

INTRODUCING DEFENCE

A BRIEFING FOR THE INCOMING MINISTER



Contents

Introduction

Welcome to Defence	3
The Special Role of the Minister of Defence.....	4
Defence Portfolio Scope and Scale	5
Statutory Appointments	6
Non Statutory Appointments	6
Review, assessments and audits.....	7
Relevant Legislation	7
Current Deployments	8
Domestic Security and Commitments.....	10
Antarctica and the Southern Ocean.....	10
South Pacific.....	10
Key issues in the Defence Portfolio	11
During Your First Three Months.....	12

The Defence Portfolio

The Defence Act 1990.....	14
How the Defence Agencies Work Together.....	14
Investment in Defence.....	15
Vote Defence and Vote Defence Force	15
Major Capability Decisions Currently Planned Out to Early 2018	17
Other Capability Decisions for Consideration in early 2018	18
The Government's Direction for Defence.....	19
New Zealand's Security Environment	22
Regional Security	23
International Security Issues	24
Defence Relationships	28
Defence Attaché Network.....	29
United Nations Peacekeeping.....	29
Singapore Proposal to Base F-15 Fighter Jets at Ohakea Air Base	30
Estate and Infrastructure	31
Treaty Settlements	32
New Zealand Defence Industry.....	32

The Ministry of Defence

Ministry of Defence Overview	33
------------------------------------	----

The New Zealand Defence Force

New Zealand Defence Force Overview	36
--	----

Annexes

Annex A – Proposed International Engagement Programme.....	48
Annex B – Cabinet Forward Programme to early 2018.....	51
Annex C – Country and regional international engagement strategies	53
Annex D – Defence Organisational Charts.....	58
Annex E – Map of the Defence Estate.....	59

Welcome to Defence

Congratulations on your appointment as the Minister of Defence.

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

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

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

This places a high premium on the decisions Government makes in Defence policy. The military capabilities, platforms and infrastructure invested in today will still be in use 25 years from now.

You set the strategic direction and priorities for Defence, through Cabinet. Defence places a significant emphasis on long term strategic planning. The current Defence White Paper, released in June 2016, and its associated Defence Capability Plan, outline the changes that are anticipated in New Zealand's strategic environment, the roles the Defence Force have been allocated, and how defence capabilities suitable to these roles can be established and maintained.

Defence is a capital intensive portfolio, with up to \$20 billion of capability investment required out to 2030 to deliver the *Defence White Paper 2016*.

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

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

The Special Role of the Minister of Defence

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

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

- the approval of mandates, through Cabinet, to deploy the Defence Force overseas;
- setting the policy direction of Defence, through Cabinet, principally through the White Paper;
- the selection of capability options and the granting of approval, through Cabinet, to sign major contracts for the procurement of capability;
- setting Government priorities for the Defence agencies;
- making senior Defence Force appointments, through Cabinet, including for the Chief of Defence Force and the Service Chiefs;
- leading New Zealand's international defence engagement programme; and
- approving a work programme that assesses and audits both the NZDF and the procurement function of the Ministry, and directing specific assessments or audits as and when you require.

Key relationships for the Minister of Defence include the Prime Minister, Minister of Finance, given the significant spending implications of the Defence portfolio, and the Minister of Foreign Affairs, when considering international deployments and engagements. At times, you may also engage with Ministers of agencies that work with Defence or receive Defence Force assistance, such as Customs; Primary Industries; Police; Civil Defence and Emergency Management; Conservation; Business, Innovation and Employment; the Attorney General; Maori Affairs; Social Development; Veterans Affairs; and the Minister responsible for the Intelligence Agencies.

Your relationships with your international counterparts will set the tone, level and direction for defence cooperation activities. With most of our partner countries, particularly Australia, Canada, United Kingdom and the United States, the defence relationship has a significant impact on the broader bilateral relationship.

Defence Portfolio Scope and Scale

Defence is a busy portfolio. This typically involves progressing 20-35 Cabinet Papers per year, usually on deployments or large capability projects;

For the year to 30 June 2017, the two agencies supported the Minister of Defence with:

- more than 350 submissions for Ministerial consideration;
- proposed responses for more than 35 Ministerial Official Information Act (OIA) requests;
- more than 280 departmental responses to OIA requests for noting;
- proposed responses for more than 100 parliamentary questions;
- proposed responses for more than 120 Ministerial letters;
- proposed responses for several Ombudsman investigations;
- proposed answers to almost 650 questions, as part of Foreign Affairs, Defence and Trade Committee reviews.

HOW WE KEEP YOU INFORMED

Defence agencies will adjust their tempo of engagement to fit in with your expectations and other portfolio demands.

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

Defence prepares for you a weekly report, tailored to your expectations, which provides an update on current issues and key projects, NZDF events and visits, forthcoming Cabinet papers and submissions, and official overseas travel.

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

The Defence Force provides you with a Quarterly Performance Report, and the Ministry of Defence provides you with a monthly update for major capability projects under acquisition.

Statutory Appointments

Territorial Employer Support Council

You are responsible for appointing the members of the Territorial Employer Support Council, a statutory council created by the Defence Act. The Council currently operates as the 'Defence Employer Support Council' and aims to increase the effectiveness of the Reserve Forces by gaining the support of employers. All appointments to the Council lapsed in April 2016 leading to an interruption in Council activities pending new appointments being made.

Ms Vanessa Stoddart, was appointed to the Chair on 25 July 2017. Ms Stoddart intends to regroup the remaining Council members for a planning meeting in November 2017. A recommendation for the full Council membership will follow.

Non Statutory Appointments

New Zealand Defence Industry Advisory Council

The New Zealand Defence Industry Advisory Council is a non-statutory Ministerial advisory board comprising senior defence industry leaders. Chaired by Beca Group Ltd Chief Executive, Greg Lowe, its purpose is to provide you with national and international defence industry advice, encourage a strategic relationship between Defence and industry, and act as a conduit between Defence and industry on defence matters. The Council also facilitates the annual Minister of Defence Excellence Awards to Industry. The Ministry will provide a briefing about the Council at a point early in your term.

Vietnam Veterans and their Families Trust

You are jointly responsible with the Minister of Veterans' Affairs for the appointment of the Chairperson of the Vietnam Veterans and their Families Trust. The current Chair is Philippa Smith Lambert. She was first appointed on 15 November 2010. In November 2016 she accepted appointment for a further three-year term.

While Veterans Affairs is a business unit of the New Zealand Defence Force, the Minister of Veterans Affairs is responsible for the appointment of members to the following statutory boards: the Veterans' Advisory Board, the Veterans' Health Advisory Panel, and the Veterans' Entitlements Appeal Board.

Review, assessments and audits

A work programme of assessments and audits is carried out by the Ministry's Independent Review division (Tū Aromatawai). The Defence Act defines the scope of this function broadly, with a mandate to review any function, duty or project of the Defence Force; and the Ministry's function of procuring, replacing and repairing major military capability. In addition to approving the work programme, you may also direct the production of any review of performance, audit or assessment. The Ministry must carry out the work independently, and the Act sets out specific reporting requirements to ensure this.

The Independent Review division (Tū Aromatawai) proposes work programme topics that align with strategic risks to the Defence system. The Minister may of course direct a review or an assessment or audit at any level. While the purpose of the reports is to inform the Minister, they are also used to achieve continuous improvement of the Defence system.

Relevant Legislation

The following legislation is administered by Defence:

- Defence Act 1990
- Armed Forces Canteens Act 1948
- Armed Forces Discipline Act 1971
- Court Martial Act 2007
- Courts Martial Appeals Act 1953
- Military Decorations and Distinctive Badges Act 1918
- Military Manoeuvres Repeal Act 2012
- Pardon for Soldiers of the Great War Act 2000
- Visiting Forces Act 2004

Current Deployments

New Zealand Defence Force personnel are deployed on major peace support operations, maritime security, training missions and into headquarters positions around the world. As at mid-September, 302 personnel were deployed on the following missions:

Deployment	Mandated Size	Description	Mandate Expiry
Afghanistan: Operation RUA II	13	Providing training support to the Afghan National Army Officer Academy, and the mission headquarters for Operational Resolute Support. s9(2)(f)(iv)	Jun 2018/Jun 2019
Bahrain, Qatar, United Arab Emirates: Operation PUKEKO	5	Providing command and specialist support to coalition maritime security operations at the Combined Maritime Forces Headquarters in Bahrain (two officers), the Combined Air Operations Centre in Qatar (two officers), and one officer at the United Kingdom's Maritime Trade Operations Detachment in Dubai.	Jun 2018
Egypt: Operation FARAD	28	Deployment to the Multinational Force and Observers (MFO), Sinai Peninsula, Egypt, supervising the peace treaty between Egypt and Israel (up to 28 personnel). Two NZDF electricians will be deployed to support infrastructure development in the MFO from November 2017. New Zealand sent 34 engineers to MFO for almost 6 months to improve the security of the MFO headquarters. s9(2)(f)(iv)	Jul 2018
Fiji: Operation WASAWASA	29	Up to 29 personnel are deployed to Fiji on the Inshore Patrol Vessel HAWEA. HAWEA has been assisting the Republic of Fiji Military Forces Navy with the conduct of maritime patrol duties in the Fiji Exclusive Economic Zone, Search and Rescue, and other maritime border protection operations. The first patrol was on 12 May.	Nov 2017
Iraq: Operation MANAWA	Up to 143 (MANAWA and MOHUA)	Deployment to a combined New Zealand and Australian Building Partner Capacity mission at Taji Military Complex, Iraq, to assist with training the Iraqi Security Forces.	Nov 2018

Iraq: Operation MOHUA		s6(a) are deployed to the Coalition Joint Forces Land Component Command in Baghdad. s6(a) are deployed to coalition headquarters for the United States led Operation INHERENT RESOLVE in Kuwait. s6(a)	Nov 2018
Israel and Lebanon: Operation SCORIA	8	Deployment to the United Nations Truce Supervision Organisation (UNTSO), monitoring the truce agreements between Israel and Syria, and Israel and Lebanon.	Sept 2018
Republic of Korea: Operation MONITOR	5	Contribution to the United Nations Command Military Armistice Commission (UNCMAC) in South Korea (also known as the Republic of Korea), which monitors the implementation of the armistice agreement signed at the end of the Korean War. Cabinet recently approved the deployment of an additional officer to the US-led United Nations Command Headquarters.	Aug 2019
South Sudan: Operation SUDDEN	4	Peace support deployment of officers to the United Nations Mission in South Sudan (UNMISS), monitoring peace agreements and protecting civilian sites. Cabinet recently approved an additional officer as a Military Assistant to the Special Representative to the Secretary-General, David Shearer.	Nov 2018
s6(a) Operation TAKAPU	56	A P-3K2 Orion is deployed to the United States Naval Forces Central Command and the Combined Maritime Forces for maritime security surveillance. s6(a)	Jan 2018
s6(a) Operation TROY	11	Providing an essential logistics and transport hub for all New Zealand Defence Force operations in the Middle East and Africa. s6(a) deployed as the New Zealand National Support Element s6(a) supporting the deployment to Iraq.	Jun 2020

Released under the Official Information Act 1982

Domestic Security and Commitments

The Defence Force makes available a range military capabilities that can be deployed domestically in support of the civil power; either in response to an emergency or in the provision of a public service. Examples of the support regularly provided; include explosive ordnance disposal, support to New Zealand Customs and the Ministry for Primary Industries in border security activities, fire-fighting support to Fire and Emergency New Zealand and support to the Ministry of Civil Defence and Emergency Management in response to either regionally or nationally significant disasters. The Defence Force also maintains forces ready to support NZ Police should they need to respond to a terrorist incident.

Antarctica and the Southern Ocean

Defence provides significant support to New Zealand's efforts in Antarctica and the Southern Ocean. This includes providing naval patrols and air surveillance patrols into the Southern Ocean to conduct resource protection activities, and strategic airlift and logistics support to Antarctica New Zealand to conduct New Zealand's Antarctic programme, and to the United States and Italy via the Antarctic Joint Logistics Pool. Defence also supports a number of agencies with resupply operations to the Sub-Antarctic Islands and the Kermadec Islands.

South Pacific

Defence provides air surveillance and naval patrols throughout the Pacific to support Pacific Island Nations in maintaining security of their Exclusive Economic Zones, support Forum Fisheries Agency member states to meet their objectives, and conduct defence diplomacy and regional engagement activities.

