs 1A, 2A, and 1E	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 16
	Protected persons and infrastructure from Civil Instability and Disasters	ECs 1C, 1B, 2B and 2E	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 16
2. Reduced Risks to New Zealand from regional and global insecurity A Secure, Peaceful and Stable South Pacific ECs 2A, 2B, 2C, 2D, an		ECs 2A, 2B, 2C, 2D, and 2E	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 16
	A Secure, Peaceful and Stable Australia	ECs 3A, 3B, 3C, and 3D	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 16
	A Secure and Stable Asia-Pacific Region	ECs 4A, 4B, 4C, 4D, 4E, 4F, and 4G	1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 16
	A more Secure and Stable World	ECs 5A, 5B, 5C, 5D, 5E, 5F, and 5G	1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 16
3. New Zealand Values and Interests advanced		This intermediate outcome is much wider than all ECs and Outputs. For example, it extends to:	
through participation in regional and international		Defence Attaché posts.	
security systems		All International and regional security fora.	
		Security Treaties/Pacts/ Arrangements - FPDA.	
		ABCA, ASIC, AUSCANNZUKUS, CCEB, NSA, PASOI TTCP, etc.	
		Some Relationship to the Multi-Class Output Appropriation (MCOA) – [Output Expense 15].	
4. New Zealand is able to meet future national	-	Developmental. Future ECs developed as a result of	Some relationship to MCOA) [Output Expense 15].
security challenges		security trends and concerns (15 – 20 years out) New capabilities may be required; resulting in requirement for restructu or new outputs.	

The series of diagrams that follow provide a summary of the intervention logic links, from strategic planning, for each of the Defence Intermediate Outcomes.

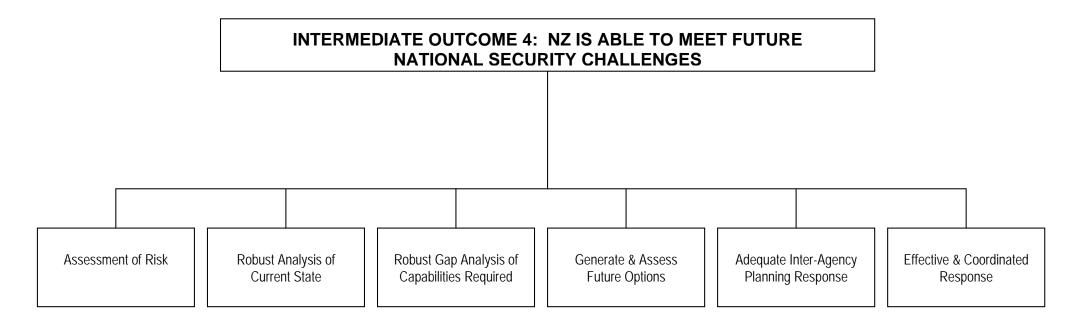


Note: See pages 63-64 for an explanation of Employment Contexts (ECs)





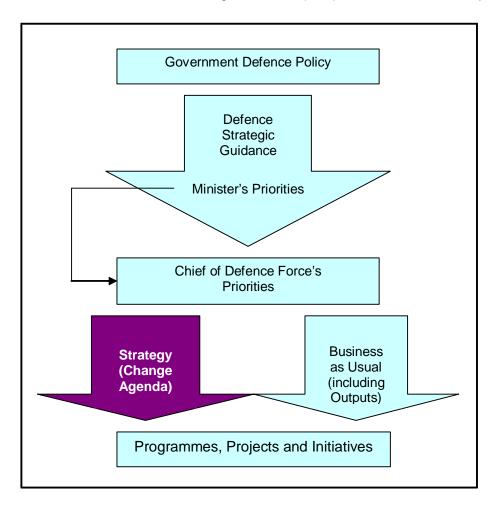
Note: Intermediate Outcome 3 is applicable across all Employment Contexts and contributes to all Output Expenses.



Note: Intermediate Outcome 4 is applicable across all Employment Contexts and contributes to all Output Expenses.

NZDF Strategic Plan

The NZDF Strategic Plan provides guidance for all subordinate strategic planning and for annual planning and budgeting through the Defence Planning Directive. It is a core component within the wider architecture of the Defence Planning Framework (DPF)¹ - as shown in this simple diagram:

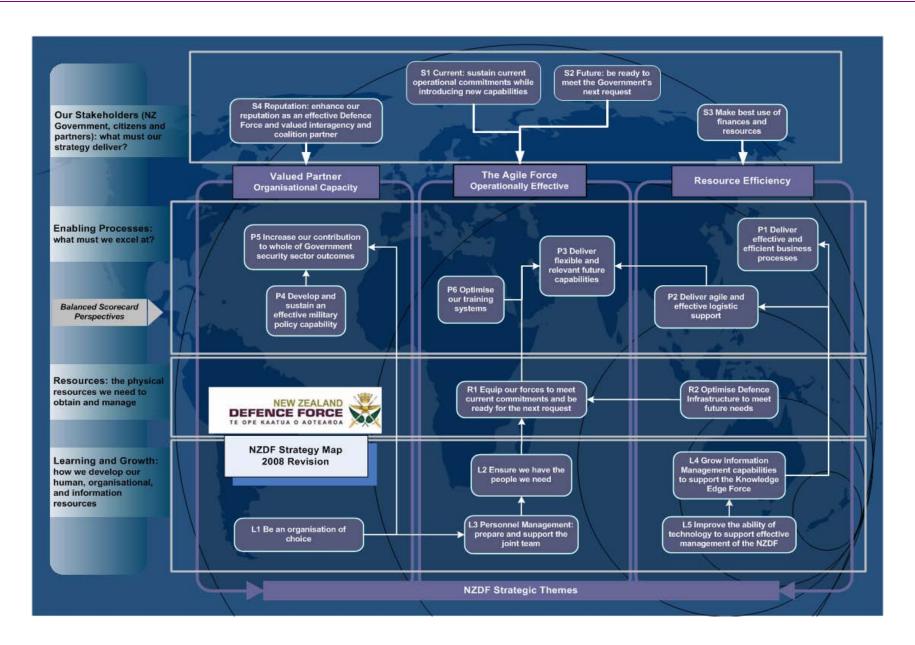


The NZDF Strategic plan provides the measurement framework [via the NZDF Balanced Scorecard (BSC)] for corporate level reporting of progress against strategic objectives. In the shorter-term the strategic objectives are supported by annually updated strategic initiatives. The following information on the NZDF Strategic Plan is supported by and should be read in conjunction with the diagram on the next page - the *NZDF Strategy Map*.

The NZDF strategy to achieve its mission and to continually grow towards its vision will be effected through the three *Strategic Themes* of **The Agile Force - Operationally Effective**, **Valued Partner - Organisational Capacity**, and **Resource Efficiency**. All NZDF activities and projects will be aligned with these three broad strategic themes and are aimed at, ultimately, "mission success". These themes should be seen as the *Agile Force* as the *central theme* supported equally by the other two themes - *Valued Partner* and *Resource Efficiency* - as portrayed in the Strategy Map.

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¹ The Defence Planning Framework is discussed in more detail later in this SOI



The Agile Force is about being Operationally Effective. Operational Effectiveness links the objectives that will allow us to deliver the agility and organisational resilience for operational success. We must also remain agile in everything we do. The Valued Partner theme reflects the need for the NZDF to retain the trust and confidence of our partners and stakeholders. Resource Efficiency is about being the best at what we do by being selective and optimising how we use our resources. Through integration and synergy across the organisation we will release additional capacity for mission success.

The collection of strategic themes articulates how the NZDF will work together to deliver maximum value. In effect, the strategic themes provide the 'glue' that links together the separate objectives and initiatives of the organisation to deliver the synergies of the whole – *three Services as One Force delivering the Joint Effect* (the ability to contribute air, land and/or sea capabilities to military operations that are relevant to New Zealand's national interests and security strategy).

The NZDF strategy is organised around four *Strategic Perspectives* – **Our Stakeholders**, **Enabling Processes**, **Resources**, and **Learning and Growth**.

- Our Stakeholders. This perspective recognises who our stakeholders are [Government (central
 government and other government departments and agencies) with whom we share common
 outcomes, the citizens of New Zealand, and our defence partners] and what our strategy must
 deliver for our stakeholders. It reflects the mission-focused nature of public sector organisations,
 subject to Government mandate and limitation. For the NZDF this covers those organisational
 outcomes that our strategy must deliver to meet the expectations of stakeholders.
- Enabling Processes. This perspective focuses on the internal organisational processes that we
 must excel at to meet all the requirements of the NZDF mission, effectively and efficiently, within the
 resources allocated.
- Resources. This perspective looks at how we must obtain and manage our resources base to
 deliver our mission. It reflects how we will maximise output effectiveness from predetermined
 baselines, while controlling costs.
- Learning and Growth. This perspective looks at how we sustain our ability to change and improve. It reflects the need to build the NZDF of the future in our people, our organisation, and our information resources.

The NZDF Strategic Objectives across the three Strategic Themes and within the four Strategic Perspectives are listed within the NZDF Strategic Initiatives table shown later. In summary, the NZDF Strategic Objectives - grouped by Strategic Perspective - for the period of this Statement of Intent (but updated annually) relate to:

- · Strategic Perspective Our Stakeholders:
 - Current Operations. We need to sustain current operational commitments while introducing new capabilities (0 to 5 year timeframe).
 - Future Operations. We must be ready to meet the Government's next request (5 to 10 year timeframe).
 - Finance and Resources. We must make best use of allocated finance and resources.
 - Reputation. We need to enhance our reputation as an effective Defence Force and valued interagency and coalition partner.

- Strategic Perspective Enabling Processes:
 - We must deliver effective and efficient business processes.
 - We must deliver agile and effective logistic support.
 - We must deliver flexible and relevant future capabilities (beyond 20 year timeframe).
 - We will develop and sustain an effective military policy capability.
 - We will increase our contribution to Whole of Government Security Sector Outcomes.
 - We will optimise our training systems.
- Strategic Perspective Resources:
 - We must equip our forces to meet current operational commitments and be ready for the next request.
 - We must optimise Defence Infrastructure to meet future needs.
- · Strategic Perspective Learning and Growth:
 - We will be an Organisation of Choice.
 - We must ensure we have the people we need.
 - We must be good at personnel management and prepare and support the joint team.
 - We will grow Information Management capabilities to support the Knowledge Edge Force.
 - We will improve the ability of technology to support effective management of the NZDF.

Each of the NZDF *Strategic Objectives* will be achieved through a number of *Strategic Initiatives* as shown in the NZDF Strategic Initiatives table in the next section.

Everything an organisation does must relate to its top-level strategy; there must be *alignment* throughout the organisation. Within the NZDF each of the Services (Navy Army and Air Force) and the Joint Headquarters already have well-developed strategic plans to support their own requirements. The NZDF Strategic Plan, and associated Balanced Scorecard, recognises this and has been derived largely from existing NZDF priorities and programmes. The main intent of our strategic plan is the progressive alignment of our priorities, programmes and activities around a corporate-level strategy.

NZDF Strategic Initiatives

The Minister of Defence has confirmed that his priorities for the NZDF continue to be focused on: maintaining current operations and management of related issues; rebuilding military capability [achieving the desired and required results of the *Defence Sustainability Initiative* (DSI) and *Defence Long-Term Development Plan* (LTDP)]; managing within the operating and capital funding envelopes; and rebuilding corporate capability and management systems [in line with the *Defence Transformation Programme* (DTP) and DSI]. These requirements, together with the NZDF's priorities, have been incorporated into the *NZDF Strategic Initiatives*. The NZDF will focus on achieving the *Strategic Initiatives* (updated annually) over the period 2008/09 - 2010/2011 as shown in the table that follows. The *Strategic Initiatives* are set against the *Strategic Objectives*. The table also shows the measurement areas against each objective.

NZDF Strategic Initiatives

	Objectives	Measures	Initiatives
	Current: sustain current operational commitments while introducing new capabilities	 Sustainment measures for current operational commitments (Navy, Army and Air Force) Progress with introducing new capabilities 	Initiativa a to
Stakeholder	Future: be ready to meet the Government's next request	 Preparedness projections: Navy, Army and Air Force 	Initiatives to deliver objectives in the Stakeholder perspective are
Stake	Resource Management: make best use of allocated finances and resources	 Future Baselines compared to inflation index 	found across the other perspectives of the balanced scorecard.
	Reputation: enhance our reputation as an effective Defence Force and valued interagency and coalition partner	 Key Messages by key audience 	
Processes	Business Processes: deliver effective and efficient business processes	 Savings realised from Defence Transformation Programme (DTP) initiatives Project Delivery performance by portfolio 	 DPMS (Defence Performance Management System) Efficiency and Innovation programme Five Year Resource Plan Portfolio, programme and project management framework
Enabling Proc	Logistics: deliver agile and effective logistic support	Unplanned unavailability of equipmentAvailability of spares	Logistics Change Programme (under the Defence Transformation Programme (DTP)
	Capability Development: deliver flexible and relevant future capabilities	 Flexibility and Utility of Capabilities Progress with Capital Programme (CP) Minors 	 Long-Term Development plan (LTDP) review Army Transformation Programme (ATP) Capability Management Plans which prioritise investment

	Objectives	Measures	Initiatives
	Military Policy: develop and sustain an effective military policy capability	Under development	 Network Enabled Capability (NEC) concept and roadmap Defence Strategic Guidance for the Defence Planning Framework
ses (continued)	Whole of Government: increase our contribution to wider Government initiatives and activities, both in the security sector and whole of Government	Multi-Agency Operations and Tasks (MAOT) Output delivery	Under development
Enabling Processes (continued)	Relationships: develop key relationships with national and international partners	 Stakeholder feedback Interoperability - Operational Preparedness and Reporting System (OPRES) 	Under development
	Training: optimise our training systems	 Trained state of Force Elements (OPRES) Segmented cost per Equivalent Full-Time Student 	Education and Training Change Programme (under DTP)
ırces	Equipment: equip our forces to meet current commitments and be ready for the next request	Availability of Equipment	Under development
Resources	Infrastructure: optimise Defence Infrastructure to meet future needs	Satisfaction with facilitiesBuilding condition indexCapital renewal index	 Defence Estate Strategic Plan Estate Change Programme (under the DTP)
Learning and Growth	Culture: Be an organisation of choice	 Propensity to join Overall Satisfaction Voluntary Early Rate of Notice 	 Housing and Accommodation Assistance Policy implementation Remuneration Strategy

	Objectives	Measures	Initiatives
	Personnel: ensure we have the people we need	 Overall Numbers versus targets (Navy, Army and Air Force) Rank/Trade Risks (Navy, Army and Air Force) Military Attrition 	 Aligned personnel and capability planning - WPST (Workforce Planning Systems and Tools) Single Service initiatives
		Civilian Attrition	
	Personnel Management: prepare and support the joint team	 Satisfaction with Performance Management and Career Development Satisfaction with Leadership 	 Defence Recruiting Systems Project Human Resource Change Programme (under the DTP) NZDF Professional Development Framework
(pər			On-line performance reporting system for officers and civilians
Learning and Growth (continued)	Information Management: grow information management capabilities to support the Knowledge Edge Force	Under development	Under development
Learning a	Technology: improve the ability of technology to support effective management of the NZDF	System availabilityIT project delivery	 Information and Technology Change Programme (under the DTP) Secure Wide Area Network (SWAN) expansion programme
			Network Enabled Communication and Information Systems (NECIS) LTDP projects - such as: Defence Satellite Communications; Joint Command and Control System; Land Intelligence, Surveillance and Reconnaissance; Joint Communications Modernisation; Army Tactical Trunk Communications

Measurement of the NZDF's Performance

The NZDF needs to measure two major areas of its performance. First it must measure the performance of its day-to-day business - its *business as usual*, and second, it must measure its performance in achieving its *Strategic Objectives*.

The day-to-day business that needs to be measured includes the following:

- Most importantly, we need to measure the *preparedness* of the force elements of the Navy, Army and Air Force to achieve the directed level of operational capability (DLOC) for use on operations;
 Operational Preparedness.
- We need to measure our ability to effectively and efficiently manage a *large and complex business* (Corporate / Organisational Preparedness) including:
 - the achievement of our major projects and programmes; and
 - the achievement of our Main and Intermediate Defence Outcomes, cumulatively, over the longerterm.

The measurement of the NZDF's performance in achieving its Strategic Objectives is directly related to measuring, overtime, its Strategic Initiatives.

In many respects, all of these individual performance measurement requirements are inter-related, and when taken together lead to an overall assessment, at any one time, of the *health* of the NZDF.

The system used to measure the performance of the NZDF is multi-faceted. The overarching system that the NZDF uses to measure its performance is the Defence Performance Management System (DPMS). The DPMS amalgamates information from the operational preparedness reporting system (OPRES), personnel management systems, financial management systems and programme management systems. The key characteristics of the DPMS are:

- alignment of NZDF organisational performance and activities with the NZDF strategic and short-term plans;
- measurement of the performance of both strategic priorities and operational imperatives;
- integration of the reporting requirements of performance management, programme management, risk management and capability management;
- · sufficiently flexible to adapt to changing business requirements;
- · provision of a basis to effectively manage the current and future level of organisational change; and
- performance measures are valid, reliable, timely and materially complete.

