

# HON JUDITH COLLINS KC, MINISTER OF DEFENCE

## MINISTERIAL BRIEFINGS FOR THE 2025 DEFENCE CAPABILITY PLAN

July 2025

This publication provides 10 Ministerial briefings that supported development of the *2025 Defence Capability Plan*.

The pack comprises the following documents:

1. *Briefing to the Minister of Defence: Defence Capability Plan*, 13 December 2023

Key details of Annex C from this briefing are available in the *Defence Policy Review: Future Force Design Principles 2023*, available from the Ministry's website at <https://defence.govt.nz/publications/defence-policy-review-future-force-design-principles-2023/>

2. *Defence Capability Plan: Timing Options* [MOD 02-2024]
3. *Briefing to the Minister of Defence: Defence Capability Plan*, February 2024 [MOD 22-2024]
4. *Aide Memoire: Defence Capability Plan: Ministerial Meetings*, 17 September 2024 [MOD 139-2024]
5. *Aide Memoire: Defence Capability Plan: Engagement with Minister of Finance*, 8 October 2024 [MOD 159-2024]
6. *Aide-Mémoire: Defence Capability Plan 2024 – Paper One – Strategic Context and Framework*, 4 November 2024 [MOD 169-2024]
7. *Aide Memoire: Defence Spend as a Percentage of GDP*, 9 February 2025 [MOD 19-2025]
8. *Aide-Mémoire: Defence Capability Plan 2025 – Public Version* [MOD 37-2025], 10 March 2025
9. *Aide-Mémoire: Meeting with Associate Minister of Defence Hon Chris Penk on Defence Capability Plan 2025*, 2 April 2025 [MOD 68-2025]
10. *Aide-Mémoire: Defence Capability Plan 2025*, 7 April 2025 [MOD 68-2025]

This pack has been released on the Ministry of Defence website, available at: [www.defence.govt.nz/publications/ministerial-briefings-for-the-2025-Defence-Capability-Plan](http://www.defence.govt.nz/publications/ministerial-briefings-for-the-2025-Defence-Capability-Plan).

The *2025 Defence Capability Plan* is available at <https://defence.govt.nz/publications/2025-defence-capability-plan/>.

Two associated Cabinet papers and minutes regarding the *2025 Defence Capability Plan* are available at the following links:

- *Defence Capability Plan 2024: Strategic Context and Framework* <https://www.defence.govt.nz/publications/defence-capability-plan-2024-strategic-context-and-framework/> and
- *Defence Capability Plan 2025: Public Release, Defence Industry and Communications* <https://www.defence.govt.nz/publications/defence-capability-plan-2025-public-release-defence-industry-and-communications/>.

It has been necessary to withhold certain information from the attached publication, in accordance with the following provisions of the Official Information Act 1982. Where information is withheld, the relevant sections of the Act are indicated in the body of the document.

Information is withheld where making it available would be likely to prejudice:

- national security information and information that would impact the international relations of the Government of New Zealand [s6(a)]
- information provided by other Governments with an expectation that it would be protected [s6(b)(i)].

Information is also withheld in order to:

- maintain the confidentiality of advice tendered by Ministers of the Crown and officials [s9(2)(f)(iv)]
- maintain the effective conduct of public affairs through the free and frank advice provided by Defence [s9(2)(g)(i)]
- enable a Minister of the Crown or any department or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) [s9(2)(j)]

Where information has been withheld in accordance with section 9(2) of the Act, no public interest has been identified that would outweigh the reasons for withholding it.

## Briefing to the Minister of Defence

13 December 2023

## DEFENCE CAPABILITY PLAN

Prepared by the joint MoD and NZDF Defence Capability Plan team.

### PURPOSE

1. This briefing provides an overview of the Defence Capability Plan (DCP), including the strategic context and work currently underway.

### EXECUTIVE SUMMARY

2. The Ministry of Defence's *Defence Assessment 2021* identified that New Zealand's strategic environment is deteriorating. The current Defence Force is designed for a relatively benign strategic environment, and not the challenges of increased strategic competition and the adverse effects of climate change that *Defence Assessment 2021* identified. As a result, it is not well positioned to respond to future challenges.

3. In response, a *Defence Policy and Strategy Statement* and *Future Force Design Principles* were approved by Cabinet and publicly released in August 2023. These set out the Government Defence policy and principles for a future force. In order to provide the Defence Force with the resources to enact the policy direction in these documents, work on a new *Defence Capability Plan* is underway.

4. Investment option sets are currently set to be provided to Cabinet in September 2024. These options are intended to include capability, workforce, and infrastructure investments out to 2040, aligned to the policy settings, which will enable Defence to respond to the worsening strategic environment.

### BACKGROUND

5. In December 2021, the Ministry of Defence released *Defence Assessment 2021* (DA21). This was prepared in close consultation with the Defence Force and other national security sector agencies, and concluded that New Zealand's strategic environment had become substantially more challenging. It identified two major challenges to New Zealand's security interests:

- a. **strategic competition**, [REDACTED] s6(a)  
and
- b. the intensifying and wide-ranging impacts of **climate change**.

6. DA21 proposed a formal review of New Zealand's defence policy settings, and recommended a shift from a predominantly reactive, risk management-centred approach to one based on a proactive strategy-led approach, focused in the Pacific.

7. Since 2021, New Zealand's strategic environment has changed even more rapidly than the Assessment anticipated. Key developments have included Russia's invasion of Ukraine, [REDACTED] s6(a)

8. In response, in July 2022 Cabinet directed the Ministry of Defence and the New Zealand Defence Force to undertake a Defence Policy Review (DPR) to ensure that New Zealand's defence policy, strategy, and planned capability investments remain fit for purpose. The DPR has released two products:

- a. the *Defence Policy and Strategy Statement* (DPSS), which updated New Zealand's overarching defence policy and strategy, and was publicly released in August 2023 (see Annex B); and
- b. the *Future Force Design Principles* (FFDP), which sets out assumptions and principles to guide force design and organisational planning, and was publicly released in August 2023 (see Annex C).

9. Work is now underway on a *Defence Capability Plan* (DCP), which will provide a detailed investment plan to achieve the settings in the DPSS and FFDP, ensuring Defence is resourced (with people, equipment, and infrastructure) to meet the future environment.

10. A Defence White Paper has not been commissioned to date, but there is an option to incorporate the DPSS, FFDP, and DCP into one document articulating Government's intent for defence policy, strategy, force structure, and funding.

11. As part of this process a Ministerial Advisory Panel (MAP) was established in October 2022 to provide the Minister of Defence with advice, separate from Defence officials, on any matter related to the Defence Policy Review. The Panel has provided a range of perspectives, to challenge, critique and review the DPR products. Chaired by Sir Brian Roche, since October 2022 the MAP has met 10 times, including undertaking visits to camps and bases and gaining greater familiarity with Defence capabilities and personnel. Details of the other Panel members are enclosed at Annex A. As per the terms of reference, the MAP term of appointment will run until the completion of the Defence Policy Review.

## THE DEFENCE CAPABILITY PLAN

12. The policy settings of the DPSS and FFDP are not currently able to be met by the NZDF. [REDACTED] s6(a), s6(b)(i)

[REDACTED] Advanced technologies are emerging that Defence must be able to both protect against and utilise. Defence is therefore reviewing the investments required to enable the NZDF to effectively operate in the face of a deteriorating global outlook, a Pacific region grappling with climate change, and the intensification of strategic competition.

13. To achieve this, more investment in Defence is required, to stabilise the Force, and then to grow the NZDF. This will allow the NZDF to respond to the increasingly challenging strategic environment. It will also offer Government more options to act, both alongside partners and independently when required.

14. Work is underway to develop investment option sets for a DCP, including indicative timing and cost, which Defence is due to deliver to Cabinet in September 2024. The DCP will be a 15 year integrated plan. It seeks to balance investments in capability and other areas (such as workforce and infrastructure) to ensure the NZDF is a strong, highly-trained, combat capable force.

15. The existing investment plan, DCP19, was based on a more benign strategic environment. Disruptions caused by the COVID-19 pandemic and subsequent fiscal constraints have resulted in divergence from the schedule of planned investments.

16. Taking into account gaps in the current force, the strategic direction of the DPSS, and the settings of the FFDP, Defence is developing options for investments, including both asset replacements (for example, replacing aging ships and housing) and recommended new capabilities (for example, counter-drone technologies).

17. [REDACTED] s6(a) [REDACTED] it is anticipated that all option sets will include an uplift in Defence's ability to utilise data and operate contemporary capabilities, such as drones, in order to remain relevant in the modern strategic environment.

18. [REDACTED] s6(a) [REDACTED] The nearer term investments will address the most urgent issues for Defence and be detailed with a greater level of granularity, for inclusion in coming budget rounds. Longer term investments will be indicative only. The intention is for the DCP to be regularly updated to account for developments in the strategic environment, and each update will allow for progressively more accurate costs.

19. [REDACTED] s9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

## **COST**

20. The DPR programme has been financed from within Vote Defence and Defence Force baselines, with no additional funding sought. [REDACTED] s9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED].

21. This includes the costs of the Ministerial Advisory Panel [REDACTED] s9(2)(g)(i) [REDACTED] and associated travel, some consultancy/contractor costs for specialist skills not available within Defence agencies, and fixed term roles to support the programme.

## **NEXT STEPS**

22. Defence is currently scheduled to provide an update on DCP options development to Cabinet in February 2024. Following this, in September 2024 it is expected that final investment package options will be provided to Cabinet for consideration. [REDACTED] s9(2)(f)(iv) [REDACTED] a public facing document will be produced based on Cabinet's preferred option.