Key issues in the Defence Portfolio

Delivering the Defence Capability Plan 2016

- Managing cost pressure in the ANZAC Frigate Systems Upgrade project.
- Cabinet consideration of the procurement of the maritime patrol component of the Future Air Surveillance Capability.
- [REDACTED] s9(2)(f)(iv)
- Ensuring timely consideration of options for the Future Air Mobility Capability.

Regional Security

- Supporting a stable security environment in the South Pacific.

International Security Issues

- The threat posed by Daesh/ISIS and New Zealand's contribution to the defeat-ISIS campaign in Iraq.
- Countering Violent Extremism, in particular in Southeast Asia.
- Tensions on the Korean Peninsula.
- Disputes in the South China Sea.

International Engagement Opportunities

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

Implementing the Defence White Paper 2016

- Since the release of the White Paper, Defence has refined its workforce cost model. During development of the White Paper, it became evident that the existing model lacked the sophistication needed to accurately model and cost the Defence Force workforce. The improved model has improved the workforce expenditure forecast, and supports modelling of alternate options or economic assumptions for scenario testing.
- Ministers will shortly consider options for replacement of the air surveillance [REDACTED] s9(2)(f)(iv) [REDACTED] (the Future Air Surveillance Capability [REDACTED] s9(2)(f)(iv) [REDACTED]. Prior to those considerations Defence is updating its capital and operating expenditure forecasts so that Ministers will be fully informed of the capital and operating cost implications against the indicative envelopes agreed in the White Paper.

During Your First Three Months

The Defence portfolio includes a busy programme of attendance at international and domestic events, and in the next three months we are recommending that you progress a number of Cabinet Papers.

International Engagements

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

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

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

The international events that we recommend you attend are:

- an early meeting with your Australian counterpart, November/December 2017;
- the Defeat-ISIS Coalition Ministerial Meeting (small group), likely Italy, February 2018.

Other meetings that are scheduled which you may wish to consider attending are:

- Defence Ministers' Meeting on UN Peacekeeping, Vancouver, Canada, 14-15 November 2017, [REDACTED] s9(2)(g)(i) [REDACTED];
- Halifax International Security Forum, Halifax, Canada 17-19 November 2017; and
- Defeat-ISIS Coalition Ministerial Meeting (large group), Brussels, 9 November 2017, which is held alongside the:
- North Atlantic Treaty Organization (NATO) Defence Ministers Meeting, Brussels, 8-9 November 2017; and
- Beersheba Commemorations, Be'er Sheva Israel, 31 Oct 2017.

An early visit to an operational theatre is also recommended (timing to be determined).

Domestic Engagements

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

Cabinet Papers

A full Cabinet paper schedule out to early 2018 is included at Annex B. This details the purpose of each paper, whether funding is sought, and the proposed Cabinet Committee date.

Four significant Cabinet papers are currently scheduled to be progressed prior to the summer recess, details of which are provided below. These are:

- ANZAC Frigate Systems Upgrade;
- [REDACTED] s9(2)(f)(iv)
- Proposal to re-deploy an Inshore Patrol Vessel to Fiji for six months; and
- Proposal to deploy a Mobile Training Team to the UN Mission in South Sudan.

Foreign Affairs, Defence and Trade Committee

Select committee consideration of defence matters is usually by the Foreign Affairs, Defence and Trade Committee (FADTC). Once select committee business has re-commenced, FADTC will undertake its annual financial review of the Ministry and Defence Force's 2016/17 performance. We expect to receive questions for this review before the end of the year, and that the Chief of Defence Force and Secretary of Defence will be invited to a hearing by the committee either at the end of 2017 or early in the New Year.

Since 2010, Defence has also been asked to produce a Major Projects Report in conjunction with the Office of the Auditor-General. This detailed report provides greater visibility of how major Defence capability projects are being managed, with a focus on cost, schedule and capability. FADTC recently considered the 2016 Major Projects Report as part of its last week of business, and work is being initiated on the 2017 report.

You may wish to engage with members of the Committee on opportunities to visit Defence facilities and orientate themselves with the Defence sector.

Tū Aromatawai (Independent Review) Programme

A work programme for the Ministry of Defence's Independent Review division will be provided for your approval. A briefing on the Independent Review Programme will be provided to you and your office separately to this briefing

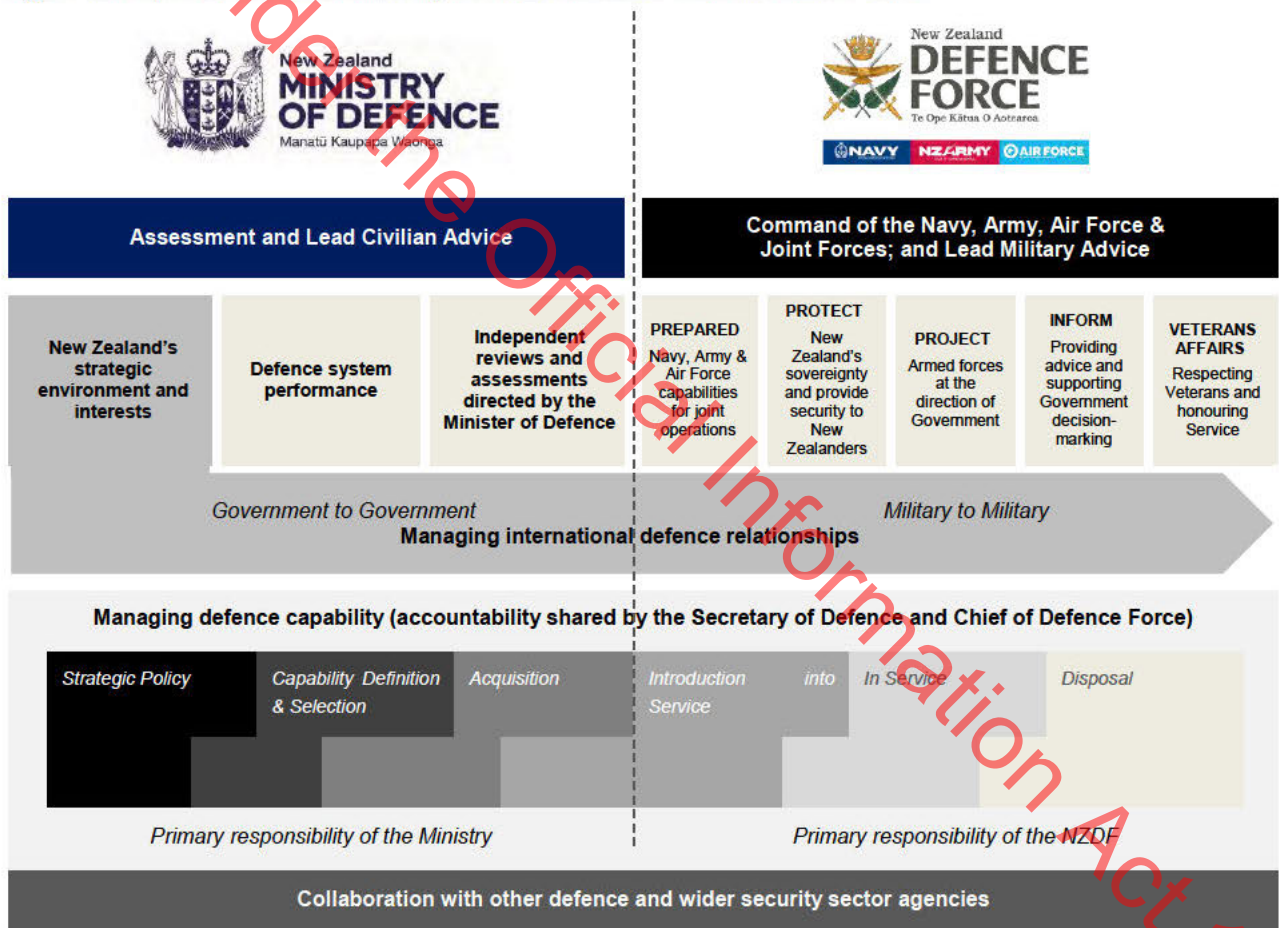
The Defence Act 1990

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

The Defence Act defines the primary roles and responsibilities of the Secretary of Defence as to be the principal civilian adviser to the Minister of Defence and other Ministers; to formulate defence policy in consultation with the Chief of Defence Force; to prepare Defence Assessments; procure, replace or repair major defence equipment and to arrange for reviews, audits and assessments of Defence as agreed with the Minister.

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

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



How the Defence Agencies Work Together

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

Under New Zealand's arrangements the two Defence agencies are constituted separately, but are expected to work closely together. This arrangement works well, with the military and civilian perspectives strongly supported by the agencies' different cultures, but with a

commitment to the same outcome – meeting the defence requirements of the country effectively.

The Secretary of Defence and the Chief of Defence Force are jointly accountable for the management of defence capability. This joint accountability is exercised through the Capability Governance Board (formerly the Capability Management Board), which includes two external advisors. The Secretary of Defence has primary accountability for policy development, capability definition and acquisition. The Chief of Defence Force has primary accountability for introduction into service of capability, operating that capability in service, and disposing of it at end of life.

Defence operates in the context of a broader external and security sector that links Defence to other priorities that include border control, resource protection, foreign relations, trade and economic interests. New Zealand's partners often view the Defence relationship as something that goes hand-in-hand with a close economic relationship.

In particular, Defence contributes to New Zealand's security through:

- the promotion of a safe, secure and resilient New Zealand, including its border and approaches;
- the preservation of a rules-based international order, which respects national sovereignty;
- a network of strong international relationships; and
- the maintenance of New Zealand's prosperity via sea, air and electronic lines of communication.

Investment in Defence

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

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

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

Vote Defence and Vote Defence Force

Funding for the Defence portfolio is divided across two Budget appropriations that you are responsible for – Vote Defence, and Vote Defence Force.

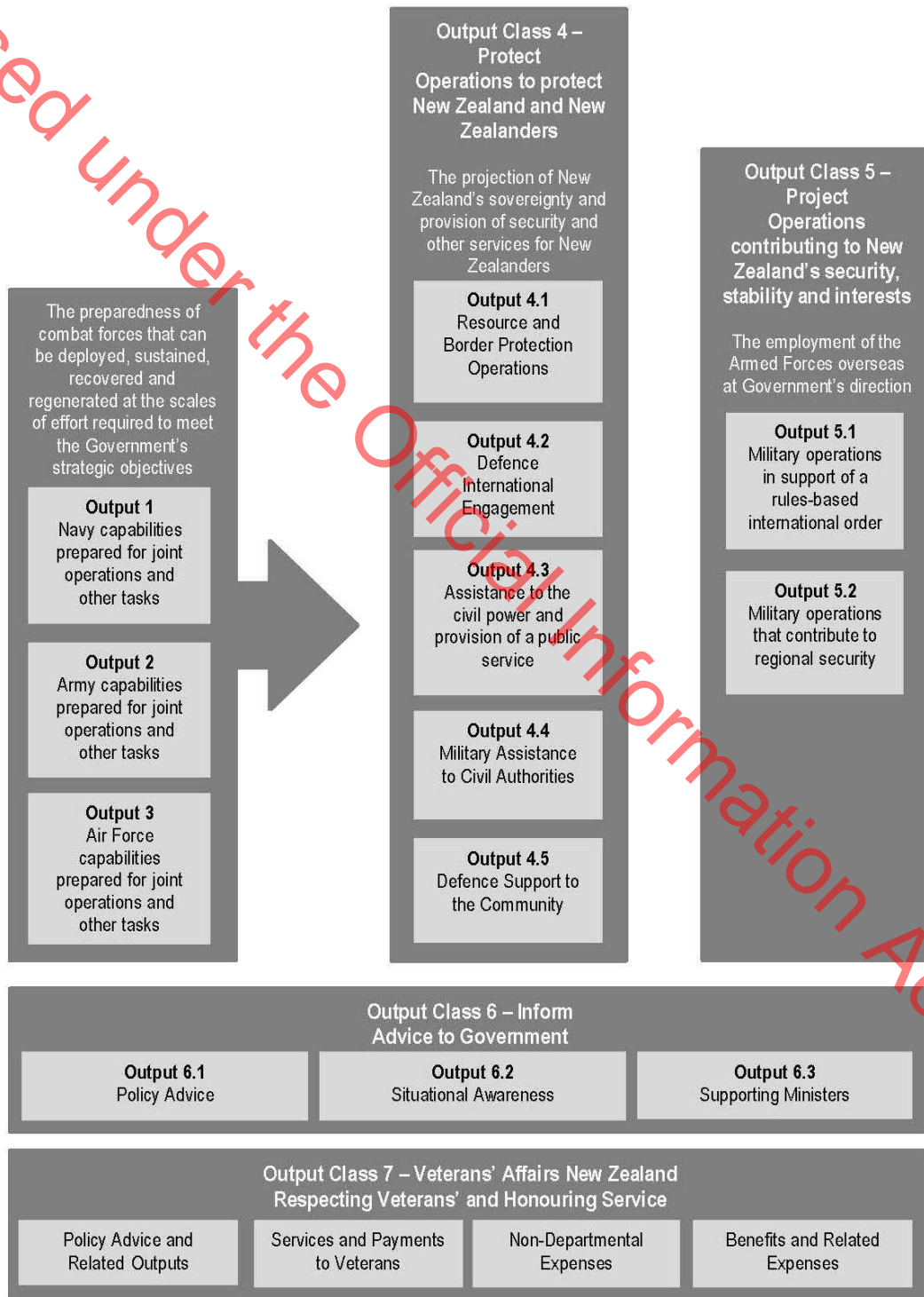
Vote Defence is administered by the Ministry of Defence, and contains appropriations for:

- the purchase of major items of defence equipment for the New Zealand Defence Force;
- managing procurement of equipment;

- policy advice;
- reviews, audits and assessments; and
- the purchase of assets for use by the Ministry.