The DPMS consists of the following two formal measurement systems:

OPRES. The NZDF carries a latent capability in that it often functions in potential rather than in actuality. While this can complicate the process of evaluation and measurement, it is necessary to assess the ability of the NZDF to respond to events that have not yet occurred. Traditionally, the NZDF has placed considerable emphasis on achieving specified and agreed levels of military preparedness - based on careful assessment of military capability requirements, performance on exercises and performance on actual operational deployments. The NZDF OPRES continues to be

the key measurement system for the preparedness of the force elements of the NZDF to undertake operations that the Government may call on it to perform. In other words, OPRES provides robust feedback to the Executive Leadership Team (ELT) and the Minister of Defence on the ability of the NZDF to deliver *military capability*. The OPRES, which is being continually enhanced, will remain the backbone of measurement and evaluation within the NZDF. The measures involved in OPRES are covered in the NZDF's Statements of Service Performance within the *Supporting Information to the Estimates of Appropriations*. Suffice to state here that the system involves the measurement of all Force Elements of the Navy, Army and Air Force against the four Elements of Preparedness (*Readiness, Combat Viability, Deployability and Sustainability*)², and, within each of these, looks at detailed Key Performance Indicators relating to *Personnel and Equipment*. While OPRES provides a robust measure to inform internal decision-making on operational preparedness and military capability and helps to inform the overall health of the NZDF, it does not inform on how well we are managing the actual *business of defence* or achieving our *Strategic Objectives*; OPRES is not designed to do this.

• Balanced Scorecard (BSC). As stated earlier, the NZDF uses a BSC system to measure its progress in achieving its Strategic Objectives. The NZDF BSC approach was developed and implemented in 2006/07 in conjunction with the production of the first NZDF Strategic Plan. The NZDF BSC approach is a comprehensive performance management system; not just a measurement system. Together, the four Perspectives of the NZDF strategy (Our Stakeholders, Enabling Processes, Resources, and Learning and Growth) comprise the NZDF BSC which is used to implement and measure a range of aligned NZDF Strategic Objectives and associated Strategic Initiatives.

BSC Measures and Indicators. The NZDF BSC tracks the progress against the Strategic Objectives areas using two types of measures - lagged and leading indicators. Lagged Indicators are measures that focus on whether the ultimate objective is being achieved. Leading Indicators provide an early measure about whether or not strategy is being implemented successfully to achieve the ultimate objective.

The combination of lagged and leading indicators selected will illustrate the cause-and-effect logic underlying the NZDF's strategy. Each *Strategic Initiative* is based on an assumption that it will improve performance in either the short or long-term; essentially to "close the performance gap". Several measurement principles have been developed to ensure that the NZDF BSC measures will effectively track the success of our strategy. Lagged and Leading Indicator measures for each NZDF Strategic Objective area have been developed.

A Whole of Government³ approach to Defence Outcomes. The achievement of Defence Outcomes under the Whole of Government approach is, generally, reliant on the contributions from a large number of government departments and agencies that have an interest in wider defence and security issues. In order to adequately measure the wider security outcomes, higher-level indicators and impact measures need to encompass input from all relevant sources. The MoD, DPMC, MFAT,

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² See definitions starting on page 67.

Whole of Government denotes government departments and public service agencies working across portfolio boundaries to achieve a shared goal (or outcome) and an integrated government response to particular issues or situations. Whole of Government expects the State sector to work like a single, integrated organisation, rather than a collection of seemingly independent service providers. Whole of Government approaches work on the assumption that responses (to problems) will be more effective if we combine the efforts of all relevant agencies into a single coordinated strategy.

NZ Police, NZ Customs Service, Ministry of Fisheries, the Immigration Service, and other departments and agencies involved in the greater "security of New Zealand and its people", and actual decision-making by the Cabinet⁴, all have a significant part to play in determining the overall results for Government - the *Defence (NZ Security) Outcomes*. While it will be some time before a robust, truly Whole of Government approach on this can be achieved, the Ministry of Defence, in conjunction with the NZDF, is promoting moves in this direction⁵ and will continue to identify the indicators and *impact measures* that are applicable to Defence contributions to national security - in its widest sense. The actions expected by the Government under the recently issued "Framework for NZ Inc Operations Offshore Charter" re-emphasise the benefits of maximising opportunities and minimising risks for New Zealand through whole of government approaches for advancing national interests and national identity offshore. NZDF Defence Attachés and Advisers are aware of this and will work closely with their respective Heads of New Zealand Missions to advance this approach.

Measurement of Achievement of Defence Main and Intermediate Outcomes. As explained earlier, the NZDF Strategic Plan cascades, within Strategic Themes, from Strategic Perspectives, through Strategic Objectives, to Strategic Initiatives. Like Defence Outcomes, the Strategic Perspectives, per se, are too high-level to measure successfully. At the other end of the scale, the Strategic Initiatives are too low-level as they are really annual or short-term priorities. The NZDF Strategic Objectives, on the other hand, are objectives that are set for the mid-to-long term and will not alter, with any significance, from year to year. They, together with the results of OPRES, therefore seem to provide the most appropriate gateway through which the NZDF can measure its overall performance in achieving the longer-term Defence Main and Intermediate Outcomes (the longer-term results required by the Government for the people of NZ). Further work resulting from the DCAMP recommendations will determine the final direction that this may take in future.

Cost-Effectiveness of Interventions

Section 40 (d) of the Public Finance Act 1989 requires the provision of information on the costeffectiveness of interventions; in the case of the NZDF, the delivery of outputs.

The Defence Capital Asset Management Practice (DCAMP) Review, the recommendations of which were taken by Cabinet on 13 December 2006, noted the difficulties of the concept of cost-effectiveness in a defence context. It noted that without significant technical development the usefulness of the concept of cost-effectiveness as an analytical approach in a defence context is limited.

Like many other government departments, the NZDF has had some difficulty in articulating how it can "prove" that the delivery of NZDF Outputs is as cost-effective as it can be - without affecting the required quantity and quality expected by the Government to achieve its Defence Objectives. While the NZDF has excellent systems in place under its Defence Planning Framework (DPF), such as the Defence Performance Management System (DPMS), the Operational Preparedness Reporting System (OPRES) and the Balanced Scorecard to measure performance against the level of operational preparedness achieved and the achievement of strategic objectives, the difficulty arises in that there is currently no fixed benchmark/s against which the cost aspect - versus quantity and quality can be reliably measured. This is further compounded by the not infrequent changes in output structure. The cost of delivering an output in one year cannot be fairly compared with that of another

⁴ For example, a decision by Cabinet to contribute NZDF force elements to various operational missions.

⁵ In this regard, the Defence Capital Asset Management Practice (DCAMP) Review (completed in late 2006) recommends that a Whole of Government Approach for the security sector of New Zealand should be pursued.

year, given the vast array of influences on costs, without sometimes complex explanations. Fuel costs alone, especially for heavy fuel-user NZDF force elements, will significantly distort multi-year comparisons.

Nonetheless, the following points are made regarding the NZDF and the cost-effectiveness of interventions:

- The NZDF takes cost-effectiveness very seriously. Indeed, it is only through applying the principles
 of cost-effective management that we can afford to fund some otherwise non-funded areas, such as
 increases in remuneration. Further, the NZDF has seen fit to have "Resource Efficiency" (with the
 inherent connotations of cost-effectiveness) as one of its three core Strategic Themes (of Resource
 Efficiency, Agile Force, and Valued Partner).
- There has always been an undercurrent culture of cost-effectiveness within the NZDF, and this has been and will continue to be encouraged in everything we do. Commanders at all levels are conscious of the need to train as cost-effectively as possible. The fact that in recent years the NZDF financial outturn has been on or under budget reinforces this culture.
- It is also relevant to note here that, given the serious nature of employing military force on
 operations (combat and peace support operations) the NZDF cannot afford to compromise the
 safety of its personnel by lowering prescribed standards in training (the *quality* of the output product)
 in order to achieve a lower cost; to do so would be irresponsible. The aim is to achieve greatest
 utility in outputs for least cost without compromising safety standards.
- The concept of maintaining force elements at the Directed Level of Operational Capability (DLOC) is, in itself, a major cost-effective measure; noting that maintaining forces at the Operational Level of Operational Capability (OLOC) would be cost-prohibitive (and wasteful).
- Regardless of the difficulties identified by the DCAMP Review, the DCAMP Review Report
 recommends that the NZDF and MoD jointly develop a set of metrics for assessing asset efficiency
 and effectiveness around the following dimensions, which, while not directly related to output
 production, have a major influence on the ability of the NZDF to produce outputs in a cost-effective
 manner:
 - utility and fitness for purpose (as assessed against Government Outcomes),
 - life cycle cost,
 - factors affecting asset availability, including maintenance, personnel, and logistic support, and
 - estimated balance of useful life.
- A fair indicator that the past and current delivery of NZDF Outputs is cost-effective comes from two major Government-led external reviews of the NZDF; the Defence Capability and Resourcing Review (DCARR) and the Defence Sustainability Initiative (DSI). Both studies commented that the current NZDF output structure is appropriate relative to the Government's Defence Policy. This has been taken to mean that any alternative output structures identified would not have been as effective in delivering the outputs in support of achieving the Governments Defence Objectives. DCARR also identified significant funding gaps (funding shortfalls) in the delivery of most NZDF Outputs. To be able to identify these funding gaps the DCARR independently costed the NZDF Outputs. If, in the opinion of the DCARR, there was evidence of the NZDF Outputs being not cost-effective, that would have been made clear in the final report; and it was not. The final report of the DCARR, under "Opportunities for Further Efficiencies", states that all the obvious major opportunities

for improving efficiencies within the NZDF have been seized, and recommended that further initiatives be pursued as resources allowed.

- The Defence Transformation Programme (DTP), as described later in this Statement of Intent, will be a major driver in promoting a cost-effective NZDF. It is from the DTP that we expect to draw the standards and measures that are required under the Public Finance Act 1989 regarding costeffectiveness. The following points are relevant:
 - The DTP was established in July 2007 to drive economic benefits (cost efficiency) out of five mega processes of Defence, namely Human Resource Management, Education and Training, Logistics, Information Systems, and Defence Estate.
 - The aim of the programme is to rationalise the costs of delivering the outputs of these processes without materially altering the delivery standards.
 - Critical to this reform is the ability to measure the activities of the processes in order to track performance of the baseline status at the start of the programme with the performance achieved through the changes and into the future.
 - The establishment of robust and informative key performance measures across the mega processes of the NZDF will be the significant enabler of improvement in the cost-efficiency of the processes.
 - Central monitoring of the mega processes and the alignment of resources with performance indicators will create a culture of measurement and improvement.
 - The establishment of benchmark measures for similar mega processes outside of the NZDF will provide comparative targets for efficiency; the tracking of the costs of these processes over a period of time will form an internal benchmark.
- Finally the establishment of the Executive Leadership Team (ELT), which has a responsibility to closely monitor and decide on resources and priorities, together with the new Planning Branch, which has and continues to "align" the organisation behind a robust strategic planning process, will significantly assist in maintaining the cost-effectiveness culture within the NZDF.

Shaping and Rebuilding the NZDF

The Government's Defence Policy Framework (2000) set the scene for Shaping and Rebuilding the NZDF capabilities. There are seven principles that the Government will use to guide this process - they are that the NZDF be:

- Equipped and trained for combat and peacekeeping. In order to perform the key tasks required
 by the Government, the NZDF must be appropriately equipped and trained for both combat and
 peacekeeping.
- **Deployable.** To be able to deploy and sustain our forces, particularly over long distances, a flexible and adaptable mix of air and sealift capabilities are required.
- Able to operate alongside other forces. Exercising bilaterally with Australia and multilaterally through the Five Power Defence Arrangements (FPDA) and others builds up the NZDF's interoperability.
- Held at appropriate levels of readiness. The NZDF must be equipped and trained at appropriate levels of readiness.

- Sustainable. Contributions to deployments may be for long periods and involve rotations of personnel and equipment. NZDF resources must be managed to ensure that commitments can be sustained.
- **Up to date in technology and doctrine.** It is essential that the NZDF keep abreast of military technology and other changes in military operations the so called *Revolution in Military Affairs* (RMA) but having due regard for the high costs involved, in order to retain operational effectiveness and interoperability with our friends and allies. A progressive approach to the introduction of new technology will help to smooth out the costs, and consideration may also need to be given to retaining a lesser range of capabilities.
- **Fiscally sustainable.** The Government wants to ensure that our defence dollars are spent wisely. The focus in rebuilding the NZDF will be in the areas of most urgent need.

The Government's Defence Policy Framework also sets the scene in terms of the **Priorities for Rebuilding the NZDF**. It notes that sensible prioritisation of projects against available resources is essential and that priority will be given to the acquisition and maintenance of essential equipment. The core requirement is for well-equipped, combat-trained land forces which are also able to act as effective peacekeepers, supported by the Navy and Air Force. The greatest needs, as listed in the Policy Framework, are to:

- upgrade the Army's mobility, communications, surveillance, and fire support capabilities;
- · provide effective air and naval transport capabilities; and
- maintain effective maritime surveillance capabilities of the Air Force and Navy, within the New Zealand EEZ and the EEZs of Pacific Island States.

On 8 May 2001, the Government, in follow up to its *Defence Policy Framework June 2000*, announced major decisions in shaping and rebuilding the NZDF for the future (*A Modern, Sustainable Defence Force Matched to New Zealand's Needs: Government Defence Statement 8 May 2001*). This *Statement* noted that these decisions would result in a high quality defence force that was able to keep abreast of technological developments, was affordable and could be sustained over the longer term. The decisions would ensure that resources were available to:

- · continue with the modernisation of the NZ Army,
- meet New Zealand's civilian and military needs for long range maritime patrol,
- renew the air transport fleet and utility helicopters, and
- develop a practical maritime surface fleet that is matched to New Zealand's wide security needs.

On 11 June 2002, the Government released details of the first Defence *Long-Term Development Plan* (LTDP). The LTDP is the Government's blueprint for re-equipping the NZDF. It provides a comprehensive list of all planned major acquisitions with preliminary estimates, timings and priorities. The LTDP has a rolling forward focus of 10 years and links the Government's defence policy objectives set out in the Defence Policy Framework June 2000, with the capability requirements announced in the Defence Statement of May 2001. The LTDP is regularly updated and continues to be a key planning document to support the decision-making processes required for shaping the future capabilities of the NZDF. The Minister of Defence released the latest update of the LTDP in October 2006. The next update is due to be released about mid-2008.

Provided below is an update on LTDP matters (as at the time of preparation for print of this Statement of Intent).

The following major projects on the LTDP have been completed or are well advanced:

- · Introduction into service of:
 - the New Zealand Light Armoured Vehicle (NZ LAV);
 - the Pinzgauer Light Operational Vehicle (LOV), all variants (some remedial work continues);
 - the Medium Range Anti-Armour Weapon; and
 - the Very Low Level Air Defence Cueing System;
- The New Defence Headquarters Building was completed in early 2007.
- Ongoing purchase and progressive introduction into service of the new vessels for the Navy under Project Protector. It is expected that all seven vessels will be in service by the end of 2008.
- Modifications to the Boeing 757-200 strategic transport aircraft, which is a critical enabler for many operations, will be completed in 2008.
- Life Extension upgrade of the C-130 Hercules strategic and tactical transport aircraft should be complete in 2011 - with the first upgraded aircraft delivered in mid-2008.
- Mission Management, Communications, and Navigation Systems upgrades of the P-3K Orion aircraft should be complete in 2011 with the first upgraded aircraft in service in early 2009.
- The NH-90 Medium Utility Helicopter has been ordered as the replacement for the Iroquois helicopter. It is expected that the NH-90s will be in service by 2013 - with the first aircraft arriving in 2010.
- The Augusta-Westland A-109 has been identified as the preferred tenderer for the Training/Light Utility Helicopter to replace the Sioux helicopter. Contract negotiations are underway.
- The Special Operations Capability Project for the Army will be completed in 2008.
- The equipment to support the enhanced NZDF Improvised Explosive Device Disposal (IEDD)
 capability with the addition of the Chemical, Biological and Radiological (CBR) requirement is being
 purchased and appropriate staff are being moved to the new stand-alone organisation. Full
 operational capability should be achieved in 2010.

In releasing the October 2006 update of the LTDP, the Minister of Defence announced seven new Defence Projects. These projects, which are critical to avoid policy failure, are as follows:

- A new fuel storage installation at Devonport Naval Base. This project is scheduled for completion in 2009.
- A new power generation and reticulation system at the Devonport Naval Base. This project is scheduled for completion in 2009.
- Upgrade of the Taxiways at Ohakea Air Base. Reconstruction work needs to be undertaken before the arrival of the new NH-90 helicopters. This project is currently underway.

- Advanced Pilot Training Capability (APTC) [B200 King Air Replacement]. This project will maintain
 the ability to conduct advanced pilot training after the expiry of the present B200 King Air lease in
 2008. A process is underway to identify appropriate options.
- Upgrade of the ANZAC frigates' platform systems. This project will ensure the continued integrity of the ANZAC frigates' platform systems (systems that enable the ships to move, float, generate power, recover from damage and accommodate people). This project is underway.
- Upgrade of the close-in protection weapon systems for the ANZAC frigates. This project will
 upgrade the Phalanx Close-In Weapon System which provides a last line of defence and protection
 against anti-ship missiles and strike aircraft. The project is underway.
- Investigation of the acquisition of a satellite-based strategic communications capability through a long-term lease. Options are being investigated.

There are a number of projects that have been approved in principle by the Government and are on the LTDP as either critical or essential to avoid the failure of policy. These projects are at differing stages of development and include the following:

- General Service Vehicle Fleet Replacement/Land Transport Capability Program. The Army's general service vehicle fleets, including medium and heavy vehicles, will need to be replaced, beginning in about 2011.
- The acquisition strategy for the Joint Command and Control System (JCCS), a project designed to implement an automated command and control system in the NZDF as part of an NZDF-wide Network Enabled Capability (NEC) Strategy, is being developed for consideration by the Government.
- Consolidation of the Air Force at Ohakea. In November 2007, the Government approved a
 programme of essential infrastructure construction at RNZAF Base Ohakea. Work has begun on
 new facilities to accommodate the incoming capabilities. Other major projects will include a new Air
 Movements terminal and new Maintenance Support Squadron facilities.
- Land Intelligence, Surveillance, and Reconnaissance (ISR) and Tactical Command, Control,
 Communications and Computers (C4). This project will create a land-based C4ISR system able to exploit the advances in data information exchange.
- ANZAC Class Frigate Self-Defence Upgrade. This project will upgrade the ANZAC Class frigates' self-defence systems to protect the Naval Combat Force and ships under its immediate protection. This project will be conducted in several phases and is scheduled to commence in 2010.
- C-130 Hercules Self-Protection. This project will upgrade the C-130 aircraft self-protection system
 to provide the ability to detect and counter likely threats, primarily man-portable infrared missiles.
 Parts of this project will be conducted during the C-130 life extension programme.
- P-3 Orion Self-Protection. This project will equip the P-3 Orion aircraft with a self-protection capability to counter likely threats, primarily man-portable infrared missiles. Current work includes identification of the appropriate self-protection requirement.
- P-3K Orion Air-to-Surface Weapons. This project will equip the P-3K Orion aircraft with an Air-to-Surface Weapons capability. A study will be conducted in due course to determine the appropriate weapons for this capability.

