DEFENCE WHITE PAPER 2010

New Zealand Government

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Foreword

From the Prime Minister

It is a great pleasure to introduce the Government's Defence White Paper.

This Government is committed to making sure New Zealand has a strong and effective defence force. That's why, before the 2008 general election, we promised to undertake a comprehensive defence review.

This White Paper delivers on that promise. It is the first White Paper we've had for 13 years, and it is an excellent step forward for defence policy in New Zealand.

It sets out the future strategic direction for the New Zealand Defence Force, provides a framework for reform, and outlines how we can get the best value for money from our defence budget.

The White Paper looks at global security, the challenges New Zealand is likely to face, and what resources and capabilities our defence force will need to protect us and advance our interests.

It's vital that we have a blueprint of the strategic and defence challenges for New Zealand over the next 25 years. Many challenges will come our way and we need to be ready to face them.

For example, we are likely to see growing pressures on our maritime resources, and an increase in illegal migration attempts. Some Pacific Island states will look to us for help as instability continues there, and the strategic balance in East Asia is shifting.

To meet the challenges of the future, we need to preserve, and in some cases enhance, the current capabilities of the New Zealand Defence Force.

The White Paper sets out our approach to do that. In particular, it addresses the capabilities needed for operations at home and abroad — such as ground forces, self-protection, air transport, air and surface maritime surveillance, and naval combat.

A key theme running through this White Paper is financial sustainability. The Government wants to get the most out of the defence budget, and put as many resources as possible into the frontline.

To this end, the New Zealand Defence Force is undertaking a comprehensive redistribution and investment programme. This programme will transfer the Defence Force's resources to the frontline and enhance its deployable military capabilities.

This is important because our defence personnel serving us proudly overseas face significant challenges and risks.

This Government wants to make sure that they are appropriately trained and equipped to undertake the tasks required of them, often under exceptionally difficult conditions.

This White Paper provides the framework for a strong and effective Defence Force in the years ahead.

Rt Hon John Key
Prime Minister

Preface

From the Minister of Defence

This White Paper presents the Government's plan for a modern Defence Force that will meet our security needs over the coming 25 years.

Our future Defence Force must complete a range of roles. It must protect New Zealand's territory and citizens. It must conduct and lead missions in the South Pacific. The Defence Force must also enable New Zealand to contribute meaningfully to regional and international security with partners and friends. The White Paper will produce a New Zealand Defence Force (NZDF) well equipped to complete all of these roles.

Our Navy, Army, and Air Force serve New Zealand well. The White Paper will develop and enhance these forces. The combat effectiveness and sustainability of our land forces will be enhanced. This will allow the NZDF to deploy more troops and for longer. Our air and sea transport capabilities will be maintained and improved. We will invest in the ANZAC frigates to ensure they continue to add value to coalition operations.

The White Paper will prioritise intelligence, surveillance and reconnaissance (ISR) capabilities. A new satellite imagery capability and the proposed addition of short-range maritime patrol aircraft will provide a more diverse fleet of ISR assets.

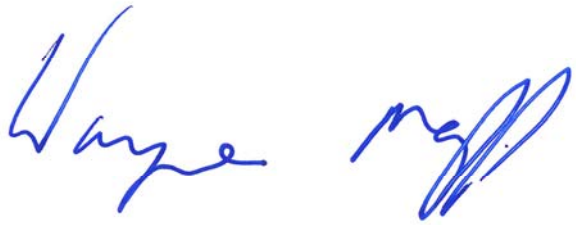
The White Paper addresses financial issues in detail. Forecasts show a gap between current defence funding and projected costs. We need to plan now so that we can replace the strategic air transport and air surveillance fleets and the Naval Combat Force.

NZDF resources will be redistributed to sustain and build front line capabilities. This redistribution process is already underway, led by the Chief of Defence Force. It will result in new ways of doing business.

Defence requires a skilled and disciplined workforce. The NZDF's servicemen and women have always been its greatest asset. This White Paper introduces a new approach to managing the NZDF's workforce. The over-riding goal is to fill positions with staff who possess appropriate skills. This means employing military personnel in military roles.

The Defence Review was consulted across New Zealand. Over 600 written submissions were received from individuals and organisations, including the Royal New Zealand Returned and Services' Association. Public meetings were held across the country, and workshops were held with the wider defence community. The Government also appointed an independent panel of experts to test key assumptions underpinning the Review.

This White Paper sets the overall direction for Defence over the next 25 years. Each major proposal will be fully scrutinised before approval to proceed is given. Moreover, a fresh review will occur every five years to take account of strategic, fiscal, and other developments.



Hon Dr Wayne Mapp
Minister of Defence

New Zealand Defence Force personnel on patrol in Afghanistan

Chapter 1

Executive Summary

Introduction

1.1 This is the first Defence White Paper in over a decade. It is a comprehensive document, which balances the Government's policy objectives, the strategic outlook, and the fiscal context.

1.2 The White Paper reflects the Defence Assessment which was earlier prepared by the Secretary of Defence. It has been shaped by extensive Ministerial consideration, and informed by public and academic consultation, and by the views of an independent advisory panel.

1.3 An independent Value for Money review (VfM) led by Dr Roderick Deane complemented the process. So, too, did separate Companion Studies on New Zealand's Defence Industry, Voluntary National Service, and the role of the New Zealand Defence Force (NZDF) in Youth Programmes and the New Zealand Cadet Force.

New Zealand's national security and defence

1.4 Acting in a lead role or in support of other New Zealand agencies, Defence contributes to the following national security interests:

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

1.5 In a sometimes violent world there will be occasions when the use of military force is appropriate. It is likely that New Zealand would consider the possible use of military force in the following circumstances:

- in response to a direct threat to New Zealand and its territories;
- in response to a direct threat to Australia;
- as part of collective action in support of a member of the Pacific Islands Forum facing a direct threat;
- as part of New Zealand's contribution to the Five Power Defence Arrangements (FPDA);[1] or
- if requested or mandated by the United Nations (UN), especially in support of peace and security in the Asia-Pacific region.

1.6 It is also likely that ad hoc coalitions prepared to use force in response to security concerns will arise in the future, and that New Zealand might be asked to contribute. The Government would consider a range of factors in determining the possible scale and nature of any such contribution.

1.7 An international order based on values to which New Zealand is sympathetic has been of lasting benefit to us. Bilateral relationships, treaty commitments, and activities mandated by the UN are central to New Zealand's security. We also benefit from other linkages which build confidence and are consistent with the rule of international law. Sustaining such a range of international linkages involves obligations and takes effort.

