



New Zealand
**DEFENCE
FORCE**
Te Ope Kātua O Aotearoa

NAVY

NZ ARMY

AIR FORCE

THE 2012-2015

STATEMENT OF INTENT

Presented to the House of Representatives Pursuant
to Section 39(1) of the Public Finance Act 1989

G55 SOI (2012)

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FOREWORD: MINISTER OF DEFENCE

The Government is committed to ensuring New Zealand maintains a modern, highly effective Defence Force in order to meet the security challenges of the 21st Century. I am pleased to present the 2012 – 2015 Statement of Intent, which advances the vision the Government set out in its Defence White Paper and Capability Plan.

Work is already well underway to build the future capabilities of the New Zealand Defence Force (NZDF). Upgrades to the ANZAC Frigate systems, a network-enabled Army and modernisation of the maritime helicopter capability are just a few of the initiatives on which the NZDF and Ministry of Defence are focused. The Government will ensure that the NZDF is strongly positioned to sustain enduring military operations, as well as to respond to emergencies when called upon.

The NZDF will have a Joint Amphibious Taskforce at the core of its force structure by 2015. This taskforce will draw upon the strengths of all three services to enhance the NZDF's ability to rapidly deploy its people and capabilities. The taskforce will also enable the NZDF to integrate more effectively with other nations and Government agencies.

On-going enhancement of the NZDF's capabilities will ensure our personnel can operate effectively when deployed at home or abroad. The NZDF currently has around 330 personnel serving on 19 international operational missions across 11 countries, and the NZDF will remain ready and able to deploy across the Pacific and around the world. Personnel serving overseas make a vital contribution to protect New Zealand's wider interests through maintenance of international peace and security. On the home front, the NZDF will continue to meet its wide range of important obligations including maritime patrol, disaster relief and support for counter-terrorism operations.

Maintaining and enhancing New Zealand's international strategic defence relationships remains an important focus for the Government. We are committed to implementing the recent review of the Australia New Zealand Defence Relationship, as well as building on the Wellington Declaration with the United States of America and our other bilateral and multilateral defence relationships.

In order to ensure that its capability enhancements are financially sustainable, the NZDF has developed a credible savings and reprioritisation plan. The savings, which are being yielded by the efficiency and reform programmes within the NZDF, are critical to financing the on-going capability upgrades. Considerable progress has already been made; work is underway across a range of initiatives including a Logistics Change Programme and the deployment of shared services.

I look forward to working with the Chief of Defence Force, Lieutenant General Rhys Jones, and the Defence Leadership Board in maintaining the focus and momentum in implementing the White Paper and Capability Plan, our blueprints for the future.



Hon Dr Jonathan Coleman
Minister of Defence

INTRODUCTION: CHIEF OF DEFENCE FORCE

This Statement of Intent amplifies the Government's 2010 Defence White Paper intent of how the NZDF will contribute to the Government's outcomes and priorities over the next three years.

The White Paper confirmed that the role of the NZDF remains being ready, and able to deliver on operations – be they combat, peacekeeping, or humanitarian assistance – this is the *raison d'être* of the NZDF. Being ready, and delivering, has been an ever present component of service life over the last twelve months. This has been no more evident than through our operations, combat deployments and our humanitarian efforts, particularly those in support of the people of Christchurch. Our performance in all of these roles has again demonstrated that we know we have the right people, skills and equipment, and that we are ready and able to succeed when and where required.

Shaping the Future NZDF

The NZDF is currently experiencing significant change driven by both internal and external forces. Our greatest organisational challenge is the concurrent reorganisation of the NZDF and achieving the Cabinet-directed savings target of \$350 - \$400M per annum by 2014/15.

We must fund current and future capabilities from within our budget of around \$2.27 billion from 2013/14. We will achieve this by saving and reinvesting money, and reallocating people and effort from non-operational activities to operational capabilities. We are reviewing our core business and considering what we can do differently or stop doing altogether. Together with our strategic and industry partners, we are looking for innovative new ways to operate and deliver the services we need. This will allow us to make choices based on the value and cost to the Defence Force. We will implement a total Defence workforce approach to ensure our people – military, defence professionals, and specialists – have the skills and training to meet our military and organisational needs.

Future 35

Future 35 is my strategy to prepare the NZDF for the challenges the Defence Force will face out to 2035. We need to deliver capabilities and services that are relevant, combat orientated, and valued by the New Zealand Government and New Zealanders.

What are our challenges ahead?

- The next 25 years are likely to be more challenging than the previous. It will be an increasingly uncertain environment, which will see the development of new military technology.
- We are likely to see growing strain on the resilience of Pacific Island states, and increased pressure on our ocean resources. We will need to have awareness of what is happening in the Pacific and be able to respond appropriately, and with little warning. We will need to respond effectively alone, or in partnership with Australia or with other coalition forces in an environment where the United States will remain the pre-eminent power.
- Within this setting, we will need to develop new military capabilities to meet future security challenges. We may not receive additional crown funding for the next 10 years, and we need to fund current and future military capability from within our current budget. The added challenge is that we may be called on to provide more support to protect New Zealand's economic and territorial interests.
- Given these challenges, we need to change – we cannot succeed using the same thinking and ways of working that have served us well in the past.

My strategy to meet these challenges is for the New Zealand Defence Force of the future to be more 'joined up', both in terms of structure as well as culture. The Joint Amphibious Task Force (JATF) that will be in place by 2015 is just one tangible example of the future 'joined up' NZDF. It signals a shift in the way we operate and think – from an approach where we generally operated apart and sometimes came together – to one where we will operate together and sometimes work apart. The JATF requires us to deploy, operate, and sustain combat forces away from New Zealand. It positions the NZDF as an expeditionary force.

It is, however, important that we all see the JATF as a means to achieve a more joined up approach rather than being the 'end-game'. While the JATF will primarily be structured for the deployment of combat forces, it will probably be used most frequently for deploying disaster relief forces and conducting exercises in the region in support of nation-building.

When we consider the other areas where we need to change it is useful to consider the NZDF in broad terms of the 'front, middle, and back'.

Shaping the 'Front'

My three strategic priorities to shape the development of the 'front end' out to 2020 are: situational awareness, presence, and the ability to respond.

Situational Awareness

One of the expectations of our major partners is that we can control our region. To do that we need to have visibility and knowledge of what is going on in the South Pacific and around New Zealand. We will achieve this through improved intelligence, surveillance and reconnaissance to deliver a holistic intelligence picture.

The ability to build an intelligence picture – not only in Defence, but across all of government – is our priority. C⁴ISR¹ is the biggest and most important investment we can make because it provides us with the necessary awareness to be more proactive in shaping the environment and delivering forces where they will be most effective.

Presence, Shaping and Influence

The NZDF needs to be an effective and visible presence in the region, conducting security tasks and contributing to multi-agency outcomes. This enables us to demonstrate our interests in the region, and help our neighbours build stable nations.

However, we must ask the question 'how can we do nation-building more effectively?'

Our core business until now has generally been about developing contingent capability – being prepared to respond to events within a given response time – which we term the Directed Level of Capability (DLOC). Achieving DLOC gives us a range of capabilities, which can be used in support of wider New Zealand Government outcomes; we currently term this support multi-agency operations and tasks (MAO&T).

We need to reverse our approach. Put simply, we need to move from a force of 'training' to a force of 'doing'; that is, we create public value—services and outcomes that are valued by the public. While this will see the NZDF maintain our higher-level war fighting skills, it is more about making the most effective use of our force for the good of New Zealand, and recognising the value that we deliver is more highly valued if it is used.

¹ C4ISR refers to Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance.

Response

Our third priority is our ability to react and, ultimately, strike. Maintenance of military capability and war fighting skills are an important aspect of soft-power in terms of deterrence and contribution, and are complementary to nation-building and regional engagement. Our military capability provides engagement and deterrence capabilities and, in the event that soft-power fails, a range of options to deal with contingencies in our area of interest.

Our ability to respond is not only about our combat forces, but also our strategic reach and sustainment capabilities – and our region requires expeditionary forces. This is our core business, and we are the only ones who can provide the Government with the ability to respond with armed force.

Opportunity in the ‘Middle’

The ‘middle’ of the organisation is where we build capability, and currently where we expend significant effort and cost in generating DLOC.

The ‘forward edge’ of the middle is the collective training we conduct to ensure that a ship, aircraft, or combined arms task group is proficient. The ‘rear edge’ goes right back to individual training: common, command and leadership, and trades.

It is this part of the organisation where we really need to think in a more joined up way – to remove duplication and amalgamate. It is in the middle where each Service needs to consider how they can generate capability differently to sustain the front end.

Reforming the ‘Back’

The final component of the NZDF is the corporate support areas – the ‘back office’ functions.

We have a range of corporate tasks that keep the NZDF functioning. We are changing our ‘back’ to reflect the most efficient and economical practices. There are many opportunities for benchmarking, and we need to challenge ourselves to do better. We rightly consider ourselves ‘operationally excellent’ but we must also strive for ‘organisational excellence’.

In the ‘back’ we can accept more risk; solutions must meet our needs not our desires; unless there is a very good reason to the contrary, we should use commercial-off-the-shelf systems and develop partnerships, both public and private, to deliver services. Standardisation can produce efficiencies through economy of scale, and where possible, we should be delivering corporate services in a ‘standard’ way.

The Plan to 2015

My plan will initially focus on the two key areas of Capability Renewal and Organisational Reform:

Capability Renewal

By 2015 we will have a Joint Amphibious Task Force (JATF). This will see our current force strengths – our frontline operational and support units from across the three Services – reorganised into an integrated and coherent force working together as one. The JATF will be capable of deploying and sustaining operations in New Zealand or the South Pacific. The JATF will be able to work independently or as part of a larger coalition effort. Its individual components will be separately deployable and able to more effectively integrate with other nations and with civilian organisations.

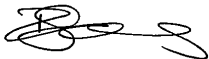
Organisational Reform

Our second focus is organisational reform. We need to strengthen our organisational management and work in a more ‘joined up’ way. The performance of the middle and back of the Defence Force needs to better support our core military business, and match the agility and effectiveness of our deployed force elements.

Implementation

To implement the strategy out to 2035 we must acknowledge the challenges ahead of us, where we are going, and how we are going to get there. Future 35 is about being more 'joined up'; being a force of 'doing'; and through our actions, demonstrating that we are delivering value and value for money. Initially, we might have to sacrifice some depth for breadth. The aspirations of some may need to be subordinated for the greater good of the entire organisation. The NZDF is a strong organisation with talented people.

The Defence White Paper has provided clear direction on the role and future direction of the NZDF. Future 35 is my vision for delivering on the Government's priorities and ensuring the capabilities it requires are affordable. Achieving this vision will be challenging and the change required will not be easy, but it is necessary to ensure the people of New Zealand have the agile, and capable Defence Force they require and are proud of.



R.R. Jones
Lieutenant General
Chief of Defence Force

STATEMENTS OF RESPONSIBILITY

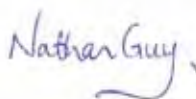
Ministerial Statement of Responsibility

We are satisfied that the information on future operating intentions provided by our respective departments in this Statement of Intent and the Information Supporting the Estimates is in accordance with sections 38, 40 and 41 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the Government.



Hon Dr Jonathan Coleman
Minister of Defence

16 April 2012

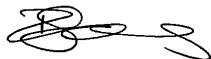


Hon Nathan Guy
Minister of Veterans' Affairs

16 April 2012

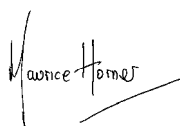
Chief of Defence Force Statement of Responsibility

In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Intent for the New Zealand Defence Force, including Veterans' Affairs New Zealand. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2012/13 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



R.R. Jones
Lieutenant General
Chief of Defence Force

12 April 2012



M. Horner
Chief Financial Officer
Counter-signed

12 April 2012

SECTION 1: NATURE AND SCOPE OF NEW ZEALAND DEFENCE FORCE FUNCTIONS

This section outlines the purpose of the NZDF and the scope of its operations.

Purpose

The prime reasons for maintaining a defence force remain securing New Zealand against external threats, protecting our sovereign interests, and being able to take action to meet likely contingencies in our strategic area of interest.

The NZDF is the only provider of Armed Forces to the New Zealand Government, and the Chief of Defence Force is the Government's prime adviser on military policy, including the use of the military capabilities developed within the NZDF.

The key 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.²

Scope

Under the Defence Act 1990, New Zealand's Armed Forces are raised and maintained for:

- the defence of New Zealand and the protection of its interests, whether in New Zealand or elsewhere;
- the contribution of forces under collective security treaties, agreements or arrangements; and
- the contribution of forces to the United Nations (UN) or other organisations or states for operations in accordance with the principles of the Charter of the UN.

The Defence Act 1990 also allows the Armed Forces to be made available for the performance of public services and assistance to the civil power in time of emergency, either in New Zealand or elsewhere. The NZDF also undertakes or supports a range of tasks, including maritime resource protection, humanitarian assistance and disaster relief, and search and rescue, as part of an all-of-government effort directed by civil authorities.

The NZDF is part of the External Sector, which is administered by four departments – the NZDF, the Ministry of Defence, the Ministry of Foreign Affairs and Trade, and the New Zealand Customs Service. These departments are collectively responsible for managing most of New Zealand's official relationships with the rest of the world and protecting its security beyond the border. The NZDF's relationship within the External Sector and other departments and agencies is shown in Section 4: Operating Intentions.

The NZDF is administered through 15 output expenses under Vote Defence Force. Twelve output expenses are directly involved in the preparation and training of navy, land and air force elements. These activities also provide

² At the time of writing, the Defence Amendment Bill will amend the Defence Act 1990 to implement government policy as set out in the Defence White Paper 2010.

the capacity to provide support to government agencies and the community, e.g. border protection and search and rescue. In addition, the NZDF is funded for current operational deployments, miscellaneous support activities (including the Defence Mutual Aid Programme and Support to Youth Development), and the provision of policy advice, ministerial services and strategic military intelligence. Veterans' Affairs New Zealand, while a part of the NZDF, is administered through its own vote: Vote Veterans' Affairs – Defence Force.

NZDF and Joint Force headquarters based in Wellington provide strategic, corporate and operational support to the main operational units based in Auckland, Linton, Ohakea, and Burnham.

As at 31 March 2012, the NZDF comprised 8,745 Regular Force, 2,418 Reserve Force and 2,792 Civilian personnel.

CONTRIBUTION TO OUTCOMES

Government's Key Priorities

The NZDF will contribute to the Government's key priorities³ during the term of this Statement of Intent. These priorities are to:

- responsibly manage the Government's finances;
- build a more competitive and productive economy;
- deliver better public services; and
- rebuild Christchurch.

A focus for the NZDF will be on contributing to better public services. Where applicable, the NZDF will also contribute to the 10 targets set for the public sector over the next three to five years.

National Security Interests

The NZDF is an important part in the all-of-government approach to national security. Acting in a lead or supporting role, the NZDF will contribute to the following national security interests:

- a safe and secure New Zealand, including its border and approaches;
- a rules-based international order, which respects national sovereignty;
- a network of strong international linkages; and
- a sound global economy underpinned by open trade routes.⁴

The NZDF also focuses on the key priorities agreed between the Prime Minister and the Minister of Defence. These priorities for 2012/13 are as follows:

- Operations.
- Implementing the Defence White Paper 2010.
- International Defence Relations.

³ Prime Minister, the Rt. Hon. John Key, Speech in Auckland 26 January 2012

⁴ Defence White Paper 2010

These priorities are covered in more detail in Section 4.

The NZDF's current outcomes are: Secure New Zealand; Reduced risks to New Zealand from regional and global security; New Zealand values and interests advanced through participation in security systems; and New Zealand is able to meet future national security challenges. While the current outcomes complement the security interests identified above, these outcomes are (at the time of writing) being reviewed, together with outputs, to ensure better alignment with these security interests.