NZDF Torpedo Replacement. This project will replace the torpedoes for the ANZAC frigates, P-3
Orions and SH-2G Seasprite helicopters.

NZDF's Capital Intentions

Shaping and Rebuilding the NZDF, as in the foregoing paragraphs, has a direct relationship with the Defence Long-Term Development Plan (LTDP) and infrastructure improvements. It is therefore appropriate to include here the NZDF's Capital intentions as most of the capital appropriated is channelled into these areas. The NZDF's forecast capital expenditure for the next four years is shown in the following table:

	2008/09	2009/10	2010/11	2011/12
	\$ million	\$ million	\$ million	\$ million
Long-Term Development Plan, including Infrastructure	542	438	316	225

Note: The above table shows the values as currently appropriated - that is, the upper limits - not to be exceeded.

Defence Sustainability Initiative

The Defence Sustainability Initiative (DSI) has been well publicised in stand alone documents, the 2005/06 and 2006/07 NZDF Statements of Intent and the NZDF 2005 and 2006 Annual Reports. In summary, in response to the Defence Capability and Resourcing Review (DCARR), the Government has committed to providing the NZDF with the financial resources to recover and grow. The DSI funding package is \$4.6 billion over 10 years (2005/06 to 2014/15). This package will enable the NZDF to develop military and organisational capability to a level that will ensure the Government's defence policy objectives can be met on a sustainable basis.

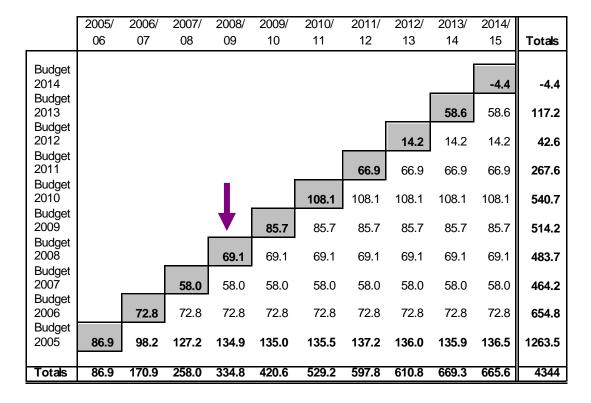
The DSI funding package provides the financial resources to:

- restore personnel numbers in the three services, HQ NZDF and HQ JFNZ to the levels required, over a period of time;
- address the number and trained state in some trades deemed as critically deficient;
- replace and upgrade some major weapons platforms in accordance with the Government's intentions, through the LTDP;
- raise the standard of some military equipment (other than major weapons platforms) that is currently beneath the required standard;
- · return contingency reserve stocks to acceptable levels;
- reduce the substantial backlog of maintenance and capital expenditure in the Defence Estate, over the longer term; and
- · restore aspects of corporate management capability that are currently severely depleted.

Steps to responsibly manage the DSI funding package allocation process and to ensure that the allocation remains sustainable over 10 years have been developed and implemented, and will continue to be monitored. The DSI is required to be reported on annually, and is subject to annual review and a formal review after five years.

The following table is a summary of the DSI funding commitments agreed by the Government.

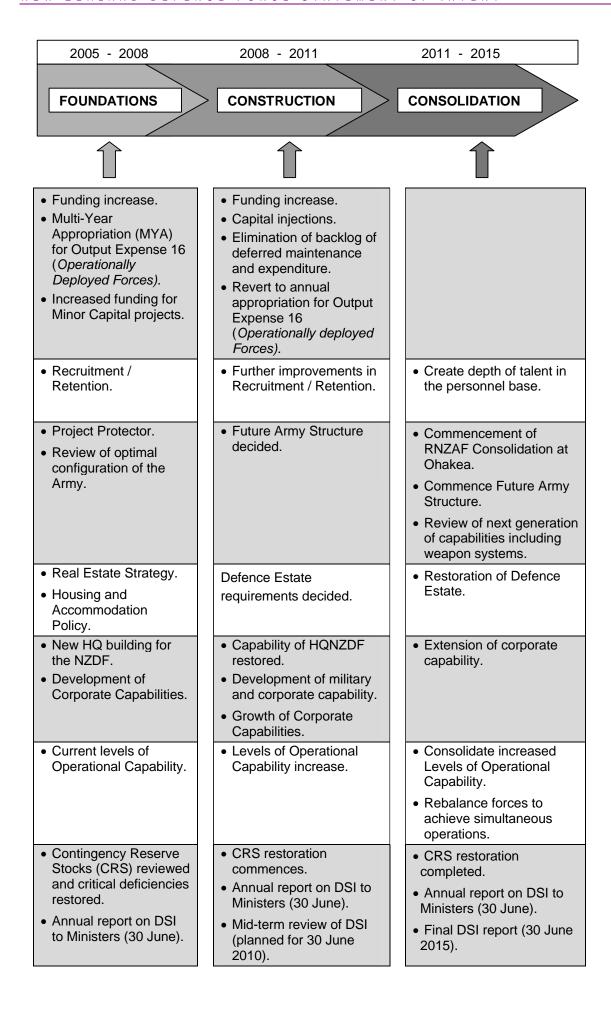
Summary of DSI Funding Commitments



Notes:

- (1) The figures in the table above are in "\$ millions", are as at 1 April 2008, and are GST exclusive.
- (2) The \$86.9 funding shown for 2005/06 included \$16.6 million for the NZDF continuing contribution to Operation Enduring Freedom in Afghanistan and \$5.3 for Defence Force Allowances.
- (3) The remaining annual increments are net figures after taking into account the arrival of new capabilities, retirements of old equipments, and other changes to the support and sustainment of the NZDF.

The following diagram shows, in simplistic terms, the Defence Capability and Resourcing strategy, as related to the DSI funding commitments, over the ten-year timeframe.



The projects that come under the DSI are now *Business as Usual*; albeit the requirement to provide annual DSI reports remains extant.

The Government's three main priorities for attention under the DSI were:

- · Restoration of personnel numbers,
- Delivery of projects on the Long Term Development Plan (LTDP), and
- Improving the NZDF's and MoD's corporate management capabilities.

A brief summary of the progress to date, against these priorities is as follows:

- The restoration and growth of the organisational capacity of the NZDF, in terms of personnel, is being achieved though there are risks. Attrition rates have risen in all three Services in recent months; recruiting adequate numbers continues to be a challenge; and some trades in each of the Services are assessed as *critically manned*. The NZDF is addressing these challenges with a variety of responses including: a review of recruiting, targeted recruiting, re-enlistments and lateral recruiting from foreign forces, a military remuneration review, and a review of housing and accommodation assistance policies.
- The latest version of the LTDP was presented to Cabinet on 6 September 2006 and released by the Minister of Defence on 17 October 2006. [The next update is due for release in mid-2008].
- Equipment deficiencies, other than those of major weapons platforms, are being addressed under an expanded Capital Equipment (Minor) programme.
- The key organisational changes required to improve strategic management ahead of the bulk of the DSI programme were completed in 2006/07 and into 2007/08, and are now maturing. These changes included:
 - establishment of the Executive Leadership Team (ELT) under CDF,
 - establishment of a corporate Planning Branch and an Organisational Support Branch,
 - completion of a comprehensive strategic planning framework,
 - production of a full NZDF Strategic Plan (launched in March 2007),
 - establishment of the Joint Logistics Support Organisation (JLSO), and
 - an electronic Defence Performance Management System (DPMS) a key management tool for the ELT.
- The major risks to the completion of the DSI are operational and fiscal. The operational risk is
 posed by the continued high activity tempo and a limited number of personnel which is slowing
 recovery and growth.
- The main fiscal risk to the DSI is the pressure on operating expenditure, which is expected to remain over the next few years. The main factors are internal and externally-sourced inflation, and the global increase in commodity prices, particularly for fuel and ammunition. The need to fund remuneration increases in order to achieve the DSI personnel targets will also be a challenge. In response, the NZDF has embarked on a complex work programme to ensure all its baseline expenditure is fully aligned to DSI objectives as articulated in the NZDF Strategic Plan.

Defence Transformation Programme

The NZDF strives to do everything it does simpler and better. The NZDF Executive Leadership Team (ELT) sees this as crucial to ensure that the Defence Force can deliver against expectations today, and to protect its ability to deliver in the future. The ELT has endorsed and implemented the Defence Transformation Programme (DTP) the objectives of which are to:

- · preserve Military Capability, and
- align the NZDF with the key strategic themes of *Agility, Resource Efficiency,* and being a *Valued Partner*, as identified in the NZDF Strategic Plan.

The DTP consists of five Change Programmes, each led by a member of the ELT and each focused on a separate area of work that, together, form an organisational transformation agenda for change and improvement. These programmes will ensure that all of the NZDF's key support processes align with the strategic themes, particularly *Resource Efficiency*. The five Change programmes are:

- Human Resources. This programme will deliver simpler and more effective remuneration, superannuation and housing. It is expected that this will be achieved through simplification of Human Resource (HR) structures, policy and systems while being considerate of the NZDF's professional military needs.
- Defence Estate. This programme will decide where the NZDF's camps, bases and support
 functions need to be located in the longer term to support the delivery of NZDF Outputs. The key
 here is that all property needs to be affordable and of sufficient quality to support training,
 accommodation and operational needs.
- Education and Training. This programme is aimed at ensuring that education and training delivers the required level of professional competency for NZDF personnel with improved use of resources.
- *Logistics*. This programme will accelerate progress towards consolidation of the NZDF's logistics capability. The deployable logistic capability of the Services will be maintained in alignment to their respective requirements to sustain operations.
- *Information and Technology*. This programme will ensure the NZDF's Information Technology services can effectively support all of the organisation's operational and corporate imperatives.

The DTP is a significant programme of work that is expected to take three years to fully complete. The goal is an efficient and agile Defence Force valued by all. Progress on the DTP to date includes the following:

- The Human Resource Management Change Programme has been prioritised and accelerated, and remains the primary focus for 2008. The three most significant projects are the Military Remuneration Strategy Review, the Housing and Accommodation Assistance Review, and the Superannuation Review.
- The Logistics Change Programme has begun reviewing "business as usual" operations to explore
 opportunities for improvement, as well as investigating longer term options to transform the way the
 logistics function operates, ensuring world class systems and processes.
- Under the Education and Training Programme a Director of Education and Training and a Centre of Excellence Hub at the Defence Force College are currently being established to provide a Defencewide overview of the education and training function.

- Progress and investigation continues in the Defence Estate Change Programme, with an options paper to be presented in mid-2008.
- Under the Information and Technology (IT) Programme, the Network Enabled Communication and Information System (NECIS) governance structure is now in place to provide process and overview of IT-related aspects within NZDF, and investigations into ways to improve and rationalise CIS infrastructure continue.

Army Transformation Programme (ATP)

The Minister of Defence was briefed on the NZ Army Configuration Review (ACR) in December 2006. The Minister noted the status of the ACR and the incorporation of the review into the Army Transformation Programme (ATP). The Minister agreed that the NZDF and the Ministry of Defence should proceed by developing firm NZ Army configuration proposals via the ATP for consideration by Cabinet that would include policy and options analysis, detailed costings, and an implementation risk analysis that are in accord with agreed output milestones.

The ATP Report confirmed the earlier conclusions of the Defence Capability and Resourcing Review (DCARR) that, to meet all Government policy requirements, an Army of greater size than currently exists would be required. This would allow for the complete delivery of outputs and, in particular, for the continued sustainment of Battalion and Company Task Groups in full combat operations. The ATP has developed options that would move the Army closer to this requirement while, at the same time, continuing to meet current assigned tasks. The ATP-recommended courses of action to meet the required targets would also achieve the Government's requirement to generate *combat capable forces*. The ATP-generated proposals will be submitted for consideration by Cabinet by mid-2008.

A number of changes can and will occur over the next three years in order to allow for the transformation of the NZ Army. These include the consolidation of combat support requirements, personnel growth and regeneration of combat capabilities. Personnel growth remains critical to continue to meet current operational commitments and to prepare the NZ Army to meet future tasks from Government.

Inter-Department/Agency Collaboration

As mentioned earlier, the NZDF is not the sole contributor to Defence Policy Objectives or Outcomes, or the security of New Zealand; other government departments and agencies also contribute. The relationship that the NZDF has with these other departments and agencies, under the Whole-of-Government approach, continues to take on increased importance. While not an exhaustive list of departments/agencies that the NZDF has a working relationship with, the table below shows those with which the NZDF shares common outcomes, provides a summary of the relationship, and how the NZDF contributes to the shared outcomes. It should also be noted that, in most situations in New Zealand, the other government departments/agencies are being supported by the NZDF, i.e. those departments/agencies take the lead.

Inter-Department/Agency Collaboration

Other Departments / Agencies ⁶	Shared Outcomes	Summary of the Relationship and NZDF Contribution ⁷
Ministry of Defence (MOD)	NZDF Main Outcome: New Zealand secure and protected from external threats now and in the future. MoD Main Outcome: High quality advice is provided to the government in order to advance New Zealand's defence and security objectives. MoD Intermediate Outcomes: The Government has security, defence and capability policy options that allow it to respond to the international, regional and local security environment appropriately. The NZDF is equipped with those major systems and equipments it needs to meet the Government's defence and security sector requirements. The Government is provided with independent audit advice on the performance of the NZDF and the procurement activities of the Ministry of Defence.	The NZDF and MoD Main and Intermediate Outcomes are mutually reinforcing. The NZDF and MoD have a strong relationship. This relationship, which is critical to Defence's strategic interaction with the Government, was further enhanced by various projects under the Defence Sustainability Initiative (DSI). NZDF / MoD cooperation is facilitated through: • the Office of Chief Executives (Secretary of Defence and CDF discuss policy issues of mutual interest); • the Executive Capability Board (MoD and NZDF senior military and civilian officials oversee major capital acquisitions); • a joint strategic office directed collaboratively by the Vice Chief of Defence Force and Deputy Secretary Policy and Planning; and • the implementation of shared systems and processes to strengthen collaboration and consultation, and identification of options to create a shared information management environment to support information sharing.

⁶ The listed departments/agencies have been consulted on the content of this table.

⁷ In nearly all cases, the nature of the task and NZDF contribution is such that the division of responsibility (which department/agency does what) is clearly designated via written instructions, standard operating procedures, formal agreements, memorandums of understanding, or other appropriate documentation. This means that each department can independently measure its own performance, albeit that feedback from other departments will usually be sought.

Other Departments / Agencies	Shared Outcomes	Summary of the Relationship and NZDF Contribution
Department of Prime Minister and Cabinet (DPMC)	NZDF Intermediate Outcome 1: Secure New Zealand, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure.	DPMC serves the Executive (the Prime Minister, the Governor-General, and the Cabinet) through the provision of high quality impartial advice and support services which make government decision-making, including decisions on defence-related matters, easier at both strategic and operational levels.
	NZDF Intermediate Outcome 2: Reduced Risks to New Zealand from regional and global insecurity. The main Outcome that DPMC works to achieve is: Good government, with effective public service support. The DPMC Contributing Outcome that closely relates to the NZDF is: The management of domestic and external security and other risks is well planned, informed and co-ordinated.	While <i>Defence</i> has an obvious relationship with the External Assessments Bureau (EAB) of DPMC, the more important relationship is through the Domestic and External Security Group (DESG). The DESG coordinates central government activities aimed at protecting New Zealand's domestic and external security, including intelligence, counter-terrorism preparedness, emergency/crisis management and defence operations. DESG also provides advice and support to the Officials Committee for Domestic and External Security Coordination (ODESC) - of which the NZDF (CDF) and the MoD (Sec Def) are members. Inter alia, DESG also convenes inter- departmental watch groups, including <i>defence</i> representation, that are set up to monitor major issues and to oversee inter-agency action.
Ministry of Foreign Affairs and Trade (MFAT)	NZDF Main Outcome: New Zealand secure and protected from external threats now and in the future. NZDF Intermediate Outcome 2: Reduced Risks to NZ from regional and global insecurity. NZDF Intermediate Outcome 3: New Zealand values and interests advanced through participation in regional and international security systems. MFAT Main Outcome (and Mission): New Zealand's security and prosperity interests are advanced and protected, and our voice is heard abroad.	The NZDF enjoys a close working relationship with MFAT. This relationship ranges from shared decision-making / advice to government on a wide variety of topics, including New Zealand's participation in overseas military / UN and other multi-national missions, to participation in an equally wide range of regional and global fora. The ultimate objective is to advance New Zealand's interests, which includes working toward reducing risks to New Zealand. The core collaborative relationship that MFAT has with the NZDF revolves around <i>diplomacy</i> and, in particular: • The bilateral and regional defence relationships and security cooperation initiatives that are developed. For the NZDF this involves such matters as the Five Power Defence Arrangements (FPDA) and the Mutual Assistance Programme (MAP), actual operations such as NZDF and NZ Police assistance in the Solomon Islands, and the relationships that our Defence Attaches/Defence Advisors have with other Armed Forces. It also involves NZDF participation in a range of military and non-military overseas fora as listed elsewhere in this SOI.