New Zealand's strategic outlook to 2035

1.8 The next 25 years are likely to be more challenging than the 25 years just past.

1.9 The rules-based international order is under pressure. Key international institutions are struggling to forge consensus on a range of trans-boundary issues. Economic weight is shifting. New military technologies are emerging and the threat of proliferation is growing. Terrorism is a continuing challenge to state authority.

1.10 New Zealand and its associated states are highly unlikely to face a direct military threat over the next 25 years. But increased pressure on maritime resources and an increased risk of illegal migration are likely.

1.11 The outlook for the South Pacific is one of fragility. The resilience of Pacific Island states and the effectiveness of regional institutions will remain under pressure. With Australia, which will remain our most important security partner, we will continue to play

[1] The Five Power Defence Arrangements (FPDA) provide a framework for defence co-operation between Australia, Malaysia, New Zealand, Singapore and the United Kingdom, and came into being on 1 November 1971.

a leadership role in the region, acting as a trusted friend to our South Pacific neighbours.

1.12 The United States (US) is likely to remain the pre-eminent military power for the next 25 years, but its relative technological and military edge will diminish. Tensions related to the Korean Peninsula, Taiwan and the South China Sea will continue, as will pressure points in South and Southeast Asia. Security structures in the Asia-Pacific region will continue to evolve. The Middle East will remain a region of instability.

Tasks for the NZDF

1.13 Our security interests and the strategic outlook suggest that the principal tasks for the NZDF over the next 25 years will remain much as they have been, but potentially with intensified demands.

1.14 Tasks in and around New Zealand and the South Pacific will be the starting point for choosing the military capabilities of the NZDF. This means, with Australia, being able to deal with any reasonably foreseeable contingency in the South Pacific.

1.15 The capabilities required for the range of possible operations in our near region would also allow us to make a credible contribution to stability in Asia, as well as further afield.

1.16 The NZDF will need to remain interoperable with our principal partners. It will also need to be deployable, sufficiently self-reliant, versatile, and adaptable. Our international interests mean that the NZDF will retain the ability to contribute combat capabilities when required. [2]

The NZDF's military capabilities

1.17 This White Paper sets out a pathway to retain and enhance existing NZDF capabilities so it can perform the tasks expected of it to 2035.

1.18 To conduct such tasks, the NZDF will focus on deployable ground forces, strategic projection and logistic capacity, network-enabled intelligence, surveillance and reconnaissance capabilities, and capabilities able to fulfil a credible combat role.

1.19 It is proposed that the combat effectiveness, protection, sustainability, and mobility of land forces be improved, and that the critical enabling capabilities of long-range air and sea transport be maintained. These measures will allow the NZDF to deploy more troops on overseas operations, and for longer.

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[2] 'Capability' is used to describe the personnel, equipment, platforms and/or other matériel that affect the capacity to undertake military operations.

1.20 It is also proposed that naval combat capabilities be upgraded, to ensure that the ANZAC frigates continue to provide a valued contribution to coalition operations. Short-range maritime patrol aircraft and satellite imagery are also part of the proposed force structure, to enhance New Zealand's domestic and regional border and maritime resource protection capability.

1.21 The result will be a future force structure which will see the NZDF retain and enhance its current mix of capabilities, enabling it to operate in places similar to where it is today, alongside current partners and friends.

1.22 Major capabilities such as air transport, maritime air surveillance, and naval combat (currently provided by the C-130 and P-3 aircraft and the two ANZAC frigates) will be replaced at the end of their life.

A people-centred NZDF

1.23 Heavy demands are placed on those in uniform. The NZDF must therefore continue to recruit people who are dedicated to service. It must train, retain, and develop them. It must provide support for their safety and welfare, especially on operations. And it must do these things in ways which are cost-effective and which anticipate the demands of tomorrow.

1.24 The NZDF will adopt a 'Total Defence Workforce' approach, better matching positions to skills, and enabling smooth transitions between uniformed, civilian, full-time, part-time, and private sector positions. The NZDF will also civilianise a significant number of posts currently filled by uniformed personnel who are not required to deploy operationally, thereby enabling it to shift uniformed personnel to the front of the organisation.

1.25 The State Services Commission and Treasury will help ensure that NZDF remuneration policies and practices, including allowances, are consistent with best practice in the state sector.

1.26 A review of the most cost-effective way for the Reserves to support NZDF operations will be presented in early 2011.

Infrastructure

1.27 This White Paper provides for a smaller, modernised and upgraded Defence estate, increased investment in routine maintenance, and a Defence-wide ICT (Information, and Communications Technology) strategic plan. These initiatives will reduce duplication and improve the focus of infrastructure investment.

1.28 The Defence estate will be overhauled, with a particular focus on consolidating bases (particularly by creating a joint Army and Air Force facility at Ohakea), optimising facilities and off-base housing (including by accelerating the sale of surplus stock), and exploring Public Private Partnerships.

1.29 Investment in corporate ICT systems will be essential to improving organisational performance and achieving savings, especially in logistics, human resources, and finance areas. This will be a particular focus of strategic leadership in the period ahead.

Affordability

1.30 The various initiatives set out in this White Paper will require additional operating and capital spending in order to maintain and enhance front line capabilities and infrastructure.

1.31 Given the Government's overall fiscal strategy, the NZDF will need to play its part over the long run to find the funding needed, by reprioritising and reallocating existing resources, and by prioritising the capability programme.

1.32 NZDF resources will be redistributed to sustain and build front line capabilities. This redistribution process is already underway, led by the Chief of Defence Force (CDF). The Government expects that by 2014/15 the NZDF will free up $100 million from the Defence Transformation Programme and $250 million to $300 million from other VfM initiatives, on an annual recurring basis, for front line capabilities.

1.33 Cabinet will be presented with a detailed business case for each significant capital acquisition before it is finally approved. This means that Ministers will have opportunities at various steps in the process to test the need and composition of each proposed acquisition against the strategic and fiscal context.

Organisational reform

1.34 The organisational management of the NZDF will be improved by strengthening the authority and accountability of the CDF in his role as chief executive. A new position of Chief Operating Officer will be established to support the CDF in the organisational management of the NZDF and in the realisation of the Government's affordability objectives.

1.35 The Ministry of Defence and the NZDF will in future work together more closely on a wider range of tasks, including the whole-of-life management of military capabilities. The Secretary of Defence and CDF will be accountable for putting in place new organisational arrangements to achieve this. An independent Defence Advisory Board appointed by the Minister of Defence will also be established.

1.36 Information management will be enhanced and a new regime for the free exchange of information between the two organisations will be mandated and introduced.

1.37 The Ministry's policy and evaluation functions will be strengthened to enable it to undertake the wider range of tasks which will be expected of it.