Vote Defence Force is administered by the New Zealand Defence Force, and contains appropriations that are detailed in seven Output classes. The Defence Force departmental output classes are detailed below.

Outputs



A description of the five main themes of the output classes is provided in the New Zealand Defence Force Overview section.

Major Capability Decisions Currently Planned Out to Early 2018

ANZAC Frigate Systems Upgrade

The Frigate Systems Upgrade project is a mid-life refresh to maintain the frigates' surveillance, combat and self-defence capabilities through to their end of life in around 2030. It is part of a series of projects over recent years to maintain the frigate capability, including the Platform Systems Upgrade, Close-in Weapons System, Maritime Helicopter Capability and the ANZAC Communications Upgrade.

The Frigate Systems Upgrade project is currently facing significant cost pressure. The cost pressure can be managed within the Defence capital portfolio. A Cabinet paper to address the issue has been drafted for Ministerial consideration. Defence is implementing lessons learnt to prevent similar issues in the future.

s9(2)(f)(iv)

s9(2)(f)(iv)

Future Air Surveillance Capability – Maritime Patrol Aircraft

For 60 years the Defence Force's fleet of six P-3K2 Orions have undertaken military deployments and contributed to stewardship of New Zealand's maritime area of responsibility from the South Pole to the Equator, including the fourth-largest Exclusive Economic Zone. The aircraft and their sensors have been upgraded several times but they are now beyond further upgrades.

The *Defence White Paper 2016* concluded that the Orions needed to be replaced in the mid-2020s. Replacement options have been considered, and we will shortly recommend to you a proposed first step towards modernising New Zealand's military and whole of government maritime surveillance capabilities

Defence Capital Plan Update

s9(2)(f)(iv)

Other Capability Decisions for Consideration in early 2018

Fixed High Frequency Radio Capability Refresh

When the New Zealand Defence Force deploys around the world, it uses both satellite and high frequency radio to communicate with its mobile deployed forces. The New Zealand-based high frequency radio equipment is at its end of life, and will soon be unable to provide the required service.

The Ministry is preparing a Cabinet submission requesting authority to issue a Request for Tender to update the New Zealand based high frequency radio capability. This submission could be progressed either side of the summer recess, depending on your priorities.

ANZAC Communications Upgrade

The ANZAC Communications Upgrade is the last frigate mid-life refresh project. It will upgrade the frigates' communications equipment, which is currently based on 1980s technology. This will maintain the frigates' ability to communicate with other Defence Force assets and partners until the frigates' end of life in 2030.

A Single Stage Business Case is currently under development. [REDACTED] s9(2)(f)(iv)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

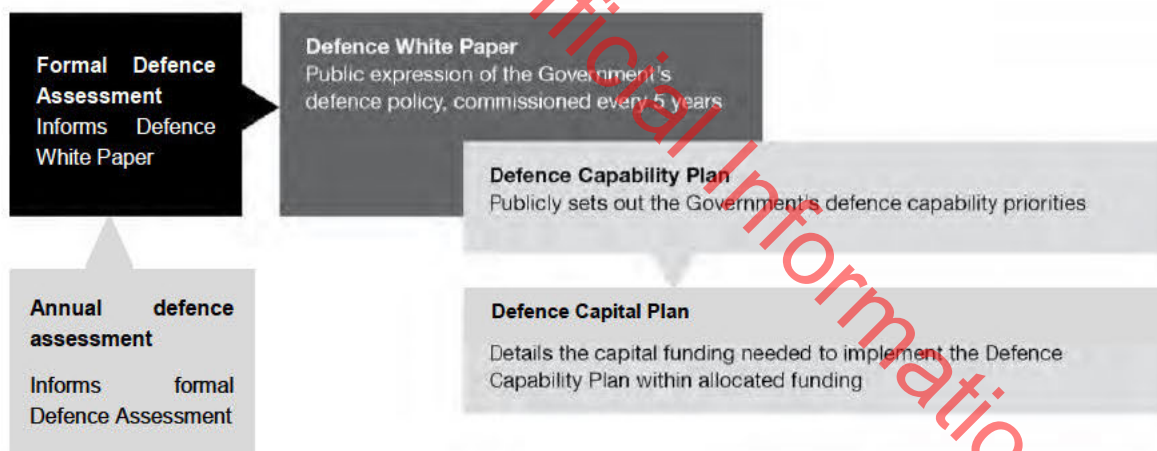
The Government's Direction for Defence

How the Government sets the long-term direction for Defence

The *Defence White Paper 2016* has a 15-year time horizon, reflecting the fact that changes in the direction and capability of Defence require investment in people and equipment over the long term. If the Government wishes to consider making significant changes to the policy direction for Defence, having regard to shifts in the strategic environment, then a White Paper process provides the opportunity to fully investigate these, and ensure changes are reflected in the total arrangements for Defence. White Papers would normally involve a public consultation process. We look forward to discussing the nature and frequency of the Defence policy review cycle with you.

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

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



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

Defence White Paper 2016

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

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

s9(2)(f)(iv)

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

- ice-strengthened naval vessels for support to our scientific presence in Antarctica, and in response to increased international interest in Southern Ocean fisheries stocks;
- additional funding for the replacement of the P-3K2 Orions, reflecting an increase in demand for air surveillance over our maritime domain and during multinational missions overseas;
- a littoral operations vessel, to increase the range of operations the Defence Force can undertake independently in the South Pacific;
- a cyber protection and support capability, in response to the rapidly growing and evolving global cyber threat;
- additional intelligence personnel, to analyse the increasing amounts of data that will be collected by new and upgraded platforms

Defence Capability Plan 2016

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

The Capability Plan is the primary vehicle for the Government to communicate its defence capability priorities to the public, industry, and international partners. The Plan also provides planning support for the Defence Force. The *Defence Capability Plan 2016* is the most detailed version of the document to date, and includes indicative cost and schedule bands for capability projects.

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

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

Defence Capital Plan

The Defence Capital Plan outlines the funding requirements for implementing the Defence Capability Plan, and details specific capital spending by fiscal year out to 2030. It was last submitted to Cabinet in November 2016, and reflected the Defence White Paper funding and capability decisions.

It is an official document not for release to the public due to the commercially sensitive nature of the information. The Defence Capital Plan is reviewed on an annual basis to assess the affordability of planned investments.

s9(2)(f)(iv)

Investor Confidence Rating

As a tier one capital intensive agency, Defence is subject to regular assessments under the Investor Confidence Rating assessment (ICR). The ICR is designed to provide an incentive mechanism that rewards good investment management performance and encourages departments and the Central Agencies to address gaps in investment performance.

Defence was assessed as part of the first tranche of assessments. Performance was assessed against an agreed mix of eight indicators that together provide insights into the way each agency manages its assets and capital investments. Defence received a 'B' rating in that assessment.

The ICR evidence showed Defence had strong asset management capabilities that enabled it to meet its asset performance targets. Its Project Programme Portfolio Management Maturity Model (P3M3) capability was seen as underpinning the delivery of the required benefits from significant investments though the timeliness of its actual project delivery was more mixed at an individual project level. Key recommendations of the assessment for improvement were to lift P3M3 capability, benefits management, portfolio management, and tighten project delivery performance. The B rating led to the approval thresholds for selected low or medium risk Defence investments being raised subject to the approval of Investment Ministers.

The next Investor Confidence Rating assessment is planned for early 2018.

Long Term Investment Plan

The development of a Long Term Investment Plan is a requirement for capital intensive agencies and one of the eight performance areas assessed under the Investor Confidence Rating. In the Long Term Investment Plan, Defence sets out the planned investments over the next ten years, and outlines the processes and systems to ensure investments and assets deliver value. In 2015, Defence produced the strongest Long Term Investment Plan amongst the tranche one Investor Confidence Rating agencies.

An update of the Long Term Investment Plan is underway, and will be completed by the end of 2017.

New Zealand's Security Environment

Defence operates in a dynamic environment.

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

While the White Paper notes that New Zealand does not face a direct military threat in the foreseeable future, New Zealand's ability to protect and advance its security interests is becoming increasingly challenging as the strategic environment evolves. That evolution has continued since the publication of the White Paper.

Political developments in Western states are driving changes in their approaches to international engagement and the international rules-based order. Alongside continuing evolution in great power dynamics, the outlook for the international environment is becoming increasingly uncertain and difficult to estimate.

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

New Zealand is not immune to the increasing cyber threat, or to the extended reach of terrorist groups, who have enhanced their ability to radicalise individuals globally through the use of internet technology and social media. Despite military successes against Islamic State's territorial control in the Middle East, its ideology – and those of similar groups – has continued to inspire terrorist attacks in Western states and contributed to instability in the Asia-Pacific.

New Zealand is becoming increasingly reliant on access to space based systems and infrastructure such as satellites. At the same time, threats to these systems have been increasing.

New Zealand's South Pacific partners continue to face a range of economic, governance and environmental challenges, which mean it is likely that over the next 10 years the Defence Force will have to deploy to the region for a response beyond humanitarian assistance and disaster relief. Increasing interest in the South Pacific by an expanding range of external actors brings both greater capacity to support the region and challenges in ensuring alignment of efforts.

Further afield, New Zealand has a critical interest in the maintenance of security in the Asia-Pacific, as well as in growing and expanding its relationships. Any major conflict would have flow on effects for peace and security beyond the region. New Zealand continues to benefit from the economic opportunities associated with Asia's growth, but rising tensions in the region are cause for concern.

The rules-based international order that New Zealand benefits from is coming under greater pressure. While events in Syria, Iraq and Ukraine are dramatic examples, such pressure is also evident in the Asia-Pacific, as seen in the South China Sea and on the Korean Peninsula. These pressures are consuming the attention of our traditional partners. The United States is more narrowly defining its international interests, while the UK and Europe's energies are increasingly absorbed by the challenges of Brexit, irregular migration and Russian interference.

Regional Security

The South Pacific security environment

Against this backdrop, discrete events in the Pacific can become flashpoints for unrest. There are several challenges on the horizon particularly in Melanesia, where Papua New Guinea is hosting the 2018 Asia Pacific Economic Cooperation (APEC) year, and the Bougainville Referendum is scheduled for 2019. Under Australia's lead, we are one of Papua New Guinea's APEC year security partners and are providing training preparation and on the ground assistance.

New Zealand invests in lifting the standard of Pacific military skill and professionalism through the NZDF's Mutual Assistance Programme, which provides support for training, education and other assistance projects. Key recurring activities include the biennial humanitarian assistance exercise Tropic Twilight, maritime patrols, including the current deployment of the Inshore Patrol Vessel *Hawea* to Fiji. Our training efforts are coordinated closely with Australia, who is investing massively through its Pacific Maritime Security Program, and other key security partners.

We are working to strengthen opportunities for defence and security cooperation including through, for example, support to the South Pacific Defence Ministers' Meeting (SPDMM). This provides an opportunity for regional Defence ministers to set shared strategic priorities for Pacific island country militaries and convey these priorities publicly through a shared communique. New Zealand hosted its third meeting during 6-7 April in Auckland. Key areas of concern for members included better coordination of humanitarian assistance and disasters relief, maritime protection, developing women in Pacific defence forces, and the security implications of climate change. The next SPDMM will be hosted by Fiji in 2019.

We also participate alongside Australia, the United States and France in the Quadrilateral Defence Coordination Group, which provides maritime surveillance support to Forum Fisheries Agency Members.