Other Departments / Agencies	Shared Outcomes	Summary of the Relationship and NZDF Contribution
(MFAT continued)	MFAT Intermediate Outcome 1: New Zealand's security interests safeguarded. MFAT Intermediate Outcome 5: Protection of the Rights of New Zealanders abroad.	Supporting New Zealand citizens caught up in emergency situations overseas. For the NZDF this may involve, on the decision of Cabinet, the deployment of NZDF force elements to evacuate New Zealand citizens and possibly others from emergency situations (military and non-military) overseas.
NZ Police	NZDF Intermediate Outcome 1: Secure New Zealand, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure. The related New Zealand Police Outcome: Confident, Safe and Secure Communities.	The NZDF enjoys a special working relationship with the New Zealand Police. In all cases in New Zealand, except CBRE/IEDD, the NZ Police is the lead department; the NZDF is in support. Recently, a comprehensive Memorandum of Understanding (MOU) has been concluded with the NZ Police. It covers the wide range of NZDF / NZ police working relationships, including but not limited to: • Counter-Terrorist Operations (and training for same). • Search and Rescue (land, sea and air); this in concert with MNZ/RCCNZ (see below). • IEDD/CB Response – CBD and national coverage. • Special Police Operations supported by the NZDF (involving sea days, air flying hours and, where required, man-days). • Other one-off assistance to the New Zealand Police in New Zealand and the Pacific, as required. The NZDF and NZ Police are also working side by side in restoring or maintaining law and order in several Pacific Island nations.
Ministry of Fisheries (M Fish)	NZDF Intermediate Outcome 1: Secure New Zealand, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure. NZDF Intermediate Outcome 2: Reduced Risks to New Zealand from regional and global insecurity.	The NZDF and the Ministry of Fisheries have had a long-standing relationship revolving around the NZ EEZ and the protection of our fisheries. Using its aerial and surface surveillance capabilities, the NZDF has a responsibility for the surveillance of the NZ EEZ. The Ministry of Fisheries and NZDF share information on offshore fishing operations to ensure that surveillance efforts are directed at the areas of highest risk and that fisheries-related surveillance capacity is efficiently used.

Other Departments / Agencies	Shared Outcomes	Summary of the Relationship and NZDF Contribution
(M Fish continued)	Ministry of Fisheries Main Outcome: The value New Zealanders obtain through the sustainable use of fisheries resources and protection of the aquatic environment is maximised.	The NZDF's support to the Ministry of Fisheries under the NZDF's Multi-Agency Operations and Tasks (MAO&T) will take on increased significance as the new Offshore and Inshore Patrol Vessels (OPVs and IPVs) of the Navy (under Project PROTECTOR), are introduced into service.
		In addition, the long-range maritime patrol aircraft (P3-K Orion) contribute to the NZDF/Ministry of Fisheries working relationship. The bulk of the Ministry of Fisheries tasking requirements of the NZDF are coordinated through the National Maritime Coordination Centre (NMCC) located at HQ JFNZ, Trentham.
New Zealand Customs Service	NZDF Intermediate Outcome 1: Secure New Zealand, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure.	The NZ Customs Service facilitates the movement of people, craft and goods across the border and protects New Zealand's border and revenue, so that New Zealanders can benefit from participating in international trade and travel while being protected from the potential risks that go with that. This role
	NZDF Intermediate Outcome 2: Reduced Risks to New Zealand from regional and global insecurity.	involves both the facilitation of legitimate trade and travel and enforcement of the law to ensure that illicit goods or people do not enter or leave New Zealand.
	New Zealand Customs Service Outcome: Border Security - New Zealand is protected from threats to national security by Customs' situational awareness and readiness to respond.	The NZDF, Navy and Air Force in particular, support the role of the NZ Customs Service, the flows of people, goods and craft in particular, by the provision of planned surveillance of NZ's air and sea borders. This role, under the NZDF MAO&T, will take on increased significance as the new Offshore and Inshore Patrol Vessels (OPVs and IPVs) of the Navy (under Project PROTECTOR) and possibly short-range maritime patrol aircraft (in the future) are introduced into service.
Maritime New Zealand (MNZ)	NZDF Intermediate Outcome 1: Secure New	Maritime New Zealand is a Crown Entity that has maritime safety as a core
[Formerly Maritime Safety Authority (MSA) of New Zealand].	Zealand, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure.	objective. Roles most closely related to the NZDF include development of maritime safety rules, management and coordination of national and international search and rescue, promotion of and education in maritime safety, and maintenance of the NZ marine oil spill response strategy and
[And by association, links with	The MMZ vision, as part of the wider New Zealand Transport Strategy, is: <i>A maritime</i>	national contingency plan.
the RCCNZ, the SAR Council of NZ, the SAR Consultative Committee, CAA and NZ Police]	environment with minimal deaths, accidents, incidents and pollution as part of an integrated and sustainable; transport system.	The NZDF is required to assist Maritime New Zealand, on request, with search and rescue operations. Normally, it is the P3-K Orion aircraft or helicopters of the RNZAF and/or RNZN vessels and helicopters that will be involved in such assistance. These defence assets will also report pollution and oil spills

Other Departments / Agencies	Shared Outcomes	Summary of the Relationship and NZDF Contribution
(MNZ continued)	The Board of MNZ promotes maritime safety, environmental protection and security through standard setting, monitoring, compliance, safety services (navigation aids, radio) and oil pollution response. Note: On 5 July 2004 the Rescue Coordination Centre New Zealand (RCCNZ) took over responsibility for Class III SAR activity in New Zealand's SAR Region. The new Centre is managed by Maritime New Zealand under a MOU with the CAA.	in the course of their normal routine military training activities. They will also support measures, coordinated by Maritime New Zealand, to enhance New Zealand's maritime security. The NZ Army and the RNZAF are also frequently involved in SAR on land. The NZDF is represented on the Search and Rescue Council of NZ by a senior officer from HQ JFNZ. That Council provides high-level strategic governance to all SAR agencies in NZ. The Council is supported by a Secretariat and a SAR Consultative Committee. The SAR Consultative Committee serves as a link between the Secretariat and SAR providers. The NZDF is represented on this committee.
New Zealand Security Intelligence Service (NZSIS)	The first responsibility of government in a democracy is the security of its country and citizens. That security cannot be taken for granted, and most nations around the world have some form of arrangement in place to warn about threats which could endanger or harm their people. The NZSIS gathers information related to New Zealand's security, assesses its significance and advises the Government accordingly. NZDF Intermediate Outcome 1: Secure NZ, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure.	The NZSIS is one of a small group of intelligence agencies, each with its own responsibilities, which make up New Zealand's intelligence and security community. All of the agencies in that community work towards achieving the national security policies of the New Zealand Government. These policies aim to: • protect and promote New Zealand's defence, foreign policy, and national economic interests, • protect New Zealanders and their property, • detect and prevent serious overseas-based crime which could affect this country, and • protect against threats from terrorism and espionage. The NZSIS makes its contributions to the above in accordance with the NZSIS Act. The NZDF contributes to the work of the NZ SIS by providing information that its own intelligence sources, indeed any elements within the NZDF, may acquire; albeit, the major flow of information is from the NZSIS to the NZDF and other relevant government departments/agencies. The NZDF maintains a permanent representative within the Combined Threat Assessment Group which is hosted by the NZ SIS.
		The NZDF is the largest customer of the NZ SIS in terms of personnel security vetting procedures.

Other Departments / Agencies	Shared Outcomes	Summary of the Relationship and NZDF Contribution
Government Communications Security Bureau (GCSB)	NZDF Main Outcome: New Zealand secure and protected from external threats now and in the future. NZDF Intermediate Outcome 1: Secure NZ, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure. GCSB Outcome 1: New Zealanders and New Zealand interests are protected and advanced through the provision of relevant, accurate and timely foreign intelligence and threat warning information. GCSB Intermediate Outcome 2: National and public interest is properly served through the appropriate protection of official information and the critical national infrastructure.	The NZDF's long-standing working relationship with GCSB is similar to that that the NZDF has with the NZ SIS; involving, as it does, the <i>intelligence and security community</i> . Each of New Zealand's intelligence and security agencies within that community has its own distinct responsibilities. However they all work towards achieving the national security policies of the New Zealand Government. The NZDF / GCSB relationship involves the sharing of information and intelligence, as appropriate. This can best be summed up by GCSB's description of its output expense: "Advising and assisting government departments and agencies on matters related to the security and integrity of classified or sensitive information processed, communicated or stored by electronic means, and information to meet the national intelligence requirements of the New Zealand Government". This includes "support to the NZDF military and peacekeeping activities".
Department of Internal Affairs - Ministry of Civil Defence and Emergency Management	NZDF Intermediate Outcome 1: Secure NZ, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure. The Department of Internal Affairs / Ministry of Civil Defence and Emergency Management Outcome that most closely relates to the NZDF is: Safer Communities.	The NZDF and the Ministry of Civil Defence and Emergency Management have always had a close working relationship on <i>civil defence</i> matters. The NZDF maintains representation and/or liaison at local, regional and national civil defence levels, including on the Officials Working Group for Domestic and External Security Coordination (ODESC). NZDF resources (manpower and equipment, including vehicles and helicopters) will be made available, if available at the time, to support declared local, regional or national civil defence emergencies. In addition, NZDF personnel and assets are made available from time to time to participate in civil defence training exercises. The types of assistance offered by the NZDF were evident and well publicised during the civil defence emergencies of major flooding in the Manawatu and Bay of Plenty in 2004, the snow falls in Canterbury in June 2006 and the floods in Northland in July 2007.

Other Departments / Agencies	Shared Outcomes	Summary of the Relationship and NZDF Contribution
Department of Conservation (DOC)	NZDF Intermediate Outcome 1: Secure NZ, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure. DOC Outcome - Protection: New Zealand's natural and historic heritage entrusted to DOC is protected and restored.	DOC administers most of the Crown Land in New Zealand protected for scenic, scientific, historic or cultural reasons, or set aside for recreation. This is almost a third of New Zealand's land area, including national, forest and maritime parks, marine reserves, nearly 4,000 reserves, river margins, some coastline and many offshore islands. The NZDF has been a regular contributor to many facets of DOC's work. While the Navy has a particular relationship with DOC in terms of conducting surveillance and enforcement tasks in island areas and providing resupply of stores and equipment to remote islands, the Army and Air Force are regularly requested to assist in supporting DOC tasks.
National Maritime Coordination Centre (NMCC)	NZDF Intermediate Outcome 1: Secure NZ, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure. The NMCC coordinates services for civilian purposes that support the effective and efficient use of New Zealand's 'whole-of-government' maritime patrol and surveillance assets.	The NMCC is co-located with HQ Joint Forces New Zealand at Trentham. It is managed and operated as a separate unit within a host agency - that agency being the New Zealand Customs Service. It is through the NMCC that NZDF assets, such as the P-3K Orion maritime patrol aircraft, the Offshore and Inshore patrol vessels, and other NZDF assets, are coordinated to support multi-agency operations and tasks in the New Zealand environment in support of a range of government departments and agencies, such as the New Zealand Customs Service, Ministry of Fisheries and the New Zealand Police Force.

Risk Management in the NZDF

At the highest level, risk management is about making informed decisions about what we do, setting expectations for ourselves and our stakeholders. Risk management is at the core of good management, identifying what could stop the NZDF achieving its objectives and acting to reduce the likelihood of the event(s) as well as mitigating the impact if the event(s) does occur.

Risk Management Framework

The Risk Management Framework (RMF) is a key element of the NZDF's overall governance framework. The Framework includes the risk management policy, principles and processes and provides uniform processes to identify; measure; treat and report on key risks. It supports the Executive Leadership Team's (ELT's) corporate governance needs and senior management accountability responsibilities. It helps to strengthen the organisation's management practices in a manner demonstrable to external stakeholders. The uniform risk management process can be applied to any activity regardless of its size, nature or duration.

One outcome of an effective RMF is that risk management is embedded into the NZDF's behavioural culture, whereby all personnel are aware of the risks inherent in their day-to-day work processes and are able to identify risks related to the pursuit of opportunities.

Policy

The NZDF's risk management policy and risk management principles are detailed in Defence Force Order (DFO) 81, Risk Management. The Risk Management Policy is supported by a set of Risk Management Principles to govern what is acceptable and expected of all NZDF personnel with regards to risk management.

Risks to NZDF Strategic Objectives

The NZDF is exposed to a wide range of risks to the successful achievement of its objectives. These risks arise from sources within and external to the organisation. Listed below are examples of the significant risks currently facing the NZDF. The organisation may:

- · fail to realise the full benefits from major change initiatives;
- be unable to recruit sufficient personnel in uniform in critical trades due to a combination of demographic changes and a shrinking labour market;
- have insufficient capital funding to support future capability development due to the impact of inflation; and
- have insufficient operating funding to support future capability delivery due to the impact of inflation on consumables such as e.g. fuel, ammunition and other military consumables.

Risk Mitigation

Risks to the strategic and operational objectives are mitigated by the existing control environment. Where controls are ineffective, or do not exist (for example in relation to emerging risks), appropriate treatment activity is either in progress or is under development (for example the Defence Transformation Programme).

NZDF Sustainable Business Practice

The NZDF has developed a policy and an action plan to improve environmentally sustainable business practice within the NZDF. This recognises the Government policy and the commitment made by the NZDF to the Govt³ Programme⁸.

The Sustainable Practice Action Plan outlines a phased programme of initiatives to improve sustainability practices across the NZDF on a cost-neutral basis. It includes actions in relation to buildings, transport, procurement, waste minimisation, water conservation and carbon emissions. The first phase of the programme prioritises initiatives that:

- · improve information through monitoring and reporting,
- · integrate sustainability into NZDF policy and practice, and
- · develop capacity for improvement by developing the commitment, knowledge and skills of staff.

In addition, the NZDF has appointed the General Manager Organisational Support as the NZDF 'sustainability champion' - as required under the Govt³ Programme.

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⁸ The Govt³ Programme has four main focus areas: Sustainable Buildings, Vehicles and Travel, Office Consumables and Equipment, and Waste recycling and Minimisation.

Section 2: The Planning Context

Overview

Going into the future, the NZDF needs to be united, professionally trained, competent at what it does, appropriately equipped, and capable of serving the interests of New Zealand, whenever and wherever that may be. Robust planning for the future, near-term and long-term, within many unknowns, needs to be an essential hallmark of the NZDF's *business as usual*.

Under the umbrella of the Defence Planning Framework (DPF) the NZDF has developed and maintains planning systems to support the achievement of Defence Outcomes and the delivery of NZDF Outputs, and to remain effective and efficient in administration. The DPF also includes processes for strategic and operational planning, resources and financial planning, performance evaluation and a range of corporate information and management systems. The DPF, when fully implemented, will provide the overarching framework that will align all planning with defence policy, corporate goals and strategies. Components of the DPF include:

- the NZDF Strategic Plan (covered earlier), and related Strategic Plans of the three Services,
- the NZDF Strategic Operating Concept (including Joint Vision and Strategic trends Assessment),
- the Capability Management Framework (CMF) described below,
- · the Strategic Human Resource Framework,
- · the Knowledge Management Framework,
- · the Risk Management Framework,
- the Defence Performance Management Framework,
- · the Financial Management Framework,
- · the Operational Preparedness and reporting System (OPRES), and
- Annual Plans (NZDF, the Services and Headquarters Joint Forces).

As stated by the Minister of Defence in his foreword to the NZDF Strategic Plan 2007-2011:

"It is essential that the NZDF has the correct management and evaluative tools to enable robust resource management and decision-making into the future. The requirement to be able to continually review and prioritise projects, programmes and scarce resources within the NZDF is vital. The NZDF Strategic Plan as part of the wider architecture of the Defence Planning Framework (DPF), together with the tools that underpin it, sets the NZDF in the right direction to efficiently manage its resources. The introduction of the NZDF Balanced Scorecard as part of the NZDF strategic planning process, together with enhanced performance management processes, will enable the NZDF to track the implementation of its strategy".

This section of the Statement of Intent summarises the relevant mechanisms used in capability planning and the development of levels of operational capability of NZDF force elements.

Capability Management Framework (CMF)

The CMF is a governance and management system that provides a transparent and robust process for ensuring effective, long-term investments in defence capabilities. The CMF is the means through which Government defence policy is translated into military capabilities that are able to meet the Government's security objectives. The challenge of the capability management process is to find the best balance between current and future capability investment.

The CMF describes the practices and procedures for the development and delivery of defence capability. It articulates practices and procedures that have been operating since mid-2002. A major review of the CMF was conducted in 2006 and the CMF's scope was widened. For example, it introduces new processes such as the Strategic Capability Planning Process (SCPP) that, while not predicting the future, is structured to shape an organisation that will thrive in a future that cannot be predicted.

The CMF strategy focuses on identification of all the functional components of the proposed capability and on the quality of the information required in major defence capability projects (new and upgraded), including cost estimates, operational assessments and whole-of-life management.

Strategic capability objectives will be derived from CMF processes. Internal CMF processes include:

- a continuously updated Strategic Trends Assessment (STA) that identifies the major global, regional and local trends most likely to impact New Zealand and the NZDF over the next twenty years;
- the NZDF Strategic Operating Concept (SOC) and Joint Operating Concept (JOC) that, together, describe new ways the NZDF will need to operate in the future;
- the use of evidence-based decision support tools throughout the CMF process;
- criteria for Capability Requirement Proposals, including the development of comprehensive operational requirements data and functional performance specifications;
- a regularly updated Long-Term (LTDP) that manages capability development across the 0 to 10 year period, supplemented by the Long-Range Capability Forecast (LRFC) that looks out beyond 10 years; and
- a variety of capability-related plans including acquisition strategies, training programmes, throughlife capability management, and disposal.

The CMF provides clarity in responsibility, accountability and process for defence policy development, capability definition, acquisition, introduction into service and disposal of capabilities. The CMF process facilitates the development of a well-informed, cost-effective and professional Defence Force that embraces continuous improvement and management excellence.