Conclusion

1.38 The uncertain strategic outlook underscores the need for an NZDF which is responsive, versatile, and professional, able to conduct the range of tasks set for it by the Government, particularly in the South Pacific but also alongside partners and friends further afield. The fiscal outlook requires an NZDF which is affordable now and in the future.

1.39 The capability pathway which has been mapped out in this White Paper is an appropriate response to the strategic context. It will put the NZDF on a sustainable growth trajectory, and takes proper account of New Zealand's fiscal circumstance.

New Zealand Defence Force P-3 Orion patrolling the New Zealand Exclusive Economic Zone

Chapter 2

National Security and Defence

2.1 This chapter sets out the national security interests which shape New Zealand's Defence policy. These interests are enduring. They are not affected by daily concerns but change only slowly. They reliably guide the way in which Defence responds to security challenges and opportunities.

2.2 The content of this chapter needs to be read alongside the strategic outlook which follows. Taken together, these two chapters inform the tasks which the Government expects the NZDF to be able to perform over the next 25 years, and the capabilities it will require to do so.

Security interests and the role of Defence

2.3 Acting in a lead or supporting role, Defence makes a particular contribution to the following national security interests:

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

2.4 The NZDF is the only agency of state that maintains disciplined forces available at short notice and that operates large-scale and integrated fleets of vehicles, ships, and aircraft. It is therefore able to undertake or support a range of tasks, including maritime resource protection, humanitarian assistance and disaster relief, and search and rescue, as part of a whole-of-government effort directed by civil authorities.

2.5 But the core task of the NZDF is to conduct military operations.

2.6 In a sometimes violent world there will be occasions when the use of military force is appropriate. Although situations and requests need to be carefully weighed, it is likely that New Zealand would consider the use of military force in the following circumstances:[3]

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

2.7 It also seems likely that ad hoc coalitions prepared to use force will arise in the future, and that New Zealand might be asked to contribute. The possible scale and nature of such a contribution would depend on our assessment of the merits; the extent to which New Zealand's interests were directly involved; the international legality; the conditions on the ground; and whether we would be acting in the company of like-minded states.

A safe and secure New Zealand

2.8 It is the fundamental duty of any New Zealand Government to protect the territorial integrity and resources of New Zealand; to meet our constitutional obligations to the Cook Islands, Niue, and Tokelau; and to maintain New Zealand's right of sovereignty in the Ross Dependency.[4]

2.9 In the highly unlikely event of a direct threat to our territory or seas by a hostile state, the NZDF would be called upon to respond. It would be expected to provide at least a level of deterrence sufficient for New Zealand to be able to seek international assistance if required.

2.10 A safe and secure New Zealand also includes a domestic environment in which those living here can conduct their business with confidence. In support of this, the NZDF undertakes a range of domestic security tasks. These include counter-terrorism and bomb disposal, and extend to providing a national capability to support domestic agencies in times of need, such as natural disasters.[5]

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3 See also section 5 of the Defence Act 1990.

4 This was supported by the majority of respondents to the public consultation.

5 See section 9 of the Defence Act 1990.

2.11 Ninety-six percent of New Zealand lies underwater, if our extended continental shelf is included. Our Exclusive Economic Zone (EEZ) contains rich marine resources, and further valuable resources may be contained in the seabed. We need to ensure that entry and exit to our territory, and the exploitation of New Zealand's resources, are by legal means only. The NZDF contributes to these security objectives through its surveillance efforts and interdiction capabilities.

A rules-based international order

2.12 Physical isolation remains New Zealand's principal source of protection against direct military threats from another state. It also offers some protection from non-state challenges. But New Zealanders recognise that distance is not insulation, especially given globalisation and technological reach. New Zealand's security is therefore underwritten by working with others to reinforce the norms of state sovereignty.

2.13 A rules-based international order based on values sympathetic to New Zealand's own constitutional and legal heritage has been of lasting benefit to us. Such values include the primacy of the rule of law, constraints on the unilateral exercise of force, and extending the same rights and responsibilities to all nations regardless of size or allegiance. We therefore want the current rules-based order to continue as the basis of inter-state relations.

2.14 There are obligations associated with belonging to this rules-based international order, including being willing to play a constructive role in preventing or resolving conflict. War between states, while increasingly uncommon, does remain a feature of the international strategic environment. New Zealand therefore supports institutions and arrangements which reinforce global stability and which bring states together to resolve conflict peacefully.

2.15 New Zealand's defence contributions in this context include support for collective security, participating in peacekeeping and stabilisation activities, and working alongside others in various multilateral and plurilateral settings to limit the risks of terrorism and proliferation.

2.16 The UN is the principal source of legitimacy for the use of force in international affairs, either through UN-led operations or through operations authorised by the UN but led by others. It is in our interest to support the UN in its efforts to maintain international peace and security (an interest which has seen the NZDF deployed to conflicts across the globe, in locations as far flung as Bosnia and Somalia).

Strong international linkages

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

2.18 Most notably, New Zealand has longstanding and close security partnerships with Australia, the US, the United Kingdom, and Canada.[6]

2.19 These partnerships are grounded in common traditions, experiences, and values. They are maintained and strengthened by dialogue, personnel exchanges, training, exercises, technology transfer, intelligence sharing, and the application of military doctrine. They are made concrete by the sharing of risk in operations around the globe. These various connections magnify the capabilities of the NZDF and will remain valuable to New Zealand in the future.

2.20 Australia is our principal defence and security partner. We have no better friend and no closer ally. A wide range of political, economic, social, and security connections underpin what has become a common trans-Tasman space. We would therefore immediately respond to any direct attack on Australia.

2.21 New Zealand's own security is enhanced by the investment which Australia has made in its national defence. Australia has military capabilities that we do not have, but which are essential for higher-end contingencies. The ANZAC relationship enhances the overall depth and reach of the NZDF. It is therefore in our interest to add to Australia's strategic weight.

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[6] This was recognised by the majority of respondents to the public consultation.

2.22 Our security also benefits from New Zealand being an engaged, active, and stalwart partner of the US. The recent US review of bilateral defence relations was welcome. Consistent with the many interests and values shared by New Zealand and the US, there has been a steady increase in military contact and co-operation between us.

2.23 It is in New Zealand's interests to play a leadership role in the South Pacific for the foreseeable future, acting in concert with our South Pacific neighbours. A weak or unstable South Pacific region poses demographic, economic, criminal, and reputational risks to New Zealand. Active and stabilising involvement by New Zealand in the region, and our readiness to respond to natural disasters and humanitarian crises, is something which New Zealanders and the wider international community expect.[7] It will remain in our interests for Pacific Island states to view New Zealand as a trusted member and friend of the Pacific community.