International Security Issues

Defeating ISIS and New Zealand's contribution

Since 2015, following a request from the Iraqi government, New Zealand has been contributing towards the international coalition to defeat ISIS. New Zealand's most substantial contribution is to the joint Australia-New Zealand Building Partner Capacity mission at Taji, Iraq. The purpose of this mission is to assist with training the Iraqi Security Forces to prepare them for operations against Daesh.

As the security situation in Iraq remains dynamic, New Zealand's deployment will remain a key focus for Defence in the foreseeable future. While the current Government mandate sees our forces in Iraq until November 2018, it will be important to monitor the security situation, the Iraqi political landscape, and coalition direction to ensure our contribution remains relevant, valued, and welcome.

Countering Violent Extremism in South East Asia

There is heightened concern over Islamist extremist group activities in South East Asia. The pursuit of a regional response is problematic given extremists' differing motivations, ideologies, targets and modes of operation. Some extremist groups, especially in Indonesia and Malaysia, have links to international jihadist organisations. Others, such as those in the Philippines or Thailand, are driven by local grievances of a political or economic nature, and for whom Islam is primarily an identity marker in a struggle against the central authorities.

A key interest has been the unrest in Marawi, Southern Philippines. While the leaders of Abu Sayyak and the Maute groups Isnilon Hapilon and Omar Maute have been killed and Philippine President Rodrigo Duterte has declared the city of Marawi "liberated" from militants, fighting continues. The unrest has highlighted that long-standing insurgencies have the potential to be exacerbated by an affiliation to ISIS. With New Zealand being situated closer to the Philippines than the Middle East and radicalisation in the region is a real concern and an issue we are monitoring closely.

The Philippines has received some support given the situation in Marawi from international partners including the United States and Australia. New Zealand has not been involved militarily although New Zealand contributed \$42,000 to replenish Red Cross supplies. [REDACTED]

[REDACTED] s6(a), s9(2)(f)(iv)

Korean Peninsula

The security situation on the Korean Peninsula is a significant concern. North Korea is expected to continue to pursue its nuclear weapons programme with the stated objective of developing the capacity to reliably deliver a nuclear weapon to the continental US. North Korea's testing of intercontinental ballistic missiles on 4 and 28 July, which would bring most of the US within the range of North Korea's arsenal, and a nuclear test on 3 September are worrying developments. [REDACTED] s6(a), s9(2)(g)(i)

[REDACTED]. Cooperation between the United States, China, South Korea and Japan remains crucial to resolving the North Korean issue.

New Zealand has consistently and strongly condemned North Korea's behaviour and is supportive of international efforts to apply pressure on North Korea in pursuit of a diplomatic solution to the issue. We have pushed for full and proper implementation of United Nations sanctions, particularly during our time on the United Nations Security Council. New Zealand has identified the possibility of assisting Pacific Islands states with their implementation of United Nations sanctions, particularly to de-register any North Korean vessels flagged to their shipping registers.

New Zealand also contributes to defence-related activities on the Korean Peninsula. This includes the deployment of five New Zealand Defence Force personnel to the United Nations Command Military Armistice Commission, which is responsible for supervising and monitoring the armistice agreement signed at the end of the Korean War. The mandate for this deployment, as well as an additional staff officer to be embedded in the United Nations Command Headquarters, was renewed in July. The exact position in Headquarters is yet to be confirmed, but will likely be in the Non-combatant Evacuation (NEO) Coordination Cell.

s6(a)

[Redacted]

South China Sea

While the South China Sea remains one of Asia's foremost security concerns, day-to-day tensions in the area have eased. New Zealand's position remains that we want a peaceful resolution of differences, in accordance with international law. s6(a)

[Redacted]

Myanmar – Rohingya

A major humanitarian crisis has been unfolding in the Rakhine State in Myanmar since a series of coordinated attacks against Myanmar security forces on 25 August. The Myanmar military (known as the Tatmadaw) commenced ‘clearance operations’ shortly after the attacks, which has resulted in significant numbers of Rohingya Muslims fleeing to Bangladesh. Violence and ethnic conflict is a long-running issue in Myanmar, and a significant focus for both the former military junta and the elected National League for Democracy (installed in 2016). The Tatmadaw’s involvement in the broader peace and reconciliation process has implications for both human rights and the national transition to civilian rule.

Reportedly up to 400,000 Rohingya refugees have entered Bangladesh on foot, by boat and are living in makeshift shelters in Bangladesh’s southern region. The international community, including Association of South East Asian Nations (ASEAN) neighbours such as Malaysia and Indonesia, has been putting great pressure on Myanmar to help resolve the situation.

The United Nations is also closely monitoring the situation, and their Fact Finding Mission has raised serious concerns with the lack of access and cooperation by the Myanmar Government. Bangladesh has called for greater international support to address the refugee crisis. Despite growing international support, aid agencies have warned that they have restricted access to the refugees, raising fears of large scale disease outbreaks and food deprivation.

On 19 September, Myanmar State Counsellor, Aung San Suu Kyi made her first formal statement on the situation stressing Myanmar is not afraid of international scrutiny and will stand up for human rights. s6(a)

In 2014, in recognition of Myanmar’s political reform process, Cabinet agreed for New Zealand to establish of a modest level of bilateral defence engagement with Myanmar to support of New Zealand’s broader foreign policy objectives. This comprised the accreditation of a non-resident Defence Attaché and bilateral encounters with Myanmar at regional fora.

In January 2017, Deputy Secretary of Defence, Tony Lynch, visited Myanmar to establish modest organisational linkages with the Tatmadaw, potentially opening the door wider for more constructive engagement with the evolving leadership. Defence sought to manage the Tatmadaw’s expectations around the pace and scale of defence engagement, noting it would be based on developments in Myanmar and Defence Force resources. s6(a)

s6(a)



Released under the Official Information Act 1982

Defence Relationships

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

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

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

Specific country and regional strategies are contained at Annex C.

Defence Attaché Network

Defence maintains a network of Defence Advisors and Attaches (DAs) around the world. There are 16 DA resident posts, with cross-accreditation to a further 28 countries and 3 organisations (United Nations, North Atlantic Treaty Organisation and the European Union). DAs are the face of New Zealand's bilateral defence relationships overseas. They coordinate, advocate for, and assist with, implementation of the defence relationship and can help with providing military views on significant geostrategic events for diplomatic post reporting.

United Nations Peacekeeping

While the majority of personnel deployed offshore are contributions to coalition activities, New Zealand has a long history of involvement in UN Peacekeeping missions, having contributed troops and personnel to UN peacekeeping operations since they began in 1948. We have been involved in more than 40 peace operations in more than 25 countries over the past 60 years, either under UN auspices or as part of coalitions. New Zealand's personnel are considered valuable due to their training, professionalism, practicality and neutrality.

Over time, our emphasis has shifted away from troops contributions to deploying individuals in key leadership roles, Military Experts on Mission, and indirect support such as through peacekeeping capacity-building activities. New Zealand supports the United States Global Peace Operations Initiative which works to build international peacekeeping capacity, for example, by sending NZDF instructors to programs, in particular in Southeast Asia.

There are currently 11 personnel deployed to the UN Mission in South Sudan (UNMISS), and the UN Truce Supervision Organisation (UNTSO) in Israel, Jerusalem and Southern Lebanon where a former Chief of Army serves as Force Commander, ranking New Zealand 101 out of 126 in terms of UN troop contributing nations. An additional five personnel serve in the UN Command Military Armistice Commission in South Korea (UNCMAC).

2018 International Association of Peacekeeping Training Centres annual global conference

In October 2018 Defence will host the International Association of Peacekeeping Training Centre's (IAPTC) annual global conference. The conference is the pre-eminent global forum for peacekeeping training issues. It is attended by senior representatives from international police forces, militaries, foreign affairs and training institutions. New Zealand's hosting presents a unique opportunity to exert some influence on improvements to peacekeeping through training and to demonstrate our own contributions.

Singapore Proposal to Base F-15 Fighter Jets at Ohakea Air Base

Singapore has asked New Zealand to consider the possibility of the Republic of Singapore Air Force (RSAF) conducting fighter jet training in New Zealand. The proposal is for a long term basing of 12 RSAF F-15 fighter jets, at the Royal New Zealand Air Force Base at Ohakea, with approximately 200 Singapore military personnel and 300 family members living in the Manawatu. It could, if progressed, become a key element in the defence and security pillar of the New Zealand/Singapore Enhanced Partnership.

Defence has established a series of inter-agency work streams to understand the full implications of the proposal including security and strategic implications; and social, economic, and environmental impacts. [REDACTED] s9(2)(f)(iv)

[REDACTED]

[REDACTED] s6(a)

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

Released under the Official Information Act 1982

Estate and Infrastructure

Overview

The Defence Estate comprises 81,000 hectares and over 4,700 buildings, across nine camps and bases, two large training areas and a number of regional support facilities. A map depicting the spread of Defence Force camps bases and facilities is at Annex E. At this time the fair value of the estate is \$2.623 billion.

The estate provides the property, infrastructure and facilities to generate and maintain military skills and capabilities. The Defence Estate therefore is a strategic asset for the Defence Force.

The estate includes a large range of assets serving a variety of purposes broadly broken down into the following environments to raise, train, sustain and deploy our people:

- Working – Facilities and infrastructure directly supporting military capability and outputs (e.g. offices, airfields, workshops, armouries, storage facilities, wharves and drydocks).
- Living – These include accommodation (barracks and housing) and related support infrastructure (e.g. messes and canteens), community buildings (e.g. community halls, chapels) and health centre facilities.
- Training – All buildings and infrastructure associated with training activities. This includes large tracts of land required for ranges and field training exercises.
- Shared – Both above and below ground network utility services and infrastructure such as roads, pavements, open space amenity areas, quarries, water supply, waste water and storm water, gas, electricity and communication infrastructure.

Defence Estate Regeneration Programme

The Defence Force is making a 'once in a generation change' to the estate and infrastructure that supports its military capability through the Defence Estate Regeneration Programme. The Regeneration Programme addresses long term underinvestment and includes an investment sequence and indicative funding over three tranches to provide a modernised, safe and affordable estate by 2030. Investment in the first tranche to 2020 was approved in 2016, with a focus on resolving health, safety and security concerns and avoiding asset failures. The first project, the Whenuapai Aviation Medicine Centre, has already been completed and is in use.

The *Defence White Paper 2016* process identified \$1.7 billion for capital and \$0.8 billion in operating for maintenance, a total of \$2.5 billion, for estate regeneration.

To support this investment the Defence Force has adopted a new operating model for Estate and Infrastructure which includes working with a business partner under an alliance type approach to deliver estate management.

The Regeneration Programme is being refreshed to align with the Defence Force's 2025 Strategy which will enable an integrated Defence Force. [REDACTED] s9(2)(f)(iv) [REDACTED]

Treaty Settlements

The Crown continues to progress a number of historical Treaty of Waitangi claims. Redress involving the Defence Force is mainly commercial in nature, though there are now cases where cultural redress has also been agreed to by the Defence Force. Examples to date have included: recognition of sites of significance such as deeds of recognition at Kauri Point or in the Waiouru Military Training Area; Defence Force scholarships; and Defence Force training to members of Ngāti Porou.

The Defence Force is actively involved in the following Treaty of Waitangi Settlements:

- a. The Marutūāhu Collective (part of the Hauraki Claims) relates to the sale and lease back of 96 North Shore houses and the land under the Tamaki Leadership Training Centre on the Whangaparaoa Peninsula.
- b. Ngāti Rangi Deed of Settlement in relation to the Waiouru Military Training Area. This includes a potential commercial redress associated with supplying Defence housing, a cultural redress of access to sites and an agreement to explore a 'vest and gift-back' on a specific area of Defence Force land. A deed of settlement has been initialled.
- c. Kurahaupō ki te Waipounamu (Kurahaupō) Treaty of Waitangi settlement negotiations relate to RNZAF Base Woodbourne. Negotiations to settle a sale price are ongoing.

New Zealand Defence Industry

Defence is refreshing the way it deals with Defence Industry. The changes will ensure that New Zealand industry involvement is more visible in defence procurements and that industry is better able to respond to the government's significant investment in Defence over the next 15 years. Currently, NZDF spends \$600 million on commercial support services, around 80 per cent of which goes to New Zealand's Defence Industry. There are further opportunities for domestic suppliers in respect of getting a greater share of the capital spend by partnering with prime contractors, particularly in the area of through-life support where there is the greatest potential for strategic partnerships. The bulk of major capital investment on defence capability is transacted with offshore suppliers.

Ministry of Defence Overview

The Ministry of Defence is the government's lead civilian advisor on defence. Its purpose is to give civilian advice on defence matters to enhance the security and interests of New Zealand and its people. The Ministry also purchases major military equipment and systems for the Defence Force.