DEFENCE WHITE PAPER 2010

The recent White Paper provided the following direction with respect to New Zealand's security interests and the role of the NZDF:

- The core task of the NZDF is to conduct military operations.
- Given our interests and obligations, operations in New Zealand's maritime zone and the South Pacific are the starting point for choosing military capabilities.
- New Zealand must be interoperable with our principal partners.

In contributing to national security interests, the NZDF is expected to conduct the following Principal Tasks, as identified in the recent White Paper, over the next 25 years:

- to defend New Zealand's sovereignty;
- to discharge our obligations as an ally of Australia;
- to contribute to and, where necessary, lead peace and security operations in the South Pacific;
- to make a credible contribution in support of peace and security in the Asia-Pacific region;
- to protect New Zealand's wider interests by contributing to international peace and security, and the international rule of law;
- to contribute to all-of-government efforts at home and abroad in resource protection, disaster relief, and humanitarian assistance;
- to participate in all-of-government efforts to monitor the international strategic environment; and
- to be prepared to respond to sudden shifts and other disjunctions in the strategic direction.

The order of these tasks reflects the extent to which the Government has choice over any deployment of the NZDF.

NZDF OUTPUTS

To support the Principal Tasks, the NZDF has 36 Outputs within 15 Output Expenses/Classes.

The current set of NZDF Outputs is summarised within Section 4 of this Statement of Intent. Performance measures for these outputs are included in the 2012/13 Information Supporting the Estimates of Appropriations for Vote Defence Force (B.5A Vol 4).

Changes to Outputs from FY 2012/13

Following a recent Cabinet review of departmental expenditure on policy advice, Output Expense Military Policy Development, Coordination and Advice has been reorganised into a Multi-Class Output Appropriation for Policy Advice, Ministerial Services, and Strategic Military Intelligence.

Mine Countermeasures (MCM) and MCM Diving Forces has been renamed Littoral Warfare Support Forces to reflect the intent of the 2010 Defence White Paper. The renamed output expense now incorporates military hydrography from Output Expense Military Hydrography and Hydrographic Data Collection for Land Information New Zealand (LINZ). This latter output expense has been closed from FY 2012/13 due to the cessation of the LINZ contract and the subsequent decommissioning of the survey ship HMNZS *Resolution*.

SERVICES IN SUPPORT OF THE GOVERNMENT AND THE COMMUNITY, INCLUDING MULTI-AGENCY OPERATIONS AND TASKS (MAO&T)

Conducting the training activities needed for operational deployments 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. Exceptions to this are the Inshore Patrol Force, whose primary purpose is to deliver patrol tasks to meet civilian requirements, and the Chemical, Biological, Radiological, Explosive, and Improvised Explosive Device Disposal Forces who provide dedicated support to the NZ Police for explosives incidents and emergencies, when requested. A list of indicative support provided to the Government, community, MAO&T, and emergency tasks is detailed in the 2012/13 Information Supporting the Estimates of Appropriations for Vote Defence Force.

PRIMARY MISSION OF THE NZDF

The primary mission of the NZDF 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.”

LINKS WITH THE NEW ZEALAND COMMUNITY

The NZDF's links with the Government's security interests not only provide Defence Force contributions to the resolution of conflict and maintenance of stability, but also provide a wide range of assistance to the community. For example, NZDF contributions to the New Zealand community include the following:

- The NZDF provides additional skills to society via Reserve and Territorial Force personnel.
- 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 20 year mark.
- The NZDF promotes and supports initiatives that enhance the capacity of young New Zealanders. The NZDF has arrangements with the Ministry of Social Development (both Work and Income New Zealand and Child, Youth and Family), the Ministry of Education, the Tertiary Education Commission, and the 'Blue Light' scheme to deliver a range of youth and social intervention programmes. These specialist services are managed by Youth Development Units responsible for delivering the Limited Service Volunteer and the Youth Life Skills schemes, and are well regarded.
- The NZDF respects the contribution made by veterans and honours the service they have given to the community. (See also Section 8 on Veterans' Affairs New Zealand.)
- The NZDF promotes a healthy Defence Industry in New Zealand and will buy New Zealand-made where considered prudent and within current government requirements / limitations.
- 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, the Ministry of Fisheries, the Ministry of Emergency Management, Civil Defence, and so on, all aimed at keeping New Zealanders safe/secure and promoting safer communities. More details on these relationships are included within Section 4 of this Statement of Intent.
- The NZDF promotes fitness and better health.

SECTION 2: THE STRATEGIC ENVIRONMENT

This section outlines the external environment within which the NZDF operates. It also introduces the use of Employment Contexts that help to focus the training of the force elements of the Navy, Army and Air Force on the most likely security events to which a New Zealand Government might be expected to make a military response.

OUR OPERATING CONTEXT

The assessment process used in the Defence White Paper 2010 determined that New Zealand's strategic environment is far from benign. While we are unlikely to face a direct military threat in the foreseeable future, the security of our interests is much broader than the defence of New Zealand's territory.

Significant challenges include:

- the emergence of new centres of economic strength, which are shifting the balance of military power;
- a rules-based international order that has served New Zealand well, but which is under increasing pressure;
- international institutions, which are struggling to forge consensus on a range of trans-boundary problems;
- the emergence of new technologies, which are capable of narrowing some aspects of the military advantage enjoyed by New Zealand's traditional partners;
- weapons proliferation; and
- the continuing challenge posed by terrorism to state authority.

In the South Pacific, the outlook is one of fragility. Underpinning the White Paper's assessment of a more fragile South Pacific is the fact that the island states in our near neighbourhood are smaller than most, although their maritime areas are larger than most. The ability of Pacific Islands governments to exercise control over their resources, particularly their extensive marine resources, is being tested. This will intensify, with flow-on implications for New Zealand. Similarly, natural resources will continue to pose a disproportionate danger to the people of the South Pacific, who live in high-risk areas and have limited national infrastructure to fall back on.

The White Paper has also reaffirmed our commitment to Closer Defence Relations with Australia. Through its size, location and strategic reach, Australia is a major contributor to our security, particularly in the South Pacific and Asia, where our common interests are strongest. New Zealanders expect that resources going into defence will provide options for responding to regional crisis. This expectation is shared by our partners in the region, including Australia.

Beyond our immediate neighbourhood, Asia-Pacific is the region where the strategic balance is undergoing the greatest change. Many of the fast-growing nations in this region are rapidly increasing their spending on defence. Conflict in Asia runs counter to everyone's interests. It has the potential to disrupt trade, undermine business confidence, and depress demand. Given that our major trading partners are now in Asia, any disruption to the flow of New Zealand goods and services to and from the region would have very serious consequences.

New Zealand's strategic interests extend beyond the Asia-Pacific region. The Middle East provides a constant challenge to stability. Its fractured politics, the risks of nuclear proliferation, the prevalence of Islamist and other forms of terrorism, the pressure for democratic and economic reform, and the presence of the world's largest reserves of hydrocarbons, mean that the international community is regularly engaged in preventing conflict or dealing with the consequences of conflict in this region. New Zealand also has significant commercial, trade and political interests in the Gulf Cooperation Council states, underpinned by significant expatriate populations.

For New Zealand, sub-Saharan Africa does not have the same strategic significance as the Middle East. Nevertheless, weak governments, civil strife, and ethnic conflicts have regularly called for an international response. Currently, Africa is the largest theatre of UN peacekeeping operations. This is likely to continue.

Many of the challenges identified above, including proliferation, terrorism, the emergence of new technologies, illegal resource extraction, and the unregulated movement of people, will continue to prove difficult for the international community to manage. So too will climate change, which has the potential to exacerbate existing tensions and pressures, and create new pressure points. This will increase the risk of conflict, both within states and between them.

EMPLOYMENT CONTEXTS

Defence policy guidance provides information on the circumstances in which the Government may choose to use military forces. Although situations and requests need to be carefully weighed, it is likely New Zealand would consider the use of military force in the following circumstances:

- in response to a direct threat to New Zealand and its territories;
- in response to a direct threat to Australia;
- as part of collective action in support of a member of the Pacific Islands Forum facing a direct threat;
- as part of New Zealand's contribution to the Five Power Defence Arrangements (FPDA); or
- if requested or mandated by the UN, especially in support of peace and security in the Asia-Pacific region.

The process of assessing the performance of the NZDF outputs starts with the Government's key priorities and statement of security interests, and further articulated with defence outcomes and strategy. The next step is to identify the likely security challenges that threaten New Zealand's ability to reach its goals and the most appropriate responses required if these goals are to be achieved. The security challenges are drawn from an assessment of New Zealand's geo-strategic situation and international security trends as part of the strategic planning process.

These challenges are described as Employment Contexts (ECs) by the NZDF. The ECs are then used to build the specifications for the NZDF operational outputs, thus ensuring outputs are consistent with government policy. ECs are environment-related (geographically grouped) and relate directly to the tasks that the force elements of the Navy, Army, and Air Force need to train for and be prepared to deploy against should that be the Government's requirement.

ECs are an important tool for the NZDF's ability to plan against likely future requests from government, providing a benchmark to measure and report preparedness levels. Nevertheless, they remain guidelines and are not the only input into any decisions made on the deployment of the NZDF's force elements. Other information, such as lessons learned from actual operations and detailed operational planning, is used to provide government with more detailed advice on deployment options, costs and risks.

The ECs against which the NZDF's operational outputs are assessed are highlighted below. These are reported in the Statement of Service Performance as part of the NZDF's Annual Report.

EMPLOYMENT CONTEXTS

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. (Associated ECs are 2A and 3A).
- 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. (Associated ECs are 2D and 3D).
- EC 1E: Support for Antarctic presence.

EC 2 - 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. (Associated ECs are 3B and 4B).
- EC 2C: State failure or fragility leading to internal conflict and/or humanitarian crisis. (Associated ECs are 4C and 5C).
- EC 2D: Terrorist Threats.
- EC 2E: Challenges to legitimate governments, including civil war and secessionist conflict. (Associated EC is 5F).

EC 3 - Challenges to New Zealand and Australian 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. (Associated EC is 5A).
- 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. (Associated ECs are 3C and 5G).
- EC 4G: Acts of piracy and people smuggling.

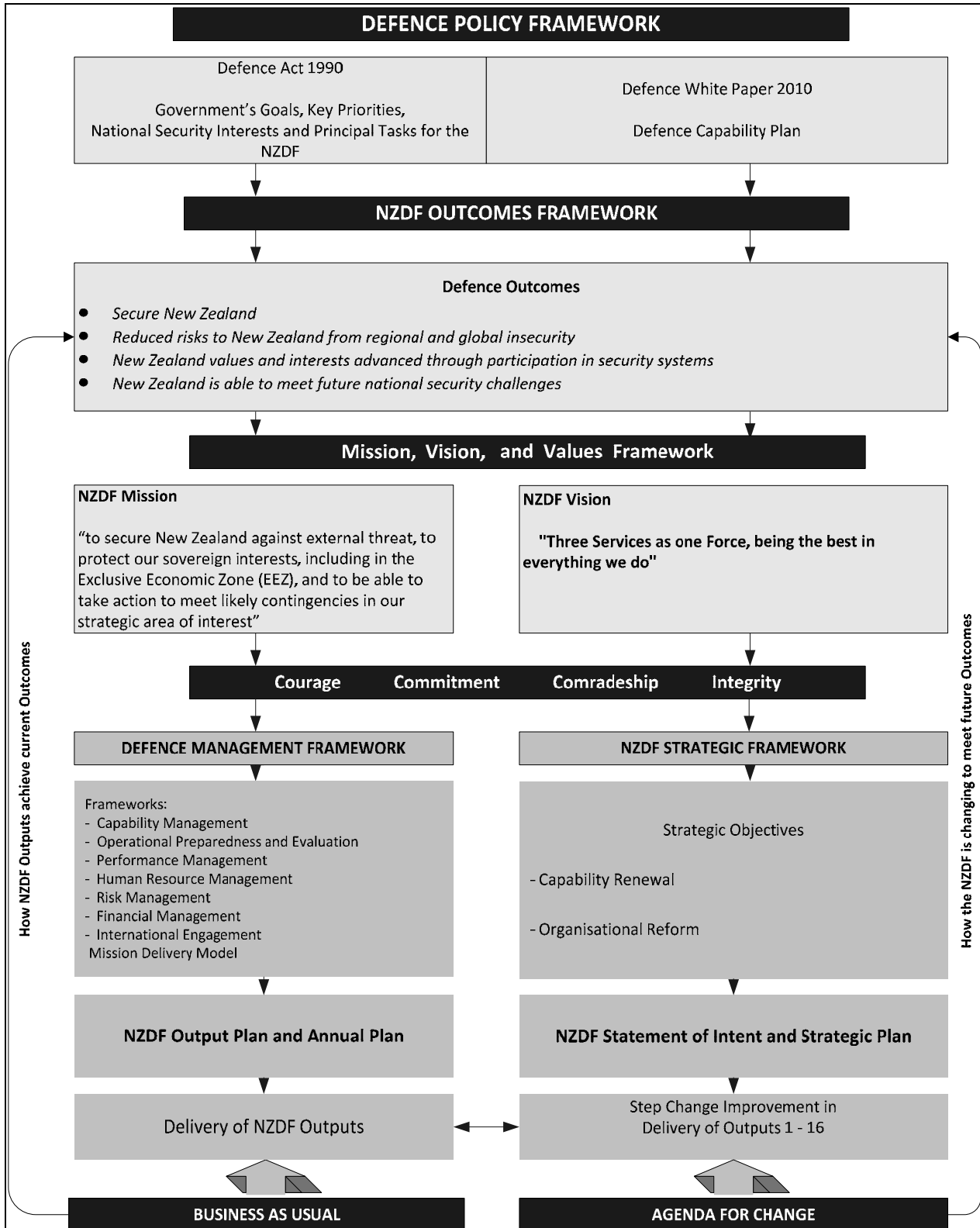
EC 5 - Security Challenges to New Zealand's Interests in Global Peace and Security:

- 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 ("The War Against Terrorism"). (Associated ECs are 4D, 4E, and 5E).
- 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.