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

## KEY CONTACTS

- Sophie Vickers, Director Development Branch, Ministry of Defence
- Commodore Mathew Williams, Assistant Chief of Capability, NZDF

### KR SHORT

Air Marshal

Chief of Defence Force

Date:

### ANDREW BRIDGMAN

Secretary of Defence

Date:

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## **Annex A - Ministerial Advisory Panel (MAP) Biographies**

### **Sir Brian Roche KNZM Chair**

Sir Brian has extensive experience across a number of sectors including Government, business, and public service. He has chaired and served on a range of senior boards and advisory groups, including the Government's COVID-19 Independent Continuous Review, Improvement and Advice Group, the Three Waters National Transition Unit Board and the Ministerial Group for the Defence White Paper process in 2016. Sir Brian led independent reviews of Defence's procurement policies and practices for major capability projects from 2018 to 2021.



### **Sir Don McKinnon, former Deputy Prime Minister New Zealand**

Sir Don is the former Deputy Prime Minister of New Zealand, having served in this role from 1990 to 1996. He served as a Member of Parliament from 1978 to 2000. He also served as the Minister of Foreign Affairs and Trade until 1999. He retired from Parliament and was appointed to the role of Secretary-General of the Commonwealth from 2000 to 2008.



### **Pania Tyson-Nathan (Rongomaiwahine, Ngāti Kahungunu), Chief Executive of NZ Māori Tourism**

Pania has been the Chief Executive of NZ Māori Tourism since 2011, and has held senior leadership positions within the public and private sectors for over three decades. She has also held governance positions across a range of organisations both in New Zealand and abroad as well as being a long-standing supporter of the 28<sup>th</sup> Maori Battalion Association. She currently represents New Zealand on the Pacific Economic Cooperation Council and is serving on the World Economic Forum for tourism, trade and investment advisory.



### **David Gawn, Chief Executive of the National Emergency Management Agency**

David has held a variety of senior leadership positions within the public service including his current role as the Chief Executive of the National Emergency Management Agency (NEMA). Prior to his role at NEMA, David was appointed as Chief Executive of the Pike River Recovery Agency. In previous years he also fulfilled the role of Head of Mission and Chief of Staff to the United Nations Truce Supervisory Organisation in Israel. During his time with the New Zealand Defence Force, David's roles included Chief of Army from 2013 to 2015 and Commander Joint Forces New Zealand from 2011 to 2013.



### **Christine Stevenson, Chief Executive of New Zealand Customs Service**

Christine Stevenson was appointed the Chief Executive and Comptroller of the New Zealand Customs Service on 1 January 2019 for five years. In February 2019, she was reassigned as Acting Chief Executive of the Department of Corrections and returned to Customs in February 2020. In December 2020, Christine was appointed chair of the Chief Executive level of the Border Executive Board.



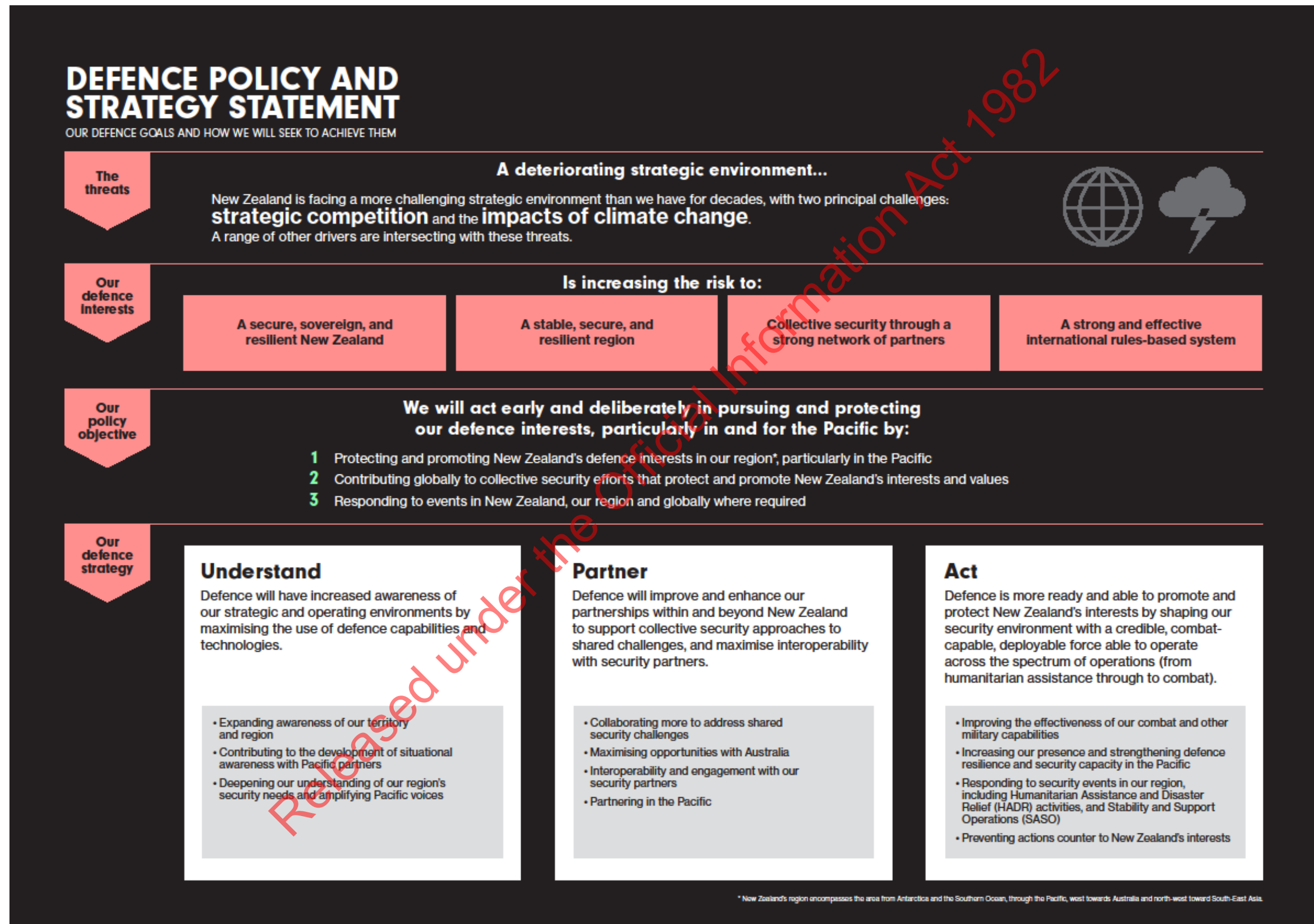
The members of this interdepartmental executive board are jointly responsible to the COVID-19 Response Minister, Hon Chris Hipkins, for the operation of the Board and the effective governance and oversight of the end-to-end border system. Prior to joining Customs, Christine was Deputy Chief Executive of the Department of Corrections, where she supported the Chief Executive, represented the Department, and provided leadership across the justice sector. She is also a former Deputy Chief Executive at the Ministry of Justice and the Ministry of Social Development.

### **Professor David Capie, Victoria University of Wellington, Te Herenga Waka**

David is the Director for the Centre of Strategic Studies and Professor of International Relations at Victoria University of Wellington, Te Herenga Waka. He is also the regional co-chair of the Council for Security Cooperation in the Asia-Pacific. His research interests focus on conflict and security issues, particularly in the Asia-Pacific region, and New Zealand's foreign and defence policy.









11 January 2024

Minister of Defence

## DEFENCE CAPABILITY PLAN TIMING OPTIONS

### Purpose

1. This paper responds to your request to provide options for earlier delivery of a new Defence Capability Plan (DCP).

### Background

*An accelerated timeline is available, with faster delivery requiring risk trade-offs*

2. This paper sets out the options for speeding up the delivery of the DCP. Two options, including benefits and risks, are set out in Table 1 below. For reference, the current process for the DCP development and delivery is articulated at Annex A.
3. A key consideration for Defence is long-term sustainability of the DCP. This requires the NZDF to be coherent over time i.e. have the capabilities at any point in time that will enable it to respond to Government direction to deploy (including as part of a partner coalition).
4. Irrespective of the timing chosen for DCP delivery, Defence proposes a more regular cycle of updates to ensure investment remains coherent and aligned to changes in the environment over time. s9(2)(f)(iv)
5. The possible options for speeding up the delivery of the DCP are:
  - a) A DCP, focused on the next four years, in March 2024; or
  - b) A capability (equipment and infrastructure) focused DCP in June 2024.
6. Both of these options carry risk and benefits as articulated in table 1 below.