To carry out its role, the Ministry:

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

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

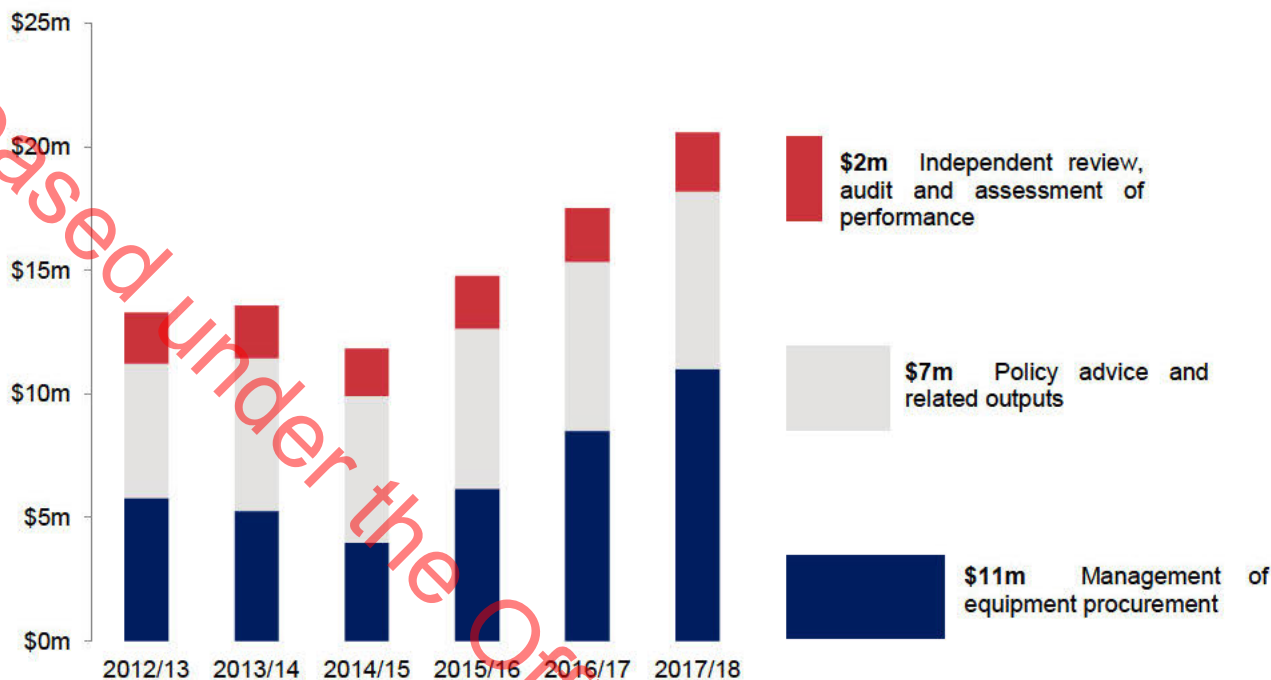
In order to deliver the capability programme of the Defence White Paper, the Ministry of Defence has increased from around 70 employees in 2015 to 130. In Budget 2015, the Government provided \$27.1 million over four years to support this change. This reflects the increased demands on the Ministry to manage a larger programme of investment.

Most of the increased expenditure supports the employment of additional staff, with some funding set aside for joint investment in systems with the New Zealand Defence Force. Almost all the additional roles have been introduced in the Capability Delivery area. As this is a significant lift in organisational size, the Ministry also has work underway to ensure it can support this greater level of staffing.

The Ministry's departmental operating budget for 2017/18 will be \$20.6 million and it is forecast to expend approximately \$266 million on major defence capability projects during the 2017/18 year. The value of capital projects under active management is \$2 billion, and this will rise to \$3-5 billion at any one time over the next 13 years as the Ministry manages around \$20 billion in allocated capital funding – over one-third of the Government's capital spend.

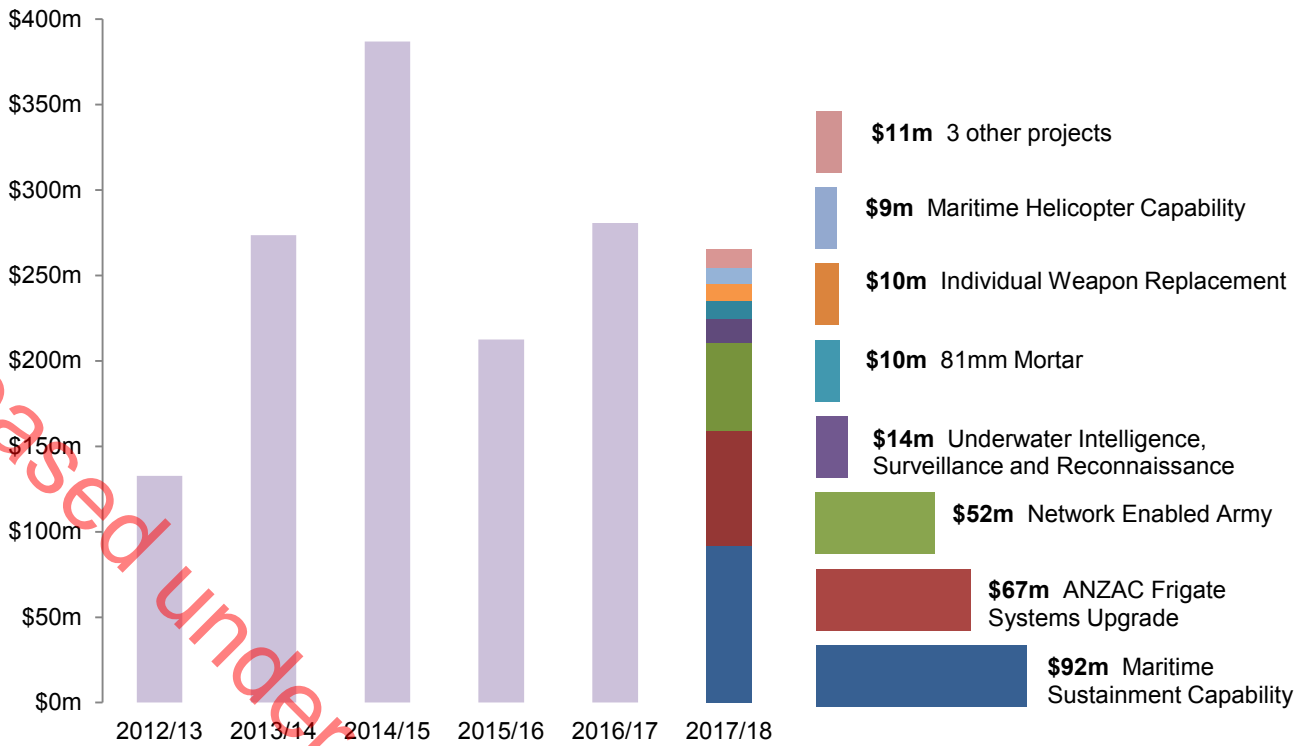
The Ministry's departmental expenditure

The Ministry meets expenses through three appropriations: Independent review, audit and assessment of performance; Policy advice and related outputs; and Management of equipment procurement.



The Ministry's non-departmental expenditure on Defence equipment

The Defence Capability Plan sets out an intended timeline for upcoming major defence equipment procurement activities. Crown funding is allocated after Cabinet approval of business cases for the specific projects. The 2017/18 allocation for Ministry managed projects is below.



Defence Capability Change Action Programme

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

This change programme is being delivered through the Defence Capability Change Action Programme, managed by the Ministry and the Defence Force. The programme has now been in place for two years and is at a stage where the key activities needed to build the essential aspects of a contemporary capability management system are in place or in development. At its core is the enrichment of collaboration between the two agencies to draw on expertise from both. The programme involves joint leads from both the Ministry and Defence Force and includes improvements to governance, developing and staffing an industry engagement strategy, and recruiting people with broader technical and industry experience into the Ministry.

It will create a more scalable and resilient system that is capable of delivering an expanding portfolio of complex projects. The system will be better able to deliver on the government's intentions and expectations, and will deliver improved value-for-money from the government's investments in Defence.

We can provide a further briefing on this topic.

New Zealand Defence Force Overview

Every hour of every day, 365 days a year, the New Zealand Defence Force is contributing to the defence, security and well-being of Aotearoa/New Zealand.

Our Purpose

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

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

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

Additionally, the Defence Force makes a valuable contribution to the development of policy, appropriate to today's security challenges, and plays a supporting role in the wider community.

By New Zealand's standards the Defence Force is a large and complex organisation, and the outputs it delivers the Government annually fall into five main themes:

PREPARED – Prepared for Military Operations and Other Tasks

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

PROTECT – Protection of New Zealand and New Zealanders

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

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

PROJECT – Operations contributing to New Zealand's security, stability and interests

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

INFORM – Provide advice to the Government

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

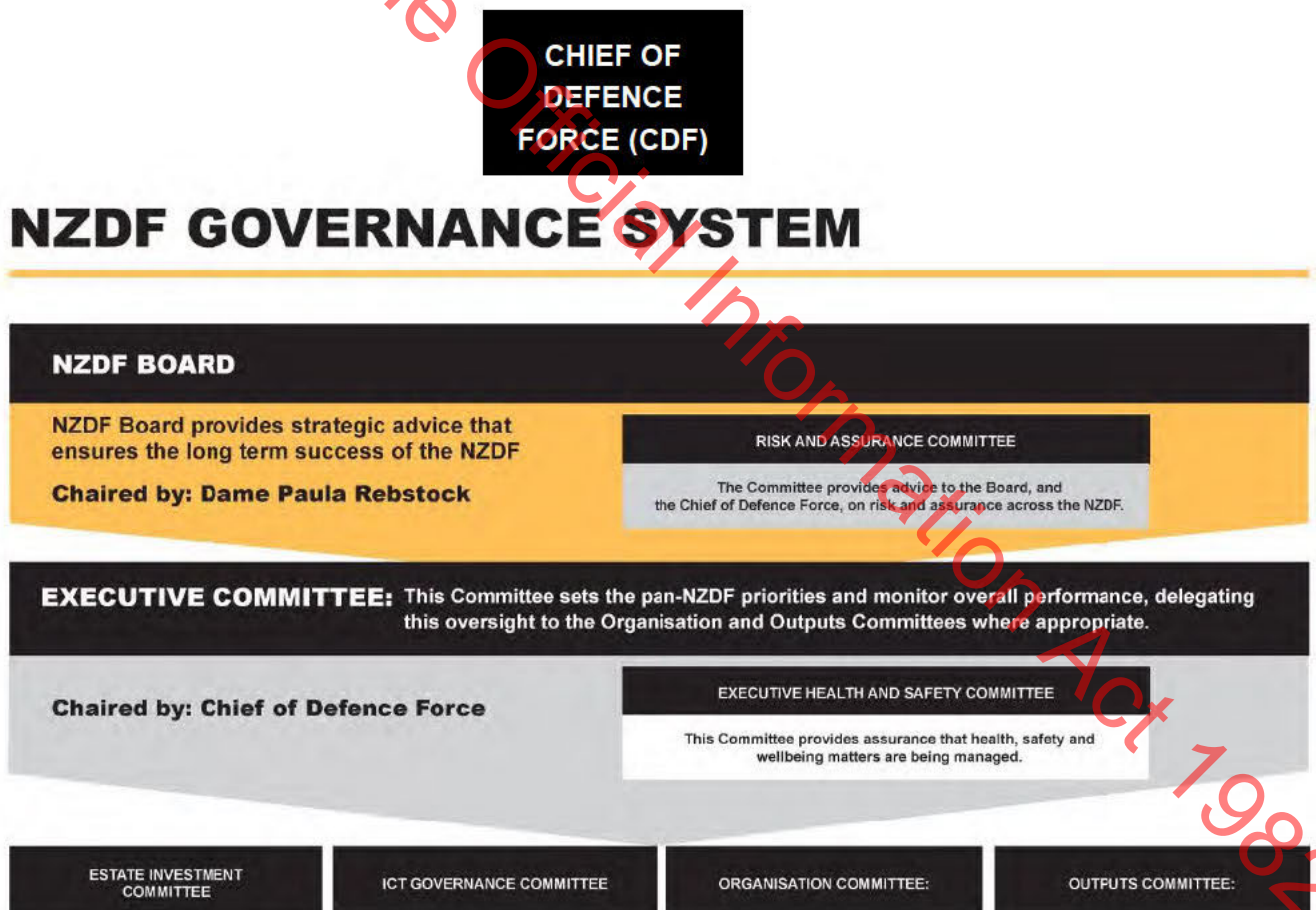
VETERANS' AFFAIRS – Respecting Veterans, Honouring Service

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

Governing and Managing the NZDF

NZDF's Governance Arrangements

The Defence Force's governance architecture prioritises and translates the Defence Force's long-term goals into the day-to-day activities that ensures the Defence Force is successfully meeting the Government's and public's expectations. The main features of the NZDF's governance arrangements are:



The Chief of Defence Force (CDF)

The CDF has ultimate responsibility for the management, direction and performance of the Defence Force. CDF is responsible to the Minister of Defence, under section 25(1) of the Defence Act, for carrying out the functions of the Defence Force, its general conduct, and the efficient, effective and economical management of its activities and resources.