2.24 Peace and security in East Asia rests significantly on the actions of the major powers. Of these, China, Japan, Korea, and the US are pivotal — and all are important relationships for New Zealand. Our interests are best served by a region in which all countries and especially the major powers agree on the importance of stability and prosperity, and share a common understanding of how these goals should be secured. We contribute to that stability and prosperity, including by working alongside partners and friends in structures such as the FPDA, the ASEAN Regional Forum, and the ASEAN Defence Ministers' Meeting-Plus.

2.25 Bilateral relationships, treaty commitments, and activities mandated by the UN are thus central to New Zealand's security, but we also benefit from other linkages which build confidence and are consistent with the rule of international law. Most of the security structures to which we belong or aspire are in our own region, but New Zealand's new and strengthening connection with the North Atlantic Treaty Organisation (NATO) is also of value to us.

2.26 Sustaining such a range of international linkages takes effort. We must be prepared to recognise and understand the interests and perspectives of partners and friends both old and new. We must be prepared to contribute to the protection and advancement of shared objectives. And we must do these things in ways which reflect the values and long-term interests of New Zealand.

Open trade routes

2.27 The Government is committed to promoting trade and open markets as the most effective way to improve the prosperity of New Zealanders. A key focus for both the

[7] Ninety-one submissions to the public consultation process saw the South Pacific as our second international defence relations priority, after Australia.

Government and the private sector is on improving market access and reducing regulatory barriers to trade.

2.28 Reliable access to global markets requires a stable international order. As much as ninety-nine percent of New Zealand's exports of merchandise goods (by volume) travel by sea. Our economic outlook would thus be adversely affected by any physical disruption to the security of international trade, whether through civil disorder, piracy, or inter-state conflict.

2.29 We therefore have a national interest, additional to our role as a good regional and international citizen, in supporting efforts to safeguard freedom of commerce and navigation. This is particularly the case in Southeast Asia where as much as a quarter of the world's commerce passes through the Straits of Malacca each year, but also in the Middle East and the Horn of Africa, where sea lines of communication are more vulnerable.

Magnifying the national security effort

2.30 New Zealand does not currently have a formal national security policy, but the Government intends to address this. Work on developing a comprehensive national security framework, led by the Department of Prime Minister and Cabinet, is already underway.

2.31 The NZDF and the Ministry of Defence are not the only organisations contributing to national security. Many agencies support what must necessarily be a whole-of-government effort, often involving central co-ordination at the highest level. It is in our national interest to use scarce resources optimally, to keep core skills in good order by applying them to a range of tasks, and to amplify the efforts of agencies by expecting them to co-operate to the greatest extent possible.

2.32 The table below provides a broad sense of how the NZDF supports the work of other government agencies both at home and abroad.

NZDF support to other Government agencies	
Support to police and customs operations	Support to New Zealand's foreign and security policies
Search and rescue	Ceremonial and logistics support to national events (eg ANZAC day)
Rapid support during natural disasters and emergencies	Contribute to New Zealand's intelligence awareness
Support to the Department of Conservation	Maritime surveillance (eg in support of the National Maritime Coordination Centre)
Assistance to the civil power (eg counter-terrorism, prison operations)	Explosive Ordnance Disposal
Support to the Environmental Risk Management Authority	Support to Antarctica New Zealand
Support to the National Rural Fire Authority	Support for youth development
Fisheries surveillance	Support to New Zealand's overseas development programme
Medical rescue and assistance	

Conclusion

2.33 New Zealand's prosperity and our success as a nation depend on safety and security at home and a resilient rules-based international order that serves our wider interests.

2.34 New Zealanders expect to conduct their domestic and international business with confidence, free from fear. The NZDF has a role to play in guaranteeing that freedom — by working with other agencies to protect our territory, our maritime domains, and our resources; by providing domestic security and disaster relief capabilities; by contributing to international order and international linkages; by supporting the conditions necessary for our global trade; and by carrying out these tasks in a way which is consistent with its constitutional responsibilities.

2.35 The national security interests identified in this chapter are enduring. They will remain central to New Zealand as an independent nation state no matter what changes might occur in the international order. As such, they are of fundamental importance in helping to define what will be expected of the NZDF over the next 25 years.

Royal New Zealand Navy personnel in an ANZAC frigate operations room

Chapter 3

New Zealand's Strategic Outlook to 2035

3.1 Decisions on how much we choose to invest in Defence, and on what priorities, must also be determined by the likely level of strategic risk. We therefore need to have a clear view of how the international environment might evolve in the years to 2035.

3.2 The central theme of this chapter is that of an increasingly uncertain strategic outlook. The international order which has served us well is under pressure, and it seems likely that the next 25 years will be more challenging than the 25 years just past. It is not only the direct impact of such uncertainty on New Zealand that we need to consider. There will also be an impact on our neighbours, and on our wider international interests. It is this range of challenges that the NZDF must be ready to meet.

3.3 The underlying resilience of the international system and of the state should not be under-estimated. Tectonic shifts in global power tend to be slow. But nor should the challenges likely to be thrown up in the next 25 years be taken lightly. The issues discussed below have been selected on the basis of relevance to New Zealand, magnitude of risk, and likelihood.

3.4 The structure of this chapter echoes that of chapter two. It surveys the overarching security context and then examines the future strategic environment in the light of the four enduring national security interests to which Defence especially contributes.

Overarching security context

3.5 The underlying stability and predictability which has characterised international relations since at least the end of the Cold War is now being tested. Economic weight is shifting. New technologies are emerging, capable of narrowing some aspects of the military advantage enjoyed by New Zealand's traditional partners. And the state itself is being

challenged by non-state actors fuelled by hostile ideologies and able to harness asymmetric means of attack.

Shifts in economic power

3.6 Recent years have seen a major shift in the distribution of global economic power. China is now the world's second-largest economy, and although it is many years away from overtaking the US as the largest economy, the global financial crisis has accelerated the speed of this shift.

3.7 China's growth is only one aspect of a much broader trend. Economies in North America, Europe, and Japan have grown slowly (or in some cases shrunk) in recent years, whilst economies in Asia, Latin America, and the Middle East have become more significant. Russia's economy has also seen substantial growth over the past decade, fuelled by the boom in energy prices.

3.8 The economic growth witnessed in these states is to be welcomed as it underpins increased prosperity and social progress, and presents trade and economic opportunities for New Zealand. It also carries a potential security benefit. The world's population is projected to reach 9.3 billion by 2050 (up from 6.8 billion currently). Rising national wealth can help to mitigate potential increases in social tensions and resource pressures as population growth becomes ever more concentrated in the urbanised developing world.