**Table 1 – Options for Accelerated Defence Capability Plan Delivery**

Option	Description	Risks	Benefits
<p><b>March 2024</b> – for 4 year focused force structure options to Cabinet</p>	<p><b>Four-year focus</b> – Cabinet would be provided with two options for a DCP, focused on near term budgets (B24–B28) in March 2024.</p> <p>This would include indications of proposed future investments beyond the four-year time frame.</p>	<p>s6(a), s9(2)(g)(i)</p> <p>(This is somewhat mitigated by previous work undertaken for DCPs and assessment of options against the Future Force Design Principles).</p> <p>Under this option the Government’s long term investment intentions would be at the level of a ‘direction of travel’ (for example for the replacement of the naval fleet).</p> <p>s6(a), s9(2)(g)(i)</p> <p>s6(a), s9(2)(g)(i)</p> <p>Significant replacement projects were planned in DCP19 over the next four years. Depending on the overall funding envelope over this period, there will be limited scope to consider how to re-spread these projects over time, and analyse the implications of any deferred investments.</p> <p>The timing only allows basic and quick constraints analysis. This increases the risk that options do not provide a coherent force structure to meet the future environment.</p> <p>s6(a), s9(2)(g)(i)</p>	<p>Allows Defence to start stabilising the NZDF, and address current issues, quickly (if funding is committed in Budgets 2024 and 2025).</p> <p>The short term plan would quickly and clearly articulate the Government’s intentions for Defence investment, providing short-term certainty.</p> <p>It provides an early indication of New Zealand’s intentions to security partners.</p> <p>The risks listed could be addressed through regular updates of the plan, with each iteration improving costs, coherence, and integration (linkage between capability, estate, digital, logistics people, and other investments).</p> <p>A faster process would free up resource earlier to work on business cases and portfolio management.</p>

		<div>s6(a), s9(2)(g)(i)</div> <div>s9(2)(g)(i)</div> <div>Some of the base capabilities may reflect historic settings. Innovation would likely be on top of, rather than in place of, current projects.</div>	
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Option	Description	Risks	Benefits
<p><b>June 2024</b> for capability focused force structure options to Cabinet</p>	<p><b>Capability focused DCP</b></p> <p>s6(a)</p> <p>s9(2)(g)(i)</p> <p>This option would focus on capability investments and some key 'enabler' (estate, digital, logistic, people etc) investments.</p> <p>The balancing process step would be shortened.</p>	<p>While scenarios testing would still be planned in this option there is risk of insufficient time for detailed analysis. This option also has reduced constraints analysis.</p> <p>s6(a), s9(2)(g)(i)</p> <p>Not able to immediately implement as relies on B25 decisions (unless tagged contingency is set aside in B24 or between budget contingency used).</p> <p>No schedule contingency which creates a risk of missing deadlines or reducing the quality of options analysis.</p> <p>Compared to the current plan for an integrated DCP, there would be less ability to consider overall Defence investment. This creates a risk that future investment overemphasises capability and undervalues 'enabling' or support functions, which are an important foundation of output delivery, impacting overall sustainability of the plan.</p>	<p>Shorter timeframe that still allows for prioritisation by senior officials across security agencies, and for some balancing to occur.</p> <p>It provides an early indication of New Zealand's intentions to security partners.</p> <p>The risks listed could be addressed through regular updates of the plan, with each iteration improving costs, coherence, and integration.</p> <p>Costs can be refined between Cabinet decision on a preferred option and finalisation of the internal investment plan and public facing DCP.</p>



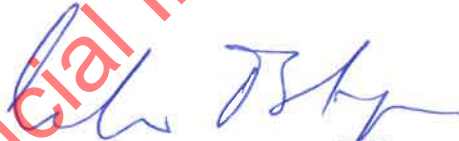
## Recommendations

7. It is recommended that you:

- |  |          |
|--|----------|
| a. <b>Note</b> this briefing responds to your request for options to speed up the DCP process, and the trade-offs of doing so;         | Yes / No |
| b. <b>Note</b> that two options have been prepared for consideration;<br><i>Either (four-year focus):</i>                              | Yes / No |
| c. <b>Direct</b> Defence to deliver in March 2024 options for a DCP focused on the next four years;<br><i>Or (capability-focused):</i> | Yes / No |
| d. <b>Direct</b> Defence to deliver in June 2024 options for a capability-focused DCP;<br><i>Or (status quo):</i>                      | Yes / No |
| e. <b>Direct</b> Defence to continue to work to a September 2024 date for options to Cabinet options for a fully-integrated DCP.       | Yes / No |



**KR SHORT**  
Air Marshal  
Chief of Defence Force  
Date: 11 JAN 24



**ANDREW BRIDGMAN**  
Secretary of Defence  
Date: 11 Jan 2024

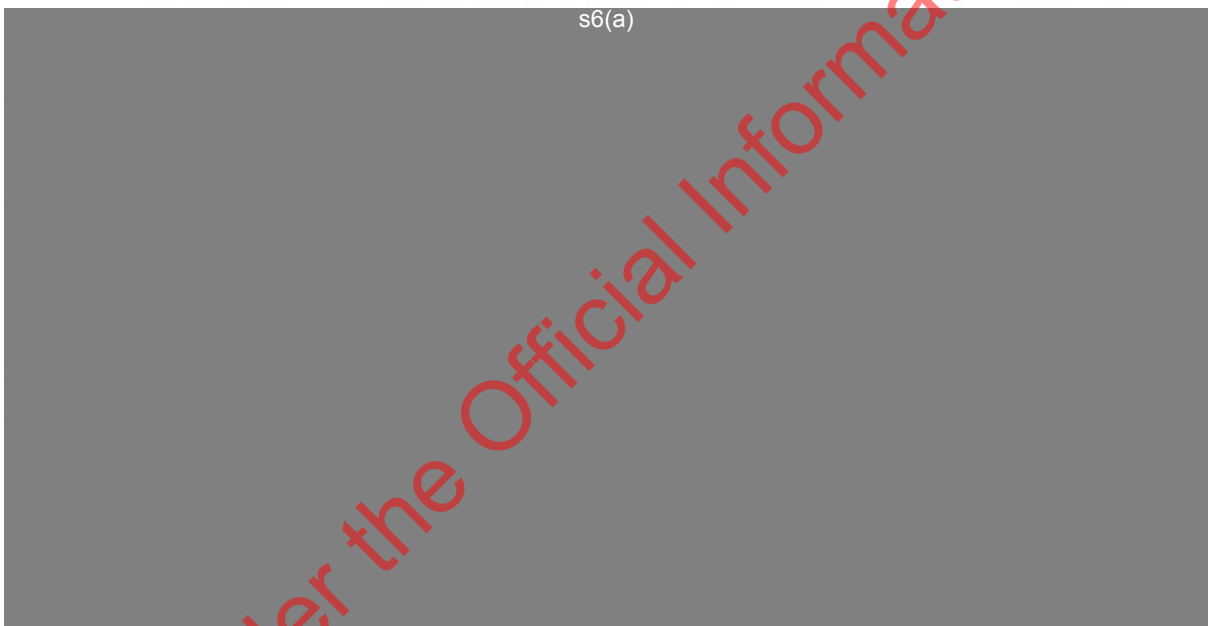
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## Annex A: Current DCP Process

The four stages of the DCP development and delivery process are detailed below.

- a. **Information gathering and prioritisation.** Currently underway. Completion date 16 February 2024.

- i. This stage includes [REDACTED] s6(a) [REDACTED] to understand the current gaps in the NZDF's ability to meet new policy and strategy settings in responding to the changing environment. It also includes gathering information from industry.
- ii. The information gathered is used to develop 'tiles' - building blocks of a future NZDF. The output of this stage is a list of tiles prioritised by value (including value for money). Prioritisation involves senior officials from Defence and other agencies rating tiles against criteria, based on policy and strategy settings. Australia undertakes this step using a small group of SMEs.



- c. **Development of a DCP.** Dates tbc depending on Cabinet direction.

- i. From Cabinet's preferred option, a detailed and integrated DCP will be developed for approval. The plan will signal the Government's future investment intentions for Defence until 2040. It will be broken into three time horizons: 1-4 years (focused on stabilisation of the NZDF), 5 – 9 years, and 10 years plus.
- ii. Development of a draft Workforce Strategy and workforce change programme is also planned to be delivered in September 2024. The purpose of this is to define the current NZDF workforce and agree the changes that will need to be made in order to build the workforce of the future.

[REDACTED] s6(a) [REDACTED]

- d. **Development of business cases.** Once the DCP is approved, planned investment will be staged and individual business cases will be developed as usual for all major capability procurement.

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## Briefing to the Minister of Defence

### DEFENCE CAPABILITY PLAN

Prepared by Development Branch, Ministry of Defence and Capability Branch, NZDF  
February 2024

#### Introduction

1. This paper provides background information for the deep dive briefing on the Defence Capability Plan scheduled for Monday 12 February.

#### Defence Capability Plans signal future investments in the Defence Force

2. Defence Capability Plans (DCPs) signal Governments' intent to invest in the New Zealand Defence Force (NZDF) over time. Previous governments have released DCPs to coincide with changes in defence policy.
3. The DCP consists of:
  - An *internal capital plan* – detailing what, and when, investments are planned, and the estimated cost. This includes both initial commitments and when payments will be made.
  - A *public facing Defence Capability Plan* – a high level summary of the capital plan, detailing planned investments, when Defence is planning to approach market, when Government may make funding decisions, and general costs.
4. DCPs allow Government to:
  - understand the size of investment required for NZDF equipment, infrastructure and estate, allowing this to be taken into account against other government capital investment requirements;
  - signal to international partners the Government's commitment to Defence spending;
  - inform industry of future intentions to help them bid for, or support, future investments. This is important for New Zealand industry in particular; and
  - inform the public of the Government's intentions for Defence spending, enhancing public understanding of defence and national security issues.

s6(a)

s6(a)

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s6(a)

s9(2)(f)(iv)

### Ministerial direction

18. Early direction from you would be valuable on:

- Priorities for the new Government and any specific areas of focus for DCP options.

s6(a)

- Your desired level of input and involvement in DCP development. It is recommended that you receive fortnightly updates through the Defence Weekly Meeting, and in depth briefings as required.
- How you would like to engage with Cabinet and other Ministers, including whether you would like to hold any sessions with other key Ministers to discuss the issues and choices, prior to Defence providing options in June 2024.
- How you would like officials to continue to engage with the Ministerial Advisory Panel, established in October 2022 to provide independent advice to the Minister of Defence, separate to Defence officials.

### KEY CONTACTS

Sophie Vickers, Director Development Branch, Ministry of Defence

Commodore Mathew Williams, Assistant Chief of Capability, New Zealand Defence Force

<sup>2</sup> For more, see <https://dta.mil.nz>.