The Defence Force Board

In 2014 the Defence Force overhauled its internal governance system and set up an advisory board to the Chief of Defence Force. The focus of the Defence Force Board and its subcommittees is to ensure there is a pan-Defence Force approach to decision-making, that accountabilities are clear, strategic initiatives are integrated across the organisation, and to promote a culture of performance.

The Board is a non-statutory body with members appointed by the Chief of Defence Force. The Board comprises the Chief and Vice Chief of Defence Force, the three Service Chiefs (Navy, Army, and Air Force), three independent board members (currently Dame Paula Rebstock (Board Chair); Murray Jack; and Helen Robinson) and the Secretary of Defence.

Service Chiefs and Commander Joint Forces

Service Chiefs have a key stewardship role of the Defence Force exercised through their participation as members on the New Zealand Defence Force Board. Service Chiefs are also the Professional Head of Service and are also responsible for delivery of Service activity in accordance with Defence Force priorities – as set out in the NZDF Plan; 4 Year Plan and other strategic guidance. Service Chiefs and the Commander Joint Forces are also the primary advisor to the Chief of Defence Force on matters relating to their respective environmental domains.

Working with the Ministry of Defence

The Defence Force and the Ministry work closely together. Stewardship of the relationship occurs at the cross-agency Defence Business Committee (DBC). Additionally, governance of major capability investments occurs through the Capability Governance Board (CGB).

Our Direction

Towards a more integrated Defence Force

For well over a decade the Defence Force has been on a path towards a more integrated Force. We have made significant advances bringing together the domain-specific capabilities and skills of our Navy, Army and Air Force on operations, through our Joint Forces approach.

Greater integration of our enterprise (our non-military capabilities) has been a theme in the last two Defence White Papers (2010, 2016) and consequently, reflected in the Defence Force's organisational strategies.

Following the publication of the *Defence White Paper 2016*, the NZDF Board commissioned a review of NZDF's strategy to ensure it remained aligned to Government policy. This review has been completed and the decision made to bring the NZDF's 2035 long-term vision of an 'Integrated Defence Force' forward to 2025. This acceleration is to enhance the Defence Force's ability to deliver collectively for a better New Zealand in a challenging world.

To achieve this, the new 2025 Strategy emphasises a systematic investment in NZDF's People, Information Systems and Relationships, while acknowledging the ongoing investment in our military capabilities, estate and infrastructure. Planning to achieve this is underway and will be overseen by the NZDF Board.

Funding the NZDF

Policy, Capability and Funding aligned

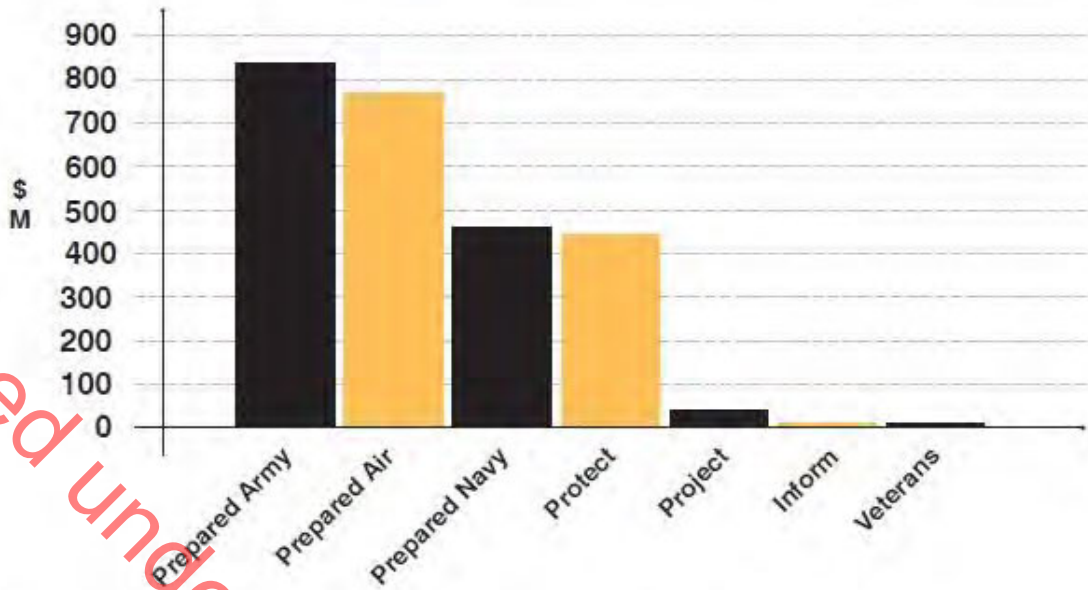
The Defence White Paper 2016 sets out NZDF's funding track for planning purposes to 2030. The planned investments in NZDF capability enhancement and the Estate Regeneration Programme will underpin the delivery of Strategy 2025.

The White Paper was supported by a Capability Paper (a Preferred Force Structure) and a Funding Paper. The Funding Paper:

- Forecasted capital and operating costs to 2029/30 reflecting:
 - Economic cost assumptions
 - The capability settings (military equipment, people and enablers such as estate and infrastructure) reflected in the Preferred Force Structure
 - The accumulated insight into the cost of delivering military outputs
- Set out a funding track for planning purposes reflecting the economic cost assumptions and the capability settings

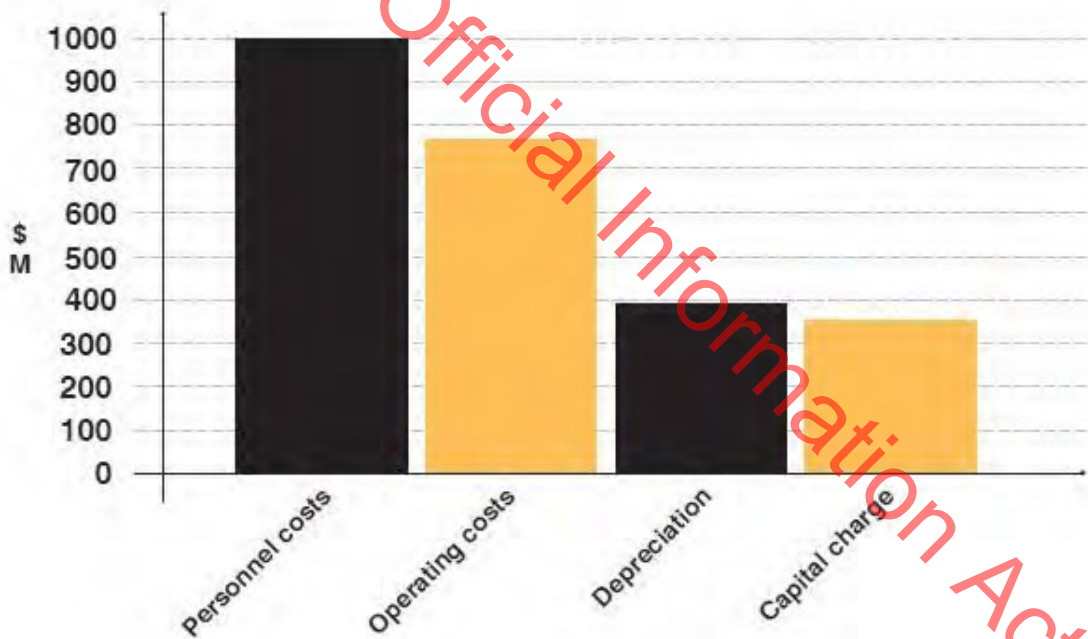
s9(2)(f)(iv)

FY 17/18 Vote Defence Force: Total Departmental Expenditure (\$M)



The indicative expenditure on inputs is summarised below:

Vote Defence Force: Total Input Expenditure (\$M)



Sustainable financial management

Defence is committed to continuously improving its enterprise-wide financial practices including enhancing the fidelity of costing information in capital and activity costing.

Defence has implemented a Whole of Life Costing (WOLC) framework in order to better inform capability investment decisions. WOLC provides a deeper understanding of an asset's life cycle costing as it looks beyond the acquisition costs to identify all other expenses over the life of the capability asset. External review indicates that Defence's WOLC framework is leading in the NZ public sector.

During 2017, Defence has also developed a cost model that more accurately represents the complexities of the Defence Force workforce. The model supports the WOLC framework, as it provides greater insight to the personnel costs associated with the operation of a capability across its complete life cycle.

Defence's portfolio management practices promote a sustainable approach to balancing capability, policy and funding. The long-term portfolio view provides Defence with the tools to identify potential areas of cost pressure early and develop monitoring and mitigation strategies should those pressures materialise.

In addition, Defence determined the relative benefits and costs of capabilities at the *Defence White Paper 2016*. This understanding guides the rebalancing of the capability profile in response to cost pressures, in order to remain within the funding envelope whilst still meeting policy requirements.

Our People

The New Zealand Defence Force is a highly professional force with great people at its heart. Our greatest asset is the disciplined and professional men and women who serve in uniform, and the support they receive from our civilian workforce. The NZDF currently has a total strength of around 14,500, comprising 9,100 Regular Force, 2,600 Reservists, and 2,800 Civilian staff members.

Defence Force people serve voluntarily on behalf of all New Zealanders. Members of the Armed Forces are not employees under the State Sector Act – they serve under the Defence Act and are therefore not subject to New Zealand employment legislation. This creates special obligations on the NZDF and the Government to consider the interests of military personnel.

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

The Chief of Defence Force is bound by an unwritten covenant with all members of our armed forces: this tacit agreement gives the Chief of Defence Force the power to direct into harms way those who have volunteered to serve in defence and protection of New Zealand's interests. In return, it places upon the Chief of Defence Force the responsibility to care for and fairly reward and compensate our uniformed members for their courage, commitment and comradeship. The Chief of Defence Force's responsibilities to provide care does not cease when service people leave the Defence Force. Through Veterans' Affairs New Zealand (VANZ) the Chief of Defence Force delivers an ongoing duty to provide support and advocacy to New Zealand's war veteran community.

Workforce Management

Our Defence Force must not only provide a workforce for current operations employing current capabilities, it must also grow personnel to use future capabilities and allow for the transition. To achieve this and more effectively manage our people budget, the Defence Force has introduced new analytical tools for monitoring and responding. An Improved Workforce Cost Model promotes more accurate forecasting of the human cost of planned capabilities by allowing experimentation with different economic assumptions and capability mixes.

New management practices including improved accountability of senior leaders for human resource capability, improved human resource data and analytics, and reaping the benefits from strategic partnerships with key suppliers, is assisting in managing and developing a 'total defence workforce' that optimises Regular and Reserve Forces and Civilian staff.

Attrition

Attrition is currently around historic low levels, which it has been for the past two years now (Navy and Army retention is currently at 8.9% respectively, and Air Force is at 6.8%). However, attrition can fluctuate quickly. Unsustainable levels occur when we cannot bring in new recruits, and train and build experience levels, as quickly as people choose to leave. Currently, a number of other western militaries have signalled increases in investment in major platforms and they may look to New Zealand to help fill their personnel shortages as they expand and introduce new capabilities. Our civilian workforce is traditionally more

stable, however there are challenges in recruiting staff with the more specialist strategic skills especially in finance, human resources, estate and IT.

Gender

The New Zealand Defence Force has one of the highest rates of women in uniform in the world. Nonetheless, we are committed to further improving the representation of women serving in the NZDF. The Royal New Zealand Navy has the greatest representation of women with 22.4% of its Regular Force, compared with 18.3% in Royal New Zealand Air Force and 13.2% in the New Zealand Army. Looking to the future, gender diversity has increased throughout the current year with female enlistments increasing by 3% this year to 23%. This aligns with a steady increase in female enlistments over the past five years. The Navy continues to achieve the highest diversity rates with 27% of enlistments this current year being female.