3.9 These shifts in economic power are not superficial but structural. Although the US economy is likely to show more resilience than many expect, and the strength of China's economic growth will ebb and flow, the relative shift in economic weight is expected to continue. This will have implications for the distribution of global military power, as those states with growing economies are able to allocate more resources to military spending.

Narrowing the military advantage gap

3.10 Just as the economic gap between key states is narrowing so it is likely that the proliferation of chemical, biological, radiological, and nuclear technologies will narrow parts of the military advantage gap between major and aspiring powers.

3.11 Over the next 25 years, the number of states with access to weapons of mass destruction (WMD) will increase. The international nuclear non-proliferation regime, centred on the Nuclear Non-Proliferation Treaty (NPT), will remain under strain as a result, its relevance increasingly tested. Access to dual-use technology will also rise, increasing the number of states with a latent WMD capability.

3.12 Other technologies such as new generation anti-ship missiles also have the potential to close parts of the military advantage gap.

3.13 The spiralling cost of modern military capabilities is a related trend. Only wealthy countries or those which put a high premium on military spending will be able to field the latest technologies, with implications for the ability of like-minded countries to remain interoperable.

3.14 The threat of cyber attacks will continue to grow, with potentially crippling consequences. Critical national infrastructure is increasingly reliant on web-based information and communication networks for its effective operation. Modern defence forces and intelligence services are integrated into these networks.

3.15 State actors already possess the capability to conduct remote cyber attacks. This trend is likely to increase, and could reduce the comparative advantage held by developed states over their competitors. If New Zealand does not keep up with the pace of change in this area there is a risk that we could become a weak link in the shared effort to deter hostile cyber intrusions.

3.16 These various technologies and trends are expected to increase the level of international tension but need not necessarily result in conflict. A widely (but not universally) shared interest in global stability will continue to shape state behaviour. Moves to develop and strengthen regional political and security architectures will also offer a way of mitigating the risks. And non-proliferation efforts inside the NPT — and outside the NPT but within the framework of international law (for example, the Proliferation Security Initiative)[8] — are likely to continue.

3.17 On balance, however, the international community seems poised on the edge of a new and potentially more unpredictable age of proliferation, accentuated by emerging military technologies.

Challenges from weak states and terrorism

3.18 Terrorism is a direct threat to human security and a test to state authority. Many states are sufficiently robust to withstand such challenges — the system of government in the US and the UK was not put at risk by the attacks of 11 September 2001 or 7 July 2005, although anxiety was heightened — but there are other states which are less resilient.

3.19 Weaker states will continue to provide havens for terrorists, either with or without the consent of such local authorities as may exist. The prospect of renewed state failure in

[8] The Proliferation Security Initiative (PSI) is a global effort that aims to stop trafficking of weapons of mass destruction, their delivery systems, and related materials to and from states and non-state actors of proliferation concern.

Afghanistan, and the potential return of Al Qaida and the export of terrorism, will continue to be a risk to the international system. Preventing this will remain a principal reason for New Zealand's involvement there, alongside others in the international community.

3.20 Although international action against terrorist activity has had some success on a range of fronts — military, financial, transport, trade, commercial — it seems likely that terrorism will remain a pervasive feature of the international landscape for the foreseeable future, and a continuing challenge to the authority of the state. The risk of WMD falling into terrorist hands cannot be ruled out in the coming decades, and would raise the stakes markedly. Hostile non-state actors will also seek to exploit whatever comparative advantage they can from cyber-warfare capabilities.

A safe and secure New Zealand

3.21 Although New Zealand's land, maritime, and air domains are not expected to face a direct military threat over the next 25 years, we will nevertheless continue to face the risk of illegal incursions within our own territorial spaces and those of the Cook Islands, Niue, and Tokelau.

Resource pressures

3.22 As the world's population increases, resources (water, food, energy and minerals) are likely to become scarce in some regions, leading to increased competition for their allocation.

3.23 The world as a whole is expected to have enough food and water to supply this growing population, but the uneven distribution of these key resources and others is likely to generate strategic tensions. Protection of the resources in New Zealand's maritime region is already a priority and will become more so.

3.24 Recent years have seen increased attempts at illegal fishing and other illegal resource extraction in the EEZs of New Zealand and its associated states. This trend will continue over the next 25 years, especially as New Zealand may have one of the few remaining sustainable fisheries. At worst it would involve the military presence of another state in or near our EEZ, although this risk is not seen as likely.

3.25 Given the pressures which neighbouring fisheries are expected to come under, we will continue with our efforts to implement monitoring, control, and surveillance regimes within various regional fisheries management and conservation organisations.

Unregulated movement of people

3.26 Another potential concern is the unregulated movement of people into New Zealand, whether asylum seekers, illegal migrants, or criminal elements. The likelihood of more such people reaching our shores is increasing.

Terrorism

3.27 Because of our geographic isolation, sea border, and relatively small international footprint, the possibility of a terrorist attack on New Zealand is likely to remain lower than in other western states but will rise if we are seen as an easy target.

Antarctica

3.28 The Antarctic Treaty System is in good order, but there is heightened interest in Antarctica's resources, including the fisheries of the adjacent Southern Ocean where competition can be expected to intensify.

3.29 It will remain in our interest for the Antarctic Treaty System, which seeks to ensure that Antarctica shall not become the 'scene or object of international discord', to remain credible, relevant, and effective.

A rules-based international order

3.30 The post-war international system — including the UN, the World Trade Organisation and the Bretton Woods international financial institutions — has served New Zealand well for several generations. But supporters of the system are now struggling to forge consensus amongst its diverse membership on a range of trans-boundary issues.

3.31 This is not new. The use of the veto in the UN Security Council, and tensions between developed and developing countries, have long been features of bodies such as the UN. But the difficulty of securing a common response to shared problems has increased as membership numbers have risen, as issues have become more complex, and as economic development has become central to the debate.

3.32 Many of the trans-boundary challenges listed in this chapter — proliferation, terrorism, the emergence of new technologies, illegal resource extraction, the unregulated movement of people — will continue to prove difficult for the international community to manage. So too will climate change, which has the potential to exacerbate existing tensions and pressures and create new fracture lines, increasing the risk of conflict both within states and between them.

3.33 These challenges, tensions, and pressures might be felt most acutely in developing countries (including those in the South Pacific) which are more easily exploited and which lack internal resilience. But the forces of globalisation and inter-connectedness are such that New Zealand will not automatically be immune.

3.34 Notwithstanding the difficulty it faces in grappling with trans-boundary issues, the UN will remain the pre-eminent body for maintaining international peace and security. The number of international peacekeeping interventions mandated (although not necessarily led) by the UN has increased substantially and this trend is likely to continue. New Zealand will continue to be looked to by the UN as a troop-contributing nation.