SECTION 3:

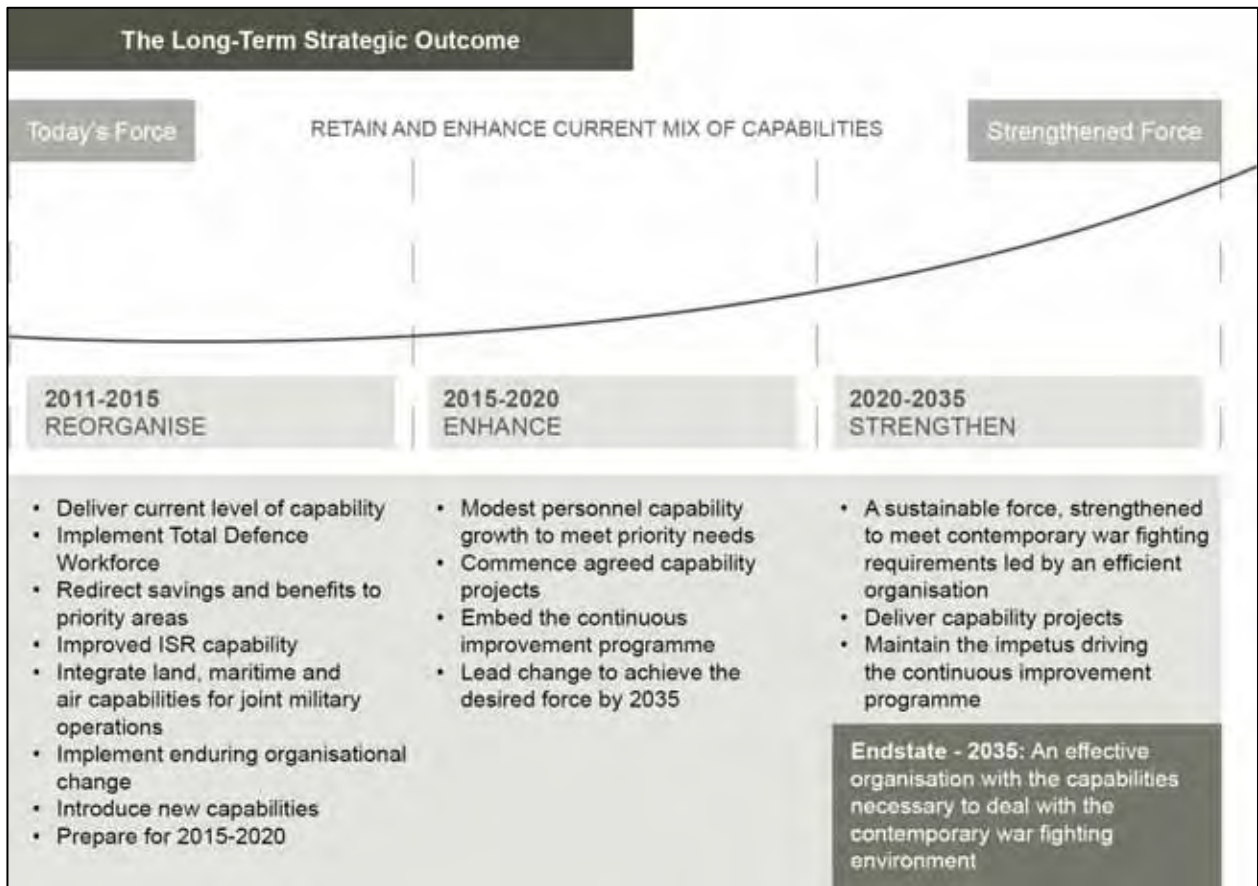
OUR STRATEGIC DIRECTION

This section 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. The diagram below outlines the linkages involved in our strategic framework.



FUTURE 35

The long-term strategic outcome for the NZDF is that by 2035, it will be an organisation with the capabilities necessary to deal with the contemporary war fighting environment. These capabilities will contribute to the future force structure for the NZDF, outlined in the White Paper. The NZDF's approach to implementing the future force structure is detailed in the diagram below.



Strategic Challenges

Challenges faced in achieving this long-term strategic outcome are the following:

- A more challenging and uncertain environment.
- Increasing pressure and fragility in the South Pacific.
- Reforming the NZDF to deliver better frontline support and savings to reinvest in military capability.
- Reforms challenge the NZDF's culture and the morale of its people.
- Funding current and future capability from within the NZDF's current budget.
- Replacing significant platforms from 2020.

The NZDF's approach to achieving the long-term strategy and managing the strategic challenges will be realised through the two strategic objectives of capability renewal and organisational reform. These objectives and the measures to be used to assess their progress are covered in more detail in Section 7 – Assessing Organisational Health and Capability.

IMPACTS THROUGH THE DELIVERY OF CURRENT OUTPUTS

Other than current deployed forces on operations, most of the NZDF's day-to-day activities, for which it is funded, involve the preparation of force elements of the Navy, Army and Air Force to contribute to operations as approved by the Government, the provision of a range of services to multi-agencies within New Zealand, and strategic shaping services through military diplomacy. This makes the NZDF different from most other government 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. In the New Zealand environment, this is achieved through Multi-Agency Operations and Tasks (MAO&T). The primary focus of what the NZDF does, therefore, is geared to preparing for and delivering this ultimate 'end product' or goal.

At first glance, only a small percentage of the total NZDF personnel strength is actually involved in delivering this at any one time. For example, as at 1 April 2012 around 10% of the total NZDF Regular Force strength was deployed on operations, including those still providing support to Operation Christchurch Earthquake. But this is not the whole picture – added to this are the following:

- Those personnel who are undergoing specific training for the next deployment (twice per year based on deployments of six months) – 10%.
- Those personnel who have just returned from an operational mission (twice per year based on deployments of six months) – 10%.
- Those personnel in New Zealand who have, as part of their job, a responsibility for directly supporting personnel on deployed operations (especially logistic and human resource personnel) – 10%.
- Those personnel involved, on a day-to-day basis within the New Zealand environment, in conducting MAO&T and domestic security – such as patrolling and surveillance of our EEZ, support to NZ Customs Service and the NZ Police, etc – 17%.

About 60% of the total Regular Force personnel strength is therefore related in some way, to deployed operations overseas and in the New Zealand environment. This also demonstrates the high activity tempo currently being experienced by the NZDF.

LINKING NZDF OUTPUTS TO OUTCOMES

Each of the NZDF Outputs is linked to the current NZDF outcomes through the logic of Employment Contexts (ECs); ECs are discussed earlier at Section 2. ECs are the major drivers as to the likely military tasks 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 following diagram shows how the NZDF Outputs are linked to Defence Outcomes and Security Interests.

NZDF OUTCOME FRAMEWORK

MISSION

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

NATIONAL SECURITY INTERESTS

A safe and secure New Zealand, including its border and approaches	A rules-based international order, which respects national sovereignty	A network of strong international linkages	A sound global economy underpinned by open trade routes
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DEFENCE OUTCOMES

A secure New Zealand, including its people, land, territorial waters, EEZ, natural resources, and critical infrastructure	Reduced risks to New Zealand from regional and global insecurity	New Zealand values and interests advanced through participation in regional and international security systems	New Zealand is able to meet future national security challenges
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IMPACTS/EFFECTS

Reduced risk of a direct threat to New Zealand and its territories	Reduced illegal activities within New Zealand and South Pacific EEZs	Reduced risk of a direct threat to a member of the Pacific Islands Forum	Mitigate the risk of a direct threat to Australia	Lessen the adverse effects of conflict and humanitarian crisis in the Asia-Pacific region as part of New Zealand's contribution to FPDA	Lessen the threats to international peace and security if requested or mandated by the UN	Reduced risk of not detecting any serious deterioration in the international strategic environment
Increased opportunities for New Zealanders	Increased awareness of New Zealand's military heritage	Lessen the adverse effects from natural and man-made disasters				

PRINCIPAL TASKS

New Zealand's sovereignty defended	Contribute to all of government efforts at home and abroad in resource protection, disaster relief, and humanitarian assistance	Contribute to, and where necessary, lead peace and security operations in the South Pacific	Obligations as an ally of Australia discharged	Make a credible contribution in support of peace and security in the Asia Pacific region	Protect New Zealand's wider interests by contributing to international peace and security, and the international rule of law.	Participate in all-of-government efforts to monitor the international security environment	Prepared to respond to sudden shifts and other disjunctions in the strategic environment
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EMPLOYMENT CONTEXTS (Likely security challenges that could threaten National Security Interests and Defence Outcomes)

OUTPUTS (Operationally Deployed Forces, Government & Community Support, Operational Preparedness, Policy Advice)

SECTION 4: OPERATING INTENTIONS

This section indicates how the NZDF intends to achieve its outcomes over the medium term. This section also includes the priorities for the Minister of Defence, the outputs the NZDF is appropriated for, how the NZDF intends to measure its performance, cost-effectiveness considerations and inter-department/agency collaboration.

Relationship Between National Security Interests and Defence Outcomes

New Zealand's current defence policy is set out in the Defence White Paper published in November 2010. The National Security Interests identified in the Paper, and shown in the diagram above, are enduring. They reflect New Zealand's geography, values, and aspirations in the international community. What varies are the circumstances and the means by which these interests are pursued.

In pursuing New Zealand's security interests, the NZDF expresses defence policy objectives in terms of Defence Outcomes⁵. While the NZDF is constitutionally the sole provider of military forces, it is not the sole contributor to Defence Outcomes. The Ministry of Defence (MoD), Ministry of Foreign Affairs and Trade (MFAT), New Zealand Customs Service, New Zealand Police, and other departments and agencies also contribute to the outcomes. This relationship is shown more clearly later in this section under interdepartmental/agency collaboration.

As at the time of writing, the Defence Outcomes are being revised to better align with the National Security Interests.

⁵ The word 'outcome' means a state or condition of society, the economy, or the environment, and includes a change in that state or condition.

MINISTER OF DEFENCE PRIORITIES

The Minister of Defence has confirmed that the Government's principal priorities for Defence are Operations, Implementing the Defence White Paper and International Defence Relations.

Operations

There are around 330 NZDF personnel currently deployed on 19 international operational missions across 11 countries. A focus over the next three years will be a steady draw down from the three largest current operations: Afghanistan, Timor-Leste and Solomon Islands. Transition plans are being developed for these operations, however, the security situation, in Timor-Leste and Solomon Islands in particular, may affect the anticipated timeframes for withdrawal. As well as these operations, there are also uniformed personnel committed to operations in New Zealand conducting tasks in support of other agencies, including disaster relief and environmental recovery. Additionally, personnel are preparing for or recovering from operations, and conducting training to maintain required levels of capability.

It is almost certain that additional operational commitments will be required over the next three years. While the exact nature and scale of any additional future commitments cannot be reliably predicted, additional costs may need to be covered by further funding.

Operational deployments overseas will always be made on the joint advice of the Ministry of Foreign Affairs and Trade and the Ministry of Defence, along with professional advice from the NZDF. The key requirement is that New Zealand always needs to be able to maintain sufficient reserve capacity to cover any reasonable contingency within our region. The NZDF's capacity to respond to new deployments will be enhanced as current operations draw down and new assets are successfully introduced into service.

Implementing the Defence White Paper 2010

Defence's plan to implement the White Paper extends out to 2035. The key areas of focus for the next three years are:

Defence Capabilities

The Defence Capability Plan sets out the major areas of capability development through to 2020. The NZDF intends to have a joint amphibious task force at the core of its force structure by 2015. This will integrate units from the Navy, Army and Air Force to operate as one force and provide a coherent and effective response to New Zealand's security needs.

Significant new capabilities are being introduced into service. These capabilities include:

- Upgraded C-130 Hercules transport aircraft. This project is currently scheduled for completion in December 2013.
- Upgraded P-3K2 Orion patrol and surveillance aircraft. The last upgraded aircraft is currently scheduled for acceptance in June 2013.
- New NH90 medium utility helicopters. The last helicopter is currently scheduled for acceptance in September 2013.
- Platform systems upgrades to the ANZAC frigates, covering systems such as propulsion and heating, ventilation and air conditioning. The second phase is currently scheduled for acceptance in June 2013.

There will also be a number of significant acquisition decisions requiring Cabinet consideration over the next three years. The implementation of Defence's revised capability management arrangements will enhance the quality of advice provided to Ministers.

Acquisition of new capabilities during the next three years will be met from within Defence's planned capital expenditure programme.

Inevitably, the reorganisation of the NZDF alongside the efforts to achieve the 2014/15 savings target will have an effect on morale and operational capability within the NZDF. Mitigating these will require careful management.

Output Review

The NZDF will also undertake an output review in conjunction with the Ministry of Defence and central agencies. Better specification of NZDF outputs will provide clearer linkages to the Government's expected outcomes making it easier to demonstrate that value for money is being delivered. It is intended the output review will be completed to inform Budget 2013.

Defence Review 2015

To ensure an ongoing strategic approach to defence policy, the 2010 White Paper committed to a Defence Review in 2015. Consideration will be given to the policy objectives and desired NZDF capabilities described in the White Paper and the Defence Capability Plan. The bulk of the work for this review will occur in 2014 and will include initial consideration of the replacement capabilities for the C-130 Hercules, P3K2 Orion and ANZAC frigates.

International Defence Relations

Sustaining and building our range of international linkages takes considerable effort. The draw downs in Afghanistan, Timor-Leste and Solomon Islands will require considerable engagement with our international partners in these operations, primarily NATO, the United States and Australia, to develop appropriate transition plans.

The implementation of the Review of the Australia-New Zealand Defence Relationship, pending endorsement by myself and my Australian counterpart, will form a basis for enhanced cooperation between our two countries. This should support a number of other priorities including the future operation, sustaining and acquiring of capabilities.

To enhance our relationships in the Asia-Pacific region we will continue our involvement in forums such as the ASEAN Defence Ministers Plus, including our co-chairing of the Expert Working Group on peacekeeping. This new work stream is important and significant for New Zealand's defence interests as it seeks to build the habit of practical cooperation amongst regional defence forces.

Defence will also maintain progress in rebuilding defence cooperation with the United States as resources permit. This will include identifying opportunities for the NZDF to train more closely with the US and Australia. The United States' decision to play a larger role in shaping the security of the Asia-Pacific region, including through basing arrangements in Australia, highlights the importance of this cooperation.

The following part of this section describes how the NZDF intends to achieve its current outcomes.

OUTCOME 1:

A secure New Zealand, including its people, land, territorial waters, EEZ, natural resources and critical infrastructure

What are we seeking to achieve?

A fundamental responsibility for any government is to ensure the security and territorial integrity of the nation, including protecting the institutions that sustain confidence, good governance, and prosperity. This allows citizens of a state to go about their daily business confidently free from fear and able to make the most of opportunities to advance their way of life. It encompasses the preparedness, protection and preservation of people, and of property and information. This is a critical precondition underpinning economic growth and social well-being.

Defending our 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, and the welfare of our people and our economic livelihood.

In accordance with New Zealand's national security framework, seven key objectives underpin a comprehensive concept of national security:

- Preserving sovereignty and territorial integrity.
- Protecting lines of communication.
- Strengthening international order to promote security.
- Sustaining economic prosperity.
- Maintaining democratic institutions and national values.
- Ensuring public safety.
- Protecting the natural environment.

The NZDF will therefore seek to achieve the following impacts to achieve this outcome:

- Reduced risk of a direct threat to New Zealand and its territories.
- Reduced risk of incursions to New Zealand's borders.
- Reduced risk of illegal activities within New Zealand's EEZ and its territories.
- Lessen the adverse effects arising from natural and manmade disasters.
- Increased opportunities for New Zealanders.
- Increased awareness of New Zealand's rich military heritage.

How will we demonstrate success in achieving this?

The NZDF will demonstrate success in achieving this outcome when it:

- understands the international, regional and domestic security environments;
- has the capability to deter and confront any reasonable armed force that may be directed at New Zealand or its territories;
- has the capability, working with other agencies, to monitor and respond to incursions against New Zealand's borders and within its EEZ;
- has the capability to undertake a range of domestic security tasks, including disaster relief; and
- has the capacity to deliver high quality support to a range of programmes outside the NZDF.

Outcome Measures

The NZDF will use the following measures to assess the contribution to this outcome and impacts:

- Assessment of New Zealand's security environment. For this measure, the NZDF will use the Ministry of Defence's assessment of the 'current risk status.' This is the likelihood that security will be compromised by the use of destructive or deadly force, or hostile incursion. The Ministry will also assess the apparent 'direction of change' – whether the evidence suggests that the security environment is getting better or worse. The Ministry will make these assessments by combining their views of a number of well-informed, independent expert assessors. Target: Low current risk status and stable direction of change.
- The collection, collation and dissemination of military intelligence and operational policy advice on areas of interest to New Zealand. Target: high quality products and high satisfaction from relevant stakeholders.
- Assets available to meet security challenges and defence tasks in New Zealand and its environs. Target: Force elements at designated degrees of notice (DON) and directed levels of preparedness as specified in the Performance Information Supporting the Estimates for 2012/13. Where applicable, to satisfaction of agency concerned.
- Assets available (primarily vessels of the Inshore and Offshore Patrol Forces and the P-3K/2 Orion) to the National Maritime Coordination Centre (NMCC) to meet requirements for border patrol and maritime surveillance tasks within the New Zealand EEZ, South Pacific region and Southern Ocean. Target: Provide number of available sea days and flying hours, and planned patrol and support tasks to the satisfaction of NMCC.
- Responses to emergency call outs achieved within degrees of notice (DON) and to the satisfaction of agency concerned. Target: Assets available at designated DON for call outs (e.g., search and rescue and disaster relief) to satisfaction of requesting agencies.
- Production of updated Strategic Plan, Capability Plan, Output Plan, Annual Plan, and Resource Plan. Target: High quality, annual updates to satisfaction of stakeholders. Achievement of key milestones will be reported via quarterly reports to CDF and the Minister.
- Review of current outputs to reflect 2015 endstate. Target: Meet stakeholder requirements of Terms of Reference of Output Review and satisfaction of relevant Ministers and central agencies.
- Miscellaneous support activities (Mutual Assistance Programme, New Zealand Cadet Forces, Service Museums and Support to Youth Development). Target: Meet relevant performance measures in Performance Information Supporting the Estimates for 2012/13.
- Where available, feedback from relevant government agencies, Defence Industry Association (DIA), Territorial Forces Employer Support Council (TFESC). Target: High satisfaction.