Ethnicity

Data related to ethnicity within the NZDF is clouded because over a third of those in uniform (34%) respond to the ethnicity question by identifying themselves as 'New Zealander', and a further five percent declare no ethnicity at all. However, of those respondents that identify an ethnicity, 28% are NZ European; Maori make up 14.6%; 12% respond as 'other European'; with 4% 'Pacific Islander'; and 2% responding as 'Asian'. In 2017/18 there has been a significant overall increase in the number of Asian enlistments, with a noted increase in the number of Asian personnel enlisting into the Air Force in particular.

Health

In 2016 the NZDF released a new Defence Health Strategy to better address the overall health needs of our people. Based on the unique demands of military service, it recognised that NZDF needed to shift from a treatment focus to a military performance health and wellbeing 'model of care'. The three main components of the model are maintaining, improving and restoring health. This more comprehensive concept of health also better empowers individuals to positively influence their own health.

The Strategy lays out five strategic objectives to deliver a better, stronger, healthier NZDF:

- Developing the NZDF integrated system of health.
- Embedding a future model of health care delivery.
- Developing and enabling the Defence Health workforce.
- Delivering a mental health aware workforce and trusted mental health care system.
- Maximising health system impacts and managing health risks.

Mental Health in particular

There is a growing recognition of mental health issues within society. The NZDF provides a wide range of support for mental health, including suicide prevention. We have health professionals and well-being providers, including psychologists, chaplains and family and social services providers, on all camps and bases who are ready to provide support and assistance. We also provide training and presentations on suicide prevention. The NZDF facilitates referrals to external agencies and experts where risks of mental health issues and suicide are evident. All NZDF personnel deployed on operational missions receive

psychological and physical health support before, during and after their deployment. In addition, throughout their career, including induction and promotion courses, personnel receive training in mental health areas and the management of potentially traumatic experiences.

Drug and Alcohol Harm Minimisation Policy

The NZDF has been working with the NZ Drug Foundation on a Harm Minimisation Framework related to drugs and alcohol. Recently, senior leaders approved a new four-year Harm Minimisation Framework, which will:

- focus on promotion health, preventing impairment in the workplace and providing support for those who need it;
- build NZDF's capability to manage and mitigate substance use using universal and targeted prevention strategies;
- build capability and capacity to identify and respond to substance use;
- introduce more consistent camp, base and event management practices;
- adopt a substance use monitoring framework; and
- develop and implement a Defence Force wide communications strategy.

Respecting Veterans, Honouring Service

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

NZDF's Commitment to Youth Development

Perhaps no area better optimises NZDF's desire to be a force for New Zealand than our work with youth:

Limited Service Volunteer

The Limited Service Volunteer Programme is funded by the Government but uses the expertise of Defence Force staff to help motivate up to 800 young New Zealanders annually to either enter the workforce or return to education. The programme is an intensive residential course providing life skills to unemployed young people between the ages of 18 to 25. The programme is sponsored and substantially funded by the Ministry of Social Development. It provides instruction on a wide range of life skills designed to develop core values, teamwork and trust which boost self esteem and self confidence.

Youth Life Skills

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

Police Community Support Programmes

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

New Zealand Cadet Forces

The Cadet Force is a voluntary, disciplined uniformed youth leadership training organisation. It is not part of the Defence Force but is sponsored by the Chief of Defence Force and the community, on behalf of the Minister of Defence, to provide leadership and training skills for young people aged 13 to 18.

The Cadet Force is the second largest youth organisation in New Zealand. The Defence Force provides training support to 99 Cadet Force units across New Zealand totalling some 4000 volunteer officers and cadets. The Cadet Force endeavours to develop confident, responsible young citizens who are valued in their community by providing them with safe, enjoyable and challenging opportunities.

New Youth Development Facility

Joint Ministerial approval was granted in August 2017 to construct a purpose-built Youth Development hub at Whenuapai Air Base in Auckland. This facility is due to open in late 2018.

Significant Projects

Repatriation

Between 1899 and 1954, the policy for service personnel who died overseas was that they were buried close to where they had died. In early 1955 policy was updated to allow families to repatriate the bodies of service personnel for burial in New Zealand, provided families pay the cost. The 1955 policy introduced inequalities between those families who could and those who could not afford to repatriate, and it was administered inconsistently. In 1971 policy changed so that service personnel and dependents could be repatriated at public expense. This policy was not retrospective and did not make allowance for the repatriation of those who died overseas between 1955 and 1971.

Following a review by the Veterans Advisory Board, in March 2017 Cabinet agreed that an offer of repatriation be made to families of all New Zealanders interred or reinterred in Singapore and Malaysia as a result of a military burial since 1 January 1955 (including dependants).

The Minister of Veterans Affairs is the Minister responsible for the project. The Chief of Defence Force is managing the repatriation project with support from other agencies as required. The project has started and is currently contacting the family members of deceased personnel, and engaging with relevant authorities in Malaysia and Singapore. The decision to repatriate will only be made by the deceased person's family.

Cabinet will receive a detailed plan and cost of the repatriations in early 2018.

Future HQ and Wellington Accommodation Project (Tranche 2)

Following the earthquake on 14 November 2016 the NZDF headquarters and the Ministry of Defence were displaced from Defence House and Revera House. Defence House is currently being demolished and Revera House will also be demolished.

The Future HQ Programme was established to deal with the aftermath of the earthquake, including procurement of both temporary and longer-term replacement accommodation.

Most HQNZDF and Ministry of Defence personnel displaced following the earthquake are now housed temporarily in Freyberg Building, off Aitken Street. Further staff are sharing with NZDF colleagues in Upper Hutt or are in temporary, leased accommodation in Upper Hutt and Ngauranga. The NZDF's lease for Freyberg Building ends on 30 June 2019, with three one-month rights of renewal.

Through work with MBIE's Government Property Group, Bowen State Building (BSB) was identified as a longer-term replacement building which would generally meet NZDF and MOD's requirements. BSB is part of MBIE's Wellington Accommodation Project 2 (WAP2). The landlord/developer for BSB is Precinct Properties New Zealand.

In August 2017 decisions by Cabinet on the WAP2 programme enabled the NZDF to take over the lease and development agreement for Bowen State Building. The NZDF has worked with Precinct to identify and negotiate the NZDF's particular requirements (from security to sustainment, such as generators) and has agreed to take over the lease and development agreement. Work is now underway to redesign some aspects of the building

fitout, and to redraft the development programme and the legal agreements around it. The NZDF expects to shift into BSB in mid-2019.

The NZDF will be head tenant for BSB and will share that building with the Ministry of Defence, with a variety of sector partners, and with a number of Ministry of Primary Industries personnel (who will be overflowed from the nearby MPI building). In addition to BSB, the NZDF has leased three floors in the Reserve Bank Building, to improve the resilience of its headquarters operations. It has undertaken a number of initiatives since the November earthquake to improve headquarters resilience and is considering further improvements.

These changes in headquarters accommodation provide an opportunity for the NZDF to think about efficient use of office space, potential use of more mobile technology and more modern ways of working. The costs to fit out new headquarters accommodation will be met from insurance proceeds and Crown funding, including contributions by other agencies occupying space with NZDF.

Innovation in Logistic and Material Support

One of the key advantages of strategic partnering with large multi-nationals such as Lockheed Martin, Babcock and Airbus, is that the Defence Force can 'reach back' into these companies to access information and knowledge and benefit from their significant investment in research and development. Access to this type of intellectual property is a large value-add proposition to the Defence Force.

In concert with this work, the Defence Force has published a Framework to explain how, when and why it seeks to engage with stakeholders. The Framework for External and Industry Engagement sets out the means by which interaction between the Defence Force and its partners can occur to allow the best match between sustainable New Zealand capability and capacity (the supply side) and the Defence Force's needs (the user side).

Annex A – Proposed International Engagement Programme

This proposed programme includes meetings where Ministerial attendance has been customary in recent years, or where as Minister you are the appropriate representative of the New Zealand Government. The programme will be determined at your discretion, and finalised between Defence and your office. [Redacted] s9(2)(g)(i)

[Redacted] A briefing on upcoming travel looking out to the end of 2018 will be provided to you separately so you can determine your final programme.

Recommended Forward Travel	Date
<p>Meeting with Australian Defence Minister, the Senator Hon Marise Payne</p> <p>Meetings with your Australian counterpart set the strategic direction, level of effort, and tone for the defence relationship with our formal Ally and main partner, Australia. You have a formal Australian New Zealand Defence Ministers Meeting (ANZDMM) annually but also tend to meet with your counterpart in the margins of multilateral meetings. Overall, this is an opportunity to reinforce our ally relationship, and flag issues of concern. The last ANZDMM meeting was held in August, but we recommend that a meeting with your Australian counterpart should be a top priority. [Redacted] s6(a)</p> <p>[Redacted] s6(a)</p>	<p>Nov/Dec 2017 (To be confirmed)</p>
<p>Defeat-ISIS Coalition Ministerial Meeting (small group),</p> <p>The defeat-ISIS coalition defence ministers meet regularly to discuss progress in the counter-ISIL campaign in Iraq and Syria, capability gaps and requirements in the campaign, and other issues including countering the threat of violent extremism globally. These meetings are chaired by the US Secretary of Defence. Defence Ministers' Meetings take two forms – large group meetings where defence ministers from all coalition countries are invited, and small group meetings to which only significant troop contributing countries are invited. [Redacted] s6(a)</p> <p>[Redacted]</p> <p>While details and dates remain to be confirmed, it is likely this meeting will be held in Rome in February. [Redacted] s6(a)</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>	<p>Feb 2018</p>

There are a number of other meetings scheduled that you may wish to attend depending on your priorities and time available:

Possible Forward Travel	Date
<p>Vancouver Defence Ministers' Meeting on UN Peacekeeping</p> <p>The Defence Ministers' Meeting on UN Peacekeeping is a forum designed to facilitate discussion between Defence Ministers on key issues around UN peacekeeping. A key focus of discussion is capability gaps in UN peacekeeping. There is an expectation that participating countries will make a pledge to fill identified capability gaps in peacekeeping missions. New Zealand has not been invited however, if you are interested in attending this meeting, there are several options for pledges that New Zealand could consider which might facilitate an invitation to be issued. [REDACTED] s6(a)</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>14-15 Nov 2017</p>
<p>Halifax International Security Forum, Canada</p> <p>The Halifax International Security Forum is designed to bring together senior defence and security leaders (including senior US congressional representatives) to discuss international security issues and promote strategic cooperation. Representatives from around 70 countries attend. It is a useful way to hear about defence and security issues affecting the Northern Hemisphere and to meet key counterparts. You could attend this Halifax meeting in combination with travelling to the Vancouver UN peacekeeping meeting.</p>	<p>17-19 Nov 2017</p>
<p>Defeat-ISIS Coalition Ministerial Meeting (large group), Brussels</p> <p>This meeting is as described above under the Defeat-ISIS Coalition Ministerial Meeting (small group) heading. You may wish to attend the large group meeting in October to get a sense of this type of engagement and to meet key counterparts. It would also allow you to attend the component of the NATO Defence Ministers' Meeting relating to Afghanistan (Resolute Support Mission) if this is included in the agenda (see below).</p>	<p>9 Nov 2017</p>
<p>North Atlantic Treaty Organization Defence Ministers Meeting, Brussels</p> <p>The North Atlantic Treaty Organization (NATO) Defence Ministers Meeting facilitates discussion between Defence Ministers on key issues related to the political and military alliance. New Zealand is not a member of NATO, however we are often invited to a portion of the NATO Defence Ministers Meeting which relates to the Resolute Support Mission in Afghanistan.</p>	<p>8-9 Nov 2017</p>
<p>Beersheba Commemorations, Be'er Sheva Israel</p> <p>The Beersheba commemoration is one of six major First World War centenary commemorations and the only one for the Sinai/Palestine commemorations. It is likely that a Prime Ministerial decision on attendance will be made.</p>	<p>31 Oct 2017</p>

Operational theatre visit

In addition to the meetings above, an early visit to one or more operational theatres would be valuable. This would signal your support to those Defence Force personnel, and it would give you an opportunity to gain familiarity of a mission and the contribution New Zealand makes.

To be determined

Released under the Official Information Act 1982

Annex B – Cabinet Forward Programme to early 2018

The table below details issues you may need to take to Cabinet between now and early 2018. Scheduling for Cabinet papers will be at your discretion, and coordinated between Defence and your office. Historically, the Defence portfolio has involved a significant amount of Cabinet submissions. Potential international deployments will also need to be factored into the Cabinet Programme, if and when they arise.