Strong international linkages

Australia

3.35 Australia will remain New Zealand's most important security partner. Closer Defence Relations will continue to be central to New Zealand's security interests, and we will continue to work closely with Australia in areas such as training, combined exercises, logistic support, intelligence sharing, and capability development.

3.36 We will continue to work as a partner with Australia in maintaining peace and security especially in the South Pacific.

3.37 New Zealand will also work closely with Australia to identify areas of common interest in ensuring peace and security beyond our region. At times this might mean that New Zealand will combine with Australia in an extra-regional action.

3.38 The significant differences between the defence forces of Australia and New Zealand are likely to grow over the next 25 years as Australia continues to invest more heavily in high-end military capabilities.

United States

3.39 Notwithstanding shifts in the international strategic balance, the US is expected to remain the pre-eminent military power in the world over the next 25 years and a close security partner of New Zealand. Other powers may test its regional preponderance but only the US will retain a truly global military reach. It will continue to anchor NATO and a host of other bilateral and regional security arrangements.

3.40 Although the US will remain absolutely powerful, its technological and military edge will diminish as other states seek to catch up. The costs of maintaining even this diminishing technological edge will continue to rise.

3.41 The success of most major international military coalitions will continue to depend on US involvement. It is likely, however, that the US may look to reduce its discretionary international commitments, increasingly expecting partners to share more of the security and stabilisation load.

South Pacific

3.42 Today, many Pacific Island states face chronic social, economic, environmental, and governance stresses. Few countries in the region can claim to have mastered the difficult challenges of globalisation, and the cumulative nature of these stresses means that the outlook for the South Pacific over the next 25 years is one of fragility.

3.43 The people of the South Pacific will remain open and optimistic but they have few strategic resources to fall back on, and their control over those resources is being tested. It is therefore likely that the resilience of Pacific Island states and the effectiveness of regional institutions will remain under pressure.

3.44 Along with Australia, we will continue to contribute to stability, capacity strengthening and economic development, regional maritime surveillance, search and rescue, humanitarian aid, and disaster relief when required. In pursuing these objectives, we will work with France in the context of FRANZ;[9] with the countries of the Pacific Islands Forum (PIF) in the context of the PIF Pacific Plan and the Biketawa Declaration; and with a range of development partners.

3.45 Many more outside countries and non-governmental organisations are now involved in the South Pacific. This trend is likely to continue. Much of this involvement is constructive and co-operative, but it may test our continuing ability, alongside Australia, to remain at the forefront of international efforts to support Pacific Island states. Very little of this external involvement is expected to have a military dimension, other than offers of defence co-operation.

3.46 The fragility of the South Pacific may lead to a more complex operating environment for the NZDF in the future. Our military engagement with the region will be most effective if it enjoys the consent and support of the receiving state. This places a premium on New Zealand working hard, including through the NZDF, to remain a trusted friend to Pacific Island states.

3.47 The problems facing Pacific Island states are even more acute in neighbouring Timor-Leste. The Government of Timor-Leste is likely to continue to require substantial

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[9] The FRANZ Statement, signed by representatives of the Governments of France, Australia and New Zealand in December 1992, commits its signatories to 'exchange information to ensure the best use of their assets and other resources for relief operations … in the [South Pacific] region'.

foreign assistance in the coming decades to sustain itself as a viable state, notwithstanding substantial oil and gas revenues.

Southeast Asia

3.48 Economic growth has enabled substantial military modernisation programmes in Southeast Asia, including naval and submarine fleets. ASEAN states generally recognise that their interests are best served by continued peace, but future security challenges will include Islamist and other forms of terrorism, weapons proliferation, and piracy.

3.49 There are tensions within and between some ASEAN countries which regional structures can help ameliorate but not remove. Economic growth, economic integration, intra-ASEAN ties, and shared concerns over the strategic balance in the region will help to underwrite regional stability. But points of abrasion will nonetheless remain.

3.50 The outlook for parts of mainland Southeast Asia has some uncertainty, with various points of tension having the potential to ripple more widely. The situation in maritime Southeast Asia is ostensibly more stable but there will remain a number of unresolved territorial disputes. The terrorist presence in Southeast Asia will remain a significant regional risk.

3.51 New Zealand's security relationships with Singapore and Malaysia, founded on the FPDA, are likely to remain our most enduring in the region. So long as these regional states maintain their support for the FPDA then New Zealand will continue to do so. As New Zealand's most significant operational security link to Southeast Asia, the FPDA will continue to provide a valuable anchor for the presence of our defence assets in the region.

North Asia

3.52 The strategic balance in North Asia is shifting. China both benefits from and contributes to regional stability and prosperity, but there will be a natural tendency for it to define and pursue its interests in a more forthright way on the back of growing wealth and power. The pace of China's military modernisation and force projection programme, and the response this could prompt from neighbouring states, may test the relationships of the major regional powers.

3.53 The Korean Peninsula, Taiwan, and the South China Sea will remain points where a range of regional and international interests converge. Tension in these spaces is likely to continue, fuelled by multiple protagonists, some of them unpredictable. Any conflict in these areas would have a serious impact on security and confidence in the wider region.

South Asia

3.54 India's growing economic and military power will continue to give it a stronger voice in the region and internationally. New Zealand's engagement with India both bilaterally and in regional institutions will continue to expand. The rise in power of both China and India could put some strain on neighbouring countries — especially Burma, but also Pakistan, Nepal, and Bangladesh.

3.55 Relations between states in the sub-continent will remain fraught. The possibility of miscalculation leading to military conflict has been heightened by the actions of violent non-state actors. Conflict would have a serious impact on the region, and would intensify the threat from international terrorism. Confidence-building measures should be supported.

Middle East and Africa

3.56 New Zealand's strategic interests extend beyond the Asia-Pacific region. The Middle East provides a persistent challenge to stability. Its fractured politics, the risks of nuclear proliferation, the prevalence of Islamist and other forms of terrorism, and the presence of the world's largest reserves of hydrocarbons, mean that the international community is regularly engaged in preventing conflict or dealing with the consequences of conflict in this region.

3.57 The NZDF has had a presence of one kind or another in the Middle East for much of the last seventy years. It is a persistent reminder of the longstanding value New Zealanders place on international engagement and peace-building. We expect that New Zealand, whether under the UN flag or in international coalitions, is likely to be asked to contribute to future regional stability operations in the Middle East.

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

Regional and multilateral linkages

3.59 In addition to its bilateral relationships, New Zealand will continue actively to participate in regional and international structures to promote peace and security.