The implementation of the CMF will enable the NZDF to develop fully mission-capable units and supporting components at degrees of preparedness that are matched to New Zealand's defence policy objectives.

Employment Contexts (ECs)

Strategic guidance provides information on the circumstances in which the Government may choose to use military forces. The NZDF uses this guidance to develop geographically grouped Employment Contexts. Employment Contexts are descriptions of representative and illustrative security events for which there is a likelihood that a New Zealand Government would expect to make a military response should they occur. Employment Contexts are selected through assessment of New Zealand's geostrategic situation and international security trends. The Employment Contexts are chosen on the basis of their likelihood of occurrence in the near and longer terms and the consequences for New Zealand's Defence Outcomes if the NZDF was unable to provide an appropriate response. Employment Contexts include high level Operational Concepts which, in turn, drive Services' and joint Mission Essential Tasks (METs), that is, those tasks that the deployed forces must be able to perform. The METs drive the priorities for the Services' and joint annual training activities and which determine the output parameters that need to be delivered in order to meet the Government's requirements. The Employment Contexts also designate the anticipated time (known as the Response Time) available for the final preparation of force elements for their operational deployment; this affects the level of capability that must be maintained on an annual basis. Concepts for operations and Contingency Plans (CONPLANS) can then be developed for relevant Employment Contexts. Current Employment Context Operational Concepts list the most likely force elements that would be involved in each security event. These force element lists are a guide only and are not exhaustive; each security event may require the addition or deletion of some force elements. Employment Contexts provide the detail that ensures the NZDF output quality dimension is consistent with defence policy. The Employment Contexts (ECs), which are covered in more detail in the NZDF Output Plan, are as follows:

• EC 1 - Security Challenges and Defence Tasks in New Zealand and its environs:

- EC 1A Illegal exploitation of marine resources within the New Zealand EEZ, and other low-level threats to New Zealand territorial sovereignty.
- EC 1B Natural and manmade disasters.
- EC 1C Support to the delivery and maintenance of essential services in exceptional circumstances, including the hosting of major events.
- EC 1D Terrorist and Asymmetric Threats.
- EC 1E Support for Antarctic presence.

• <u>EC 2</u> - Security Challenges to New Zealand's Interests in the South Pacific:

- EC 2A Illegal exploitation of marine resources within South Pacific EEZs, and other low-level threats to South Pacific nations' territorial sovereignty.
- EC 2B Natural and manmade disasters.
- EC 2C State failure or fragility leading to internal conflict and/or humanitarian crisis.
- EC 2D Terrorist Threats.
- EC 2E Challenges to legitimate governments, including civil war and secessionist conflict.

• EC 3 - Challenges to New Zealand and Australia Common Security Interests:

- EC 3A Illegal exploitation of marine resources within Australia's EEZ, and other low-level threats to Australia's territorial sovereignty.
- EC 3B Natural or manmade disasters.
- EC 3C External aggression against Australia.
- EC 3D Terrorist or Asymmetric Threats.

• EC 4 - Security Challenges to New Zealand's Interests in the Asia-Pacific Region:

- EC 4A Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation.
- EC 4B Natural or manmade disasters.
- EC 4C State failure or fragility leading to internal conflict and/or humanitarian crisis.
- EC 4D Terrorist Threats.
- EC 4E Weapons of Mass Destruction (WMD) proliferation.
- EC 4F Inter-State conflict.
- EC 4G Acts of piracy and people smuggling.

EC 5 - Security Challenges to New Zealand's Interests in Global Peace and Security:

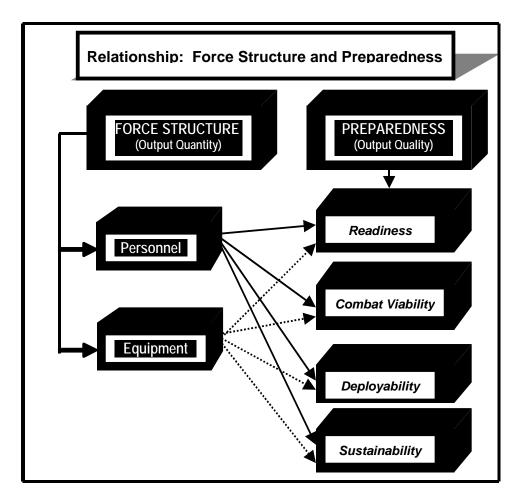
- EC 5A Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation.
- EC 5B Unresolved conflict or conflict resolution process where protagonists have sought third party resolution assistance.
- EC 5C State failure or fragility leading to internal conflict and/or humanitarian crisis.
- EC 5D Terrorist Threats.
- EC 5E WMD proliferation.
- EC 5F Contravention of international norms that triggers a multi-national response.
- EC 5G Major breakdown in international security leading to wide-scale war.

Military Capability

Military Capability is the power to achieve a desired operational effect in a selected environment and to sustain that effect for a designated period. It is the combined effect that systems of inputs have in helping to achieve a particular operational consequence. Military capability goes beyond just equipment. Rather it includes all necessary components that, together, enable a military capability to achieve an operational effect. The elements that make up military capability are *preparedness*, and the components described by the acronym PRICIE as follows:

- Personnel (all personnel elements of the capability including personnel sustainment and individual training).
- · Research and Development.
- Infrastructure/organisation/structures, all major infrastructural works projects.
- Concept of operations/doctrine/ collective training.
- Information/technology.
- · Equipment and Logistics.

Military Capability comprises an amalgam of PRICIE and preparedness. PRICIE encompasses the quantitative dimension of NZDF Outputs, and preparedness is the qualitative dimension. While PRICIE comprises many components, as shown above, for simplicity of reporting the NZDF will focus on two major quantitative elements, Personnel and Equipment. Together, these are termed force structure. The relationship between force structure and preparedness is shown in the following diagram:



Preparedness

The ability of the NZDF output expense force elements to be employed on military tasks is a function of the *preparedness state* in which they are held. That is, force elements must be held at a level of capability from which they can be raised to an operational status within a specified time, then deployed for the conduct of a particular type of military task and be sustained for a specified period while

engaged in that task. Within the NZDF there are four ingredients of *preparedness* - Readiness; Combat Viability; Deployability; and Sustainability. These are defined as follows:

- Readiness. Readiness is the current proficiency and effectiveness of a force to conduct a range of
 activities defined against a Directed Level of Capability and Employment Context, and that provide
 options for employment on military tasks within a specified Response Time. The force readiness
 comprises personnel, trained state (individual and unit), equipment held, and equipment condition
 (serviceability), and includes tactical command, control, communications and intelligence.
- **Combat Viability.** Combat Viability is the in-theatre ability of a force to achieve its military task or mission using current resources. It incorporates the following:
 - the ability of service personnel to engage in combat with due regard to morale, leadership, and a sense of mission;
 - the sufficiency of equipment and its design/technology standards to provide firepower, protection to personnel and other battlefield attributes to the level required by the threat;
 - the adequacy of military doctrine and tactics to make effective use of personnel and equipment;
 - the standard of collective or combined training;
 - the ability of the force to achieve the level and duration of fighting to achieve its objectives; and
 - the effectiveness of standardisation when working with friendly forces.
- Deployability. Deployability is the capacity of a force element to move to an Operational Level of Capability, complete final preparations, and assemble for deployment within a specified time.
 Effected deployability includes the completion of OLOC generation training, preparation of deployment equipment and munitions, and positioning personnel and equipment for embarkation by air or sea.
- Sustainability. Sustainability is the ability to support a designated force at operating tempo throughout the duration of an operation. It includes the availability of replacement personnel, equipment maintenance, sufficiency of second and third line stocks, and the lift capacity to carry them into theatre and to those force elements requiring them.

Level(s) of Capability

Using the Employment Contexts it is possible to establish the **Operational Level of Capability (OLOC)** that a force element needs to have reached in order to carry out its military tasks effectively. For a force element to be at its OLOC for a particular Employment Context means that it has the requisite *preparedness state*, i.e., the force element is ready, combat viable, deployable and sustainable. The OLOC requirements for all NZDF force elements are detailed within Schedule 4 of the NZDF Output Plan.

A force element can be held at differing levels of capability. The quantitative dimension, i.e. force structure, cannot be varied on an annual basis given the long-term nature of defence investment decisions. However, the qualitative dimension can be varied by dictating the preparedness at which the force element is held, and may differ for particular Employment Contexts.

To hold a unit at OLOC on a routine basis is expensive and demanding on equipment readiness and personnel availability. Accordingly, in defining the Employment Contexts and determining the likely tasks to be performed by a particular force element, it is possible to derive the likely time that the force

element will have before it must be deployed and start operations once committed by Government. This time, known as the *Response Time*, can be used to raise the level of capability of the force element from some lower level to OLOC. Response Time gives the force time to: assemble and concentrate its personnel, stores and equipment; undergo additional individual and collective training; and carry out specific planning for operations. That is, time to make it available for deployment to a particular area of operations.

Response Times will vary depending on the plausible setting (Employment Context) in which the force element may be used. For example, the Response Time for the Counter-Terrorist forces is very short, meaning that they must be immediately available for such military tasks, while the Response Time for force element contributions to a battalion group is longer and their day-to-day readiness can be designated accordingly. The longer the Response Time a force element has, the lower the level of capability, up to a point, that the force element has to maintain on a routine basis. Response Times for individual force elements for likely contingencies are detailed in *Schedule 4 to the NZDF Output Plan* (a classified document).

Once the actions required to generate OLOC within Response Time are known, it is possible to derive the level of capability that must be held by the force element on a routine basis (day-to-day business as usual training), and this is known as the **Directed Level of Capability (DLOC)**. It is this level of capability that the NZDF is funded to maintain during each financial year in order to provide the Government with options for the commitment of military forces. In purchasing this level of capability the Government retains in the NZDF the essential minimum capacity from which operationally effective force elements may be generated within agreed Response Times.

When a force element is activated to perform a military task, additional funding may be required to enable that force element to transition from DLOC to OLOC (i.e., to resource the additional training and stores usage) for the deployment and for the sustainment of the activated force element for the expected duration of the operation.

In exceptional circumstances (for example for personnel, technical, or financial reasons), the CDF may grant approval, for a specified period, for a force element to maintain a lower level of capability than would otherwise be desirable. The lowest level of capability is **Basic Level of Capability (BLOC)**. This is the minimum level at which military capabilities have to be held if they are not to be lost. At this level a force element could not reach an OLOC in less than six months, so will not generally be available for military tasks.

As a result of equipment modernisation action, commissioning or decommissioning, a force element may not be able to achieve a level of capability. In this case it is classified as at **No Level of Capability (NLOC)** and would not be expected to be available for military tasks.

The quantitative dimension of outputs, i.e. Manpower and Equipment, represent fixed costs in the short term and thus cannot provide a *sensitive* mechanism for varying the amount and cost of the NZDF's annual product. However, as a general statement the outputs' qualitative dimensions, i.e. its *preparedness state* can be varied in the short term. For example, these can be adjusted on an annual basis by increasing or decreasing the amount of readiness training activities undertaken by a force element which will vary the consumption rate of items such as fuel and munitions used during such training. However, there is a minimum level of readiness training activities that need to be undertaken on an annual basis to keep units viable.

Varying the training activities has a direct impact on the DLOC of a force element, i.e., if training activities are reduced, then the DLOC is reduced and the force element would:

not be able to generate OLOC in the specified Response Time; or,

 require the Response Time to be increased to allow for the extra activities that would need to be undertaken to generate OLOC.

In summary to the above, the qualitative dimensions of NZDF outputs offers the potential to vary in the short term (i.e. on an annual basis) the cost of what the NZDF can be tasked to produce. However, there are consequences to making such choices as any extension to Response Time, for example, has an increased activation cost in that more activities have to be undertaken to raise the force element from DLOC to OLOC, and there is a risk that force elements may not be available in time to provide military options to Government.

Providing Government with Options in NZDF Outputs

The output specifications in the *NZDF Output Plan* (Schedules 3 and 4 refer), and as summarised in this Statement of Intent, provide indicative force element employment options to provide choice to the Government when considering the commitment of NZDF elements to operations. These options relate mainly to the size (quantity) of force elements or parts thereof, and the Response Time, for applicable Employment Contexts. For example, in terms of contributing infantry elements to operations under the Land Combat Forces (Output Expense 7), the Government has the choice of selecting a sub-element, such as an infantry platoon, for low-level tasks at short notice, or larger elements, such as a company group (motorised or non-motorised) for higher-level tasks at longer notice.

While these employment options provide a basis for planning, training and assessment of the NZDF, the requirements of actual operational deployments will vary from these standard options. Every operational deployment is different and will require a different "mix" of factors based on the known requirements at the time. Before forces are committed to operations the NZDF will conduct operation-specific planning in order to provide the government with more detailed advice on employment options, costs and risks. The major factors that will affect government decisions include:

- Variation between the Employment Context planning assumptions and the actual operational situation, such as:
 - National/Political imperatives Foreign Relations policy
 - Geographic Location.
 - Threat level/s.
 - Military tasks to be performed.
 - Rate of effort required.
 - Friendly Forces / Support.
 - Geography / Demography / Local Infrastructure / Host Nation Support, etc.
- · Size of deployed forces.
- Time available to raise force elements/the force to OLOC and to provide task-specific enhancements and training.
- Duration of operational commitment (total length of deployment).

- Level of additional funding required. [Can it be funded from within the current annual appropriated funding for Output Expense 16 (Operationally Deployed Forces) or will additional funding be required? Some reprioritisation of funding within the NZDF may also be required].
- Concurrency requirements considerations for both deployed and non-deployed forces. This includes
 the ability to deliver essential military capability in the New Zealand/South Pacific area (such as for
 tasks under EC 1) while the force is deployed, and the need, based on total length of deployment,
 for raising replacement and rotation forces to OLOC before deployment.

The Government, in considering possible commitment to operations, may well need to apply "trade-offs" between the factors listed above. For example, multiple-force elements are often reliant on the same pool of personnel and equipment for sustainment and rotation purposes; this therefore reduces the length of concurrent deployments that can be sustained.

The total length of deployment poses one of the greater risks for government when considering commitment to operations. Essentially, for the comparatively small forces that the NZDF has, the greater the size of the force to be deployed and the longer the deployment, especially for deployments in excess of 12 months, the greater the risk in the ability of the NZDF being able to sustain that force in terms of personnel rotations and logistic support. Deployments of greater than 12 months also carry the risks of other DLOC Mission Essential Tasks being eroded if they are not required on the deployment. The NZDF commitment to East Timor (1999-2002) provides for a good example in this regard. To reduce the risks the following major decision options were made in that particular instance:

- Army, in all but the initial deployment, used members of the Territorial Force to round out the Regular Force sub-units. Five of the battalion groups deployed contained at least 10% Territorial Force personnel.
- Army used artillery force elements in the infantry role. This could not have been achieved if the
 threat level had required the deployment of artillery elements in their primary role or simply for
 "protection" of the force.
- The RNZAF, in line with UN requirements, was able to reduce the number of helicopters deployed from six to four - with a corresponding reduction in crews required - and rotated crews on a threemonths basis.
- The Government recognised (and funded) the need for regeneration to DLOC of the battalion groups, post-deployment to Timor Leste.

The mix of factors that go into the government's and the NZDF's decision making on options for deployment on operations is complex. It is therefore not realistic to expect the NZDF to detail in this Statement of Intent a detailed matrix of options for every conceivable situation that might lead to the government requiring a military response. However, in the detailed strategic and operational planning that is conducted for likely operational commitments to known situations, the government will be presented with the options. The options presented will detail the known military risks. In general, these risks will revolve around the level of threat (physical and environmental), the length of deployment and the associated ability of the NZDF to sustain the operations in terms of personnel (rotations) and logistic support, and the ability of the NZDF to perform essential concurrent operations in New Zealand and the South Pacific.

Section 3: The Delivery of NZDF Outputs

This section provides a summary of the generic performance objectives of the NZDF Outputs and Multi-Agency Operations and Tasks (MAO&T) and general support and assistance to the community. Also included is a summary of our involvement (as at 1 April 2008) in current operational missions.

The impact on Defence Outcomes that the NZDF strives to achieve is inherent in the NZDF Vision - "Three Services as one Force, being the best in everything we do". That is, the impact is to achieve the most appropriate level of operational capability (as described earlier in Section 2) in training for all Force Elements of the Navy, Army and Air Force - given the funding, personnel and equipment (the resources) available and within a culture of cost-effectiveness. Thirteen of the NZDF's Output Expenses involve the training of Force Elements to the Directed Level of Operational Capability (DLOC). As stated earlier, the NZDF is funded for DLOC by annual departmental appropriations. In addition the NZDF is funded for current operational deployments [forces at the Operational Level of Capability (OLOC)] for Output Expense 16 (Operationally Deployed Forces).

The NZDF Output Expenses are covered in detail in the 2008 Information Supporting the Estimates of Appropriations and the NZDF 2008/09 Output Plan. Those documents cover the Scope, Performance Standards, Performance Measures, Deployment Impact and Expenses and Revenue for each NZDF Output Expense.

Generic Service Performance Objectives of NZDF Outputs

Output Expense 1

The performance objective of Output Expense 1 is to provide effective advice on military contributions to New Zealand's foreign policy and military responses to contingencies, including military intelligence, to the satisfaction of the Minister and in accordance with the Cabinet Guidelines for purchasing policy advice. It also includes responses on behalf of the Minister to Ministerial and Parliamentary Questions, Official Information Act Inquiries and Ombudsmen correspondence. It also includes assisting the Ministry of Defence in providing defence policy advice to the Government.