Title	Purpose of Paper	Funding Sought	Proposed Date
ANZAC Frigate Systems Upgrade	Presenting portfolio trade-off options for managing the cost pressure arising within the installation component of the project to upgrade the combat systems of the ANZAC frigates.	Yes	Nov/Dec 2017

s9(2)(f)(iv)

Proposal to re-deploy an Inshore Patrol Vessel to Fiji for six months	Defence will present a recommendation for Cabinet approval to re-deploy an Inshore Patrol Vessel (IPV) to Fiji for six months in 2018. This deployment is in response to Fiji's ongoing requirement for maritime surveillance and patrolling support. It also builds on what has been a very successful IPV deployment.	TBC – deployments involve Cabinet agreement of tagged contingency funding.	Nov/Dec 2017
Proposal to deploy a Mobile Training Team to the UN Mission in South Sudan	Defence will present a recommendation for Cabinet approval to deploy a small New Zealand Defence Force training team to the UN Mission in South Sudan to provide specialised training to troop contributors. The provision of additional training support supports the Mission and broader New Zealand defence engagement objectives, and has been identified as a need by the Special Representative for the Secretary General David Shearer.	TBC – deployments involve Cabinet agreement of tagged contingency funding.	Nov/Dec 2017

Future Air Surveillance Capability – Maritime Patrol Aircraft	Presenting to Ministers the detailed cost, technical, and delivery information for the option of procuring the maritime patrol aircraft component of the Future Air Surveillance Capability, replacing the P-3K2 Orions.	Yes	March/ April 2018
---	--	-----	----------------------

s9(2)(f)(iv)

Released under the Official Information Act 1982

Annex C – Country and regional international engagement strategies

s6(a)

Australia

Australia and New Zealand have arguably the closest Defence partnership between any two nations. We are formal Defence allies and deploy together in a range of theatres, whether in the South Pacific or in the Middle East. The Australia-New Zealand Joint statement on Closer Defence Relations (2008) provides a framework for interaction. Mutually agreed by Australia and New Zealand (ANZ) Defence Ministers in 2011, the formal Defence relationship architecture meets at all levels each year. At its apex is the annual ANZ Defence Ministers' Meeting, which sets expectations for cooperation, centred around openness and interoperability. An early meeting with Australian Defence Minister, Senator Marise Payne is recommended.

The relationship with Australia is naturally asymmetrical. New Zealand is not Australia's most important partner. s6(a)

The 2016 Australian Defence White Paper set out an extra AUD\$29.9 billion in defence expenditure over the next 10 years, with the annual spend rising to AUD\$58.7 billion by 2025-26 (a total spend of AUD\$498 billion over that time). Australia's defence spending is forecast to hit 2 per cent of GDP by 2021, compared to New Zealand's approximately 1 per cent of GDP, and Australia is often prepared to apply significant resources to achieve its security goals. s6(a)

New Zealand co-operates closely with Australia in defence acquisition, ranging from sharing information through to using common equipment and procuring from Australia. s6(a)

Australia is a fellow member of Five Eyes.

United States

After Australia, the defence relationship with the United States is our most important. Our relationship has strengthened significantly in recent years as a result of joint operational commitments, bilateral defence training, joint exercises, shared perspectives and active investment of time and resources. We deliver value to the United States as a leader in the South Pacific, a partner in Asia, and a like-minded supporter of the international rules-based order, including through contributions to security and stability operations, such as the Defeat-ISIS coalition in Iraq. We also provide logistics support to the United States in Antarctica and are a fellow member of Five Eyes.

United Kingdom

The United Kingdom is a close and enduring defence and security partner due to our joint operational commitments, close practical engagement, shared perspectives on a range of security challenges and joint Five Eyes membership. Involvement with United Kingdom defence is critical for the NZDF, in particular for specialist training and exercising, and doctrine and capability development.

Canada

Defence engagement with Canada occurs primarily through Five Eyes, but also includes joint participation in exercises, reciprocal military personnel exchanges, various training and education opportunities, defence talks and joint operational commitments. Canada has provided valuable support to New Zealand as part of some its major Defence acquisition and procurement projects, an aspect of the relationship that will continue to develop.

Pacific Island Countries

New Zealand's defence relationships with South Pacific countries and in particular those with armed forces – i.e. Fiji, Tonga and Papua New Guinea – are critical. In all three countries, supporting the professional development of the armed forces is a key focus. This includes offering places on training and professional development courses in New Zealand, personnel exchanges and secondments, and military exercises. The Defence Force also assists with maritime surveillance and search and rescue and plays an important role in whole of government disaster relief and recovery efforts in the South Pacific.

Of these our defence relationship with Fiji has seen the greatest growth. It was re-established following the September 2014 general election and has grown significantly since then. Two important components have been the deployment in April of an NZDF Inshore Patrol Vessel to Fiji to help patrol its Exclusive Economic Zone and the NZDF's assistance with the Republic of Fiji Military Forces' pre-deployment training for its overseas deployments such as with the United Nations Disengagement Observer Force.

France

New Zealand's defence engagement with France is primarily focused around our common interests and close cooperation in the Pacific, including maritime security and humanitarian assistance and disaster relief. Practical cooperation is generally conducted through multilateral mechanisms, including the Quadrilateral Defence Cooperation Group, the Forum Fisheries Agency, and the France-Australia-New Zealand Agreement on disaster response. We have also had significant engagement with Metropolitan France as a result of the 100th anniversary of World War I and on policy issues.

China

China is an important partner for New Zealand due to its political and strategic importance in the Asia-Pacific region and globally. New Zealand was the first Western country to agree a long term defence engagement plan with China, which sets out the scope of defence activities expected to take place between our countries. High level visits are a strong feature of the defence relationship. [REDACTED]

s6(a)

Republic of Korea

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

Japan

New Zealand's defence relationship with Japan is based on support for common values, as well as a strong commitment to regional peace and security. Changes to Japan's constitution under Prime Minister Abe have expanded the scope for security cooperation with defence partners, and allowed Japan to pursue a more active role for its military in international affairs. New Zealand has sought to increase our modest level of defence engagement with Japan in response to these changes. This includes exploring opportunities for our defence forces to work together in international peacekeeping and peace support operations, although Japan's security concerns in its immediate region are likely to limit its involvement in operations further afield. [REDACTED] s6(a)

Singapore

Singapore is New Zealand's closest defence and security partner in South East Asia, both in terms of overall activity and genuine engagement. Strong defence links are deepened by common membership of the Five Power Defence Arrangements and Association of South East Asian Nations (ASEAN) Defence Ministers' Meeting-Plus and combined operations overseas (notably Timor-Leste and Afghanistan). Singapore has been a consistent force for regional stability and a strong voice in these frameworks. Singapore and New Zealand both value multilateral defence and security cooperation under these frameworks.

Defence is working with Singapore to refresh the existing structure of meetings that govern our defence relationship and explore new defence cooperation activities. This is aligned with the broad intent to expand the relationship through the development of an Enhanced Partnership. The first step in implementing this refresh was the introduction of an annual Ministerial meeting (held in January 2017). We are also considering Singapore's request to have a long term base for 12 Republic of Singapore Air Force F-15 fighter jets at Ohakea.

Malaysia

New Zealand and Malaysia have a longstanding defence relationship comprised of bilateral and multilateral exercises, operational cooperation, training, and strategic dialogue. The defence relationship with Malaysia is one of New Zealand's closest in South East Asia, second only to Singapore. [REDACTED] s6(a)

Defence recently received confirmation that Malaysia can host the Secretary of Defence for the Malaysia-New Zealand Senior Executives' Meeting in November. This dialogue will be a valuable opportunity for Defence to reinvigorate the relationship at the strategic level, discuss new areas for defence cooperation, and develop a framework with Malaysia to ensure the defence relationship remains contemporary, relevant and of mutual benefit.

Viet Nam

Despite our geographical separation and difference in size, New Zealand and Viet Nam can point to a genuine and friendly bilateral defence relationship. Although our defence cooperation with Viet Nam is modest, it is an important part of the broader bilateral relationship, reflecting Viet Nam's growing strategic importance in South East Asia. The military in Viet Nam is a powerful political force, and enjoys considerable prestige and influence in the communist state. High-level defence interaction is therefore an important component of strengthening the wider bilateral relationship, and supports progress in other areas, including the Ministry of Foreign Affairs and Trade's ambition to enter into a Strategic Partnership. Viet Nam has the largest share of the New Zealand Defence Force's Mutual Assistance Programme in South East Asia, largely focussed on building people-to-people links through professional military training. New Zealand also provides English language training to support Vietnamese attendance on New Zealand based training (Advanced Command and Staff College (Joint), UN training courses), and pre-deployment training for Viet Nam Peacekeepers.

Indonesia

New Zealand's bilateral defence relationship with the Indonesia is modest, focussed on key leader engagement, policy dialogue, and professional leadership training provided through the New Zealand Defence Force's Mutual Assistance Programme. [REDACTED] s6(a)

[REDACTED] Efforts to enhance the defence relationship are complicated in part due to a split between the Indonesian Ministry of Defence and the military. Minister of Defence Hon Mark Mitchell made a bilateral visit to Indonesia from 30 May-1 June 2017, releasing a Joint Declaration on Defence Cooperation with his

Indonesian counterpart, reflecting the interest on both sides in building the bilateral defence relationship.

North Atlantic Treaty Organization (NATO)

New Zealand's relationship with NATO was formalised in 2012 through signing an Individual Partnership and Cooperation programme, which sets out enhancing interoperability, information sharing, and developing common approaches to emerging security challenges as priority areas for cooperation. There are currently 10 personnel deployed to the Afghan National Army Officer Academy as part of NATO's Resolute Support Mission. In August 2017, Cabinet approved the deployment of three additional personnel: two personnel to the Resolute Support Mission Headquarters in Kabul and one additional person to the Afghan National Army Officer Academy. In the past New Zealand has participated in NATO operations in the Balkan states and in NATO's counter-piracy mission off the Horn of Africa. Participating in NATO improves New Zealand's access to high level dialogues including among Defence Ministers, and technical working groups.

ASEAN Defence Ministers' Meeting Plus

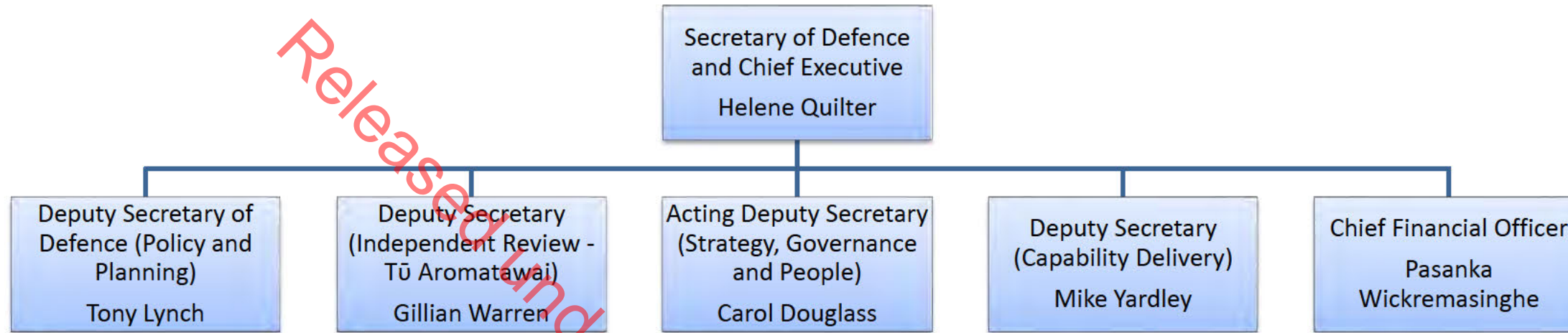
For Defence the primary forum in the Asia regional security architecture is the ASEAN Defence Ministers Meeting Plus (ADMM-Plus), which is focused on enhancing regional security through closer integration. The *Defence White Paper 2016* acknowledges that the ADMM-Plus helps to mitigate the risk of regional conflict by bringing states together, entrenching habits of dialogue and encouraging practical military cooperation. The next biennial Defence Ministers meeting will take place on 23 to 24 October 2017 in Clark Airbase, Philippines. New Zealand currently co-chairs, with the Philippines at senior officials' level, the ADMM-Plus Experts Working Group on Cyber Security, and will host a Working Group meeting and International Cyber Legal Seminar in Wellington in November 2017.

Five Power Defence Arrangements

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

Annex D – Defence Organisational Charts

Ministry of Defence Organisational Chart



New Zealand Defence Force Senior Leadership Organisational Chart



Released under the Official Information Act 1982