3.60 It is likely that New Zealand's involvement in international security operations will almost always be as a partner in a coalition, mandated or endorsed by the UN or by a regional organisation. Our contribution could vary widely from peacekeeping and peace enforcement, to disaster relief and humanitarian assistance, to demining, to maritime security operations, through to state building.

3.61 Security structures in the Asia-Pacific region will continue to evolve, with the focus slowly shifting more towards concrete security-related activities as confidence between members grows. The ASEAN Regional Forum will remain a significant body, but it will need to remain relevant as new entities such as the East Asia Summit and the ASEAN Defence Ministers' Meeting-Plus emerge, and as the security architecture in North Asia responds to the changing strategic balance.

3.62 Recent initiatives from Japan and Australia have demonstrated that the path to an inclusive and comprehensive regional community is not straightforward, but the impetus towards such a community is likely to continue, as shown by ASEAN's decision to expand the East Asia Summit to include the US and Russia. We will retain our ability to project a focused and constructive diplomatic and military presence in the region.

3.63 NATO will remain a benchmark for military doctrine. It has been redefining its mission since the end of the Cold War. Carrying the mandate of the international community in Afghanistan, NATO has reached out to like-minded countries in the Asia-Pacific region. It is unlikely that NATO will retreat from this expanded role in international peace and security. We expect that New Zealand will continue gradually to develop its relationship with NATO.

Open trade routes

3.64 Competing territorial claims mean that parts of maritime Asia will remain a contested space over the next 25 years, and this could potentially be expressed militarily. The shared economic benefits to be gained from regional stability will help to mitigate this risk. So, too, will various regional confidence-building measures. But the combination of resource competition and narrowly defined national interest will continue to be a volatile mix.

3.65 Piracy in major sea-lanes will remain a feature of the global outlook. This will particularly be so in areas such as the Horn of Africa, where weak states can be used as staging points, but also in well-regulated spaces such as the Straits of Malacca. The movement of people and goods will continue to face rigorous standards of inspection and interdiction. Hostile actors will continue to look for ways to circumvent these.

3.66 Given the inventiveness of those with malign intent, key trading partners will want to be confident that New Zealand (like other countries) does not become a transit point for the illicit movement of capital, goods, or people. As a result there will be a continuing expectation that New Zealand will comply with international and bilateral standards, that we will support the implementation of such standards in the South Pacific, that our borders will be well monitored and protected, and that we will actively support ad hoc efforts such as the Proliferation Security Initiative.

Unseen risks

3.67 Major shifts in the strategic context are sometimes difficult to predict. They can be a single event, such as the 11 September 2001 terrorist attacks on the US. Or they can be a gradual change, such as the events leading to the collapse of the Berlin Wall in 1989.

3.68 New Zealand security and intelligence bodies will maintain their horizon-scanning capabilities, and work with others to identify the early signs of a possible shift. This will buy time for reorientation, decision, and action. But it also argues for maintaining depth within the NZDF such that it can respond flexibly and with resilience to changes in the strategic context.

Conclusion

3.69 New Zealand faces an increasingly uncertain strategic outlook over the next 25 years. In our near environment — where we have little choice but to address security challenges — we can expect growing strain on the resilience of Pacific Island states, and increased pressure on ocean resources.

3.70 It is highly unlikely that New Zealand will face a direct military threat, but other significant security events are possible. New Zealand needs to be alert to unseen risks, and maintain depth and resilience in our military capabilities.

3.71 The wider international context is also changing, and not necessarily to our advantage. The international order and institutions which have served us well are under pressure. So too, in places, is the state itself. New Zealand's response will include efforts to strengthen international structures and contribute directly to peace and security.

3.72 All of these factors directly impact on how the Government expects to use the NZDF over the next 25 years, as described in the next chapter.

An RNZAF Hercules delivering disaster relief on Aitutaki in the Cook Islands

Chapter 4

Tasks for the NZDF

Attributes of the NZDF

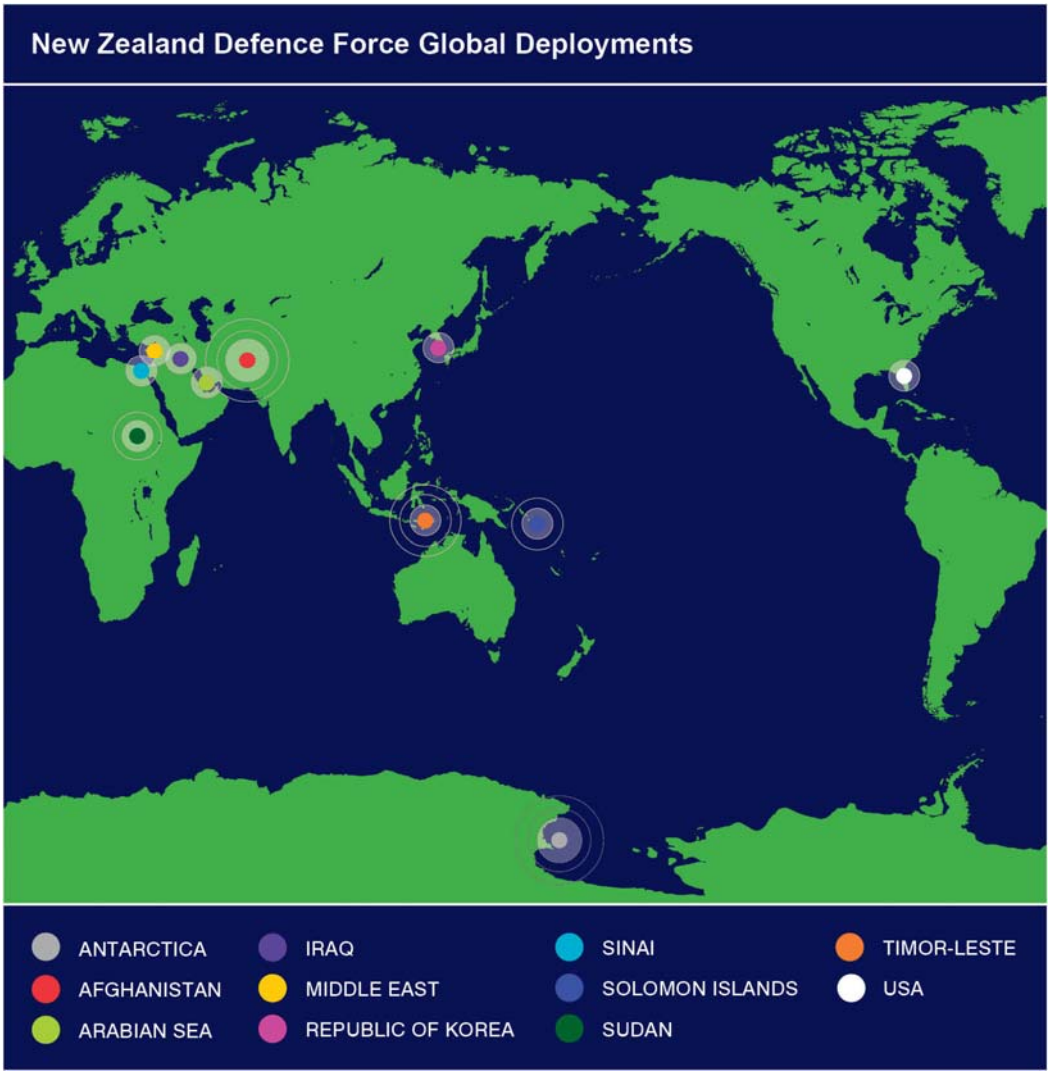
4.1 The long-standing sense of connection and responsibility which New Zealand has to our region and the wider international community means that the NZDF must have the capabilities necessary to undertake a wide range of tasks, from disaster relief to armed interventions. This despite it being a force of relatively small size.

