

HON PEENI HENARE, MINISTER OF DEFENCE

Network Enabled Army, Reconnaissance and Surveillance Project: Release of Approval Document

December 2022

This publication provides a submission to the Minister of Defence seeking approval to delegate to the Secretary of Defence the authority to commit capital expenditure on the Network Enabled Army Reconnaissance and Surveillance Project.

The pack comprises the following documents:

- the submission: *Network Enabled Army, Reconnaissance and Surveillance Project Implementation Business Case* dated November 2021.

This pack has been released on the Ministry of Defence website, available at: www.defence.govt.nz/publications.

It has been necessary to withhold certain information 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. 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. In addition, the business case for the project is withheld in full in accordance to the following provisions of the Act. Recognising the public interest in information on the decision to purchase major defence capabilities, the Cabinet paper provides a summary of the key information that formed the basis of Cabinet's decision to make this purchase.

Information is withheld where making it available would be likely to prejudice the security or defence of New Zealand or the international relations of the Government of New Zealand [section 6(a)].

Information is also withheld in order to:

- maintain the constitutional conventions for the timing being which protect the confidentiality of advice tendered by Ministers of the Crown and officials [section 9(2)(f)(iv)]
- enable a Minister of the Crown or any department or organisation holding the information to carry out, without prejudice or disadvantage, negotiations [section 9(2)(j)].

Submission to the Minister of Defence

**Network Enabled Army, Reconnaissance and Surveillance Project
Implementation Business Case** s9(2)(j), s6(a)

MoD ref: 134/2021

NZDF tracking: 2021-369

Type of submission:	Project Implementation Business Case and accompanying briefing	For action by:	Routine
Purpose:	Seeks your approval to delegate to the Secretary of Defence the authority to commit capital expenditure on the Reconnaissance and Surveillance project.		

Your approval is sought to release the capital funding set aside for the Reconnaissance and Surveillance capability project. This is part of Tranche Two of the Network Enabled Army (NEA) programme, which is currently in delivery.

In July 2019, Cabinet approved the NEA Tranche Two Single Stage Business Case (CAB-19-MIN-0370 refers). This approval included s9(2)(f)(iv) in capital funding for Reconnaissance and Surveillance capabilities, and a baseline increase rising to \$7,673 million per annum in out-years to cover the total Tranche Two operating costs.

The Tranche Two approval noted that the Reconnaissance and Surveillance sub-project was not yet fully developed. Cabinet gave you the authority to release this funding on approval of a Project Implementation Business Case. The business case is attached.

We are also advising you of the updated Intelligence, Surveillance and Reconnaissance, s9(2)(j), s6(a)

Cost:	No new funding is needed. All requisite funding is already in appropriation of the Ministry of Defence and awaiting release by the Minister of Defence.
Current status:	Proposal for final consideration.
Key risks / Limitations:	Nil

Recommended actions:

- a) **note** that in 2019 Cabinet agreed to the inclusion of Tranche Two to the Network Enabled Army Programme; Yes No
- b) **note** that Cabinet authorised the expenditure of public money up to the amount of s9(2)(f)(iv), contingent on the approval of the Minister of Defence to a Project Implementation Business Case, for the delivery of the Reconnaissance and Surveillance component of NEA Tranche Two; Yes No
- c) **approve** the attached Reconnaissance and Surveillance Project Implementation Business Case; Yes No
- d) **note** that the estimated initial capital cost and operating costs of this Reconnaissance and Surveillance Project Implementation Business Case are within the parameters approved by Cabinet; Yes No

e) **delegate** to the Secretary of Defence the authority to commit capital expenditure on the Reconnaissance and Surveillance project up to the amount of **s9(2)(f)(iv)** as laid out in the Business Case; and Yes / No

f) **note** the updated Intelligence, Surveillance and Reconnaissance **s6(a), s9(2)(j)** Yes / No



Hon Peeni Henare
MINISTER OF DEFENCE
Date: 30.11.21



KR SHORT
Air Marshal
Chief of Defence Force
Date: 25 NOV 21



ANDREW BRIDGMAN
Secretary of Defence
Date: 29 Nov 2021

NZDF contact:	s9(2)(a)	Ph:	s9(2)(a)
MOD contact:	s9(2)(a)	Ph:	s9(2)(a)
Agencies involved:	Ministry of Foreign Affairs and Trade, and the Treasury have been informed.		

Released by the Minister of Defence



Secretary of Defence
Ministry of Defence

OFFICE OF THE CHIEF EXECUTIVES

Defence House, Wellington, New Zealand



Chief of Defence Force
New Zealand Defence
Force

25 November 2021

Minister of Defence

**NETWORK ENABLED ARMY, RECONNAISSANCE AND SURVEILLANCE
PROJECT IMPLEMENTATION BUSINESS CASE AND UPDATED INTELLIGENCE,
SURVEILLANCE, RECONNAISSANCE, [REDACTED] s6(a), s9(2)(j)
[REDACTED] s9(2)(j), s6(a)**

Purpose

1. Your approval is sought to release the capital funding set aside for the Reconnaissance and Surveillance (R&S) capability project. This is part of Tranche Two of the Network Enabled Army (NEA) programme, which is currently in delivery.
2. Cabinet approved the Network Enabled Army Tranche Two Single Stage Business Case (NEA Tranche Two SSBC) in July 2019 (CAB-19-MIN-0370 refers). This approval included [REDACTED] s9(2)(f)(iv) in capital funding for R&S, and a baseline increase rising to \$7.673 million per annum in out-years to cover the total Tranche Two operating costs.
3. The Tranche Two approval noted that the R&S sub-project was not yet fully developed. Cabinet gave you the authority to release this funding on receipt of a Project Implementation Business Case (PIBC). The R&S PIBC is attached.
4. [REDACTED] s9(2)(j).