## AIDE MEMOIRE: DEFENCE CAPABILITY PLAN: MINISTERIAL MEETINGS

17 September 2024

**Purpose:** To support discussion with Ministerial colleagues on the Defence Capability Plan.

Cabinet will consider the Defence Capability Plan at FPS in October. Officials are investigating the possibility of moving the November FPS meeting forward if additional consideration is needed and to confirm the public version of the Plan. (You are currently travelling during the November FPS).

### Key messages

- We need to agree a plan to get the NZDF back to where it needs to be, to ensure it can advance New Zealand's interests in the world we are in now and see coming.
- This has two parts - the what and the how.
  - On the **what**: I propose a force that focuses on what New Zealand is good at, that gives Governments good choices about how it can deploy to support New Zealand's interests, and to be a good ally for Australia and partner to others.
  - Although the basics stay the same, it will be different in leveraging uncrewed technologies and greater interoperability with Australia.
  - On the **how**: While the fiscal environment is constrained, we need to start investing in Defence now. We need to build investment over time and in a way that gets better value for money. We also need to carefully balance our investment in the future with our investment in today.
  - Going more slowly has risks. We can chose to spend more now, but the design of the plan also allows us to speed up as we are able.

s6(a)

s6(a)



### **Funding**

- The NZDF is hollowed out. It is doing its part to find savings, but it is facing increased costs of activities, needs to rebuild its experienced personnel, and its s6(a) asset base is aged. Options development has also looked at potential divestments and trades-off, for example, no longer having a dedicated diving vessel.
- Even if we invest in everything Defence needs now, it will take some years to rebuild.

s6(a)



## Innovation

- Innovation is built into the plan through:
  - Inclusion of new technology, particularly:
    - uncrewed patrol aircraft (to provide maritime domain awareness [REDACTED] s6(a))
    - uncrewed vertical take-off and landing aircraft (to replace some maritime helicopter tasks, lowering the number of helicopters required);
    - uncrewed surface and subsurface vessels [REDACTED] s9(2)(f)(iv) [REDACTED] with application for fisheries protection, border protection and provision of meteorological data, without need for fuel).
  - A regular review cycle for the Defence Capability Plan. This will provide greater flexibility for Defence to be a 'fast follower' incorporating new, but proven technology into the plan as it emerges. It can also take into account any work towards more integrated operating models with Australia.
  - Updates to project and delivery processes: requiring project teams to assess whether effects can be delivered through new technology or through innovative delivery models, including joint procurement with Australia.

## Questions and Answers

*What does Government get in year 1 / what can we announce?*

- In Budget 25, [REDACTED] s6(a) :
  - a. Cost pressures, allowing the NZDF to utilise its current assets;
  - b. Improved cyber security resilience;
  - c. A modern Information Management system, the backbone for NZDF's digital systems;
  - d. Domestic support vehicles to replace the aging Unimogs;
  - e. Investment in NZDF housing;
  - f. An upgrade to the Javelin anti-armour missile launcher.
- Depreciation funding would be used to fund critical estate projects and maintain current assets.
- [REDACTED] s9(2)(g)(i) Defence would recommend moving forward with replacement of the maritime helicopters [REDACTED] s6(a), s9(2)(g)(i) [REDACTED] Other projects in the first horizon include: [REDACTED] s6(a) [REDACTED], rolling out further networking of the Defence Force, additional tranches of replacement of Army domestic and operational vehicles, and funding to extend the life of the current frigates.

*Why do we need to fund cost pressures not capital projects?*

- A balance between funding cost pressures and replacement of assets is recommended in the short term.
  - a. Greater military effect can be provided in the short term by providing funding to better utilise current assets.
  - b. New equipment takes time to enter service. However, continued replacement of the asset base is needed to avoid capability gaps i.e. between assets failing and new equipment coming into service.

*Are the FTE growth targets too ambitious?*

- Investments to deliver the Workforce Strategy are included from Budget 2025. Equipment investment timings are based on workforce modelling e.g. some equipment investments were delayed to ensure sufficient people would be available to crew them. The 2-yearly review cycle will allow Defence to check progress against workforce modelling assumptions and update the plan if assumptions prove incorrect.

*Why is the cost of this plan higher than DCP19?*

- Costs of the plan include:
  - a. Investment not yet funded in the Defence Capability Plan 2019 (many investments indicated in 2019 are still required, e.g. 757 and maritime helicopter replacements, Network Enabled Army).
  - b. Estate, digital, intelligence, logistics, and workforce investments that were not fully included in earlier plans, which focused on investment in significant military equipment.
  - c. the cost to replace the majority of the Navy (except HMNZS Aotearoa).

s9(2)(g)(i)

*How can we be sure Defence can deliver the plan?*

- Defence has robust governance and delivery systems in place. Independent members sit on individual project boards and the overarching Capability Governance Board.
- Independent reviews have confirmed the capability planning system is the leading exemplar for long-term capital planning in the public sector.
- Defence has managed complex and high value projects in recent years, with strong delivery performance in the delivery of the new P-8A and C-130J fleets, and the introduction into service of HMNZS Aotearoa and HMNZS Manawanui, all of which are undertaking operational tasking. All were delivered under budget, and the aircraft were delivered early.

*What challenges was the plan developed to address?*

- The plan takes into account a deteriorating strategic environment:
  - a. The international rules based system is under threat, s9(2)(g)(i), s6(a). Global military expansion and modernisation is scaling up. The Indo-Pacific is the central theatre of strategic competition with concerning flashpoints.
  - b. Climate change in the Pacific is a profound security threat, and also places New Zealand communities under increasing risk.
  - c. Transnational organised crime will continue to be a risk in our region from the Pacific to the Southern Ocean.

s6(a)

*Why do we need to take a decision on frigates now?*

- No decision is needed yet. A direction from Government articulated in a public Defence Capability Plan would provide a placeholder for the future and give surety to Navy to plan for continued surface combatant effects. The two-yearly Defence Capability Plan check ins and individual business case development will allow Government to assess the best capability to deliver the effect of the current frigates, including whether new technologies can be utilised.

s6(a)

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## **AIDE MEMOIRE: Defence Capability Plan: Engagement with Minister of Finance**

8 October 2024

**Purpose:** To support discussion with the Minister of Finance on the Defence Capability Plan.  
s6(a), s9(2)(g)(i)

### **Key messages**

- We need to agree a plan to get the NZDF back to where it needs to be, to ensure it can advance New Zealand's interests in the world we are in now, and see coming.
- There are two inter-related requirements: long-term investments in capabilities, equipment, infrastructure and people (the Defence Capability Plan); and investment in the current state of the NZDF, specifically addressing operating shortfalls through funding cost pressures.

### **Introduction**

- The Defence Capability Plan (DCP) sets out investments in Defence needed over the next 15 years, to ensure that the NZDF has the capabilities, equipment, infrastructure, and people to meet government tasking in a deteriorating strategy environment. It is intended to take effect from Budget 2025.

s9(2)(g)(i)

- Defence plans biennial updates of the DCP to ensure that the assumptions in the Plan remain and that it continues to be fiscally viable. This cycle provides a structured repeatable process to evaluate the strategic environment and re-prioritise efforts when required. The next DCP is planned to be delivered in 2027.

### Development of the DCP

- I can assure you that Defence has looked at how to do things differently. Defence built investments from the bottom up, considering current capabilities, gaps, and future requirements. The core effects and capabilities needed, current state of the NZDF, and assessment criteria, are set out in Cabinet paper 1. [REDACTED]
- Defence tested the recommended option against the operating allowances set at Budget 24 for following Budgets. [REDACTED]



- This DCP looks more closely at what investments will be interoperable with our ally Australia and close military partners. Individual business cases will include potential for joint procurement and/or include interoperability with Australia as a key consideration.
- [REDACTED] s6(a), s9(2)(g)(i) [REDACTED]
- This is against the significant divestments that NZDF have made over the last 35 years, detailed in Annex D of Cabinet paper 1, because of a benign strategic environment that we are no longer in.
- Major divestments have included removing the air combat wing, reducing Army numbers by 4,000, halving the number of frigates and closing six camps and bases.

### Costs include investment related capital injection and operating uplift, personnel costs, and indicative baseline uplifts

- [REDACTED] s9(2)(g)(i) [REDACTED] Consideration of cost pressures alongside investments now will ensure Cabinet is considering the full cost of Defence and takes a coherent approach to funding.
- Funding for **cost pressures** will allow NZDF to better utilise its current assets now.
  - Departmental cost pressures, including for fuel, ammunition and maintenance, are not 'baked into' the DCP. However, for Defence to best utilise current assets and be ready to use new capabilities procured, indicative increases in baseline

funding have been included in the total cost of the Plan, subject to standard Budget processes.

- [REDACTED] s9(2)(g)(i) Maximum benefit to the Government will come from ensuring that NZDF can better utilise the current force, while maintaining some investment in the future force. This will ensure the NZDF can continue to deliver against defence and security policy in the short and medium term.
- [REDACTED] s6(a)
- Effective implementation of the DCP relies upon the NZDF being in a fit state with its current capabilities to avoid capability gaps and allow fast introduction into service. s6(a)  
[REDACTED]  
[REDACTED]
- [REDACTED] s6(a)  
[REDACTED]  
[REDACTED]
- This work has been designed to include organisation design, external spend management, business process optimisation, re-alignment of service delivery models including then possible consolation of functions.

s6(a)  
[REDACTED]

- Investment in new and replacement capabilities provides capability for the future.
  - Investments include both capital and operating expenditure. Capital investments include associated operating funding for depreciation and capital charge, and often also require an operating funding uplift for the increased cost of operating the new capability compared to the existing asset it replaces. In the case of wholly new capabilities, the operating funding for the asset will also need to be funded.

