

Defence Review 2009
Terms of Reference

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Authorisation

1. The Secretary of Defence, in consultation with the Chief of Defence Force and other stakeholders, will undertake a defence assessment as prescribed by Section 24(2)(c) of the Defence Act 1990 and will also review and report on the other matters specified in these Terms of Reference. This exercise will be known as the *Defence Review 09* (the Review).
2. The Review will report to the Government its analysis and conclusions and the outcome of the consultation processes required in these Terms of Reference. Upon receipt of the Review report, the Government will finalise its defence policy. That policy will be published in the form of a Defence White Paper early in 2010.
3. These Terms of Reference have been approved by Cabinet.

Scope

4. The purpose of these Terms of Reference is to provide guidance for the Review in respect of its context, scope, method, deliverables, and timeframe.
5. The Review is required to allow major issues currently facing Defence to be addressed via a process that seeks wide input and provides options that will contribute to Government policy. The major issues are:
 - How does the present and potential future strategic environment impact on the security of New Zealand?
 - How does Defence contribute and may in future contribute, to the security of New Zealand, Australia, the South Pacific, the Asia-Pacific region and globally?
 - How does Defence advance New Zealand's foreign policy and the relationship between Defence and other Government agencies to enhance a 'whole of Government' approach?
 - How well do the current Defence outputs meet the actual needs now and in the near future, and how are the actual capabilities including those under consideration or development, aligned to those outputs?
 - Looking to the medium and longer term, what are the capabilities needed against requirements in the future and what are the implications arising from that analysis?

- What are the key issues around Defence personnel, including training, retention, recruitment and the role of Reserves?
 - What is the best organisational structure for the Ministry of Defence and the New Zealand Defence Force?
 - When and how should military capabilities be used for non-military purposes to support the work of other (civilian) government agencies?
 - How best can procurement, defence infrastructure and real estate be managed?
 - What are the best financial management procedures to meet the long term defence funding requirements?
6. The Review period is characterised by two differing imperatives. Due to the long service life of major acquisitions, the Review will consider the period from 2009 until at least 2035. However, the next decade will require the Government to address the fact that some Defence platforms and systems are reaching the end of service life and therefore, the Review is to focus in more detail on the immediate period from 2009 to 2016.
 7. The overall objective of the Review is to provide advice that will enable the Government to meet its commitment to publish a White Paper in its first year of Government.
 8. The White Paper will set out a framework for the defence of New Zealand through addressing New Zealand's vital strategic interests including the security of its sovereign territory and exclusive economic zone, its special relationship with Australia, the need to build security in the South Pacific, its relationships in the wider Asia-Pacific region and its contribution to the global community.
 9. Further overarching objectives will be to maintain a broad base of support within New Zealand, show how New Zealand will continue to make a useful and credible contribution to our security partnerships and set out a practical, achievable and sustainable plan and planning processes that address the major issues identified in these Terms of Reference.
 10. During the period of the Review itself, the Associate Minister of Defence will lead concurrent companion studies into:
 - New Zealand's Defence Industry, examining options for economic improvement in the sector;
 - The role of the New Zealand Defence Force in Youth Programmes and the New Zealand Cadet Force; and
 - Voluntary National Service, including examining future options for a whole of Government strategy.

Context

11. The last comprehensive defence assessment undertaken in accordance with the Act, *The Shape of New Zealand's Defence*, was published in 1997. Defence policy since that time has been informed by the Foreign Affairs, Defence and Trade Select Committee of Parliament Inquiry into Defence Beyond 2000 and the May 2001 Government Defence Statement: A Modern, Sustainable Defence Force Matched to New Zealand's Needs.
12. Both the National Party and the ACT Party had pre-election commitments to produce a Defence White Paper within one year of taking office.
13. Over the last decade there has been a growing acceptance of the need for a multi-party approach to defence policy development. This has been coupled with a similar acknowledgement of where New Zealand's strategic interests lie. Beyond our shores, our first priority is regional security. New Zealand, in partnership with Australia, needs to be able to deal with any reasonably foreseeable contingency within the region. The second priority is a broader engagement outside our region. In this case, New Zealand's capability is limited and is drawn largely from the capabilities acquired for our regional role.
14. The Government acknowledges that the necessity for a review is confirmed by the changes in the global security environment over the last decade, the significant challenges facing Defence (including operational tempo, personnel and capital procurement) and the increased role of Defence in supporting whole of government goals.
15. The review process will take account of wider policy and economic imperatives, including fiscal sustainability. The current relative level of defence spending will be used as the baseline scenario.