Output Expenses 2 to 5 and 7 to 14

The performance objective of Output Expenses 2 to 5, 7 to 14 and the *military hydrography* component of Output Expense 6 is to demonstrate that the force elements concerned (Navy, Army and Air Force force elements) are at the Directed Level of Capability (DLOC) for the relevant *Employment Contexts* and can respond within the specified Response Time (RT) to provide options to the Government for the employment of military forces to meet contingencies. These performance criteria are agreed with the Minister of Defence and are specified in the NZDF Output Expenses (*Statement of Service Performance*) at Part 2.1 of the *Supporting Information to the Estimates of Appropriations* and the *NZDF Output Plan*.

Output Expense 6

The performance objective for that component of Output Expense 6 relating to the hydrographic contract with Land Information New Zealand (LINZ) is to provide the hydrographic survey vessel (HMNZS RESOLUTION), specialist personnel and support infrastructure to conduct hydrographic data collection and processing which meets the contractual commitments to LINZ. Performance will be

assessed by LINZ for the contracted hydrographic programme. Standards are also monitored by the wider maritime community against international standards.

Multi-Class Output Appropriation (MCOA) - [Output Expense 15]

The performance objectives for the MCOA are to provide training and/or infrastructure, as applicable, to achieve:

- an agreed level of training and assistance to standards agreed with the governments (and armed forces) of Mutual Assistance Programme (MAP) countries;
- an agreed level of staff and training support to meet the objectives of the New Zealand Cadet Forces (NZCF);
- a training programme for Limited Service Volunteers (LSVs) to meet the standards agreed with the Ministry of Social Development (MSD); and
- Service Military Museums (Navy, Army and Air Force) that ensure the preservation and accessibility
 of New Zealand's significant military history.

Performance will be assessed from the results achieved and an evaluation of reports from the organisations being supported.

Output Expense 16

The performance objective of Output Expense 16 (Operationally Deployed Forces) is to provide specific forces at the Operational Level of Capability (OLOC) for military tasks. The Government will approve the composition of the forces and the military tasks on which they are to be employed. Prior to deployment the designated Operational Commander will assess performance. During deployed operations, performance will be assessed by the evaluation of reports from coalition/force commanders and reports from the responsible contingent operational commanders for each operation. On occasions the Chief of Defence Force, Vice Chief of Defence Force, Service Chiefs and COMJFNZ, and other senior personnel acting on their behalf, will inspect deployed New Zealand forces to allow them to evaluate performance in an operational environment.

Impact of Operational Deployments, Upgrades and Introduction of New Equipments into Service on Output Expenses/Outputs: Concurrency

The NZDF Output Expense Output Specification tables, for Output Expenses 2 to 14, inclusive, within the *Information Supporting the Estimates for Vote Defence Force* and *NZDF Output Plan* detail the **full capacity** of the force elements to undertake tasks against designated Employment Contexts. If the force elements, or parts thereof, of any Output Expense are actually deployed on operations the ability of the NZDF to deploy similar force elements, concurrently, to another operation may be significantly reduced. For example, while the NZDF had a battalion group committed to operations in East Timor, another battalion group could not have been concurrently deployed elsewhere. The limited range of capabilities and the limited *quantity* of force elements maintained by the NZDF means that there may be only limited capacity to deploy like force elements concurrently.

From the start of FY 2008/2009 (1 July 2008) significant elements of the NZ Army will continue to be in restoration mode - given the recent past and current high operational tempo of overseas deployments (Afghanistan, Timor Leste and Solomon Islands). While these elements (those under restoration) will remain available for further deployment, there are obvious inherent risks. For example, it is now not uncommon for Army personnel who return from an overseas mission to be preparing for another overseas deployment six months later. For many Army force elements this means that training in some Directed Level of Capability (DLOC) tasks that were not required on the previous mission are in danger of being considerably eroded.

The withdrawal of the P-3K Orion and C-130 Hercules aircraft on a rolling programme for upgrading in 2007/08 and beyond, and the modifications to the B757-200 aircraft, will automatically reduce the full capacity of the force elements that these aircraft belong to. While the minimum number of aircraft required by the NZDF Output Plan for OLOC may be available, the reduced capacity will have an effect on the duration of any operational deployment/s and the ability to rotate any such deployment/s.

Output Expense 3 (Naval Support Forces) and Output Expense 5 (Naval Patrol Forces) will not be at full capacity until such time as the new vessels for the Navy (under Project Protector) are fully introduced into service

In addition to the foregoing, elements of the following Output Expenses will be involved in operational deployments at the start of FY 2008/2009. These deployments will obviously limit the ability of the NZDF to generate like force elements for concurrent operational deployments elsewhere:

- Output Expense 2. Navy elements (HMNZS TE MANA) on operations in the Gulf in support of Operation Enduring Freedom (May - July 2008).
- Output Expenses 7 to 9 (inclusive):
 - Army elements (Company Group) deployed in support of Operation Enduring Freedom, the New Zealand Provincial Reconstruction Team, Bamyan Province, Afghanistan.
 - Army elements (Company Group) deployed in support of the Australian Defence Force-led operations (Combined Joint Task Force 631) in Timor Leste.
 - Army elements (Platoon Group) deployed in support of operations in the Solomon Islands.
- Output Expense 13. Air Force elements from time to time, C-130 Hercules aircraft support, including resupply, to current deployed forces.
- Output Expense 14. Air Force elements detachment of Iroquois helicopters in support of operations in Timor Leste.

Services in Support of the Government and the Community, including Multi-Agency Operations and Tasks (MAO&T)

Conducting the training activities needed to maintain DLOC for operational employment also produces within the NZDF the capacity to deliver a range of services in support of other government departments/agencies, the community and foreign and defence policy objectives. The NZDF elements available for emergency tasks and a list of indicative support services/tasks are detailed in the Supporting Information to the Estimates of Appropriation for Vote Defence Force and the NZDF Output Plan.

Minor adjustments to the number of community support tasks will result in only minor changes to the cost of output delivery. This is because the fixed costs will be unchanged and it will be only the variable costs which are adjusted. However, if the level of community support is increased significantly as a result of a policy decision by the Government, then a much larger increase in output costs could be expected and additional funding may be required.

Operational Commitments

The bulk of the annual appropriations for the NZDF (just over 96%) are provided to prepare the force elements of the Navy, Army and Air Force for operational deployment. That is, the funding is spent on training the force elements to a prescribed level - the Directed Level of Operational Capability (DLOC). However, actual operational deployments (under Output Expense 16 – Operationally Deployed Forces), together with Multi-Agency Operations and Tasks (MAO&T), are the ultimate output delivery to the Government.

The following table provides brief histories of the current New Zealand Government- approved NZDF contributions to operational missions (as at 1 April 2008).

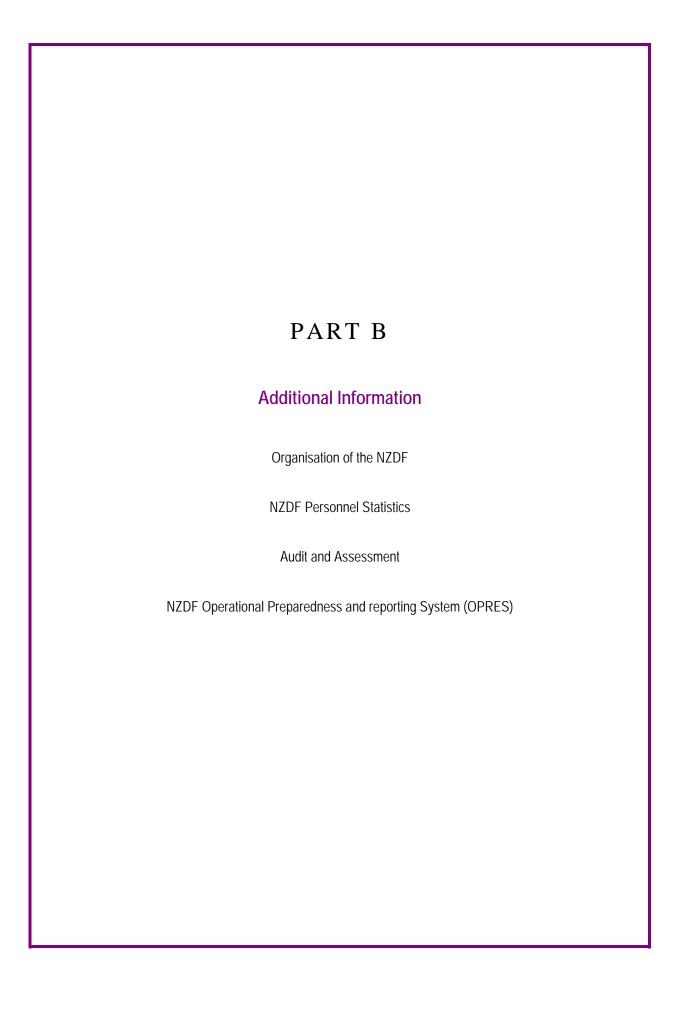
Other than the involvement of the NZDF in current (extant) operations, the likelihood of involvement in future operations is outside of the control of the NZDF. No predictions are made as to the possible type and location of future operations that the New Zealand Government may wish the NZDF to be involved in. However, it is clear that the Government is happy to maintain, generically, the current level of commitment to operational missions.

Brief Histories of Current New Zealand Government-Approved NZDF Contributions to Operational Missions (as at 1 April 2008)

NZDF Operation	Brief History and New Zealand Commitments	
Operation KORU (Timor Leste). NZDF Contribution.	The NZDF contributed a battalion group, helicopter detachment, observers and staff officers to East Timor under various operations (Operations UNAMET, INTERFET, UNTAET, UNMISET and UNOTIL) from October 1999. Following the withdrawal of the battalion group and helicopter detachment in November 2002, the NZDF contribution in support of Operation KORU consisted of UN Military Observers (UNMO) and various military advisers (MA). While this contribution continues [with one UNMO, a Chief Military Liaison Officer and two MA (Logistics and Personnel)], the NZ Government authorised the deployment of a Company Group following the riots in Dili in May 2006. This group, operating under the Australian-led Combined Joint Task Force 631, operates in support of the deployed International Police Force and conducts security patrols and check points in and around Dili. On 12 March 2007 Cabinet approved the deployment of a detachment of Iroquois helicopters to this mission (two Iroquois helicopters and crews) and announced that New Zealand would provide the Deputy Commander (a full Colonel equivalent) to the Timor Leste mission. Cabinet approval for commitment to this mission currently extends to 31 March 2009.	
Operation SCORIA, UNTSO (Middle East). Mainly Military Observers.	The United Nations Truce Supervisory Organisation (UNTSO) was established in 1948 to monitor the Arab-Israeli peace following the proclamation of the state of Israel. New Zealand first committed two officers as observers in 1954 and has gradually increased its commitment to 7 x Military Observers. These observers serve at a variety of locations in Israel, Syria, Lebanon and Egypt. Cabinet approval for this mission extends to 30 September 2008. The Government has approved an 8th position, one time only and specifically to fill the post of Chief of Observer Group (Damascus), from January 2008, for 12 months.	
Operation FARAD, MFO (Sinai). Driving, Monitoring, Conducting Courses, and Training Development.	The Multinational Force and Observers (MFO) is a multi-nation commitment based in the Sinai Peninsula between Egypt and Israel. The MFO upholds conditions set down in the Treaty of Peace signed between Egypt and Israel in 1979. The MFO function is one of observation, reporting, and investigation of Treaty violations. The NZDF commitment commenced in 1982 with a detachment of helicopters. Today, New Zealand's commitment is the provision of 26 military personnel who carry out duties, including driving tasks, driver licensing, monitoring the operation of border guards, conducting convoy courses, and training development. Cabinet approval for commitment to this mission currently extends to 31 March 2010.	
Operation KOSTER, UNMIK (Kosovo). Observer.	In June 1999 the UN Security Council authorised the establishment of an interim civil administration in war-ravaged Kosovo, the UN Mission in Kosovo (UNMIK). New Zealand currently contributes one officer, working as a Military Liaison Officer, to the UNMIK HQ in Pristina. Cabinet approval for contribution to this mission extends until 30 June 2008.	

NZDF Operation	Brief History and New Zealand Commitments	
Operation ARIKI. (This operation covers all of the NZDF support to the international effort against trans-national terrorism).	Operation ENDURING FREEDOM was the United States-led military coalition effort against trans-national terrorism. This is now the International Stabilisation Assistance Force (ISAF)/ NATO led. The Coalition has been mandated to prosecute operations against the Al Qaeda network and other terrorist groups in the area. To conduct these operations, headquarters have been established to manage coalition military operations within Afghanistan and elsewhere. The New Zealand contribution to this international effort, under the banner of Operation ARIKI, is divided into the following Task groups:	
	• Task Group KEA. Task Group KEA, with Cabinet-approved extension until 30 September 2009, consists of the following deployments:	
	 Three NZDF staff officers and one junior NCO provide the NZDF contribution to Headquarters International Security Assistance Force (HQ ISAF) in Kabul, Afghanistan. 	
	- One NZDF Warrant Officer is deployed in support of our coalition partners in Bagram, Afghanistan.	
	• Task Group RUA. Two senior NCOs are currently attached to the UK Leadership Training Team - Afghanistan [UKLTT (A)].	
	• Task Group SPEAK. Task Group SPEAK is the NZDF ongoing contribution of two staff officers as the NZ National Liaison Team (NLT) with USCENTCOM in Tampa, Florida, USA. The NZ NLT coordinates the NZDF involvement in Operation ENDURING FREEDOM.	
	• Task Group CRIB. This is the establishment of a New Zealand Provincial Reconstruction Team (NZ PRT) within Bamyan Province in Afghanistan. Currently up to 122 NZDF personnel are deployed. The Government has agreed New Zealand commitment to leading this PRT until 30 September 2009.	
	• Task Group TIKI. On 12 March 2007, Cabinet announced that an ANZAC frigate would be deployed to the Arabian Gulf area for three months (May to July 2008) in support of Operation ENDURING FREEDOM.	
	• Task Group TROY. Six NZDF personnel are deployed in the Arabian Gulf area to provide a support mechanism for all elements of the NZDF deployed in the Gulf region / Afghanistan and to assist co-located coalition partners. Cabinet has approved this mission until 30 September 2009.	
	 Task Group AFFIRM. In support of the UN Assistance Mission in Afghanistan (UNAMA), Task Group AFFIRM has involved, since January 2005, the deployment of a NZDF officer of lieutenant colonel equivalent rank as a Military Liaison Officer (MLO). The NZDF MLO is the Deputy Chief of Operations at UNAMA HQ based in Kabul. Duties as MLO include the provision of the strategic interface between multi-national forces and Afghan authorities and primary liaison between ISAF and the UN for the security sector reform. Cabinet has approved the extension of this deployment until 30 September 2009. 	
	 Task Group MANAAKI. As part of the New Zealand continued support to the reconstruction of Afghanistan and its commitment to ISAF, the New Zealand Government agreed to deploy a medical detachment of up to two medical specialists to operate at the Canadian led ISAF Multi-National Medical Unit at Kandahar airfield. The duration of this commitment is to September 2009. 	

NZDF Operation	Brief History and New Zealand Commitments	
Operation ARIKI (continued)	USCENTCOM Staff Officer. One staff officer is posted to the Combined Planning Group in USCENTCOM as a Ground Operations Planner. This appointment is only focused on Operation ENDURING FREEDOM.	
Operation HAVEN (Iraq). This operation covers all NZDF support in Iraq under United Nations Council Resolution 1483.	• Task Group IRON. Currently the only NZDF contribution in Iraq is in support of the UN Assistance Mission in Iraq (UNAMI). The primary role of UNAMI is to provide advice and assistance related to Iraq's transitional political process. Task Group IRON has involved the deployment of a NZDF officer as a Military Advisor (MA) since January 2005. The MA is based in Bagdad and provides liaison between UNAMI, the Multi-national Force and Iraqi Security Forces, as well as providing advice on military matters to the UN Special Representative of the Secretary General. Cabinet has approved the extension of this deployment (involving tours of six months) until 31 December 2008.	
Operation RATA II (Solomon Islands). Troop and Liaison Officer contribution.	During the period July-September 2003 the NZDF deployed personnel to the Solomon Islands in support of the Australian Defence Force-led Combined Task Force 635 to assist the Government of the Solomon Islands to re-establish law and order. A total of 220 NZDF personnel were deployed to the Solomon Islands conducting security, helicopter support and humanitarian aid tasks. New Zealand, in rotation with Pacific Island countries, provided a small force of infantry (up to 46 personnel at a time) on deployment for three months. The NZDF's last troop contribution, under this arrangement, was for the three-month period February - April 2006. However, following further disturbances in the Solomon Islands in May 2006, the New Zealand Government authorised the deployment, at short notice, of a Company Group to assist in the maintenance of law and order. This group was subsequently downsized to a platoon. NZDF's commitment is currently 43 personnel and deployed in support of the Participating Police Force (PPF) conducting presence patrols and other tasks. This also included a NZDF officer as Deputy Commander CTF635. Cabinet approval for this mission extends to 31 March 2009.	
Operation MONITOR, UNCMAC (Republic of Korea). Three officers.	The United Nations Command Military Armistice Commission (UNCMAC) was created to supervise the Armistice Agreement 1953, and is responsible for supervising the access, operation and security of the Demilitarised Zone in Korea. On invitation from the United Nations Command, the NZ Government, in April 2004, approved the secondment of one officer to the appointment of Assistant Operations Officer, HQ UNCMAC. Subsequently, Cabinet approved the deployment of two addition officers to this mission; one Assistant Operations Corridor Control Officer and Assistant Joint Duty Officer. Cabinet has approved contributions to this mission until 31 August 2009.	
Operation SUDDEN, UNMIS (Sudan). Military Observers and a Staff Officer.	Sudan has suffered from two decades of civil war. In March 2005 the UN Security Council (under Resolution 1590) established a UN peacekeeping mission in Southern Sudan. This mission will support the implementation of the Comprehensive Peace Agreement signed between the Government of Sudan and the SPLM/A in Nairobi in January 2005. In response to a request from the UN, New Zealand has committed two Military Observers and one Staff Officer to this mission from July 2005. Cabinet has approved the extension of this deployment until 1 October 2008.	