What will we do to achieve this?

The Government expects the NZDF to undertake the following principal tasks to achieve this outcome:

- defend New Zealand's sovereignty; and
- to contribute to all-of-government efforts at home in resource protection, disaster relief, and humanitarian assistance.

The NZDF will therefore undertake the following activities to contribute to this outcome, impacts and tasks:

- Maintain and enhance cooperative relationships with New Zealand's security and intelligence counterparts, both overseas and domestically, to identify emergent issues and potential threats in New Zealand's security environment.

- Produce accurate, timely and relevant operational and capability policy advice, and intelligence advice products in accordance with the NZDF Intelligence Plan.
- Participation in the Officials' Committee on Domestic and External Security Coordination (ODESC) process.
- Develop and evaluate regularly through exercises and training and formal evaluation, military response options and contingency plans for likely threats to New Zealand and its territories, including assisting with the evacuation of New Zealand citizens abroad.
- Undertake regular maritime surveillance patrols in New Zealand's EEZ and its territories.
- Ensure directed readiness requirements of force elements are achieved and maintained.
- Conduct regular patrolling to meet requirements of the National Maritime Coordination Centre (NMCC) and Forum Fisheries Agency.⁶
- Maintain applicable force elements at appropriate degrees of notice for emergency response and disaster relief in New Zealand and the South Pacific.
- Provide support to New Zealand's presence in Antarctica, including programmed support of Ministry of Foreign Affairs and Trade requirements for the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), agreed levels of support for Antarctica NZ, and the joint logistic pool with the United States.
- Provide support to the New Zealand Cadet Forces, Service Museums and the Government's Youth Development initiatives.
- Provide support to the DIA and TFESC.
- Respect and honour veterans through Veterans' Affairs New Zealand.

⁶ The NZDF provides air and sea surveillance and patrol capabilities to the NMCC. In turn, the NMCC coordinates patrols and surveillance by NZDF assets with requests from agencies such as Fisheries and the New Zealand Customs Service. The NZDF therefore primarily supports the NMCC in contributing to the provision of the maritime picture. In doing this, the NZDF is also contributing to other agencies outcomes in achieving the Government's maritime goals, including marine resource management, law enforcement and maritime safety.

OUTCOME 2:

Reduced risks to New Zealand from regional and global insecurity

What are we seeking to achieve?

Although physical isolation remains New Zealand's principal source of protection against direct military threats, distance is not a guarantee, especially given globalisation and technological reach. New Zealand's security is therefore underwritten by working with others to reinforce the norms of state sovereignty. A rules-based international order based on values sympathetic to New Zealand's own constitutional and legal heritage has been of lasting benefit to New Zealand. Such values include the primacy of the rule of law, constraints on the unilateral exercise of force, and extending the same rights and responsibilities to all nations, regardless of size and allegiance. The New Zealand Government therefore wants the current rules-based order to continue as the basis of inter-state relations.

There are obligations associated with belonging to this rules-based international order, including being willing to play a constructive role in preventing or resolving conflict. War between states, while increasingly uncommon, does remain a feature of the international strategic environment. Open trade routes are particularly important for New Zealand in South-East Asia, but also in the Middle East and the Horn of Africa.

New Zealand's economic outlook would be adversely affected by any physical disruption to the security of international trade, whether through civil disorder, piracy or inter-state conflict. New Zealand therefore supports institutions and arrangements which reinforce global stability and which bring states together to resolve conflict peacefully. The United Nations is the principal source of legitimacy for the use of force in international affairs, either through UN-led operations or through operations authorised by the UN, but led by others.

The NZDF will therefore continue to provide support to collective security, participate in peacekeeping and stabilisation activities, and work alongside others in various settings to limit the risks of terrorism, proliferation, and disruption to trade routes.

Impacts

The NZDF will therefore seek to achieve the following impacts for this outcome:

- lessen the uncertainty in New Zealand's strategic environment;
- lessen the risks of instability and conflict within the South Pacific, and further afield;
- lessen the potential damage to New Zealand's economy; and
- reduce the risks of terrorism and proliferation.

How will we demonstrate success in achieving this?

The NZDF will demonstrate success in achieving this outcome when it:

- understands the international, regional and domestic security environments;
- has the ability to work effectively with others, in particular the Australian Defence Force;
- has the capabilities to provide an effective response to a variety of contingencies in the South Pacific;
- has the capacity to make an effective military contribution to multinational alliance or coalition responses further afield;
- has the capacity to make an effective military contribution to reducing the risk of disruption to maritime boundaries and international shipping lanes; and
- has the capability to reduce the risks of terrorism and proliferation.

Outcome Measures

The NZDF will use the following measures to assess the contribution to this outcome and impacts:

- The collection, collation and dissemination of high quality military intelligence and operational policy advice on areas of interest to New Zealand.
- For current operational missions in Afghanistan, Timor-Leste and Solomon Islands, and UN peace support missions, the following targets:
 - Operational Level of Capability requirements met by individuals and force elements.
 - Mission tasks met.
 - Individuals and force elements replaced in a timely manner.
 - Financial and logistic reporting controls reliable.
- Applicable force elements available at designated DON for humanitarian and disaster relief, stability and support, and non-combatant evacuation operations and reinforcement for the ANZAC Ready Response Force. Target: Designated DON met.
- Force elements held at designated response times for operational deployment for the South Pacific and beyond, if required by the New Zealand Government. Target: Response times met.
- Preparedness compared to plan. Target: Levels of preparedness achieved in accordance with performance measures in 2012/13 Performance Information Supporting the Estimates.
- MAP country programmes and activities completed. Target: Achieve annual planned range of anticipated training and technical assistance for countries involved.
- Contingency plans for short-notice tasks and military response options for likely deployed operations. Target: Plans current and up-to-date.
- Planned capability generation exercises. Target: Completed and evaluated satisfactorily in accordance with annual master activity schedule and rolling evaluation programme.
- Progress towards 2015 goal of Joint Amphibious Task Force. Target: Project milestones achieved within time lines.

What will we do to achieve this?

The Government expects the NZDF to undertake the following principal tasks to achieve this outcome:

- to discharge our obligations as an ally of Australia;
- to contribute to all-of-government efforts abroad in resource protection, disaster relief, and humanitarian assistance; and
- to contribute to, and where necessary, lead peace and security operations in the South Pacific;

The NZDF will therefore undertake the following activities to contribute to this outcome, impacts and tasks:

- Ensuring it maintains cooperative relationships with New Zealand's security and intelligence counterparts, both overseas and domestically.
- Work with the Ministry of Defence and other government agencies to provide government with high quality advice on the deployment of military forces overseas.
- Develop sustainability and transition plans for current operations.
- Manage risks to current operations.
- Maintain the capability to participate effectively in counter-piracy operations in multi-national maritime security operations, including counter terrorism.
- Ensure cost effective readiness requirements of force elements are directed, achieved and maintained in accordance with threat assessments.

- Participate in joint planning and exercises with the ADF, FPDA and South Pacific partners.
- Conduct regular deployments to the Asia-Pacific region.
- Participate in the Western Pacific Naval Symposium.
- Maintain the New Zealand Defence Support Unit in Singapore, provide liaison with the Changi Information Fusion Centre in Singapore and contribute personnel and resources to the Headquarters Integrated Area Defence System in Malaysia.
- Provide a cost effective annual plan for major exercises and training activities.
- Provide a cost effective annual plan for support under the Mutual Aid Programme.
- Participate effectively in Proliferation Security Initiative exercises.
- By end of FY 2012/13:
 - Structured and equipped for amphibious operations
- By end of FY 2013/14
 - Integration of NZDF capabilities for amphibious operations
- By end of FY 2014/15
 - NZDF influential in the NZ maritime domain

OUTCOME 3:

New Zealand values and interests advanced through participation in regional and international security systems

What are we seeking to achieve?

The world is very important to New Zealand; arguably more so than for many other countries of comparable size. New Zealand is a taker of world rules, rather than a maker, although before rules and norms are established, New Zealand can influence their direction.

New Zealand's security is enhanced by maintaining a variety of international linkages, including bilateral relationships with like-minded states. Such relationships help to reinforce shared international norms and amplify New Zealand's reach and influence. They thus benefit New Zealand. But they also bring with them expectations, including being willing to play a part to advance shared security objectives.

Most notably, New Zealand has longstanding and close security relationships with Australia, the United States, the United Kingdom, and Canada.

NATO will remain a benchmark for military doctrine.

The NZDF will therefore seek to achieve the following impacts for this outcome:

- lessen the threats to international peace and security, if requested or mandated by the United Nations; and
- reduced risk of not detecting any serious deterioration in the international strategic environment.

How will we demonstrate success in achieving this?

The NZDF will demonstrate success in achieving this outcome when it:

- understands the international and regional security environments;
- plays a constructive role in security relationships and processes; and
- exercises and operates effectively with New Zealand's defence partners.

Outcome Measures

The NZDF will use the following measures to assess the contribution to this outcome and impacts:

- Major exercises and training activities on the Master Activity Schedule. Target: Successfully completed.
- Overseas visit and exchange programme. Target: Successfully completed.
- Annual International Engagement Programme. Target: Successfully completed.
- Annual MAP programme. Target: Successfully completed.
- Membership of principal standardisation agreements and other joint multinational interoperability fora. Target: Attendance at meetings and effective participation.
- Contribution to regional security institutions. Target: Attendance at meetings/seminars and effective participation.
- Regular reporting from accredited defence advisers/attaches to overseas posts. Target: High quality.
- Contribution to Centre for Strategic Studies and NZ Institute of International Affairs (NZ IIA) activities. Target: Attendance at meetings/seminars and effective participation.

What will we do to achieve this?

The Government expects the NZDF to undertake the following principal tasks to achieve this outcome:

- to make a credible contribution in support of peace and security in the Asia-Pacific region;
- to protect New Zealand's wider interests by contributing to international peace and security, and the international rule of law;
- to participate in all-of-government efforts to monitor the international strategic environment; and
- be prepared to respond to sudden shifts and other disjunctions in the strategic environment.

The NZDF will therefore undertake the following activities to contribute to this outcome and impacts:

- Work with the Ministry of Defence and other government agencies to provide government with high quality advice on developing and maintaining New Zealand's security partnerships.
- Produce a cost effective annual Master Activity Schedule for operational exercises and training.
- Produce a cost effective annual International Engagement Plan.
- Produce a cost effective annual programme of contribution to principal standardisation agreements, and joint multinational interoperability activities.
- Conduct regular overseas military diplomacy visits.
- Provide exchanges of personnel with defence partners for military education and training.
- Identify opportunities to further consolidate the relationship with Australia that reflect the outcomes from the February 2011 Australia-New Zealand Ministerial Meeting.
- Participate in and strengthen multilateral security institutions, including the ASEAN Regional Forum, ASEAN Defence Ministers' Meeting+, FPDA and Shangri La Dialogue.
- Co-chairing of the Expert Working Group on Peacekeeping.
- Develop the relationship with NATO.
- Contribute to practical plans for increased co-operation between New Zealand and the USA that support the Wellington Declaration.
- Play a leadership role in the South Pacific.
- Provide accredited defence advisers/attaches to overseas posts.
- Provide military training assistance (MAP), visits, and exchanges.
- Participate in Centre for Strategic Studies and NZ IIA activities.

OUTCOME 4:

New Zealand able to meet future national security challenges

What are we seeking to achieve?

As the Defence White Paper has observed, the global security environment presents challenges. The terrorist attacks on the United States on 11 September 2001 and the United Kingdom on 7 July 2005 are examples of the little warning time and uncertainty of the current international security environment. It is vital for the NZDF to plan for the future, to ensure it has the resources and capability to fulfil its roles and tasks in providing credible military options for Government to meet future security challenges.

Operational experience over the past decade has underlined the importance of ensuring the NZDF has sufficient depth in its capability. NZDF personnel have performed well, but at times the quality and quantity of equipment has restricted the options of governments or necessitated a high level of dependence on partners. Sustainability has been a challenge.

The White Paper concluded that the NZDF's current capability mix and force structure provides a minimum capability to support government policy. Nevertheless, given the expected strategic outlook, some rebuilding of the NZDF is required. A number of major platforms will need to be replaced and/or upgraded in the next 25 years, and there are capability gaps to be addressed.

The NZDF is committed to delivering capabilities that are able to deliver the range of policy outcomes expected by government.

How will we demonstrate success in achieving this?

The NZDF will demonstrate success in achieving this outcome when it:

- understands the issues that can affect New Zealand's security;
- effectively contributes to the policy processes that identifies what the Government wants the NZDF to do;
- contributes effectively to identifying what capabilities are required by the NZDF and how they should be procured; and
- effectively and efficiently introduces new and upgraded capabilities into service and manages them to meet defence policy objectives.

Outcome Measures

The NZDF will use the following measures to assess the contribution to this outcome and impacts:

- Assessment of New Zealand's security environment. (See Outcome 1 above).
- The collection, collation and dissemination of high quality military intelligence and operational policy advice on areas of interest to New Zealand.
- Reporting the preparedness and evaluation of operational outputs: Targets: Credible military options for Government and identification of capability gaps.
- Policies and processes to manage the requirement for the acquisition, introduction into service, and through-life management of effective capabilities. Target: Meet expectations of Ministers.
- Select committee reports. Target: High satisfaction.
- Results of MoD audits and assessments, and other evaluations, of NZDF's capabilities. Target: Outputs delivered to the standard required in the NZDF Output Plan.

What will we do to achieve this?

The Government expects the NZDF to undertake the following principal tasks to achieve this outcome:

- be prepared to respond to sudden shifts and other disjunctions in the strategic environment.

The NZDF will therefore undertake the following activities to contribute to this outcome and impacts:

- Continue to work with the MoD and other government agencies, and also with our security partners, to maintain a high visibility of emergent issues and potential threats in our security environment.
- Continue to work with the MoD and other government agencies to provide the Government with high quality advice on the military capabilities that New Zealand will need.
- Provide credible military options to Government.
- Work with the MoD in managing the acquisition or upgrade of significant military capabilities and items of equipment.
- Effectively manages the acquisition of other capabilities, including the recruitment and retention of personnel.
- Effectively introduces into service and manages capabilities to meet defence policy requirements.