Procedure

16. In accordance with Section 24(2)(c) of the Defence Act 1990, the Secretary will undertake a defence assessment in consultation with the Chief of Defence Force.
17. Recognising the desirability of maintaining both a political and public consensus on New Zealand's broad security interests, the Secretary will draw on input from independent experts and public consultation with key stakeholders including the Royal New Zealand Returned and Services Association and other ex-service groups, the New Zealand Defence Industry and New Zealanders and New Zealand-based groups with an interest in Defence. This consultation will involve producing a Discussion Document based on the current status of Defence to inform public consultation. The public consultation will be completed in time to inform the development of the options contained in the review.

18. The leadership and initiation of the public consultation process will be undertaken by both Ministers. The Associate Minister will be responsible for the ongoing organisation, communication and management of the public consultation process, although both Ministers will be actively involved in public discussion forums.
19. In undertaking his assessment, the Secretary will be supported by a panel of three independent advisers (the Panel) to be appointed by the Minister of Defence. These advisers have been selected for their experience in international relations at the political level, military matters, commercial affairs, management and organisational change. The Panel comprises:
- Mr Simon Murdoch Secretary of Foreign Affairs and Trade
 - Mr Martyn Dunne Comptroller, New Zealand Customs Service
 - Mr Robert McLeod Managing Partner, Ernst & Young.
20. The Panel's mandate will cover the entire Terms of Reference including strategic context, structures, organisation, capabilities and procurement.
21. The Secretary will consult with and invite input from the Panel throughout the conduct of his assessment. The Panel will also communicate its views on any matter directly to the Minister of Defence, and will consider issues put to it by the Minister.
22. The Panel will be supported by staff provided by the Ministry of Defence and/or the New Zealand Defence Force. Subject to the agreement of the Minister of Defence, the Panel may also engage expert or consultancy assistance, as it considers necessary, to inform its deliberations.
23. The Secretary of Defence and the Chief of Defence Force will ensure the Panel has the full cooperation of the Ministry and the New Zealand Defence Force. The Minister of Defence will decide on matters of process that arise during the review.
24. The Government places a particular priority on ensuring that the procurement and budget procedures within the Ministry of Defence and the New Zealand Defence Force are cost effective, efficient and meet best international and commercial practice. The Secretary shall engage independent expert advice with recognised competencies in these areas to analyse and review existing capabilities and procedures and make recommendations on how best to implement reform.
25. Throughout the review, the Secretary will consult as required with other departments that may be affected including, in particular, those represented on the Officials Domestic and External Security Committee (ODESC) and will brief ODESC on the progress of the review at least monthly.

26. The Secretary may consult as necessary with New Zealand's security allies, partners and friends to address the issues within the scope of the Review, with particular reference to New Zealand's defence relationship with Australia.
27. Before concluding the Review, the Secretary will brief and confer with the Foreign Affairs, Defence and Trade Select Committee of Parliament.
28. In undertaking his review, the Secretary must seek to clarify and resolve differences of view. Where unresolved differences remain that materially affect either the policy direction or capability mix, these must be made explicit and alternative recommendations must be developed for Ministers' consideration and resolution.
29. All costs of the Review will be a charge against Vote: Defence.

Deliverables

30. The Review will provide a report to the Minister of Defence that includes advice, options and supporting background material.
31. Throughout the review process, the Secretary of Defence will update the Minister of Defence on the progress of the work as part of normal officials' meetings.

Timeline and Completion

32. The Review will report to the Minister according to the following timeline:

Date	Review Process
30 th April	Overall plan for Review including all consultation phases submitted to Ministers
29 th May	Release of public Discussion Document and launch of public consultation process
30 th July	Completion of analysis of New Zealand's Defence objectives including military capabilities and statement of those objectives for approval by Ministers. Submission to the Cabinet Strategy Committee.
30 th September	Completion of public consultation
30 th November	Analysis (including financial implications) of the options for structure, organisation and capabilities that might meet New Zealand's Defence objectives. Submission to the Cabinet Strategy Committee.

29 th January	Review Complete
26 th February	White Paper Submission to the Cabinet Strategy Committee.
30 th March	White Paper Released