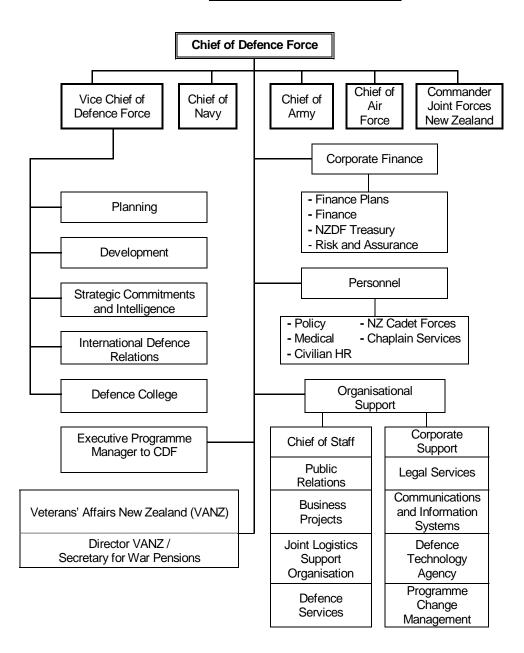
Part B – Additional Information

The information contained in this part of the Statement of Intent is intended to supplement the information provided in *Part A*.

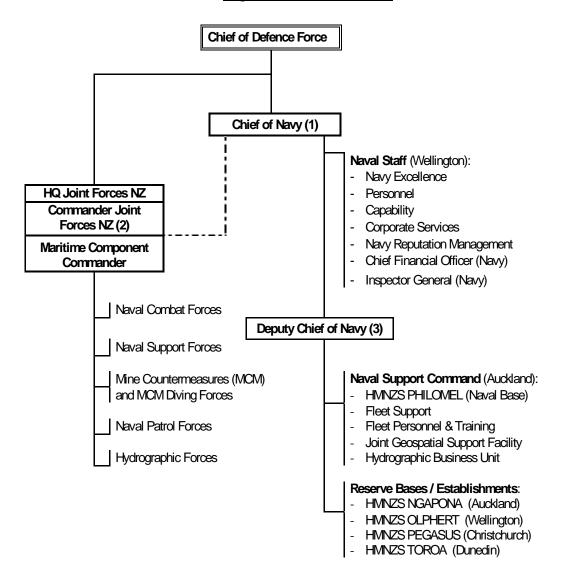
Organisation of the NZDF

The five charts that follow show the outline organisations of Headquarters NZDF, the RNZN, the NZ Army, the RNZAF and Headquarters Joint Forces (NZ) – as at 1 April 2008.

Organisation Chart: HQ NZDF



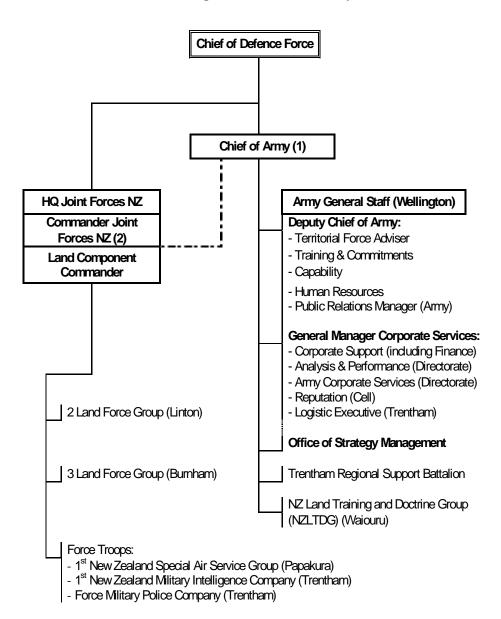
Organisation Chart: RNZN



Notes:

- (1) CN retains full command of the RNZN and is responsible for managing the Navy's capability to deliver operational outputs.
- (2 COMJFNZ is responsible for the operational command of assigned force elements on operations and for mutually agreed joint and combined training.
- (3) Deputy Chief of Navy has operational command of Naval Support Command and Volunteer Reserve Divisions, excluding the Inshore Patrol Craft.
- (4) CAF has full command of the Naval Helicopter Forces (Seasprite helicopters). When ships' flights are required to embark, operational command will be assigned to the Maritime Component Commander (MCC) who will in turn assign operational control to the ship's CO. The RNZAF is responsible for the training of RNZN Seasprite helicopter aircrew and the provision and training of Ship's Flights maintenance personnel, for operational employment by the RNZN.

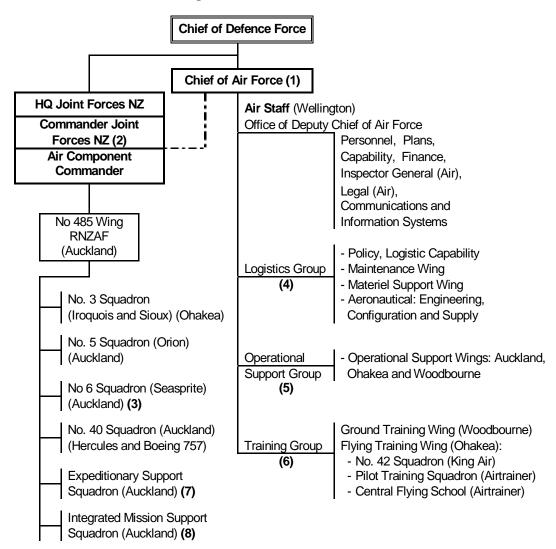
Organisation Chart: Army



Notes:

- (1) CA retains full command of the NZ Army and is responsible for managing the Army's capability to deliver operational outputs.
- (2) COMJFNZ is responsible for the operational command of assigned force elements on operations and for mutually agreed joint and combined training.

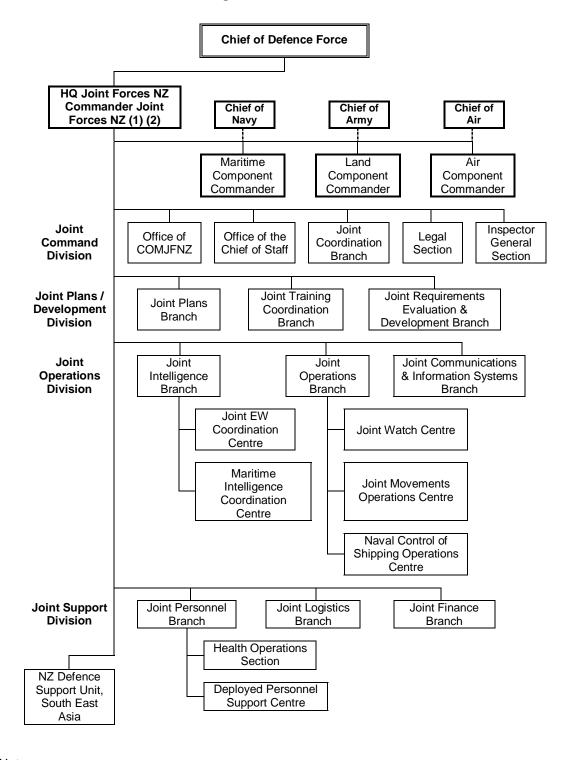
Organisation Chart: Air Force



Notes:

- (1) CAF retains full command of the RNZAF and is responsible for managing the RNZAF's capability to deliver operational outputs.
- (2) COMJFNZ is responsible for the operational command of assigned force elements on operations and for mutually agreed joint and combined training.
- (3) CAF has full command of the Naval Helicopter Forces (Seasprite helicopters). When ships' flights are required to embark, operational command will be assigned to the Maritime Component Commander (MCC) who will in turn assign operational control to the ship's CO. The RNZAF is responsible for the training of RNZN Seasprite helicopter aircrew and the provision and training of Ship's Flights maintenance personnel, for operational employment by the RNZN.
- (4) The Commander Logistics Group is located at Air Staff but commands units located in Wellington, Auckland, Ohakea and Woodbourne.
- (5) The Commander Operational Support Group is located at Ohakea and commands the three Operational Support Wings.
- (6) The Commander Training Group is located at Woodbourne and commands units located at Woodbourne, Ohakea and Auckland.
- (7) Comprises Operational Communications and Information Systems, Air Movements, Air Security, and Deployable Bulk Fuel.
- (8) A centralised facility providing coordinated ground-based mission support to RNZAF Force Elements.

Organisation Chart: HQ JFNZ



Note:

- (1) COMJFNZ is responsible for the operational command of assigned force elements on operations and for mutually agreed joint and combined training.
- (2) The COMJFNZ is also the Inspector General of the NZDF.

Personnel Statistics

NZDF personnel statistics, as at 1 April 2008, are shown in the following table:

	Regular	Non Regular	Civilian	Total	
HQ NZDF	273 ⁽¹⁾	2 ⁽¹⁾	881 ⁽³⁾	1156	
HQ JFNZ	164 ⁽²⁾	1 ⁽²⁾	32	197	
Navy	2,008	309	379	2,696	
Army	4,715	1,731	688	7,134	
Air Force	2,446	193	381	3,020	
Totals:	9,169	2,233	2,361	13,763	

Notes:

- (1) HQ NZDF military personnel (regular and non-regular) are already counted within Service totals.
- (2) HQ JFNZ military personnel (regular and non-regular) are already counted within Service totals.
- (3) HQ NZDF Civilian total includes Veterans' Affairs New Zealand, Defence Technology Agency, Joint Logistics Support Organisation, and *Locally Employed Civilians* (LECs) overseas.
- (4) The median length of current Regular Force service is 5.2 years.

Audit and Assessment

The NZDF adheres to the five elements of performance measurement; namely, quantity, quality, timeliness, cost and, where applicable, location. With the exception of NZDF Output Expenses 1, 6, 15 and 16, where conventional measures are used, quantity concerns the force structure itself (i.e. personnel and equipment) which contributes directly to the output by providing operational forces (i.e. Navy ships, Army units and RNZAF aircraft) which can be called on for operational purposes.

Quality, timeliness and location manifest themselves as the preparedness of the force element (actual Level of Capability) as defined within readiness (timeliness and quality), combat viability, deployability, and sustainability (quality) relative to specified Employment Contexts (location).

Audit and assessment of the Defence Force is overseen by:

- · the Defence Evaluation Board
- · the NZDF Audit and Risk Committee

and undertaken by:

- · the Controller and Auditor General
- · the Ministry of Defence Evaluation Division

- · the NZDF Directorate of Risk and Assurance
- the Inspector General, NZDF
- the Service Chiefs, Commander Joint Forces New Zealand (COMJFNZ) and Operational Commanders / Component Commanders.

The Controller and Auditor General provides Parliament with independent assurance through the audit of the NZDF Annual Report and occasional audits of aspects of the NZDF's performance in accordance with the Public Audit Act 2001.

The Secretary of Defence has statutory responsibility for arranging for the assessment and audit of any function, duty or project of the Defence Force. Coordination between the MOD and the NZDF in this area is maintained through the Defence Evaluation Board, which comprises the CDF, the Secretary of Defence and a representative of the Controller and Auditor General. The Defence Evaluation Board approves the evaluation programme of work on behalf of the Minister.

The Ministry of Defence Evaluation Division, while part of the Ministry, performs a statutorily independent function, as set out in the Defence Act 1990. The Evaluation Division carries out assessments and audits of any function, duty or project of the NZDF, under s.24(2) of the Defence Act. In particular, the Ministry of Defence Evaluation Division conducts Output Evaluations which examine NZDF Outputs for consistency with defence policy, and whether the Outputs are being delivered in a quantity and quality that meet policy objectives. The statutory role of the Evaluation Division also includes audits of the Ministry's activities relating to the procurement of major military equipment.

The NZDF Audit and Risk Committee (ARC) is chaired by the Chief Financial Officer, NZDF. The NZDF ARC is a forum for the consideration, discussion and communication of NZDF risks. It monitors the efficiency and effectiveness of internal control and risk management activity across the NZDF.

The NZDF Directorate of Risk & Assurance provides independent assurance to the CDF, the Service Chiefs and COMJFNZ that the NZDF has in place effective and efficient systems for the management of risk. The Director Risk and Assurance reports to the CDF and the ARC.

The COMJFNZ, as Inspector General of the NZDF, provides military capability evaluation through the NZDF Operational Preparedness Reporting System (OPRES). Output performance delivery is evaluated in both quantity (force structure) and quality (preparedness) terms with emphasis on the quality dimension. The Inspector General reports the level of capability of force elements for military tasks as designated within the NZDF Output specifications against the Key Measurement Areas of Preparedness. The three Service Chiefs, the COMJFNZ and Operational Commanders / Component Commanders are responsible for attaining the activity levels required to achieve their levels of capability and response times; that is, the *process measures*. Together, the Inspector General/COMJFNZ and Service Chiefs are responsible for reviewing activity levels and levels of capability to ensure there is a consistent link between the two.

The Inspector General also monitors and evaluates the NZDF OPRES and provides an independent audit function of the OPRES as an *evaluative system*.

The Service Chiefs, COMJFNZ, and Operational Commanders / Component Commanders conduct Operational Evaluations of units in accordance with their own programmes.

Operational Preparedness and Reporting System (OPRES)

The measurement of the performance of operationally deployed forces (i.e. activated force elements) is achieved in terms of successful completion of the task or mission within the resources allocated. For those outputs that are not activated within a given year, OPRES provides for the evaluation and reporting of the operational preparedness of NZDF force elements at DLOC. OPRES, which is part of the wider Defence Performance Management System (DPMS), reports to CDF on the standards reached against the standards set as a measure of output delivery. OPRES also now informs CDF and the Minister of Defence on the forecast capability of the force elements of the NZDF.

The NZDF Inspector General monitors and evaluates the OPRES that provides data on the preparedness of designated force elements at assigned *Levels of Capability* and *Response Times* for activation as required. NZDF operational force elements report their preparedness against the output specifications. Each force element reports at six-monthly intervals. Special reports may also be generated to notify an unexpected change to the preparedness state.

Underpinning OPRES is a broad regime of evaluations, including assessments carried out during military exercises, competitions, routine tests of achievement and proficiency, and operational, technical and administrative inspections. Whenever possible, external evaluation by members of allied forces is also arranged.

In addition, OPRES provides data for two other important functions. Firstly, it assists in the corporate management of resources to ensure the efficient delivery of NZDF outputs, and, secondly, the results of OPRES inform the processes within the Capability Management Framework (CMF). In this latter respect, any standing deficiencies in output delivery are examined during the on-going development of the NZDF's future capability.

The NZDF OPRES continues to be refined. Recent improvements include the requirement for the system to be more forward looking (future predictive) and to more clearly identify the impact of risks involved should the force elements be required to deploy on operations.

Performance Indicators for NZDF Outputs

As noted earlier, Employment Contexts and the military tasks to be performed under each (the *Mission Essential Tasks*) are the basis against which OLOCs for force elements are set and from which, taking into account *Response Time*, DLOCs are set. DLOCs for force elements are expressed through the four components of *preparedness* (Readiness, Combat Viability, Deployability and Sustainability) that are used as the Key Measurement Areas (KMAs) within OPRES. The OPRES performance measurement framework uses Key Performance Indicators (KPIs) within each KMA for the three Services. Indicative KPIs are summarised in the following table:

Indicative Key Performance Indicators

Key Performance Indicators (1)	Performance Measures	
Readiness		
DLOC Establishment Filled.	% of Unit's DLOC Establishment that is filled.	
Personnel Continuity.	% of personnel turnover in the last six months.	
Key Personnel Appointments Filled Over Time.	% of key appointments filled by qualified personnel.	
Equipment Serviceability.	% of Unit Establishment platforms/equipments that are serviceable.	
Individual and Unit Level Training Completed.	% of individual/unit Readiness Training Activities (RTA) completed within reporting period	
Mission Critical Platform/Combat System/DLOC Aircraft Availability.	% of programmed operating time in which the ship's platform/combat systems were available/% of DLOC aircraft available.	
Sufficiency of RTA Equipments, Expendable Stocks and Munitions.	% of stocks and live/practice munitions available for required Readiness Training Activities.	
Combat Viability		
Adequacy of Tactics, Techniques and Procedures.	% mission success and element survivability enabled by tactics, techniques and procedures.	
Collective Proficiency in Employment Context (EC) Tasks.	% of collective/joint/ combined exercises covering EC essential tasks completed.	
Standardization.	The degrees of interoperability allowed by the level of standardization (as defined by NATO, ASIC and ABCA) with friendly forces for the EC METs.	
Mission Critical Equipment Operational Viability or Suitability.	% mission success enabled (or restrictions on mission) by technology or equipment performance.	
Equipment Reliability for Mission Critical Systems.	% degradation of EC essential tasks at OLOC operating tempo due to equipment reliability.	
<u>Deployability</u>		
EC Specific OLOC Generation and Contingency Plans.	Plans distributed, reviewed and validated current (annually).	
Critical Equipment Deficiency Correction within Response Time.	% of Critical Deficiencies that can be corrected within Response Time.	
Sufficiency of Deployment Expendable Stocks and Munitions.	% of live/practice munitions and stocks available for OLOC generation and retention, including the Operational Viability Period (OVP)	
Serviceability and Availability of OLOC Generation Equipments.	% of OLOC generation equipments serviceable and available.	
Availability of OLOC Generation Personnel	% of Personnel available for OLOC generation.	

Key Performance Indicators (1)	Performance Measures	
Sustainability		
Availability of Replacement Personnel.	% of Service personnel to provide for sustainment.	
Key Equipment Repairability	% of operating time during which Force Element availability is degraded at OLOC operating tempo by repair times.	
Availability of Sustainment Equipment, Stocks and Munitions.	% of sustainment equipment, stocks and munitions avail or obtainable within RT + OVP.	
Availability of Replacement Equipment	% of replacement equipment avail or obtainable within RT + OVP.	
Materiel Supply Times	% of operating time during which Force Element availability is degraded at OLOC operating tempo by supply times	
Ability to Achieve and Sustain Operating Tempo to Achieve Tactical Objectives	% operating tempo able to sustain throughout duration of deployment (due to aircraft/equipment serviceability and availability).	