SUMMARY OF NZDF OUTPUT EXPENSES/OUTPUTS

The NZDF Output specifications are detailed in the Supporting Information to the Estimates of Appropriations for Vote Defence Force (under Part 2.1 - Departmental Output Expenses) and the NZDF 2012/13 Output Plan. A summary of the NZDF Output Expenses/Outputs is shown in the following table:

Output Expense	Title and Description	Outputs
1	<p>Multi-Class Output Appropriation (MCOA):</p> <p>The individual Output Classes that make up this MCOA are as follows:</p> <p>Policy Advice Under this output the Minister of Defence purchases military advice on NZDF contributions to New Zealand's foreign policy and military responses to contingencies.</p> <p>Ministerial Services Under this output the Minister of Defence purchases ministerial services, including responses on behalf of the Minister to ministerial correspondence, select committee and parliamentary questions, Official Information Act inquiries and Ombudsmen correspondence.</p> <p>Strategic Military Intelligence Under this output the Minister of Defence purchases the collection, collation, analysis and dissemination of strategic military intelligence on areas of interest to New Zealand.</p>	<p>1.1 Policy Advice</p> <p>1.2 Ministerial Services</p> <p>1.3 Strategic Military Intelligence</p>
2	<p>Naval Combat Forces</p> <p>Under this output expense the Minister of Defence purchases the capabilities of the Naval Combat Forces (two ANZAC Class Frigates - HMNZ Ships <i>Te Mana</i> and <i>Te Kaha</i>) 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.</p>	<p>Naval Combat Forces</p>
3	<p>Naval Support Forces</p> <p>Under this output expense the Minister of Defence purchases the capabilities of the Naval Support Forces (the Fleet Replenishment Ship HMNZS <i>Endeavour</i> and the Multi-Role Vessel HMNZS <i>Canterbury</i>) 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.</p>	<p>3.1 Replenishment Forces</p> <p>3.2 Amphibious Sealift Forces</p>

Output Expense	Title and Description	Outputs
4	<p>Littoral Warfare Support Forces</p> <p>Under this output expense the Minister of Defence purchases the capabilities of the Littoral Warfare Support Vessels, Mine Countermeasure (MCM) Diving Forces, Military Hydrography Forces, and MCM Forces. The Support Vessels (including HMNZS <i>Manawanui</i>) are 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. Military hydrography is supported by the Hydrographic Business Unit as part of the Geospatial Intelligence Organisation. MCM Forces conduct maritime route surveys and removal/neutralisation of underwater explosive devices. This output expense includes the provision of some support services to the community, when appropriate.</p>	<p>4.1 Littoral Warfare Support Vessels</p> <p>4.2 MCM Diving Forces</p> <p>4.3 Military Hydrography Forces</p> <p>4.4 Mine Countermeasures Forces</p>
5	<p>Naval Patrol Forces</p> <p>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. The primary purpose of the IPVs is to deliver patrol tasks to meet civilian requirements.</p>	<p>5.1 Offshore Patrol Forces</p> <p>5.2 Inshore Patrol Forces</p>
6	<p>Reserved (formerly Military Hydrography, and Hydrographic Data Collection and Processing for LINZ) – military hydrography is now part of Output Expense 4, with the decommissioning of HMNZS <i>Resolution</i> in April 2012.</p>	<p>N/A</p>
7	<p>Land Combat Forces</p> <p>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.</p>	<p>7.1 Command, Control and Intelligence</p> <p>7.2 Manoeuvre Elements [Infantry – light, motorised, or composite] and Reconnaissance</p>

Output Expense	Title and Description	Outputs
8	<p>Land Combat Support Forces</p> <p>Under this output expense the Minister of Defence purchases the capabilities of the Land Combat Support Forces, consisting of artillery, engineer, communications and military police force elements, prepared to conduct land operations. This output expense also includes contributions to a range of services to the Government and the community.</p>	<p>8.1 Artillery</p> <p>8.2 Engineers</p> <p>8.3 Communications</p> <p>8.4 Military Police</p>
9	<p>Land Combat Service Support Forces</p> <p>Under this output expense the Minister of Defence purchases the capabilities of the Land Combat Service Support Forces, consisting of transport, medical, supply, maintenance support, and movements force elements, prepared to support land operations. This output expense also includes contributions to a range of services to the Government and the community.</p>	<p>9.1 Transport</p> <p>9.2 Medical</p> <p>9.3 Supply</p> <p>9.4 Maintenance Support</p> <p>9.5 Movements</p>
10	<p>Special Operations Forces</p> <p>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, and improvised explosive devices that threaten public safety or national interests. These forces will not usually be available for other community support tasks.</p>	<p>10.1 Special Forces</p> <p>10.2 Counter-Terrorist Forces</p> <p>10.3 Chemical, Biological, Radiological, Explosive, Improvised Explosive Device Disposal (CBRE IEDD)</p>
11	<p>Naval Helicopter Forces</p> <p>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.</p>	<p>11 Naval Helicopter Forces</p>
12	<p>Airborne Surveillance and Response Forces</p> <p>Under this output expense the Minister of Defence purchases the capabilities of the Airborne Surveillance and Response Forces (P-3K/2 Orion aircraft) prepared to conduct airborne surveillance of New Zealand's EEZ, the Pacific region and the Southern Ocean, search and rescue missions, and land air operations. This output expense also includes the provision of Orion aircraft for a range of support services to the Government and the community.</p>	<p>12 Airborne Surveillance and Response Forces</p>

Output Expense	Title and Description	Outputs
13	<p>Fixed Wing Transport Forces</p> <p>Under this output expense the Minister of Defence purchases the capabilities of the Fixed Wing Transport Forces (B757-200 and C-130/LEP Hercules aircraft) prepared to conduct strategic and tactical air transport operations, including aeromedical evacuation (AME). This output expense also includes the provision of air transport aircraft for a range of support services to the Government and the community.</p>	<p>13.1 B-757-200 Transport Force</p> <p>13.2 C-130 Transport Force</p>
14	<p>Rotary Wing Transport Forces</p> <p>Under this output expense the Minister of Defence purchases the capabilities of the Rotary Wing Transport Forces (mainly Iroquois helicopters) prepared to conduct tactical air transport operations, including AME, 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.</p>	<p>14 Rotary Wing Transport Forces</p>
15	<p>Multi-Class Output Appropriation (MCOA):</p> <p>Miscellaneous Support Activities</p> <p>The individual Output Classes that make up this MCOA are as follows:</p> <p>Support to Mutual Assistance Programme (MAP): This output class is limited to the provision of training, technical advice and resources to the defence forces of participant countries under the MAP, both in New Zealand and in MAP countries.</p> <p>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 units.</p> <p>Support to Service Military Museums: This output class is limited to collection development, collection management and exhibits related to New Zealand's military history.</p> <p>Support to Youth Development: This output class is limited to NZDF support to government-initiated youth development schemes in New Zealand, namely the conduct of Limited Service Volunteer courses and contributions to Youth Life Skills programmes (Service Academies and Military-style Activity Camps).</p>	<p>15.1 Support to Mutual Assistance Programme</p> <p>15.2 Support to New Zealand Cadet Forces</p> <p>15.3 Support to Service Military Museums</p> <p>15.4 Support to Youth Development (including LSV Scheme)</p>

Output Expense	Title and Description	Outputs
16	<p>Operationally Deployed Forces</p> <p>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.</p>	16 Operationally Deployed Forces

SUMMARY OF LINKAGES BETWEEN OUTCOMES, IMPACTS, ECS AND OUTPUT EXPENSES

The following table draws together the linkages between Outcomes, Impacts/Effects, Employment Contexts (ECs) and Output Expenses (see section 2 for an explanation of ECs):

Outcomes	Impacts/Effects	Related Employment Contexts (ECs)	Related Output Expenses
1. A safe and secure New Zealand, including its borders and approaches	Reduced risk of a direct threat to New Zealand and its territories	ECs 1A, 1D	1, 2, 3.2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14 and 16
	Reduced illegal activities within New Zealand's EEZ and SP EEZs	ECs 1A, 2A, and 1E	1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14 and 16
	Lessen the effects from natural and manmade disasters	ECs 1C, 1B, 2B and 2E	1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14 and 16
	Increased opportunities for New Zealanders	EC 1	1, 15
	Increased awareness of New Zealand's military heritage	EC 1	1, 15
2. Reduced risks to New Zealand from regional and global insecurity	Reduced risk of a direct threat to a member of the Pacific Islands Forum	ECs 2A, 2B, 2C, 2D, 2E, 3A, 3B, 3C, 3D, 4A, 4B, 4C, 4D, 4E, 4F, 5A, 5B, 5C, 5D, 5E, 5F, and 5G	1, 2, 3, 4, 5.1, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16
	Mitigate the risk of a direct threat to Australia		
	Lessen the adverse effects of conflict and humanitarian crisis in the Asia-Pacific region, as part of New Zealand's contribution to FPDA		
	Lessen the threats to international peace and security, if requested or mandated by the UN.		
3. New Zealand values and interests advanced	Reduced risk of not detecting any serious deterioration in the international strategic environment.	These outcomes are much wider than all ECs and outputs. For example, it extends to: Defence Attaché posts All international and regional security fora Security treaties/pacts/arrangements/standards – FPDA ABCA, ASIC, AUSCANNZUKUS, CCEB, NSA, PASOLS, TTCP etc. Some relationship to the multi-class output appropriation (MCOA) – [Output Expense 15]	
		Developmental. Future ECs developed as a result of security trends and concerns (15 – 20 years out)	Some relationship to MCOA – Output Expense 15. New capabilities may be required, resulting in a requirement for restructured or new outputs
4. New Zealand is able to meet future national security challenges			

MEASUREMENT OF THE NZDF'S PERFORMANCE

The NZDF needs to measure its performance across three layers.

Firstly, it must measure the performance of its mission delivery across the following broad dimensions:

- 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 for use on operations – Operational Preparedness.
- We need to measure our ability to effectively and efficiently manage a large and complex business – Corporate/Organisational Effectiveness.

Secondly, it must measure its performance in achieving its agenda for change through realisation of its Strategic Objectives.

Thirdly, it must measure its performance in impacting on our outcomes, cumulatively, over the longer-term.

These performance measurement requirements are inter-related and allow for the performance management of impacts, outcomes and objectives, cost-effectiveness of interventions and organisational health and capability of the NZDF.

The system used to measure the performance of the NZDF is multi-faceted. The overarching system the NZDF uses is the Defence Performance Management System (DPMS). The DPMS integrates information from many other sub-systems/components of the Performance Management Framework, including:

- Operational Preparedness Reporting and Evaluation System (OPRES),
- Personnel Management Systems,
- Financial Management Systems,
- Project Management Systems,
- Logistic Management Systems,
- Activity, Training and Lessons Learnt Management Systems,
- Risk Management Systems (both Operational and Business focus),
- Unstructured data inputs from Audit, Evaluation and Assessment Reports.

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.

PERFORMANCE IN ACHIEVING OPERATIONAL PREPAREDNESS

The NZDF Operational Preparedness Reporting and Evaluation System (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. OPRES involves the measurement of all force elements of the Navy, Army and Air Force against four areas of Personnel, Equipment, Trained State and Sustainability. OPRES provides robust feedback to the NZDF Leadership Board and the Minister of Defence on the ability of the NZDF to deliver military capability. The measures involved in OPRES are covered in Part 2 (Details and Expected Performance for Output Expenses) of the Supporting Information to the Estimates of Appropriations for Vote Defence Force. Policy guidance is provided in a preparedness directive.

PERFORMANCE IN ACHIEVING ORGANISATIONAL EFFECTIVENESS

The Defence Performance Management System (DPMS) allows the measurement of our ability to effectively and efficiently manage a large and complex business. The DPMS includes performance measures of NZDF functions that directly support the force elements, including supply chain measures, repairs and maintenance, delivery of training, and ICT support.

PERFORMANCE IN ACHIEVING STRATEGIC OBJECTIVES

Progress made towards each of the strategic objectives (capability renewal and organisational reform) is tracked by the Defence Force Leadership Board (DFLB) on a quarterly basis using the NZDF Balanced Scorecard. The BSC approach is a comprehensive performance management system; not just a measurement system. Each Strategic Objective is based on an assumption that it will improve performance in either the short or long-term; essentially to “close the performance gap.” The NZDF Balanced Scorecard shows for each objective, progress made on implementation of strategic initiatives, and whether the measures are improving. This informs the DFLB on whether the initiatives are delivering the required results to achieve the vision.

AN ALL OF GOVERNMENT APPROACH TO DEFENCE AND SECURITY OUTCOMES

The achievement of Defence Outcomes under the all 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, 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 Cabinet⁷, all have a significant part to play in determining the overall results for government outcomes.

⁷ For example, a decision by Cabinet to contribute NZDF force elements to various operational missions.

VALUE FOR MONEY (COST-EFFECTIVENESS) OF INTERVENTIONS

Section 40 (d) of the Public Finance Act 1989 requires the provision of information on the cost-effectiveness 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. The most valuable approach to determining the cost-effectiveness of interventions is the long-term tracking of cost/benefit trends across mission delivery.

As an outcome of the White Paper, NZDF resources are being redistributed to sustain and build front-line activities. The Government expects that by 2014/15 the NZDF will save \$350 - \$400 million from value for money initiatives, on an annual recurring basis, for front-line activities. Nevertheless, this will not remove the need for government to still contribute new money to Defence over time.

The NZDF will have flexibility in the way it pursues this savings target, but clear expectations will be set out in the performance agreement of CDF and clear savings milestones will be agreed and reported to Cabinet.

The NZDF is also participating in the Better Administrative Support Services (BASS) programme, which will identify opportunities to improve services through benchmarking, monitoring and evaluation.

NZDF SUSTAINABLE BUSINESS PRACTICE

As part of NZDF-wide efficiency and effectiveness measures, the NZDF continues to focus on cost-effective initiatives to improve the sustainability of its business practices.

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 all-of-government approach, continues to take on increased importance.

The NZDF is a member of the Official Committee for Domestic and External Security Coordination (ODESC). The ODESC committee forms the central layer in the system of domestic and external security coordination. It is primarily concerned with strategic aspects of national security issues and crises requiring all-of-government management.

Together with the NZDF, the Ministry of Defence, the Ministry of Foreign Affairs and Trade, and the New Zealand Customs Service, form the External Sector, as reported in the Information Supporting the Estimates of Appropriations for the Government of New Zealand (B.5A Vol. 4) annual budget document. These departments are collectively responsible for managing most of New Zealand's official relationships with the rest of the world and protecting its security at and beyond the border.

The NZDF's relationship within the External Sector and other departments and agencies is shown in the diagram on the following page.

NZDF's Relationships with Other Agencies

	<p>Ministry of Foreign Affairs and Trade</p> <ul style="list-style-type: none"> Lead agency for territorial claims, security of NZ's interests abroad, regional disasters, international initiatives, and international terrorism 	<p>New Zealand Defence Force</p> <ul style="list-style-type: none"> Lead agency for armed conflict, maritime threats (NZ EEZ) and peacekeeping 	<p>Ministry of Defence</p> <ul style="list-style-type: none"> Defence policy advice Procurement of military equipment Audit and assessment 	
<p>Department of Prime Minister and Cabinet</p> <ul style="list-style-type: none"> Lead agency for management of systemic risk National Assessments Bureau Security and Risk Group Intelligence Co-ordination Group 	<p>The NZDF also provides a supporting role in the following national security issues:</p> <ul style="list-style-type: none"> Security of New Zealand interest's abroad Regional disasters International initiatives International terrorism Territorial claims Illegal immigrants/people trafficking Border violations Illegal fishing Bio-security (plant/animal disease) Insurgency/para-military activities/terrorism/civil unrest/seige/hostage Earthquake disaster, volcanic eruption, tsunami, flooding, hazardous materials, mass casualties, mass evacuations, wildfire Major marine oil spill 			<p>New Zealand Customs Service</p> <ul style="list-style-type: none"> Lead agency for border violations and smuggling (arms and drugs) Proliferation Security Initiative
<p>New Zealand Security Intelligence Service</p> <ul style="list-style-type: none"> Lead agency (with NZ Police) for terrorism, and domestic extremism issues 				<p>Government Communications Security Bureau (GCSB)</p> <ul style="list-style-type: none"> Sharing of information and intelligence
<p>Ministry of Civil Defence and Emergency Management</p> <ul style="list-style-type: none"> Lead agency for earthquake disaster, volcanic eruption, tsunami, flooding, mass casualties, mass evacuations 				<p>Ministry of Fisheries</p> <ul style="list-style-type: none"> Lead agency for illegal fishing (Ministry of Primary Industries from 30 April 2012)
<p>National Maritime Co-ordination Centre (NMCC)</p> <ul style="list-style-type: none"> Coordinates tasking of available maritime patrol assets The NZDF provides air and naval assets for patrol and surveillance tasks 	<p>New Zealand Police</p> <ul style="list-style-type: none"> Lead agency for insurgency, para-military activities, terrorism and domestic extremism (with NZSIS), civil unrest, trans-national crime, seige/hostage, VIP protection, mass gatherings (e.g., large events) NZDF provides counter-terrorist, EOD/IEDD/CB and SAR support 	<p>Maritime New Zealand</p> <ul style="list-style-type: none"> Lead agency for major marine oil spill The NZDF provides assets to the Rescue Coordination Centre New Zealand for search and rescue tasks 	<p>Department of Conservation</p> <ul style="list-style-type: none"> Lead agency for promoting conservation of the natural and historic heritage of New Zealand 	
			<p>Antarctica New Zealand</p> <ul style="list-style-type: none"> Responsible for managing government activities in Antarctica, Southern Ocean and Ross Dependency. NZDF provides support to NZ Antarctic Programme including support flights, freight movement, terminal operations, and logistic support. 	