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

## Considerations for Budget 25

### *Invitation process for capital and operating investments*

- Defence is proposing the list of investments identified for B25 be invited by Cabinet as part of approving the DCP. This would reduce the number of business cases Cabinet would need to consider before Christmas. Individual investments would still be subject to the Budget process and approval of individual business cases.

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

*Replacement of HMNZS Manawanui*

- Defence is investigating whether there are any B25 implications of the loss of HMNZS Manawanui. Any short-term financial implications will need to be treated separately to DCP.

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## Questions and Answers *if raised*

*What does Government get in year 1?*

- In Budget 25, s6(a) bids would be put forward for:
  - Improved cyber security resilience;
  - A modern Information Management system, the backbone for NZDF's digital systems;
  - Domestic support vehicles to replace the aging Unimogs (often used in regional flood/disaster responses);
  - Investment in NZDF housing;
  - An upgrade to the Javelin anti-armour missile launcher (to maintain a critical Army combat capability);
  - Army radios and related network infrastructure s6(a)
- Depreciation funding would be used to fund critical estate projects and maintain current assets; and
- Cost pressures, allowing the NZDF to utilise its current assets.

*Why are you proposing to fund cost pressures not capital projects?*

- We are seeking funding for both. A balance between funding cost pressures and replacement of assets is recommended in the short term.
  - Greater military effect can be provided in the short term by providing funding to better utilise current assets.
  - New equipment takes time to enter service. However, continued replacement of the asset base is needed to avoid capability gaps i.e. between assets failing and new equipment coming into service.

*Are the FTE growth targets too ambitious?*

- Investments to deliver the Workforce Strategy are included from Budget 2025. Equipment investment timings are based on workforce modelling e.g. some equipment investments were delayed to ensure sufficient people would be available to crew them. The 2-yearly review cycle will allow Defence to check progress against workforce modelling assumptions and update the plan if assumptions prove incorrect.

*Why is the cost of this plan higher than DCP19?*

- s6(a) Costs over the 15 years include:
  - Investment not yet funded in the Defence Capability Plan 2019 (many investments indicated in 2019 are still required, e.g. 757 and maritime helicopter replacements, Network Enabled Army).
  - Estate, digital, intelligence, logistics, and workforce investments that were not fully included in earlier plans, which focused on investment in significant military equipment.
  - The cost to replace the majority of the Navy (except HMNZS Aotearoa).
- The plan for the first time considers the current state of the Defence Force and provides an investment path that ensures the utilisation of current assets, provides for future replacements and investments and the critical workforce required to deliver the military effects. The draft public DCP sets out investments in three categories: 'new' investment, 'replacement,' or a 'critical support' (enabling functions like Estate and digital).

s9(2)(g)(i)

*How can we be sure Defence can deliver the plan?*

- Defence has robust governance and delivery systems in place. Independent members sit on individual project boards and the overarching Capability Governance Board. Defence has managed complex and high value projects in recent years, with strong delivery performance in the delivery of the new P-8A and C-130J fleets, and the introduction into service of HMNZS Aotearoa, all of which are undertaking operational tasking. All were delivered under budget, and the aircraft were delivered early.
- Independent reviews have confirmed the capability planning system is the leading exemplar for long-term capital planning in the public sector s9(2)(g)(i)
- The plan will be more regularly reviewed, with a recommendation that it is updated every two years once this iteration of the DCP is delivered.

s9(2)(f)(iv), s9(2)(g)(i)





## Aide-Mémoire

### Defence Capability Plan 2024 – Paper One – Strategic Context and Framework

4 November 2024

#### Purpose:

This paper details the strategic context for decisions on the *Defence Capability Plan 2024* including: the geostrategic environment and the core effects and capabilities of the New Zealand Defence Force and the analytical framework applied by Defence officials to generate force structure options. This paper also asks Cabinet to agree to refreshed defence policy settings, reflecting recent shifts in the strategic environment and the priorities of this Government.

#### Key messages

- This is the first of two papers I intend to bring to Cabinet on the Defence Capability Plan review. [REDACTED] s6(a)  
[REDACTED]  
[REDACTED]
- Defence Capability Plans allow the Government and industry to plan for the replacement and introduction of defence capability, including understanding the level of investment required against other government priorities.
- They also act as a public signal of Government's intentions for Defence, and is taken seriously by our international partners, [REDACTED] s6(a) [REDACTED]  
[REDACTED]
- Our economic prosperity is reliant on a stable regional and international system, underpinned by collective security, open trading relations, and governed by transparent rules and norms which reflect our values.
- As detailed in this paper, the global security environment has deteriorated rapidly since the release of the last Defence Capability Plan in 2019, and even further since the Defence Policy and Strategy Statement was released in 2023.
- We are now in a dangerous period where rules are more contested and relative power between states assumes a greater role in shaping international affairs; economic relationships are reassessed in light of military competition; and states are focused on increasing resilience.
- The NZDF is not in a fit state to respond to this environment, [REDACTED] s6(a)  
[REDACTED] with a hollowing out of the workforce, a long term trend of asset divestment, and a pressing need for generational replacement of some current equipment and investment in the Defence Estate and digital infrastructure.

- Defence needs a new Defence Capability Plan that is enduring and flexible, to restore the NZDF to a position where it can make a meaningful contribution to the security and prosperity of New Zealand.
- The NZDF must be more integrated with our only military ally, Australia, both to be a 'force multiplier' in our region [REDACTED] s6(a)  
[REDACTED]  
[REDACTED]
- Strengthening interoperability with Australia is a central principle of the design of the options for the Plan.
- This change will be delivered by a clear investment strategy, [REDACTED] s6(a) [REDACTED] and guided by refreshed policy settings that reflect our Government's priorities and the state of the world as it is today.
- Cabinet is asked to agree to these refreshed policy settings, which are included at Annex A of this paper, and are based around three new strategic defence policy objectives:
  - Protect and promote the security of New Zealand and our immediate region;
  - Enhance our ANZUS alliance with Australia and our most important security partnerships; and
  - Contribute to achieving New Zealand's global interests.
- To meet these policy settings, the NZDF must have as its irreducible core a set of effects that the force must be able to deliver, and a set of capabilities to provide those effects, that represent the foundation of any Defence Capability Plan option. These core effects and capabilities are detailed in this paper.
- The paper details an analytical framework that reflects Government priorities, and takes into account the fiscal environment, [REDACTED] s6(a)  
[REDACTED]
- The Targeted Investment Framework includes four criteria for assessing options:
  - Valued by partners;
  - Innovative;
  - Utility; and
  - Integration;
- And two baseline principles that a force structure option must meet:
  - Coherency; and
  - Affordability.
- No financial decisions are sought from Cabinet through this paper. [REDACTED] s6(a)  
[REDACTED]



## AIDE MEMOIRE: DEFENCE SPEND AS A PERCENTAGE OF GDP

s9(2)(g)(i)

[Note: GDP forecast figures for 2024/25 to 2028/29 have been updated from figures previously provided to reflect the latest Treasury forecast HYEPU24]

- Military expenditure as a percentage of GDP (%GDP) is a commonly used metric to compare and measure relative expenditure on defence.
- The Stockholm International Peace Research Institute (SIPRI) is the most commonly used source for international comparisons between defence expenditure. SIPRI is an independent organisation that focuses on research into conflict, armaments, arms control and disarmament. Its Military Expenditure Database gives the annual military spending of countries since 1949, outlining various countries' military spending, including as a share of government spending and %GDP. As a rule, SIPRI utilises publicly available documents.<sup>1</sup>
- There is variation, between SIPRI and Defence, in the way New Zealand defence spending %GDP is calculated. New Zealand has some unique accounting practices compared with comparable partner countries:
  - **Capital Charge** is an accounting measure designed to reflect the cost of financing to public sector agencies. It is a charge that is both levied and funded by Government, which makes it cost neutral. New Zealand is the only country to use capital charge for Defence.
    - s9(2)(g)(i)
  - **Depreciation** is used to help fund the replacement of assets at the end of their life. The NZDF is appropriated, as an operating expense, for the depreciation value of its assets. Depreciation is a non-cash item and therefore the funding received is then able to be spent as capital to purchase replacement assets (in part or full). New Zealand is unique amongst comparable nations in appropriating the NZDF for depreciation. Partner nations such as Australia, the UK and Canada are not funded for depreciation. Instead, they are fully funded through capital injections for all of their capital expenditure.
    - s9(2)(g)(i)
- SIPRI uses The Treasury published Main Estimates for Votes Defence Force and Defence to calculate New Zealand defence spending. The Main Estimates include funding for depreciation and capital charge (which Defence does not include in its calculations), although this is not clearly identified and therefore

<sup>1</sup> It should be noted that the SIPRI website states that in light of the difficulties to obtain consistent data that "military expenditure data is most appropriately used for comparisons over time and may be less suitable for close comparison between individual countries."

**DRAFT – NOT GOVERNMENT POLICY**

is not able to be removed by (and so is included by) SIPRI. This is the primary difference in methodology.

s6(a)



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s6(a)



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s6(a)



s6(a)



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## Aide-Mémoire

### Defence Capability Plan 2025 – Public Version

10 March 2025

**Purpose:** s6(a) seek Cabinet approval of the preferred option s6(a) for the Defence Capability Plan 2025 and Cabinet's approval to release the public version of the Defence Capability Plan s6(a).