Notes:

- These KPIs are indicative of the types of measures used. The actual measures used by each of the Services will vary. The Service-specific KPIs and their Performance Rating Scales are detailed in appropriate directives.
- Service KPIs are used at the lower end (unit level) of OPRES. As in the case of OPRES, the
 aggregated KPIs, via the "Statement of Service Performance", are reported externally in the
 NZDF Annual Report.

Measures for Community Support

Some community support services can be programmed, while others, by their very nature, cannot be predicted. Although their delivery is not a measure of output performance, the objective is always to provide these services to the satisfaction of the organisation requesting assistance. Performance will be assessed from reports by the organisation supported, and by the appropriate commander on the military effectiveness of the units employed. These services provide links to the public, utilisation of resources and skills, and an indication of the trained state of the units involved. Therefore, the delivery of support services can contribute indirectly to the assessment of output performance.

PART C

Statement of Intent 2008 - 2011

Veterans' Affairs New Zealand

Te Tira Ahu Ika A Whiro

New Zealand Government

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Foreword: Minister of Veterans' Affairs

In the modern environment the government is reliant on a volunteer Defence Force. The way the government cares for its veterans gives a valuable signal to those considering the defence force as a career.

Veterans often come into the support system with multiple issues that have never been addressed. An increasingly proactive approach will ensure that issues are addressed as they arise. Systems will be implemented to meet the diverse needs of veterans at the various stages of their lives, and the focus will be on promoting overall wellbeing.

At this point in time, all of the physical and psychological health risks associated with deployments are not known. We will take a forward looking approach to the next generation of veterans and this group of veterans will be effectively monitored to ensure that post deployment health issues are addressed as they arise. The work begins with the transition to civilian life so that when service related issues occur, veterans are able to access the services they need.

Over the term of this Statement of Intent there will be significant change in the way services are delivered to veterans. We will be systematically working to improve the processes for assessing the health issues of veterans. A key goal over this term will be to continue to invest in the building of trust and confidence between veterans and the Government. Government values the contribution of veterans and takes the care of these citizens seriously. Changes in service delivery will be underpinned by the development of new legislation that will ensure that we have the framework in place to effectively support an improved level of service delivery and to enhance focus on rehabilitation and the promotion of long-term wellbeing.

Hon Rick Barker

Minister of Veterans' Affairs

RickRashes

22 April 2008

Scope of the Veterans' Affairs Portfolio

The Veterans' Affairs portfolio covers the provision of a wide range of government funded services to veterans. The main areas of activity cover:

- The administration, management and processing of a range of statutory entitlements.
- Facilitating the delivery of a range of services to individual veterans and their families, in recognition of the needs generated as a result of their service.
- Providing opportunities for veterans to have their service acknowledged so that they are recognised as special New Zealanders.
- Advising Government on veterans' issues.

The Role of Veterans' Affairs New Zealand

Veterans' Affairs New Zealand's (VANZ) role in support of government's outcomes and priorities is to ensure that veterans are able to access the services they need to support them in their everyday lives. VANZ achieves this by:

- Providing advice to the Minister of Veterans' Affairs and other Ministers, as well as departments and agencies on aspects of policy relating to veterans.
- Managing the government's relationship with veterans and their representative organisations.
- Ensuring that the assessment of veterans' entitlements is undertaken fairly and accurately.
- Facilitating and co-ordinating the services provided to veterans and their families by other government departments and agencies.
- · Facilitating veterans' access to services within the broader community.

Strategic Direction

The Operating Environment

The Context

The identification of veterans as a specific group within New Zealand society is an acknowledgement of the role veterans have played, and continue to play, in developing New Zealand as a nation.

Services have been provided to the veteran community by a variety of other agencies for a number of years. In order to improve co-ordination of services, changes will be made to the role of VANZ over the period of this SOI. The focus of this work will be to improve the level and quality of service delivery to veterans and their families.

In the long term the care of veterans is a recruitment and retention issue for the Defence Force as the onus shifts from that of societal debt generated in a time of war, to government as an employer, taking responsibility for the impact of its decisions on personnel.

The Global Environment

New Zealand exists within a global environment that shapes the experience of veterans and challenges the way the New Zealand Government and New Zealand society responds to the experiences of veterans.

The role of New Zealanders as international citizens has evolved. As a consequence, the role the military plays in support of the government's foreign policy direction has evolved and ranges from warrior to peacemaker and peacekeeper.

Veterans are also connected globally, able to compare experiences and research into veterans' issues and the responses that governments make.

The New Zealand Environment

There is no parallel social service framework for the provision of health and social assistance for veterans in New Zealand. The services and entitlements provided to veterans are, in the main, provided through publicly funded health and disability systems and social assistance framework. It is important that the interface with these services is managed in a way that is responsive to veterans needs.

The Veteran Community

The term veteran has often been associated with a specific conflict or location. In a modern context the changing nature of deployments means that the term veteran is now becoming a generic descriptor for someone who has service in the armed forces in a variety of operational environments.

The veteran community is not homogeneous and ranges in age from 19 year old veterans of current deployments, to the remaining World War Two veterans who range in age from early 80's to 100 plus.

Veterans create bonds with veterans of the same war or emergency they served in, as well as the veterans of the country they served for. These different deployment groups have differing experiences and perspectives.

The World War Two population still makes up the majority of the veteran community. Given the age profile of this group the number of veterans will naturally decline in future. It is expected that the rate of this decline will be reasonably gradual for the next 4 to 5 years, after which the number of veterans in this group will reduce more quickly. This significant change in the veteran demographic will mean that the largest group of veterans will be those who have taken part in the deployments that have taken place within the last 10 years.

The veteran population is also becoming more diverse, both in terms of ethnicity and gender. The role of women in uniform has also changed from traditional support roles to being able to take part in the full range of trades within the Defence Force, including deployment in combat roles. As a consequence women's experience of service has changed. The types of deployments that New Zealand Service personnel have been involved in have changed since World War Two. The most significant change is the fact that there have been no deployments of an entire generation, as was the case in the World Wars. The deployments that have taken place have been of individuals within each generation who have made a conscious choice to make the military a career.

The duration of deployments has also changed. Service personnel are not deployed for multiple years to one conflict, as was the case with the World Wars. Over the course of their military careers, Service personnel may be deployed for short tours of duty to different war and emergency situations. The experience of younger veterans is of a number of deployments to different locations for a variety of different reasons.

Health & Wellbeing

Health and wellbeing is a critical issue for the veteran population. As all the long term impacts of deployments are unknown, veterans have ongoing concerns about the long term impact of their service on their health and the health and wellbeing of their families.

Veterans of different wars and emergencies face different barriers to their health and wellbeing. The changing face of deployments has meant that the psychological effects and environmental impacts of deployments often have a greater impact on health and wellbeing than physical injuries.

Government's Priorities

VANZ co-ordinates the delivery of services provided to veterans and their families by other government departments and agencies and facilitates access to services within the broader community. The services provided to veterans are designed to ensure they have the support they need to make choices and contributes to the government priority of *families - young and old*.

In addition, veterans play a critical role in this process of strengthening national identity through the telling of their stories and the recognition of their contribution to the establishment of the world view of our national identity. The involvement of veterans in the commemoration of significant military anniversaries and the acknowledgement and recognition of veterans' service contributes to the government priority of *strengthening national Identity*.

Outcomes

In order to ensure that government's expectations for the delivery of services to veterans is met and to support the achievement of the key government priorities; VANZ has identified the following outcomes:

- Veterans are acknowledged and recognised for their service and sacrifice and the community is aware of the role veterans have played and continue to play in developing New Zealand as a nation.
- Working in partnership with the NZDF, the impacts of service on eligible veterans and their dependants are monitored and they have information about and access to services and support that promotes wellbeing.
- The veterans' perspective is considered as part of government decision-making on issues that impact on their lives.

Outcome One

Veterans are acknowledged and recognised for their service and sacrifice and the community is aware of the role veterans have played and continue to play in developing New Zealand as a nation.

What are we seeking to achieve?

The key achievements will be that:

- Veterans' service will be acknowledged.
- The New Zealand Government's participation in key commemorations will be effectively coordinated.
- Veterans will be able to access support to enable them to participate in the commemoration of significant events related to their service.
- Services Cemeteries will be maintained in a way that recognises the value to New Zealand of the service of the veterans buried there.

Why is this a priority?

Acknowledgement and recognition of veterans service is an important way that government can place value on the service that veterans have given and the sacrifice that they have made.

What will we do to achieve this?

To achieve this outcome the following strategic initiatives will be undertaken.

Initiative 1

The management and administration of the commemorations programme which includes:

- The administration of the Minister's Commemorations Discretionary Fund, providing funding to veterans to enable them to attend commemorations of events related to their service.
- The co-ordination of veteran participation in any government sponsored commemorations.
- The co-ordination of the yearly participation in the Anzac Day commemorations at Gallipoli.
- The provision of veterans certificates of appreciation.

Initiative 2

The development of a five year capital works plan for the maintenance and development of services cemeteries. This will be done in consultation with local authorities

How will we demonstrate success?

- There will be a greater public awareness of the role played by veterans in the development of our national identity.
- Communities will acknowledge veterans' experiences.
- Veterans will have the opportunity to participate in the commemoration of significant events related to their service.

How will we demonstrate the cost-effectiveness of our activities?

Activities under this outcome will be assessed to ascertain whether the funding made available was used effectively and whether the cost of delivery could be improved by looking at the cost effectiveness of various methods of delivery.

Outcome Two

Working in partnership with the NZDF, the impacts of service on eligible veterans and their dependants are monitored and they have information about and access to services and supports that promote wellbeing.

What are we seeking to achieve?

The key achievements will be:

- VANZ will have accurate information about the issues faced by the veteran population enabling the required services and supports to be put in place.
- The focus of service delivery will be proactive and facilitative. Veterans will have a clear understanding of the processes involved in obtaining support and assistance. These processes will be efficient and accessible.
- The provision of high quality information to groups who provide assistance to veterans in the community ensuring that veterans are able to make informed choices about their entitlements.

Why is this a priority?

Ensuring that veterans have access to services when they require them is an important part of managing the impact of service on the quality of a veteran's life in the long and short term. This is important in ensuring that the focus on the care of veterans becomes a focus on wellness. Government has an expectation that these entitlements will be delivered as a seamless service across all the agencies involved.

What will we do to achieve this?

Initiative 1

Implementation of the findings of the review of services to veterans. This includes:

- Ensuring that the service delivery systems that are in place are responsive to the needs of veterans.
- Providing training to staff to ensure that they have knowledge of the services and supports available and are able to maximise these for the benefit of the veteran and the veteran's family.
- Reviewing primary level decision making to ensure that they are transparent and that veterans understand processes and how they are applied.
- Enhancing the systems that monitor the appropriateness and effectiveness of service delivery in the long term.

Initiative 2

Improve the information provided to veterans, and the way that information is provided, to ensure that the communication mechanisms used are appropriate and reach all veterans. This includes:

- Providing information and training to, and working with, veterans' groups and community agencies to raise awareness of the services available to support veterans who live in the community.
- Improving the quality of the information provided in existing publications and developing new publications on specific issues.
- Seeking alternative ways to disseminate information.
- Introducing regular reviews of material to make sure it remains relevant.

Initiative 3

The development of registration databases for various veteran cohorts. This will make VANZ aware of the veteran groups in the population and enable VANZ to contact specific groups of veterans to make them aware of services. This will provide the basis for establishing mechanisms for the monitoring of on going health and wellbeing issues of various veteran cohorts.

How will we demonstrate our success?

Veterans will have access to the services and supports they need at various stages of their lives.

- Veterans and their families will be involved in planning, monitoring and evaluating any programme
 put in place for them and will feel empowered and be able to take responsibility for managing the
 issue impacting on their quality of life.
- VANZ will have effective partnerships with the service providers that provide services and support to veterans in the community.

How will we demonstrate the cost-effectiveness of our activities?

Criteria that consider value for money will be included in the process of establishing regular reviews of programme effectiveness. This will include looking at the efficiency and costs of various processes.

Outcome Three

The veterans' perspective is considered as part of government decision-making on issues that impact on their lives.

What are we seeking to achieve?

The key achievements will be:

- VANZ will provide in-depth information about veteran-related issues to support decision-making, policy development and service delivery.
- VANZ capability will be strengthened so that there is the ability to respond to the issues impacting
 on the Veteran community.

Why is this a priority?

Government has recognised veterans as a special group of New Zealanders and provides a range of veteran specific services. It is important to ensure that there is effective information available to provide quality advice on veterans' issues.

What will we do to achieve this

Provide advice on new policy development and the review of existing policy

Initiative 1

The establishment of key indicators in the veteran population that need to be monitored to establish a profile of the veteran community. Establish mechanisms to collect that data so that a profile can be monitored in the long term.

How will we demonstrate our success?

- VANZ will have the ability to provide quality advice.
- VANZ will have effective working relationships with stakeholders.

- Departments and agencies involved in the provision of policy and service delivery issues that impact on the veteran community will consult VANZ over issues that have the potential to impact on the veteran community.
- VANZ will have effective working relationships with international administrations with responsibility for the provision of services to veterans so that they are able to access necessary information.

How will we demonstrate the cost-effectiveness of our activities?

The cost of delivery of various pieces of policy work will be analysed to ensure best value for money.

Organisational Capability

VANZ is currently a semi-autonomous body within the New Zealand Defence Force. A change in this status will occur from 1 July 2008 when Veterans' Affairs New Zealand will come under the direct control of the Chief of Defence Force.

The New Zealand Defence Force provides infrastructure support for VANZ. The staff of VANZ are members of the civil staff of the New Zealand Defence Force. The Director, Veterans' Affairs reports directly to the Chief of Defence Force.

The relationship with the New Zealand Defence Force allows VANZ to operate autonomously, from a policy and service delivery perspective, while giving the advantage of the infrastructure support of a larger organisation. Alignment with the New Zealand Defence Force has the advantage of enabling VANZ to access information on current and past deployments.

The environment in which VANZ operates as an organisation requires the capability to work on both current and historic issues across the interface of the political environment, public service and veteran community. In order to be effective VANZ needs to develop the following organisational capabilities:

- The capability to critically analyse issues in context, identify the level of risk and take a pragmatic
 approach to proposing solutions.
- The analytical capability to establish cause as well as to generate a solution so that risk is minimized and future practice is informed.
- Knowledge of the legislation and regulatory components and policy expectations of the environment in which VANZ operates.
- The capability to build constructive relationships with the groups impacting on VANZ role, while
 understanding the boundary issues inherent in those relationships and the consequences of
 crossing those boundaries.
- The capability of working across the whole organisation so that the organisational impact of decision-making is considered.

Human Resource Management

As a semi-autonomous body within the New Zealand Defence Force, VANZ is subject to the human resource management polices put in place for the civil staff within the New Zealand Defence Force.

Information Technology Systems

The New Zealand Defence Force provides information technology support for VANZ. VANZ uses the New Zealand Defence Force corporate systems.

Financial Accounting

The accounting policies and financial forecasts associated with Veteran's Affairs - Defence are incorporated into the New Zealand Defence Force Financial Statements.

Risk Management

The key risks, which could prevent VANZ achieving its mission, and strategies to manage them, are outlined below.

Key Risks	Risk Management Strategies
Service documents, personnel and medical, held by the New Zealand Defence Force are destroyed.	VANZ will work with the New Zealand Defence Force to ensure that the files are adequately protected and that a system for establishing electronic copies of the files is put in place.
War Pension files are lost or destroyed.	VANZ will work with the Ministry of Social Development to ensure that a system for establishing electronic copies of the files is put in place.
Unable to achieve outcomes due to the constraints on resourcing created by the size of the organisation.	VANZ will set clear expectations around the results required to be achieved and will ensure that priority projects can be staffed effectively. Resourcing will be monitored to ensure that it is used effectively, and where required, additional resourcing sought.
Service delivery fails to meet the needs of a veteran or the family, which results in significant consequences.	Systems will be put in place to monitor service delivery and to ensure that service meets expectations. Mechanisms will be put in place to address issues that arise from any service delivery failure.

Additional Information

Accountability Arrangements

The Chief of Defence Force, as 'Chief Executive' of the New Zealand Defence Force, is responsible to the Minister of Veterans' Affairs for the financial management of VANZ under the Public Finance Act 1989 (as amended by the Public Finance Amendment Act 2004). The Director, Veterans' Affairs New Zealand, on behalf of the Chief of Defence Force, is responsible to the Minister of Veterans' Affairs for the delivery of the VANZ outcomes and outputs.

As the New Zealand Defence Force is not a Department of the Public Service under the First Schedule of the State Sector Act 1988, VANZ does not come under the auspices of the State Sector Act 1988. VANZ is not, therefore, subject to the accountability and monitoring frameworks and processes under the State Sector Act 1988.

The New Zealand Defence Force is, however, subject to the provisions of the Public Finance Act 1989 (as amended by the Public Finance Amendment Act 2004) and VANZ is subject to the accountability and monitoring frameworks under that Act.

Statutory Independence of the Chief of Defence Force

Section 8 of the Defence Act 1990 gives the CDF sole responsibility for:

- Command of the Navy, Army and Air Force through the respective Service Chiefs; and
- Command of any joint force, either directly or through a joint force commander.

Consequently, nothing in this Statement of Intent shall affect the statutory independence of the Chief of Defence Force from Ministerial direction with regard to:

- The issue and promulgation of Defence Force Orders (DFOs);
- · All aspects of military discipline;
- The appointment or enlistment of members of the Armed Forces and the appointment of civil staff of the Defence Force;
- The terms and conditions of service for members of the Armed Forces, and the conditions of employment of civil staff of the Defence Force; and

•	The establishment and functions of the Chiefs of Staff Committee.

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