SECTION 5: MAJOR PROGRAMMES OF WORK

This section provides relevant information on the current major areas of work within the NZDF. It covers the ongoing Defence Capability Plan and Capital Intentions.

SHAPING AND BUILDING THE NZDF - DEFENCE CAPABILITY PLAN

As outlined in the Defence White Paper 2010, the on-going programme of shaping and building NZDF capabilities focuses on maintaining:

- capabilities able to fulfil a credible combat role in support of New Zealand's sovereignty, our obligations to Australia, and in other operations as determined by the Government;
- deployable ground forces – suitably equipped and in sufficient numbers – including supporting elements such as engineers and medics;
- strategic protection and logistic capacity to get the NZDF where it is needed and to sustain it once there; and
- networked-enabled intelligence, surveillance and reconnaissance capabilities to understand and interpret the operational environment.

To maximise the effectiveness of NZDF interventions, these mutually-reinforcing capabilities will be embedded in command and control structures which support:

- joint activity between the three Services;
- independent action by New Zealand in certain circumstances;
- interoperability with security partners; and
- responsiveness to all-of-government requirements.

The core requirement is for a NZDF that is able to meet all reasonably foreseeable contingencies in the South Pacific, add weight to Australia, and support our regional and international obligations as required.

In September 2011, the Minister of Defence released the Defence Capability Plan. The plan sets out how Defence will achieve the White Paper strategies over the next decade. It takes into account affordability, resources and priorities. The Capability Plan is aligned to the Defence White Paper, but has been prioritised to reflect fiscal constraints and to manage within NZDF funding baselines. As a result, the Plan represents a significantly lower capability investment envisaged by the White Paper.

Capability development within the NZDF out to 2015 will focus on reorienting existing units and assets into a Joint Amphibious Task Force (JATF) to provide an integrated and effective response to New Zealand's security needs. The JATF will be able to work independently, or as part of a larger force.

From 2015 to 2020, capability development will focus on enhancing the NZDF's ability to sustain operations and expanding its intelligence, surveillance and reconnaissance capabilities. By 2020, with the JATF at its core, the

NZDF will be capable of conducting amphibious military operations and responding to emergencies at home and abroad.

Total Defence Capability 2020 focuses on ensuring a deployable Army, the ability to transport and sustain that Army overseas, the use of real-time technology to provide the entire Defence Force with a common operating picture, and capabilities that are able to fulfil a credible combat role. The end goal is an expeditionary JATF that is capable of working independently, or as part of a larger force.

With heightened uncertainty in the world economy, it is clear that fiscal constraints will be an ongoing feature of the acquisition of military capability for some time. This will place pressure on future capability and sustainment of operations within the limited resources available.

To manage priorities within this environment, the following measures will be used:

- capital acquisitions will be funded from accumulated depreciation, without the need for additional capital injections until at least 2020;
- the impact on operating expenditure of any new capabilities, and the ability of the NZDF to live within its means, will be considered as part of any capital investment in capability;
- any additional funding requirements will be met by the NZDF reprioritising and reallocating existing resources, and by prioritising the capability programme;
- innovative ownership options for capital assets will be explored, where appropriate; and
- Cabinet will be presented with a detailed, fully costed business case for each significant capital acquisition, in accordance within the Government's Capital Asset Management (CAM) Better Business Case regime.

A number of key projects are under acquisition and when delivered will further enhance NZDF capability:

- C-130 Hercules Life Extension and Self Protection Upgrades: This project will upgrade the avionics, self protection systems and structural refurbishment work on the C-130 Hercules aircraft.
- P-3K Orion Mission Systems Upgrade: This project will upgrade the mission management, sensors, communications, and navigation systems for the P-3K2 Orion aircraft.
- Medium Utility Helicopter Capability: This project will replace the Iroquois helicopter with the NH-90 medium utility helicopter.
- ANZAC Class Platform Systems Upgrade: This project will ensure the ANZAC Class frigates' platform systems (that enable the ships to move, float, generate power, recover from damage and accommodate people) remain viable.
- Defence Command and Control System: This project will introduce into service an upgraded situational awareness or common operating picture system to selected service headquarters, platforms and bases. It will also deliver the infrastructure, hardware and software necessary to implement the Joint Command and Control System across the NZDF.
- Project Protector Vessels Remedial Work: This project will rectify a number of defects identified in the vessels delivered under Project Protector.
- Ohakea Base Essential Infrastructure Programme: This project will upgrade essential infrastructure at RNZAF Base Ohakea.
- Whenuapai Upgrade Programme: This project will upgrade essential infrastructure at Whenuapai, RNZAF Base Auckland.

- Human Resources Management Information System (HRMIS): This project replaces the NZDF's current obsolete personnel information system.
- Strategic Bearer Network Project: This project will allow the NZDF to meet its growing need for access to satellite bandwidth over the next 20 years.

In combination with the above major capital projects, a number of minor capability programmes and projects are being managed, including:

- Army Engineering Equipment: This project will improve the Army's engineering equipment. Equipment includes combat engineering tractors (delivered), gap crossing system (under acquisition), and water purification / storage facilities (introduced into service).
- Combat Service Support Vehicles: This project will provide combat service support vehicles and associated equipment to support the Light Armoured Vehicles (LAVs). This project is in the introduction into service phase.
- Direct Fire Support Weapons: This project will provide the Army with direct fire support weapons inclusive of medium range anti-armour weapons and heavy machine gun (both introduced into service) and automatic grenade launcher and fire control systems (both under acquisition).
- Night Vision Equipment: This rolling replacement programme will provide new and increased quantities of night vision equipment to meet the NZDF's operational and training requirements. Initial acquisitions (phase 1) of new types and additional quantities of current equipment have been introduced into service, phase 2 is in the acquisition phase, and subsequent acquisitions (phase 3 onwards) are in the development phase.
- NZDF In-Service Weapon Replacement and Upgrade: This programme will replace, upgrade or acquire new small arms-based weapons systems for the NZDF. This programme has projects in the development and acquisition phases.

The following major new projects are in development:

- a new advanced pilot training capability;
- an upgrade of the ANZAC frigate systems;
- an upgrade or replacement of the Seasprite maritime helicopter;
- a maritime projection sustainment capability (replacement of HMNZS *Endeavour*);
- a network-enabled Army; and
- a land transport capability programme.

Significant capabilities proposed for beyond the next five years include replacements for the C-130H Hercules and refurbishment and reconfiguration of part of the LAV fleet.

The Government has also recognised a smaller, modernised and upgraded Defence estate, increased investment in routine maintenance, and a NZDF-wide information and communications technology strategic plan. Opportunities for improving the cost-effectiveness of Defence infrastructure through Public Private Partnerships have been identified and will be pursued. Although capital investment will be required in the years immediately ahead, the medium-term result will be the reallocation of resources to support front line activities.

NZDF Assets

NZDF holds a large inventory of asset types of both operational and corporate functions, these include:

- Specialist Military Equipment - Maritime, Land and Air.
- Communication Information Systems.
- Land, facilities and associated infrastructure.

The NZDF operates and/or administers approximately 76,000 hectares and 5,000 buildings spread across nine main bases and two large training areas. The net book value of the assets is around \$5.2 billion.

Asset Performance

Forecasted asset performance for major assets is provided below.

Navy

HMNZS *Endeavour* will not meet compliance requirements after April 2013 preventing the ship from legitimately operating as a tanker. A transitional compliance strategy has been formulated to ensure *Endeavour* can continue to operate after April 2013 at a reduced deadweight and cargo capacity. A project has been initiated for a replacement capability and is due for completion in 2017/18.

A Littoral Warfare Support Capability is planned to be in service in 2017/18 to replace both HMNZS *Resolution* and HMNZS *Manawanui*. Cabinet has approved an early disposal of HMNZS *Resolution* in April 2012.

HMNZS *Canterbury* will have remedial work undertaken during 2012/13 to bring the ship up to the expected capability.

ANZAC Frigates - The current Platform System Upgrade continues as scheduled for both ANZACs. The ANZAC Frigate Systems Upgrade (FSU) Project is planned for completion in mid 2017. The FSU project will have an impact on asset performance for both HMNZ Ships *Te Kaha* and *Te Mana* over the period of the project.

Army

The NZ LAV has a number of planned mid life system upgrades over the period 2016 -2019.

There are a number of projects within the Land Transport Capability Programme, including the Light Operational Vehicle (LOV), where timing is still to be determined as part of the programme. The assumption has been that there will be minimal impact on availability and utilisation as the LOV is upgraded or replaced. The usage levels have been assumed to remain constant throughout the life of these assets.

The 105 mm light gun is currently undergoing a rebuild which will impact on availability over the period of the project.

Air Force

The C-130H Hercules aircraft are currently undergoing a major upgrade which is expected to be complete by December 2013. The indicative end of life of the aircraft has been assessed as 2020/21, subject to the results of a Life of Type study.

The P-3K Orion aircraft are currently undergoing a major upgrade programme and all six aircraft are expected to be completed by late 2013.

The Maritime Helicopter Capability project is currently assessing options to replace or upgrade the SH-2G (NZ) Seasprite helicopter fleet, which will resolve availability issues. This includes reviewing an offer from Kaman for a fleet of SH-2G (I) helicopters.

Both the NH90 Medium Utility Helicopter and A109 Light Utility Helicopter will be phased into service commencing 2011/12. The UH-1H Iroquois will be gradually phased out and replaced by the NH90.

The B200 KingAir aircraft lease is due to expire in June 2012 and replacement options are in the tender phase.

The CT4-E Airtrainers lease is due to expire in June 2018. Options for replacement are being considered as part of the Pilot Training Capability project due for completion in 2015/16. Whether the Airtrainers will continue to be operated past this point will be dependent on whether a single aircraft solution is selected.

Infrastructure

Infrastructure, alongside military capabilities and personnel, is one of the central pillars supporting the outputs of the NZDF. In particular, real estate and ICT have suffered from under-investment in recent years.

The current estate is not appropriately configured to support Defence's current and future requirements and has ageing buildings and infrastructure in only 'average' condition. It also requires maintenance, which is unsustainable within current baseline funding and asset performance, and impedes efficiencies and integration between the Services.

The White Paper, building on the Value for Money review, identified initiatives to provide better value for money in the medium term. Initiatives include modernisation and upgrade of the Defence estate, increased investment in routine maintenance, and a NZDF-wide ICT strategic plan. Defence is implementing these initiatives incrementally.

In the real estate area, by 2016 it is intended that Defence will have:

- implemented (subject to approved business cases, funding and organisational priorities) the early stages of Manawatu consolidation, a consolidated Wellington CBD footprint, rationalised ownership of Woodbourne, and a significant reduction in the number of built assets, mainly houses;
- disposed of surplus properties and assets, generating savings and funds for reallocation; and
- supported military capability through targeted property investment and improved functionality.

The longer-term programme to 2035 anticipates the following key effects:

- three main operational hubs in Auckland, the Manawatu, and Canterbury, with a small Wellington hub;
- two primary land training areas at Waiouru and Tekapo; and
- local training and Reserve facilities such as ranges.

Current Book Value of Material and Critical Assets

Asset Class	Net Book Value at 2011 year end	Depreciation expense for last year	Remaining economic life	Annual Maintenance Spend as a % of Book Value
	\$m	\$m	Years	%
Specialist Military Equipment	3,229.1	272.9	8	2.6
Non-residential building	868.1	24.3	38	5.7
Land	707.8	-	0	-
Residential Buildings	275.2	9.3	24	2.4
Plant and Equipment	92.5	10.3	7	5.4
Furniture and fittings	20.7	-	0	14.3
Motor Vehicles	13.5	5.0	3	14.8
Computer hardware	12.5	6.1	2	43.7
Computer software	8.6	5.6	3	135.0
Total Value	5,228			

Asset Management Practices

Acting on government policy, The Treasury commissioned a review to help develop an asset management maturity matrix and to provide independent assessments of asset management practices in capital intensive agencies in 2011.

The purposes of this exercise were:

- to provide agencies with an authoritative, value for money basis for focusing any improvement actions to achieve the agreed appropriate level of asset management practice and performance in each agency;
- to give agencies access to a robust, reliable and valuable assessment methodology to track changes in asset management practices over time; and
- to report to multiple stakeholders (agencies, Treasury and Ministers) on the extent to which selected government agencies are managing their physical assets in accordance with Cabinet expectations & Government's objectives, as articulated in the Government's Investment Statement and Cabinet Office circular (CO(10)2).

This report is the specific outcome of a commitment by the NZDF to improve its business through participation in the asset management capability assessment pilot. NZDF is the second organisation to be assessed as part of the review of 15 capital intensive agencies.

The report noted the NZDF is a complex and dispersed organisation that provides unique services / outputs when compared to other organisations in New Zealand. In that sense, it is difficult to benchmark NZDF against any other 'like' organisation. In general, the policies, processes, practices and systems in place for the management of NZDF assets are considered to be robust and appropriate.

The asset management processes and practices supporting front end air and sea worthiness operations are by necessity at a very advanced level. Areas for improvement generally focus on the management of the estate, information systems, capability planning and risk management. Many of the improvement recommendations in this report are already in development, and should see NZDF improve over the next two years.

NZDF'S CAPITAL INTENTIONS

Shaping and Building the NZDF, as in the foregoing paragraphs, has a direct relationship with the *Defence Capability Plan*. It is therefore appropriate to include here the NZDF's capital expenditure appropriations as most of the capital appropriated is channelled into these areas. The NZDF's capital expenditure appropriation for the next four years is shown in the following table:

	2012/13 \$ million	2013/14 \$ million	2014/15 \$ million	2015/16 \$ million
Defence Capability Programme and infrastructure improvements	496	403	415	454

Note: The above table shows the values as currently *appropriated* – that is, the *upper limits*.

SECTION 6: MANAGING IN A CHANGEABLE OPERATING ENVIRONMENT / NZDF MANAGEMENT FRAMEWORK

This section provides a summary of the NZDF Management Framework, including risk assessment and management. More detail has been provided on the Operational Preparedness Framework as this is at the core of the NZDF's mission delivery.

OVERVIEW

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*. 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.

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 management. 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 provides the overarching framework that will align all planning with defence policy, corporate goals and strategies. Components of the DPF include:

- the NZDF Strategic Plan (as at the time of writing under review);
- the Capability Management Framework (CMF);
- the Operational Preparedness Framework;
- the Strategic Human Resource Framework;
- the Defence Performance Management Framework (see the part on *Measurement of the NZDF's Performance* within Section 4);
- the Risk Management Framework;
- the Financial Management Framework; and
- NZDF Output Plan.

CAPABILITY MANAGEMENT FRAMEWORK

NZDF capabilities rely heavily on capital equipment in most areas of activity – ships, aircraft, vehicles and weapons. For that reason comprehensive processes are necessary to ensure that:

- capability requirements are properly defined;
- acquisition processes are sound;
- capital assets are managed properly during the course of their life; and
- capital replacement projects are initiated in a timely manner.