Reconnaissance and Surveillance systems relate to Government and Defence priorities

5. The strategic context and case for change for NEA Tranche Two, including the need for the R&S portion of the investment, was approved by Cabinet as part of the overall Tranche Two business case.
6. NEA overall, and the R&S capabilities sought, continue to be aligned with both the overall Government priorities (particularly through laying the foundations for a better future by ensuring the New Zealand Defence Force (NZDF) continues to have the equipment and capabilities they need to support Government objectives), and with your Defence priorities.
7. This R&S investment supports our NZDF **People** through providing high quality information at faster speeds and [REDACTED] s6(a), which ultimately allows for safer and

support of other agencies responding to hazardous situations, providing disaster relief and civil defence, and contributing to environmental initiatives.

8. [REDACTED] s6(a)

How NEA is improving Army capabilities

9. The NEA Programme is bringing the NZ Army systems into the 21st Century by shifting from manual, paper-based and analogue systems to modern, fast, secure, reliable, digital and networked systems. The R&S capabilities utilise NEA to provide Army personnel with the information they need, when they need it.

[REDACTED] s6(a)

A solution that meets the New Zealand Army requirements

12. R&S technology is a fast developing and dynamic field. These systems are being continuously introduced and refined; offering a vast array of choice. There are also multiple providers who claim varying levels of performance and have varying levels of suitability – for example, in compatibility with partner's systems.

[REDACTED] s6(a)

15. These recommended solutions meet the requirements of the diverse needs of the [REDACTED] s6(a) within the NZ Army, whilst taking into account the unique features of this area of technology.

16. This PIBC sets out the preferred R&S system capabilities and quantities. The actual equipment to be procured is not specified. This is because there will be incremental procurements involving multiple small contracts. This allows for rapid technology take-up, spiral development and taking advantage of improved offerings from the many potential suppliers.

Procurement implications and details

17. An agile contracting and procurement arrangement has been established to ensure that the project may take advantage of technical developments and avoid its risks.

18. The capability packages (described in the PIBC) are prioritised into a cascading order of delivery. Priority One is for Capability Package One delivery; Priority Two for Capability Package Two; Priority Three for Capability Package Three, and Priority Four is for additional sets of Capability Packages Two and Three.

19. [REDACTED] s9(2)(j)
[REDACTED].
Priority One will first be ensured before proceeding with Priority Two, and so forth. This approach guarantees that the desired effects are met within the absolute funding parameters.

20. The NZ Army is ready to receive these new capabilities. A robust programme of experimentation has been undertaken to confirm the benefits for end-users, resources are growing as part of the NZ Army growth plan, integration infrastructure and services have been invested in, and integration – not just within the NZ Army but also across the organisation, between services and our international partners – is being fully considered.

[REDACTED] s9(2)(j)
[REDACTED]

Consultation

24. External consultation of this Business Case was not necessary, as the rationale for investment was fully consulted under the NEA Tranche Two Business Case and subsequently approved by Cabinet. The Ministry of Foreign Affairs and Trade and The Treasury were provided with the PIBC to facilitate their broader awareness of Defence investment.

25. [REDACTED] s9(2)(j)
[REDACTED].

Financial Implications

26. This investment is not requesting any new funding. Approval of the NEA Tranche Two SSBC included [REDACTED] s9(2)(f)(iv) in capital funding, and a baseline increase rising to \$7.673 million per annum in out-years to cover the operating costs of the total Tranche Two. The Ministry of Defence therefore already has the full funding in appropriation, ready for release upon your approval.

27. The aggregate capital cost of this investment is estimated at [REDACTED] s9(2)(f)(iv), and therefore within the overall funding envelope already delegated to you.

28. The operating costs for the R&S project (including for depreciation) are already included in the approved NEA Tranche Two baseline uplift.

Publicity

29. Advice regarding publicity will be provided once the procurement process commences. There may be multiple tenders over time.

Recommendations

30. It is recommended that you:
- a. **note** that in 2019 Cabinet agreed to the inclusion of Tranche Two to the Network Enabled Army Programme;
 - b. **note** that Cabinet authorised the expenditure of public money up to the amount of s9(2)(f)(iv), contingent on the approval of the Minister of Defence to a Project Implementation Business Case, for the delivery of the Reconnaissance and Surveillance component of NEA Tranche Two;
 - c. **approve** the attached Reconnaissance and Surveillance Project Implementation Business Case;
 - d. **note** that the estimated initial capital cost and operating costs of this Reconnaissance and Surveillance Project Implementation Business Case are within the parameters approved by Cabinet;
 - e. **delegate** to the Secretary of Defence the authority to commit capital expenditure on the Reconnaissance and Surveillance project up to the amount of s9(2)(f)(iv) as laid out in the Business Case; and
 - f. **note** the updated Intelligence, Surveillance and Reconnaissance, s6(a), s9(2)(j)



KR SHORT
Air Marshal
Chief of Defence Force



ANDREW BRIDGMAN
Secretary of Defence

Enclosure

s6(a), s9(2)(j)

s6(a), s9(2)(j)

Released by the Minister of Defence

s6(a), s9(2)(j)

Released by the Minister of Defence