#### Key messages

- Today we need to take two decisions:
  - s6(a)
  - agree to publicly release the draft Defence Capability Plan 2025.
- It is important that we take a decision now to properly equip the Defence Force and ensure it has the capability it needs to protect New Zealand's interests in a deteriorating strategic environment. To do this we need to increase defence spending.
- s6(a)  
The Plan is to be revised on a two-yearly cycle with a view to making additional capability choices that meet the challenges of New Zealand's future strategic environment s6(a)
- s6(a)
- s6(a)
  - Combat capable with enhanced lethality and deterrence;
  - A force multiplier with Australia and interoperable with partners; and
  - Innovative, with improved situational awareness.
- Over the next 15 years this includes investment in:
  - A focused and combat capable Navy with a mixture of combat, patrol, and multi-role ships;
  - An Air Force that operates globally, with select combat capability, and which provides awareness of our region;
  - An Army that can operate independently and integrate with Australia, with improved strike capabilities, and is fully networked to operate in modern combat zones;

- Strengthened cyber and information capabilities to protect the NZDF's networks and systems, and provide defensive cyber, and electronic and information warfare effects; and
- Improved physical and digital infrastructure which is fit-for-purpose for a modern defence force.

- [REDACTED] s6(a)  
[REDACTED]
- The public version of the DCP you have in front of you [REDACTED] s6(a). It articulates the challenging and dangerous strategic environment, the revised defence policy settings agreed by Cabinet in November 2024, how Defence plans to meet policy, the indicative investments in Defence out to 2040, and how the DCP will be implemented.
- Detailed descriptions and indicative cost ranges have been provided for investments in the first four years. High-level descriptions have been provided for the remainder of the plan.
- Releasing the DCP publicly is important. It informs New Zealanders why investment in Defence is important and what the Government intends to purchase. It highlights opportunities for local and international industry, and it signals to partners New Zealand's concerns about the strategic environment and how it intends to respond.
- [REDACTED] s6(a)  
[REDACTED]
- [REDACTED] s9(2)(g)(i) As outlined in the public version Cabinet paper, we have moved to forecast based on Stockholm International Peace Research Institute (SIPRI) methodology.
- [REDACTED] s9(2)(g)(i)  
[REDACTED]  
[REDACTED]  
[REDACTED]

## Supporting points

### **Major near-term investments 2025-2028**

- Enhanced strike capabilities
- Frigate sustainment programme
- Persistent surveillance (uncrewed autonomous vessels)
- Maritime helicopter replacement
- Javelin anti-tank missile Upgrade
- Network Enabled Army
- Special Operations sustainment
- Vehicles for the New Zealand Army
- Long-range remotely piloted aircraft
- 757 replacement
- Space capabilities
- Cyber security
- Enterprise resource planning
- Improved intelligence functions
- Updating classified digital services
- Accommodation, messing, and dining modernisation
- Defence Estate Regeneration
- Defence housing programme
- Future Naval Base design
- Ohakea infrastructure programme
- Defence science and technology uplift
- Information management
- Digital modernisation
- Logistics resilience
- Consolidated Logistics Project infrastructure
- Workforce strategy

### **Implementation**

- To implement the DCP, Defence will take an innovative approach, with regular reviews every two years. Cabinet will be asked to confirm the four-year plan, and any changes to the overall investment path, at each update.
- This regular review cycle will allow for adjustments to the DCP to reflect Government priorities and decisions, changes in the strategic environment, new technologies, and how NZDF workforce growth and other dependencies are tracking against the assumptions underpinning the DCP. The reviews will also allow Cabinet to make additional capability choices that meet the challenges of New Zealand's future strategic environment.
- The DCP is indicative only. Investments will be tested and approved through individual business cases and funding being made available through the budget process.
- To drive innovative approaches and increase interoperability, each individual investment business case will consider four key questions:
  - What is the Australian approach and is there any reason for New Zealand to take a different approach?
  - Can we partner with industry to deliver the capability differently?
  - What is the minimum viable capability needed (including to limit bespoke requirements)?
  - What is the most cost-effective and durable option?

### **Proactive Release of Cabinet Papers**

- I intend to proactively release, with appropriate redactions, Cabinet Paper One and the Cabinet paper covering the public version.

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s6(a)

## Q&A, if Raised:

### Options

s6(a)

- 

*Will the DCP fix the defence workforce issues?*

- The DCP is future focused and will address hollowness in time through systemic changes. Additional measures to address the immediate personnel situation is a matter that will be considered through the Budget 25 process.

### Cost

*Why does New Zealand need to spend more?*

- As outlined in the Cabinet Paper One, the existing international rules-based order is being deliberately challenged, and rules are giving way to power. New Zealand must protect itself in this environment.

*What does planned commitment of funding mean? What will we spend and when?*

- Planned commitments of \$12 billion over four years include a \$9 billion increase to baseline funding. The timing of when that funding will be spent depends on the approval of business cases and how long it takes to procure the capability - some items are quicker to purchase than others
- The total planned commitment is \$12 billion with a \$9 billion increase to baseline. The additional \$3 billion will be funded by depreciation.

*What is the percentage of GDP spend?*

- 

s6(a)

- This DCP proposes a significant increase in spend and is expected to reach about 2 percent of GDP s9(2)(g)(i). The timing of spend depends on annual budget decisions, the approval of business cases, and how long it takes to procure the capability.

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s6(a)

s9(2)(g)(i)

- There are many ways to calculate defence spending as a portion of GDP. Each country has slightly different funding rules and preferences.
- The Treasury has recommended moving to forecasting based on the SIPRI methodology so New Zealand's defence spend can be compared with over 170 jurisdictions in the SIPRI database, and to align more closely with the information which can be found in publicly available documents.



- s9(2)(g)(i)

*Based on the forecast, what is 2 percent of GDP in dollar terms?*

- Based on the Treasury Half Year Economic and Fiscal Update GDP forecast, GDP will be s9(2)(g)(i), and defence spending that year is forecast to reach s9(2)(g)(i).

*Will this funding cover NZDF's operating shortfall?*

- The \$12 billion increase over baseline does not include cost pressure funding relating to Budget 25 decisions. Funding to address cost pressures will be considered as part of the Budget 25 processes.

### **Differences from DCP19**

*How is this DCP different from 2019?*

- DCP25 has similar investments to those proposed in 2019 but also includes planned investment in a range modern and emerging technologies, including:
  - uncrewed and autonomous systems, particularly for maritime domain awareness and surveillance
  - network systems and digital tools for frontline personnel
  - space capabilities
  - cyber capabilities, and
  - digital infrastructure.
- It also adopts a faster two-year tempo of refreshes to the Plan.

*The public version lacks the level of detail of DCP19, and why did it take so long?*

- While the DCP has been designed with a 15-year horizon in mind, it deliberately focuses on critical investments in the next four years to ensure we can adapt as the world around us changes.
- Indicative investments out to 2040 have been outlined to show our intent for the force of the future, but this is not a static plan. It will be reviewed and updated every two years to ensure we keep pace with the opportunities and challenges we face.
- The public version is based on Cabinet's preferred option.

*Why have costs for investments included in DCP19 increased so much?*

- Costs in this DCP are more comprehensive as they include both capital and operating cost estimates. This provides a total picture of the proposed investment. There has also been significant general and military inflation of costs for military equipment, and for personnel costs, since 2019.

### **Strategic Environment**

*What's changed in the policy between DPSS and DCP25?*

- DCP25 introduces three new policy objectives that reflect this Government's ambition for a more energetic approach to international engagement and increased approach to

collective security efforts. These objectives include investing more deliberately in our most important international security partnerships.

- The new policy objectives are:
  - Protect and promote the security of New Zealand and the immediate region;
  - Enhance the ANZUS alliance with Australia and New Zealand's most important security partnerships; and
  - Contribute to achieving New Zealand's global interests.

*How will the DCP enhance New Zealand's ability to respond to emerging threats like cyber warfare and AI-driven technologies?*

- The plan includes provision for defensive cyber capabilities. Individual business cases will assess whether AI-driven technologies can and should be utilised as part of various systems or processes.
- The DCP includes investments in uncrewed systems for intelligence, surveillance, and reconnaissance.

### **Other Government Agencies**

*What does the plan deliver to other maritime agencies?*

- There are significant investments in capabilities that will benefit other agencies with maritime interests, such as Foreign Affairs, Fisheries New Zealand, Customs, Police, Transport, Immigration and Conservation.
- Alongside an increase in resourcing for the Navy, long range uncrewed drones with the ability to cover large parts of our EEZ will be procured.
- Small uncrewed drones operating off ships will be procured s9(2)(f)(iv) to provide persistent surveillance, and further procurements of uncrewed surface and underwater vessels are envisioned s9(2)(f)(iv).
- A Southern Ocean Patrol capability will be able to operate in ice conditions and conduct boarding operations on vessels of concern in the Southern Ocean and Ross Sea.

## Aide-Mémoire

### Meeting with Associate Minister of Defence Hon Chris Penk on Defence Capability Plan 2025

2 April 2025

**Purpose:** To update Associate Minister Penk on the Defence Capability Plan 2025 prior to final Cabinet consideration and public release.

#### Key messages

- I am taking papers to Cabinet shortly that ask Cabinet to agree to an indicative future force structure option out to 2040, and agree to release a public version of the Defence Capability Plan 2025.:

#### Previous Cabinet decisions

- In November, Cabinet agreed to new strategic defence policy settings s6(a)

#### Summary of the recommended Defence Capability Plan

- The recommended DCP provides Government with a modern, combat-capable NZDF that meets our defence policy settings, pulls its weight in the New Zealand-Australia Alliance, and is in line with the deteriorating strategic environment, and right sized for New Zealand.
- The DCP is a floor not a ceiling. We can choose to add capabilities s6(a), such as at the next review of the DCP in 2027, if the environment continues to worsen.
- The DCP will build an NZDF that is:
  - Combat capable with enhanced lethality and deterrence;
  - A force multiplier with Australia and interoperable with partners; and
  - Innovative, with improved situational awareness.
- Over the next 15 years this includes investment in:
  - A focused and combat capable Navy with a mixture of combat, patrol, and multi-role ships;
  - An Air Force that operates globally, with select combat capability, and which provides awareness of our region;

- An Army that can operate independently and integrate with Australia, with improved strike capabilities, and is fully networked to operate in modern combat zones;
- Strengthened cyber and information capabilities to protect the NZDF's networks and systems, and provide defensive cyber, and electronic and information warfare effects; and
- Improved physical and digital infrastructure which is fit-for-purpose for a modern defence force.