These processes are defined in Defence's internal **Capability Management Framework (CMF)**, which is a governance and management system for 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 CMF is designed to give clarity of responsibility, accountability and process throughout the life of a capital project.

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. The CMF has recently been updated to reflect new governance arrangements and management processes identified in the recent White Paper, including the establishment of a Capability Management Board.

OPERATIONAL PREPAREDNESS FRAMEWORK

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 elements that, together, enable a military capability to achieve an operational effect. The elements that make up military capability are *Preparedness*, and the Force 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, which is encapsulated in the physical components of fighting power.

The physical component of fighting power is the physical means to fight. It has four elements: **Personnel**, **Equipment**, **Trained State** and **Sustainability**. The effective combination of these four elements is essential in order for the NZDF to be deployed in good time and sustained to achieve the tasks assigned by the Government.

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.

Holding force elements at lower levels of capability avoids expenditure on some training, manpower and maintenance until such time as it is needed to generate higher levels of performance necessary for particular operational situations.

Nevertheless, reducing the level of training activities to be undertaken in any one year will impact on a force element's readiness for military operations to which it can contribute. Also, any extension to response times incurs an increased activation cost as more activities have to be undertaken to raise the force element from a lower directed level to an operational level of capability. There is also a greater risk that force elements may not be available in time to provide credible military options to the Government. This is particularly important given current international security dynamics, which are characterised by little warning time and uncertainty.

Operational Preparedness Reporting and Evaluation System (OPRES)⁸

The measurement of the performance of force elements/forces deployed on *actual* operations (i.e. activated force elements) is achieved in terms of successful completion of the task or mission within the resources allocated. For those force elements that are not activated within a given year, OPRES provides for their **operational preparedness** evaluation (and reporting) at their directed level of capability. OPRES, which is part of the wider Defence Performance Management System (DPMS), is administered by the NZDF's Inspector General and is used by the Defence Force Leadership Board to confirm that preparedness standards – the variable elements of NZDF outputs – are being met.

The system measures the four quality elements contributing to preparedness – personnel, equipment, trained state and sustainability – through numerous key performance indicators. This forms the basis of the NZDF Statement of Service Performance (SSP) as recorded in the *Information Supporting the Estimates of Appropriations (External Sector)* published by The Treasury and tabled in the House of Representatives on Budget Day. The aggregated indicators are reported externally in the NZDF Annual Report.

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 arranged.

The Inspector General also monitors and evaluates the NZDF OPRES and provides an independent audit function of the OPRES as an *evaluative system*. In addition, the Evaluation Division of the Ministry of Defence assesses, for the Minister of Defence, whether the NZDF has delivered outputs to the standard required in the NZDF Output Plan.

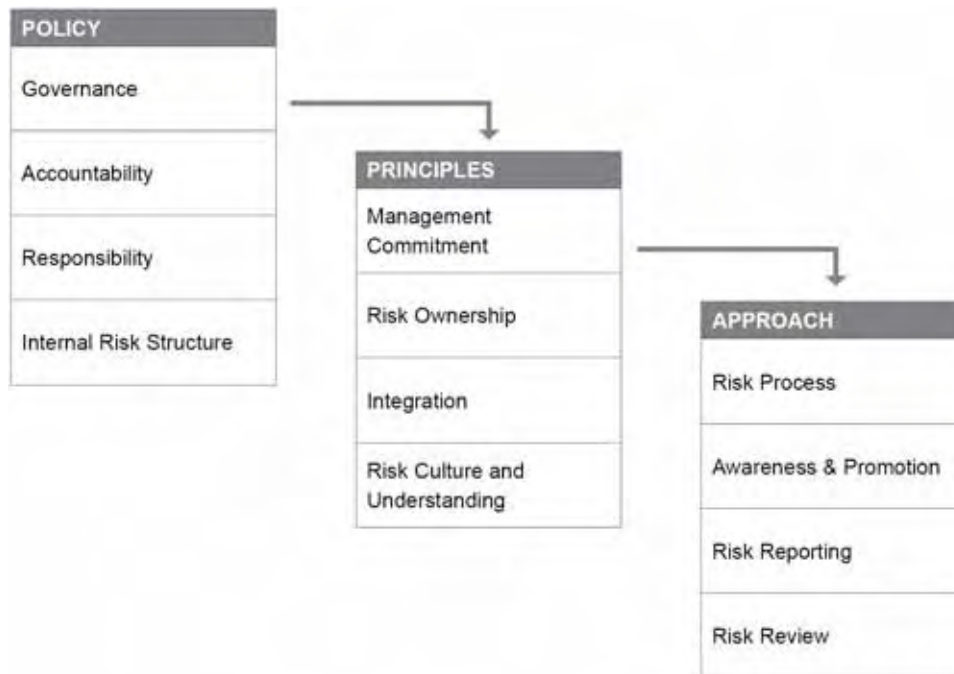
RISK MANAGEMENT IN THE NZDF

Effectively managing risk is part of NZDF's culture. Our risk management governance, policy, accountabilities, principles and approach are detailed in the NZDF Risk Management Framework document which is available on-line to all personnel.

⁸ See also "OPRES" under Measurement of the NZDF's Performance within Section 4

Risk Management Framework

The core elements of NZDF's Risk Management Framework are outlined in the following model:



Key Risks

NZDF's key risks include not developing our military capability and/or people as determined in the Defence White Paper 2010, not realising the full benefits of major change initiatives resulting in insufficient resources to deliver required capabilities, and not attracting or retaining personnel key to delivering the developments sought.

Risk Treatments

We have developed risk treatment strategies, which will be closely monitored and reported on, to address identified key risks. Additionally, NZDF has appointed an independent Audit and Risk Committee which advises Defence leadership on risk and its performance of risk management.

SECTION 7: ASSESSING ORGANISATIONAL HEALTH AND CAPABILITY

To meet the challenges outlined in the Defence White Paper, the NZDF is being positioned within a horizon of 2035. The aim is to develop a force that will be structured with the ability to deploy highly capable forces when needed, but also with the capacity to prepare for a deployment of greater scale and range of capability when directed.

In 2020, the NZDF will be able to project and lead sustainable military forces with increased combat utility, in concert with Australia when necessary. It will also have selected forces capable of participation in coalition operations elsewhere.

The 2015 position is the NZDF near-term horizon and is focused on producing an integrated NZDF effect using the Joint Amphibious Task Force as its platform.

To deliver this strategy, the NZDF has developed two strategic objectives, Capability Renewal and Organisational Reform.

The specific end state for 2015 is as follows:

Capability Renewal: Achieving influence in NZ's area of interest. The NZDF within the South Pacific (our priority) and wider will:

- have continued to sustain all operational commitments and be more effective in generating capability;
- be able to deploy a Joint Amphibious Task Force (JATF), which can deploy, conduct operations and sustain a Combined Arms Task Group (CATG) for up to two rotations;
- be able to lead mid intensity operations or operate as a coalition force (most likely the ADF);
- have improved capability enhancements in sea basing, air mobility and Intelligence Surveillance and Reconnaissance (ISR); our ability to process and share information will also be improved; and
- provide input into and be prepared for changes resulting from the NZDF output review and next Defence White Paper.

Organisational Reform: Providing the foundation to strengthen organisational management and improve investment in front line capabilities: The NZDF will:

- deliver a \$350 - \$400M efficiency programme for investment in front line activities;
- demonstrate a strong culture of continuous improvement;
- improve governance and accountability;
- review all business functions with a focus on reducing cost delivery through centralised or outsourced delivery; and
- transform train, sustain and deliver capabilities by operating in a more joined up manner and through such approaches as:
 - amalgamation and consolidation of trades across the Services;

- investing more in enabling capabilities prior to operating operational platforms; and
- generating capabilities more effectively.

Organisational Reform — The Organisational Reform Theme contains two broad programmes, each of which has a number of complementary programmes:

- **Efficiency Programme (EP)** — Has the overall objective of generating savings for reinvestment in NZDF to fund anticipated increases in the cost of NZDF's operations including those arising from the acquisition and utilisation of new capability, to keep the operating plan in balance for as long as possible.

These programmes include Support Services, Workforce, Logistics, Platforms and Capability, Property and Real Estate and Other Services.

The EP currently has identified and is in the process of either implementing plans or developing initiatives to realise savings.

- **Reform Programme** — has the overall objective of delivering effective and efficient business services that add value.

These programmes include:

- efficiency programme to deliver \$350 - \$400M for reinvestment;
- development of workforce strategies for the Total Defence Workforce that will optimise the current employment of full time service personnel, reserves and civilians;
- career management and leadership for all personnel;
- HR policies, systems and performance management;
- an IT infrastructure that is more secure and responsive;
- an improved estate optimisation;
- consolidation of the estate where appropriate particularly in the Manawatu;
- management capability; and
- effectiveness of NZDF services.

Measures

The following measures will be used to maintain an oversight on the NZDF's organisational health and capability, through these two strategic objectives:

Capability Renewal	
<ul style="list-style-type: none"> • Sustainment of current operations 	<ul style="list-style-type: none"> • Preparedness compared to plan
<ul style="list-style-type: none"> • Current operations risks 	<ul style="list-style-type: none"> • Achieving influence in New Zealand's area of interest
<ul style="list-style-type: none"> • Military response options 	<ul style="list-style-type: none"> • Ability to lead operations in the South Pacific
<ul style="list-style-type: none"> • Joint Interagency Multinational Amphibious Capability 	<ul style="list-style-type: none"> • Ability to deliver EC 2E
<ul style="list-style-type: none"> • Intelligence, Surveillance, Reconnaissance Capability 	<ul style="list-style-type: none"> • Equipment shortfalls for current output delivery
<ul style="list-style-type: none"> • Benchmarking and assessing capability through exercises and deployments 	<ul style="list-style-type: none"> • Current rank and trade shortfalls
<ul style="list-style-type: none"> • Equipment shortfalls for delivering 2015 outputs 	<ul style="list-style-type: none"> • 2015 personnel demand vs 2015 supply
Organisational Reform	
<ul style="list-style-type: none"> • Proportion of NZDF baseline spent on output delivery 	<ul style="list-style-type: none"> • Defence Force Leadership Board self-assessment
<ul style="list-style-type: none"> • Productivity Measures 	<ul style="list-style-type: none"> • Current and projected savings from NZDF Efficiency Program
<ul style="list-style-type: none"> • NZDF Baldrige score 	<ul style="list-style-type: none"> • Value of savings reinvested to close specific performance gaps
<ul style="list-style-type: none"> • Value of savings reinvested in new capability 	<ul style="list-style-type: none"> • Cost of support functions
<ul style="list-style-type: none"> • Service delivery vs annual plan 	<ul style="list-style-type: none"> • Value of estate disposals
<ul style="list-style-type: none"> • Annual Defence estate expenditure 	<ul style="list-style-type: none"> • Condition of Defence estate assets
<ul style="list-style-type: none"> • Functionality of Defence estate assets 	<ul style="list-style-type: none"> • ICT infrastructure risk

**SECTION 8:
STATEMENT OF INTENT
2012 - 2015**

**VETERANS' AFFAIRS NEW
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FOREWORD: MINISTER OF VETERANS' AFFAIRS

The identification of veterans as a specific group within New Zealand society is an acknowledgement of their role as defenders of peace, freedom and our way of life.

Veterans' Affairs New Zealand serves veterans by honouring their service and sacrifice, and being responsive to their changing needs. A key objective is to ensure that the structures are in place to deliver a high standard of service to a changing veteran population.

Much progress has been made in improving the delivery of services to veterans, with a particular emphasis on improving turn around times on War Disablement Pension claims and ensuring veterans are well informed about what assistance is available to them.

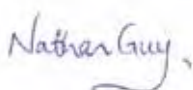
The Case Management in the Community programme continues to enable veterans to meet with Veterans' Affairs New Zealand case managers and discuss issues and concerns. It continues to allow case managers to build a strong relationship with veterans to better meet their individual needs and to provide information directly to the veteran community.

Veterans of the Second World War and other conflicts of that era have very different requirements to veterans of more recent deployments. The provision of modern legislation to support service delivery to these diverse groups remains a priority.

It is important that the memory of our veterans is preserved and celebrated and that we provide an opportunity to increase New Zealanders' understanding of how war and conflict has shaped our national identity. Veterans' Affairs New Zealand, jointly with the New Zealand Defence Force, and together with a number of other government agencies, continues to work to support veterans' attendance at 70th Anniversary commemorations of military significance. Planning also continues in respect of events to mark the First World War Centenary, including the 100th Anniversary of the Gallipoli Landings in 2015.

I look forward to building a strong relationship with the veterans' community, of which ongoing dialogue will be a key part. It is essential that Government is well aware of the changing needs of veterans, and open to their suggestions and perspectives on how best we can serve them.

Given the service they have given and the contributions they have made to New Zealand – our way of life, our freedom and our security, I intend to fully honour and engage with this deserving community.



Hon Nathan Guy
Minister of Veterans' Affairs

NATURE AND SCOPE OF FUNCTIONS

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; and
- advising Government on veterans' issues.

The Role of Veterans' Affairs New Zealand

Veterans' Affairs New Zealand's 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. Veterans' Affairs New Zealand 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; and
- facilitating veterans' access to services within the broader community.

STRATEGIC DIRECTION

GOVERNMENT'S PRIORITIES

The Government's key priorities are 'Building a Strong Economy' and 'Building Better Results from Public Services.'

The priority that impacts on Vote Veterans' Affairs – Defence Force is:

Building Better Results from the Public Services.

The Government's stated intent underpinning policy related to veterans is 'Respecting Veterans, Honouring Service'. This is substantiated by the broader principles of:

- Respecting Veterans.
- Strengthening Communities.
- Dignity for Older New Zealanders.

The services provided to veterans support these principles and are focused on respecting the contribution made by veterans and honouring the service that they have given to the community.

THE MINISTER OF VETERANS' AFFAIRS KEY PRIORITIES

Modernise the War Pensions Act 1954 in response to the Law Commission's Report on the Review of the Act

The Law Commission report 'A New Support Scheme for Veterans' was tabled in June 2010. There were 170 recommendations in the Law Commission's report recommending significant changes to the New Zealand support scheme for veterans.

The Law Commission recommended new legislation with two distinct schemes to be introduced. Scheme One would be a replacement for the current War Pensions Act 1954 and would have a similar framework. It would apply to personnel with service prior to 1 April 1974 and would retain the tax exempt periodic pensions. Scheme Two would apply to personnel with service post 1974 and would interface with ACC.

Extensive costing and analysis of the various proposals has taken place in consultation with The Treasury and other government departments and agencies. A series of papers will be taken to Cabinet in 2012, setting out a modern replacement for the current War Pensions Act 1954.

Successfully Manage Significant Commemorations

There are a number of significant military commemorations falling within the term of this Statement of Intent. In 2012 this includes the unveiling and dedication of the Bomber Command Memorial in London and the 70th Anniversary of the Battle of El Alamein. The 70th Anniversaries of the Battle of Monte Cassino and the War in the Pacific will be commemorated in 2013, together with the 60th Anniversary of the Korean War Armistice. The 70th Anniversary of the D-Day Landings occurs in 2014 and the anniversaries of VE and VJ Days in 2015. National commemorations will also occur in New Zealand, to coincide with the activities being commemorated overseas.

The centenary of the Gallipoli Landings will occur in April 2015. Planning is underway and in preparation for the centenary commemorations, lessons learned from past activities can be considered and addressed in the

planning for 2015. All planning for Gallipoli commemorations is conducted in close collaboration with the Australian Department of Veterans' Affairs and a range of New Zealand and Australian government agencies. Close cooperation is also maintained with Turkish government departments.

Final planning will be completed following the 2014 commemorations at which time decisions will be made regarding the size of the official delegation and the associated cost implications.

Veterans' Affairs New Zealand will work in partnership with the New Zealand Defence Force, to fulfil the commitment to support veterans to attend key anniversaries associated with their service, and support official commemorations here in New Zealand.

Support and Build Relationships Between Veterans and Their Respective Organisations and the Government

Veterans' Affairs New Zealand will look to build on and maintain the good relationship built up by the previous Minister between veterans and veterans' organisations, and the Government. It is the Minister's intention to engage with veterans regularly to ensure that veterans' perspectives are considered as part of Government decision-making on issues that may impact on their lives.

Outcomes

In order to ensure the government expectations for the delivery of services to veterans are met and to support the achievement of the key government priorities, Veterans' Affairs New Zealand 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 is monitored and they have information about, and access to, services and support that promote wellbeing.
- The veterans' perspective is considered as part of government decision-making on issues that impact on their lives.

The Strategic Environment

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. The delivery of those services has often not been well co-ordinated. In 2008 the decision was made to transfer all War Disablement Pension activity from the Ministry of Social Development to Veterans' Affairs New Zealand and to place Veterans' Affairs New Zealand within the New Zealand Defence Force. This strengthens Veterans' Affairs New Zealand's relationship with the serving personnel and creates a continuum from serving personnel to veteran. This is consistent with the fact that, in the long term, the care of veterans will be a recruitment and retention issue 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.

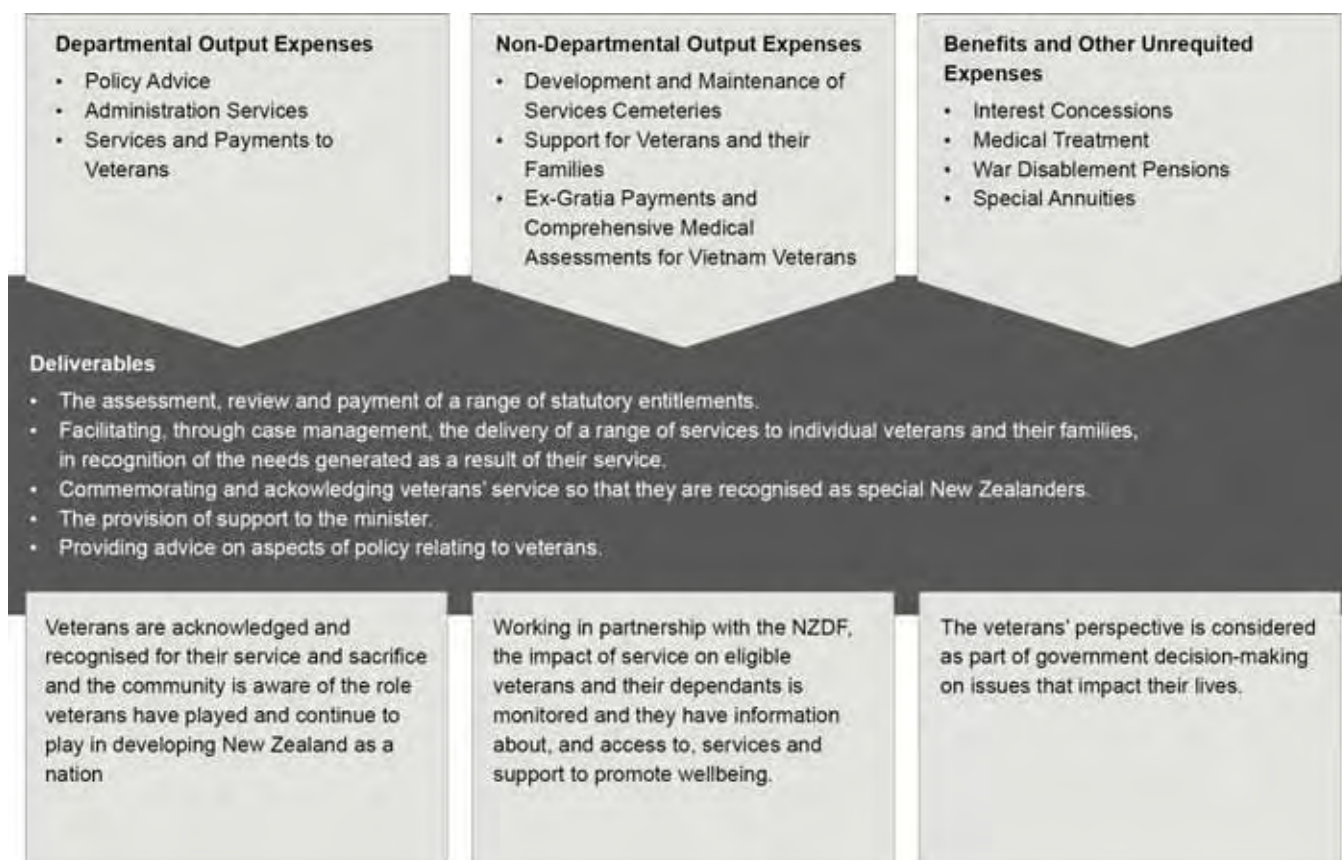
The role of New Zealand as an international citizen has evolved, and as a consequence, the role the military plays in support of the Government's foreign policy direction has evolved and ranges from warrior to peacemaker and peacekeeper.

Veterans' Affairs New Zealand has working relationships with veterans' administrations in other countries and is able to share information and learn from their experiences.

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 the publicly funded health and disability systems and the social assistance framework. It is important that the interface with these services is managed in a way that is responsive to veterans' needs.

OPERATING INTENTIONS



OUTCOME ONE – HONOURING SERVICE

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 acknowledgement and recognition of the service and sacrifice that veterans have made by:

- Effectively coordinating the New Zealand Government's participation in key commemorations.
- Providing veterans with support to enable them to participate in the commemoration of significant events related to their service.
- Providing support to Cemetery Authorities to ensure that Services Cemeteries are maintained in perpetuity.

How will we demonstrate success in achieving this?

This will be demonstrated when:

- Commemorations are co-ordinated in a way that ensures that they meet the intent of the commemoration and are undertaken within budget.
- The grants made through the Minister's Commemorations Discretionary Fund are administered in accordance with the funds' guidelines, ensuring equality of access to eligible veterans.
- Veterans who wish to be interred in a services cemetery will be able to do so.

- Services cemeteries will be maintained in a way that recognises the value to the community of the service of the veterans buried there. This will be a cooperative venture between Veterans' Affairs New Zealand and local communities.

What will we do to achieve this?

The management and administration of the commemorations programme, in partnership with the New Zealand Defence Force, which includes:

- The co-ordination of the yearly participation in the Anzac Day commemorations at Gallipoli.
- Planning for the centennial commemoration of the Gallipoli Landings in 2015.
- Planning for the 60th anniversary of the end of the Korean War in 2013.
- Planning for the attendance by veterans at key First World War Anniversaries and key Second World War 70th Anniversaries.
- The continuation of an annual essay competition for Year 13 students focused on the Battle of Passchendaele.
- The provision of grants to veterans to enable them to attend commemorations through the Minister's Commemorations Discretionary Fund.
- The ongoing provision of veterans' certificates of appreciation.
- Reviewing the services we provide in the Memorials and Cemeteries area.
- Undertaking a survey of our service delivery relationship with local authorities, installers and funeral directors.

Links to Outputs

This outcome links to Outputs:

- Policy Advice
- Administration Services
- Services and Payments to Veterans
- Development and Maintenance of Services Cemeteries
- Support for Veterans and their Families

OUTCOME TWO – LISTENING TO VETERANS

Working in partnership with the NZDF, the impact of service on eligible veterans and their dependants is monitored and they have information about, and access to, services and support to promote wellbeing.

What are we seeking to achieve?

Ensuring that veterans have access to services and support when they require them by:

- Providing accurate information to veterans to ensure that they are aware of the services and support available and have a clear understanding of the processes involved in accessing assistance.
- Taking a proactive approach to service delivery.

How will we demonstrate success in achieving this?

This will be demonstrated when:

- Veterans have a clear understanding of the services and support available to them and their families from the information provided by Veterans' Affairs New Zealand. This includes:
 - the explanations of the services and support available to veterans and their families provided by the Veterans' Affairs New Zealand staff; and
 - the written information that explains the services and support available to veterans and their families.
- The system in place for ongoing assessment of veterans' needs matches the services and support provided to the veterans with the needs they have at the various stages of their lives.
- Entitlements coordinated by Veterans' Affairs New Zealand are delivered as a seamless service across all agencies involved.
- Veterans and their families will be involved in planning, monitoring and evaluating the services put in place for them and will feel empowered and able to take responsibility for managing the issues impacting on their quality of life.

What will we do to achieve this?

Ensure that the communication mechanisms used are appropriate and reach all veterans. This includes:

- Evaluating the effectiveness of the Case Management in the Community initiative. The evaluation will focus on ensuring that Case Management in the Community is reaching the intended audience and on assessing its effectiveness in disseminating information. The evaluation will also identify any improvements that are required.
- Ensuring staff maintain an up-to-date knowledge of all the publicly funded services and support available to veterans and their families.
- Continuing to review printed material to make sure it remains relevant and develop new publications on specific issues.

- Investigating the use of social media and other ways of disseminating information to younger veterans.
- Surveying veterans' understanding of entitlements to evaluate the effectiveness of communication.
- Ensuring that the primary level decision-making is clear and consistent and that veterans understand the processes and how they apply to them.
- Ensure that service delivery is responsive to the needs of veterans. This includes:
 - monitoring the use of needs assessment tools to ensure that the services provided are matched to need;
 - continued monitoring of the effectiveness and efficiency of service delivery to ensure that services are delivered in a timely manner and to the specification required;
 - monitoring the use of needs assessment to ensure the efficiency of service delivery to ensure that services are delivered in a timely manner and to the specification required; and
 - establishing mechanisms for veterans to register on line to allow Veterans' Affairs New Zealand to maintain contact and to form information on cohorts and to enable the monitoring of their ongoing health and wellbeing.

Links to Outputs

This outcome links to Outputs:

- Policy Advice
- Administration Services
- Services and Payments to Veterans
- Support for Veterans and their Families

OUTCOME THREE – RECOGNISING SERVICE

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 provision of quality, evidence based advice on veterans' issues.
- The collection of quality data on the veteran population that can be used to inform policy, including:
 - accurate data on the veteran demographic; and
 - accurate information about the risks faced by veterans of various deployments so that long and short term impacts of service can be planned for.

How will we demonstrate success in achieving this?

- This will be demonstrated through the development of policy proposals that reflect the needs of the whole veteran community.
- Veterans' Affairs New Zealand is consulted over policies put forward by other agencies that have the potential to impact on the veteran community.
- Veterans' Affairs New Zealand has mechanisms in place to collect demographic data about the veteran population.
- Veterans' Affairs New Zealand has mechanisms in place to obtain information from NZDF about the risks associated with various deployments.

What will we do to achieve this?

- The development of new legislation to replace the War Pensions Act 1954.
- Developing effective working relationships with agencies involved in the provision of policy and services that impact on the veteran community.
- Taking an active part in the Veterans' Administrations Senior Officials Forum and Networks in order to obtain information on international trends in the provision of services to veterans.
- Establishing an ongoing mechanism for collecting key information. This includes:
 - establishing a database that gives a background to deployments, the threat assessment and the number deployed; and
 - completing the implementation of the new IT system for case management and the payment of War Disablement Pensions. This will improve the quality of existing data.

Links to Outputs

This outcome links to Outputs:

- Policy Advice
- Administration Services

MANAGING IN A CHANGEABLE OPERATING ENVIRONMENT

The Veteran Community

The term veteran has, in the public eye, come to mean a veteran of a specific conflict or location. The changing nature of deployments means that the term veteran will come to describe someone who has service in the Armed Forces in a variety of operational environments.

The veteran population ranges in age from 19 year old veterans of current deployments, to the remaining Second World War veterans, who range in age from mid- 80's to 100 plus. The Second World War population still make up the majority of the veteran community.

Given the age profile of the veteran community, this demographic is changing. The number of veterans will naturally decline in future. It is expected that the rate of this decline will occur over the next three to five years. This significant change in the veteran demographic will mean that the largest group of veterans will be those that have taken part in the deployments that have taken place within the last 20 years.

The types of deployments that New Zealand Service personnel have been involved in have changed since the Second World War. 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 of the military as a career.

The duration of deployments has also changed. Service personnel are not deployed for 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 and 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.

ASSESSING ORGANISATIONAL HEALTH AND CAPABILITY

Veterans' Affairs New Zealand is a branch of the New Zealand Defence Force. The General Manager, Veterans' Affairs reports directly to the Chief of Defence Force.

The staff of Veterans' Affairs New Zealand are members of the civil staff of the New Zealand Defence Force and are subject to the policies of the New Zealand Defence Force.

Capability

The environment in which Veterans' Affairs New Zealand 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.

The following organisational capabilities that Veterans' Affairs New Zealand is seeking to develop and strengthen are premised on the need for Veterans' Affairs New Zealand, as an organisation, to be able to react to all circumstances - the predictable and unpredictable:

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 minimised and future practice is informed.

Knowledge of the legislation and regulatory components and policy expectations of the environment in which Veterans' Affairs New Zealand operates.

The capability to build constructive relationships with the groups impacting on Veterans' Affairs New Zealand's 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.

Risk Management

The key risks, which could prevent Veterans' Affairs New Zealand 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.	Veterans' Affairs New Zealand 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.	Veterans' Affairs New Zealand is looking at systems for establishing electronic copies of the files is put in place.

Key Risks	Risk Management Strategies
<p>Unable to achieve outcomes due to the constraints on resourcing created by the size of the organisation.</p>	<p>Veterans' Affairs New Zealand will set clear expectations around the results required to be achieved and will ensure that priority projects can be staffed effectively.</p> <p>Resourcing will be monitored to ensure that it is used effectively, and where required, additional resourcing sought.</p>
<p>Service delivery fails to meet the needs of a veteran or their family, which results in significant consequences to Veterans' Affairs New Zealand and, or the veteran.</p>	<p>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.</p>
<p>The purchaser provider division in the service delivery model becomes indistinct and veterans start to view Veterans' Affairs New Zealand as a health provider as opposed to a purchaser.</p>	<p>Systems will be put in place to monitor service delivery and to ensure that the role of Veterans' Affairs New Zealand is clearly explained.</p> <p>Case Managers' training will include a clear explanation of the difference between purchaser and provider.</p>

ORGANISATIONAL HEALTH

As a branch of the New Zealand Defence Force, Veterans' Affairs New Zealand is subject to the policies put in place for the civil staff within the New Zealand Defence Force.

EQUAL EMPLOYMENT OPPORTUNITIES

As a branch of the New Zealand Defence Force, Veterans' Affairs New Zealand is subject to the policies 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 Veterans' Affairs New Zealand. Veterans' Affairs New Zealand uses the New Zealand Defence Force corporate systems.

DEPARTMENTAL CAPITAL AND ASSET MANAGEMENT INTENTIONS

The capital and asset management strategies are managed as part of the overall strategy of the New Zealand Defence Force.

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 Veterans' Affairs New Zealand under the Public Finance Act 1989 (as amended by the Public Finance Amendment Act 2004). The General Manager, 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 Veterans' Affairs New Zealand 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, Veterans' Affairs New Zealand does not come under the auspices of the State Sector Act 1988. Veterans' Affairs New Zealand 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 Veterans' Affairs New Zealand is subject to the accountability and monitoring frameworks under that Act.

STATUTORY APPOINTMENT OF THE SECRETARY FOR WAR PENSIONS

Section 4 of the War Pensions Act 1954 allows for the appointment, under Section 61A of the Defence Act 1990, of a Secretary for War Pensions. The Secretary for War Pensions has statutory responsibility for the Administration of the War Pensions Act 1954.

STATUTORY INDEPENDENCE OF THE CHIEF OF DEFENCE FORCE

As at the time of writing, 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;
- 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.