#### *What the DCP means for Maritime Fleet Renewal*

- While the Maritime Fleet Renewal programme will consider the exact type and number of vessels, [REDACTED] s9(2)(f)(iv)  
[REDACTED]  
[REDACTED]
- The public version states that the Anzac frigates will be replaced with comparable contemporary frigates and the offshore patrol vessels will also be replaced, with consideration given to whether commonality of design or systems with the frigates may be possible. It states that the importance of a common design to maximise crew training, qualification, and flexibility, while reducing costs of ongoing maintenance and support.
- The public version also states that a combination of capabilities from combat platforms, uncrewed technologies (air, surface and subsurface), deployable teams (for example survey, diving, and boarding), and patrol ships will be considered as part of replacing the frigates and patrol vessels.
- In the short term, the DCP includes the maritime helicopter replacement. In the public version this is presented as in the first four years [REDACTED] s9(2)(f)(iv)  
[REDACTED] This is a significant investment decision with implications for the maritime fleet.
- Other short term investments (within the next four years) include the frigate sustainment programme to extend the life of the existing frigates until the [REDACTED] s6(a)  
[REDACTED], and persistent surface surveillance with uncrewed vessels. Further investment in uncrewed systems, including subsurface surveillance, is planned for later years of the Plan.
- The recommended DCP option plans for the replacement of HMNZS Canterbury [REDACTED]  
[REDACTED] s9(2)(f)(iv)  
[REDACTED]  
[REDACTED]
- The recommended option also includes a new Southern Ocean patrol capability [REDACTED] s6(a)  
[REDACTED]. This could include a combination of uncrewed technologies, deployable boarding teams, and platforms.



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

*What the DCP means for the Defence industry*

- Given the size of the Government's forecast investment in Defence, advice to Cabinet states that officials are developing a new industry strategy that will support implementation of the DCP and align with the Government's economic growth agenda. [REDACTED] s9(2)(f)(iv)

- The paper states that Defence will work with the Ministry of Business, Innovation and Employment, Crown Procurement, the Ministry of Foreign Affairs and Trade, and New Zealand Trade and Enterprise as the Defence Industry Strategy is developed, and that Defence will engage industry across the life of the Plan, including to identify options for different delivery approaches, for example, leasing and agile technology development.
- The DCP will include a Technology Accelerator, to enable New Zealand's high technology sector to quickly develop advanced platforms and systems specifically focused on New Zealand defence challenges, and to contribute to the Government's economic growth agenda.

s9(2)(f)(iv)

*What the DCP means for the Defence Estate*

s6(b)(i)

- The NZDF's Estate footprint (the overall number and location of camps and bases) was not reviewed as part of options development, as this matter was considered by a previous review. All locations are assumed to stay the same.
- A range of Estate investments are included in the first four years of the Plan:
  - Accommodation, messing, and dining modernisation: A pilot programme at Linton Military Camp for buildings that are fit-for-purpose and support a modern and diverse NZDF. s9(2)(f)(iv)
  - Defence Estate Regeneration: Building compliance, resolving health, safety, and security concerns, and maintaining asset usefulness as far as practicable – to be progressed every Budget year
  - Defence housing programme: Refurbishment, construction, and leasing of housing for NZDF personnel – a tranche is being considered through Budget 2025
  - Future Naval Base design - Design work for improved and upgraded facilities at Devonport Naval Base. The Future Naval Base build will be funded through the Defence Estate Regeneration Programme, prioritised alongside other Estate projects over time.
  - Ohakea infrastructure programme - Final phase of the existing programme, includes airfield upgrades, logistics facilities, accommodation upgrades, and water infrastructure.

#### *Defence spending as a proportion of gross domestic product*

- s6(a) New Zealand is forecast to raise defence spending from just over 1.1 percent in 2025 to 2 percent of GDP by 2032, peaking at 2.1 percent of GDP in 2033.

#### *Public version for release*

- s6(a) It articulates the challenging and dangerous strategic environment, the revised defence policy settings agreed by Cabinet in November 2024, how Defence plans to meet policy, the indicative investments in Defence out to 2040, and how the DCP will be implemented.
- Detailed descriptions and indicative cost ranges have been provided for investments in the first four years. High-level descriptions have been provided for the remainder of the plan.

#### *Implementation*

- To implement the DCP, there will be regular reviews every two years (with the next scheduled for 2027). Cabinet will be asked to confirm the four-year plan, and any changes to the overall investment path, at each update.

- The DCP is indicative only. Investments will be tested and approved through individual business cases and funding being made available through the budget process.
- To drive innovative approaches and increase interoperability, each individual investment business case progressing under this DCP will consider four key questions:
  - What is the Australian approach and is there any reason for New Zealand to take a different approach?
  - Can we partner with industry to deliver the capability differently?
  - What is the minimum viable capability needed (including to limit bespoke requirements)?
  - What is the most cost-effective and durable option?

*Major near-term investments included in the DCP public version - 2025-2028*

Investment	Description
• Enhanced strike capabilities	<i>Purchasing strike (anti-ship) missiles for the P-8s, frigates, or land-based platforms</i>
• Frigate sustainment programme	<i>Extending the life of the current frigates</i>
• Persistent surface surveillance	<i>Autonomous vessels</i> s9(2)(f)(iv)
• Maritime helicopter replacement	<i>Replacing the current aging Seasprite helicopters</i>
• Javelin anti-tank missile Upgrade	<i>Replacing the launcher for the Javelin anti-tank missile system so that new missiles can be fired</i>
• Network Enabled Army	<i>The next tranche of the programme to provide modern digital communications to the Army</i>
• Non-deployed vehicles	<i>Vehicles for domestic operations and disaster response</i>
• Special Operations sustainment	<i>On going investment in equipment replacement and upgrades for the NZSAS</i>
• Counter uncrewed aerial systems (UAS)	<i>Systems to counter unauthorised drones that pose a safety hazard or a security threat</i>
• Long-range remotely piloted aircraft	<i>High endurance drones</i> s9(2)(f)(iv)
• 757 replacement	<i>Replacing the Air Force's two B757 aircraft</i> s9(2)(f)(iv)
• Space capabilities	<i>Investing in access to partner communications and surveillance satellites and building ground-based infrastructure</i>
• Cyber security	<i>Defensive capabilities to defend assets and people against cyber threats</i>
• Enterprise resource planning	<i>Modern military enterprise resource management software</i>
• Improved intelligence functions	<i>Improving systems and increasing the ability of the NZDF to process intelligence information</i>
• Updating classified digital services	<i>Updating the the systems that deliver classified digital services to protect NZDF's information and classified intelligence</i>

• Accommodation, messing, and dining modernisation	<i>A pilot programme at Linton Military Camp for buildings that are fit-for-purpose and support a modern and diverse NZDF.</i>
• Defence Estate Regeneration	<i>Building compliance, resolving health, safety, and security concerns, and maintaining asset usefulness as far as practicable.</i>
• Defence housing programme	<i>Refurbishment, construction, and leasing of housing for NZDF personnel</i>
• Future Naval Base design	<i>Design work for improved and upgraded facilities at Devonport Naval Base</i>
• Ohakea infrastructure programme	<i>Final phase of a programme, includes airfield upgrades, logistics facilities, accommodation upgrades, and water infrastructure.</i>
• Defence science and technology uplift	<i>Research and development in science and technology</i>
• Technology accelerator	<i>Funding to enable New Zealand's high technology sector to quickly develop advanced platforms and systems specifically focused on New Zealand defence challenges</i>
• Information management	<i>Improving NZDF's ability to store and retrieve information, and to share information with Australia and partners, and other government organisations</i>
• Digital modernisation	<i>Investment to consolidate and integrate data and digital technologies across services and platforms</i>
• Logistics resilience	<i>A gradual increase in the procurement of key commodities to build resilience across the logistics system</i>
• Workforce strategy	<i>Investments in systems and processes that support the recruitment, training and retention of the personnel the NZDF needs</i>
• Consolidated Logistics Project infrastructure	<i>Completion of the Consolidated Logistics Project with a regional supply facility built at Burnham Military Camp and a regional vehicle storage facility built at Linton</i>

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## Aide-Mémoire

### Defence Capability Plan 2025 s6(a)

#### Key messages

- I am asking Cabinet to make key decisions across two papers:
  - s6(a)
  - s6(a) *Public Release, Defence Industry and Communications*
- The Defence Capability Plan 2025 is the Government's multi-billion plan for a modern, combat-capable New Zealand Defence Force that pulls its weight internationally and domestically
- It outlines planned commitments of \$12 billion over the next four years on major military equipment and essential support such as people, estate and IT
- The plan is designed over 15 years but deliberately focuses on critical investments in the next four years to ensure we can respond to the rapidly changing geopolitical environment
- It is the starting point – the floor, not the ceiling – and it will be reviewed every two years
- The plan will equip the NZDF to be increasingly combat capable, interoperable with our partners, able to act as a force multiplier with Australia, and make the most of innovations which allow us to be more effective
- Significant investments in the next four years include replacing our maritime helicopter (eight Seasprites, five of which are currently operational) and 757 fleets, equipping the Army to communicate securely and work with our partners, acquiring uncrewed systems such as drones, and upgrades to the Defence Estate
- Based on current forecasts, spending on Defence will reach 2% of GDP by 2032

s6(a)

***Interaction with the Budget 2025 process [Budget Sensitive]***

- A range of Defence initiatives are being considered through the Budget 2025 process. These include departmental cost pressures for the NZDF, and the first set of capability investments under s6(a) the Defence Capability Plan.
- These decisions will be taken through the Budget process, and are not pre-empted by the recommendations in this paper.
- ***[Budget Sensitive]*** These decisions need to be confirmed through the final Budget 2025 cabinet paper so cannot be included in this paper, or announced as part of the Defence Capability Plan public release, s6(a)



## Implementation

- To implement the DCP, Defence will take an innovative approach, with regular reviews every two years (with the next scheduled for 2027). Cabinet will be asked to confirm the four-year plan, and any changes to the overall investment path, at each update.
- This regular review cycle will ensure that Government can provide refreshed direction to the DCP, based on an assessment of the current environment, previous decisions, the state of equipment and other key factors. It will also allow a staircase approach to investment, with additional capabilities added to the DCP as the strategic environment demands and the fiscal environment allows.
- The DCP is indicative only. Investments will be tested and approved through individual business cases and funding being made available through the budget process.

## Proactive Release of Cabinet Papers

- I intend to proactively release, with appropriate redactions, s6(a) s6(a).
- s6(a) s6(a) s6(a)

## s6(a) Public Release, Defence Industry and Communications

### Defence spending as a proportion of gross domestic product

- s6(a) s6(a) It articulates the challenging and dangerous strategic environment, the revised defence policy settings agreed by Cabinet in November 2024, how Defence plans to meet policy, the indicative investments in Defence out to 2040, and how the DCP will be implemented.
- Detailed descriptions and indicative cost ranges have been provided for investments in the first four years. High-level descriptions have been provided for the remainder of the plan.
- The public version includes specific reference to funding amounts over the next four years for Defence - a planned commitment of \$12 billion of capital and operating expenditure on Defence capability and enablers, including a \$9 billion increase to baseline funding (capital injections and operating uplifts).
- Releasing the DCP publicly is important. It informs New Zealanders why investment in Defence is important and what the Government intends to purchase. It highlights opportunities for local and international industry, and it signals to partners New Zealand's concerns about the strategic environment and how it intends to respond.

## Percentage of GDP

- s6(a) taking into account indicative Budget 2025 s9(2)(f)(iv) intentions regarding departmental cost pressures, New Zealand is forecast to raise

defence spending from just over 1.1 percent in 2025 to 2 percent of GDP by 2032, peaking at 2.1 percent of GDP in 2033.

- s9(2)(g)(i) As outlined in the Cabinet paper, public communications for the Defence Capability Plan 2025 will use total forecast Defence Departmental Appropriations to calculate defence spending as a percentage of GDP. This aligns with the Stockholm International Peace Research Institute (SIPRI) methodology. This is a commonly used independent international comparator.
- It is important we are transparent in how this is calculated but it is the best way to publicly communicate the increased spend. The Treasury recommended the use of this methodology.

### **Defence industry**

- Given the size of the Government's forecast investment in Defence under this Plan, officials are developing a new industry strategy that will support implementation of the DCP and align with the Government's economic growth agenda. The DCP presents a significant opportunity for growing New Zealand domestic industry, especially in the supply chain and through-life support of military capability and the building of infrastructure.

s6(a)

### **Major near-term investments included in the DCP public version - 2025-2028**

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• Maritime helicopter replacement	<i>Replacing the current aging Seasprite helicopters</i>
• Javelin anti-tank missile Upgrade	<i>Replacing the launcher for the Javelin anti-tank missile system so that new missiles can be fired</i>
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• Counter uncrewed aerial systems (UAS)	<i>Systems to counter unauthorised drones that pose a safety hazard or a security threat</i>



• Long-range remotely piloted aircraft	<i>High endurance drones</i> s9(2)(f)(iv)
• 757 replacement	<i>Replacing the Air Force's two B757 aircraft</i> s9(2)(f)(iv)
• Space capabilities	<i>Investing in access to partner communications and surveillance satellites and building ground-based infrastructure</i>
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## Q&A, if Raised:

s6(a)

### Cost/Budget

*What does 'planned commitment of funding' mean? What will we spend and when?*

- Planned commitments of \$12 billion over four years include a \$9 billion increase to baseline funding. The remainder will be funded by depreciation. The timing of when that funding will be spent depends on the approval of business cases and how long it takes to procure the capability - some items are quicker to purchase than others

*What is the percentage of GDP spend?*

- s6(a), s3(2)(g)(i)
- s6(a) proposes a significant increase in spend and is expected to reach 2 percent of GDP by 2032, peaking at 2.1 percent in 2033. The timing of spend depends on annual budget decisions, the approval of business cases, and how long it takes to procure the capability.

*What about over the next four years?*

- The timing of spend s6(a) depends on annual budget decisions, the approval of business cases, and how long it takes to procure the capability s6(a)

s6(a)

- The Treasury has recommended moving to forecasting based on the SIPRI methodology so New Zealand's defence spend can be compared with over 170 jurisdictions in the SIPRI database, and to align more closely with the information which can be found in publicly available documents.

*Based on the forecast, what is 2 percent of GDP in dollar terms?*

- Based on the Treasury Half Year Economic and Fiscal Update GDP forecast, GDP will be s9(2)(g)(i) in 2032/33, and defence spending that year is forecast to reach s6(a) or 2.0 percent.

*Will this funding cover NZDF's operating shortfall?*

- The \$12 billion increase over baseline does not include cost pressure funding relating to Budget 25 decisions. Funding to address cost pressures will be considered as part of the Budget 25 processes.

*What is being considered in Budget 2025?*

- Budget 2025 is considering the capital and operating capability investments for the first year of the DCP, as well as departmental cost pressures. It is a separate process.

### ***Innovation and emerging threats***

*What is innovative in DCP25?*

- DCP25 includes planned investment in a range modern and emerging technologies, including:
  - uncrewed and autonomous systems, particularly for maritime domain awareness and surveillance
  - network systems and digital tools for frontline personnel
  - space capabilities
  - cyber capabilities
  - digital infrastructure
- It also adopts new and innovative ways of working, with industry, with partners, and for the Defence system itself, through a faster two-year tempo of refreshes to the Plan.

*How will the DCP enhance New Zealand's ability to respond to emerging threats like cyber warfare and AI-driven technologies?*

- The plan includes provision for defensive cyber capabilities. Individual business cases will assess whether AI-driven technologies can and should be utilised as part of various systems or processes. The DCP also includes investments in uncrewed systems for intelligence, surveillance, and reconnaissance.

### ***Differences from DCP19***

*How is this DCP different from 2019?*

- DCP25 s6(a) has new planned investments in a range modern and emerging technologies, including:
  - Enhanced maritime strike capabilities
  - Persistent surface surveillance from uncrewed vessels
  - Uncrewed sub-surface maritime surveillance

- Utility helicopter investment (either replacement or upgrade)
  - C-130J-30 upgrades
  - Systems to defend personnel and infrastructure against drones
  - Additional long-range remotely piloted aircraft
  - Additional investment in space capabilities
  - Enterprise Resource Planning
  - Information Warfare Academy
  - NZDF Workforce Strategy investments
  - Improved logistics and increased stocks of munitions and spare parts
- In terms of the Plan itself, significant changes also include the inclusion of estimated operating funding in published cost estimates, and the new higher tempo review process, scheduled to take place every two years

*What projects are retained from DCP19?*

- Reflecting the long-term nature of defence procurement, and the enduring needs of the Defence Force, there are range of projects that are retained from the last DCP ■

s6(a)

- Replacing the B757 fleet
- Long-range remotely piloted aircraft
- P-8A Poseidon aircraft upgrades
- Frigate sustainment programme
- Maritime helicopter replacement
- Multirole vessel/enhanced sealift capability (HMNZS Canterbury replacement)
- Anzac frigate replacement/Future Surface Combatant
- Offshore Patrol Vessel replacement
- South Ocean Patrol Capability/Vessel
- Javelin anti-tank missile upgrade
- Network Enabled Army
- Special operations sustainment programme
- Vehicles for the Army/Protected Mobility/Garrison and Training Support Vehicles
- Primary Combat Vehicle (LAV replacement)
- Improved intelligence functions/Defence Intelligence Uplift
- Enhanced cyber security capabilities

s9(2)(g)(i)

- While the DCP has been designed with a 15-year horizon in mind, it deliberately focuses on critical investments in the next four years to ensure we can adapt as the world around us changes.
- Indicative investments out to 2040 have been outlined to show our intent for the force of the future, but this is not a static plan. It will be reviewed and updated every two years to ensure we keep pace with the opportunities and challenges we face.

s6(a)

*Why have costs for investments included in DCP19 increased so much?*

- Costs in this DCP are more comprehensive as they include both capital and operating cost estimates. This provides a total picture of the proposed investment. There has

also been significant general and military inflation of costs for military equipment, and for personnel costs, since 2019.

### **Other Government Agencies**

*What does the plan deliver to other maritime agencies?*

- There are significant investments in capabilities that will benefit other agencies with maritime interests, such as Foreign Affairs, Fisheries New Zealand, Customs, Police, Transport, Immigration and Conservation.
- Alongside an increase in resourcing for the Navy, long range uncrewed drones with the ability to cover large parts of our EEZ will be procured. Small uncrewed drones operating off ships will be procured s9(2)(f)(iv) to provide persistent surveillance, and further procurements of uncrewed surface and underwater vessels are envisioned s9(2)(f)
- A Southern Ocean Patrol capability will be able to operate in ice conditions and conduct boarding operations on vessels of concern in the Southern Ocean and Ross Sea.

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