4.2 To make a meaningful and valued contribution towards shared security objectives, the NZDF needs to be interoperable with our principal partners. This is an increasing burden as the cost of maintaining a modern military force continues to grow. New Zealand cannot afford a wide range of capabilities, but those which we do have must be effective.

4.3 Given our interests and obligations, operations in New Zealand's maritime zone and the South Pacific are the starting point for choosing military capabilities. This means that the NZDF needs to be a deployable force — able to send troops and equipment by sea and air over thousands of kilometres. This capability is essential to operate effectively in the South Pacific, but it also enables the NZDF to conduct operations further afield. The NZDF must be mobile within operational areas, too.

4.4 It is not enough just to arrive. The NZDF must be equipped sufficiently such that it does not need to depend on partners and friends for basic forms of operating support. It must have reliable and high quality equipment so that it is both effective and safe, and not a liability to those alongside us.

4.5 The NZDF must be versatile and adaptable. This is as much about people as equipment. The skills and character of those serving in the NZDF help to explain why, since the end of the Cold War, New Zealand forces have been continuously engaged around the world in a diverse range of operations.



4.6 The uncertainty of the future strategic environment means that the NZDF must retain these attributes in the coming 25 years. That will require continued investment in the NZDF, to ensure that it can influence and operate in the changing regional and global environment.

4.7 But that investment must be in the right priorities, to maximise the value of the taxpayer's dollar and to ensure that the NZDF is best configured to meet the Government's objectives. We therefore next need to consider in more detail what specific tasks the NZDF is likely to be asked to conduct over the next 25 years.

Principal tasks for the NZDF

4.8 Taking the policy context set out in chapter two, and the strategic outlook contained in chapter three, the principal tasks which the Government expects the NZDF to be able to conduct over the next 25 years are:

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

4.9 The order of these tasks reflects the extent to which we have choice over any deployment of the NZDF. The following paragraphs discuss these principal tasks in more detail.

Defend New Zealand's sovereignty

4.10 The NZDF needs to maintain a military capability in the land and maritime environs of New Zealand sufficient to indicate that we would act to deter a potential aggressor and to provide time for any international assistance that might be sought by us.

4.11 New Zealand also requires military forces with sufficient utility to conduct a range of surveillance, patrol, resource protection, and border security tasks within its maritime zone and the Southern Ocean.

4.12 New Zealand's interests in Antarctica will continue to be upheld, in part, by our continuous presence at Scott Base. Sustaining our presence in this difficult and resource-intensive environment depends on our ability to access critical support through the joint logistics pool with the US, to which New Zealand contributes military airlift and other services. It is important that our contribution to the pool remains credible.

Support our alliance with Australia

4.13 We are working closely with Australia to give the ANZAC tradition greater contemporary relevance. Building on our joint security and stabilisation activities in places such as Solomon Islands, we have committed to the creation of a Pacific-focused ANZAC Ready Response Force. This Force will respond to short-notice security events, including stabilisation operations, humanitarian assistance, and disaster relief.

4.14 Continued and close interaction with the Australian Defence Force (ADF) at all levels is important to ensure that levels of interoperability are sustained. It also offers potential efficiencies. Much is already done in this area through the mechanism of Closer Defence Relations (CDR).

4.15 New Zealand remains firmly committed to CDR by:

- promoting military interoperability;
- interacting with the Australian Department of Defence/ADF at every level;
- identifying areas where New Zealand and Australia should have different but complementary capabilities;
- undertaking co-ordinated responses to regional issues; and
- actively pursuing opportunities for new ways of working with Australia.

4.16 This commitment to CDR will require sufficient investment in the NZDF for it to keep pace with relevant aspects of the evolution in military technology over the next 25 years.

Contribute to peace and security in the South Pacific

4.17 New Zealanders will continue to expect this country to play a significant security and assistance role in the South Pacific, especially in respect of our constitutional obligations to the Cook Islands, Niue, and Tokelau but also within the wider region. These expectations are matched in the region itself, and in Australia.

4.18 New Zealand, with Australia, needs to be able to deal with any reasonably foreseeable contingency in the South Pacific. Our involvement in initiatives such as the Regional Assistance Mission to Solomon Islands (RAMSI) will continue, as will humanitarian efforts of the kind shown after the 2009 tsunami in Samoa and Tonga. In those parts of the region where other states might be expected to take the lead (the US in the case of Micronesia, and France in New Caledonia and French Polynesia), New Zealand should be ready to assist.

4.19 There are a variety of means by which the NZDF can support New Zealand government efforts to maintain and restore peace and security in the South Pacific:

- contributing to stability operations (as in Solomon Islands and elsewhere as required);
- contributing to international and whole-of-government development and capacity-building efforts;
- providing humanitarian assistance and disaster relief;
- assisting with maritime surveillance, and search and rescue; and
- supporting the professional development of indigenous defence and security forces.

4.20 There may be circumstances in the future where we would want the NZDF to lead an operation in the South Pacific or to operate there without needing to rely on others.

4.21 Looking further afield, New Zealand and Australia are likely to remain at the forefront of providing security assistance to Timor-Leste.

Support peace and security in the Asia-Pacific Region

4.22 New Zealand derives significant benefits from a stable and prosperous Asia. It is in our national interest to uphold and contribute to that favourable environment by supporting regional peace and security.

4.23 There are a variety of defence and diplomatic activities which enable us to do this, including:

- supporting open and inclusive regional security and defence structures;
- maintaining our contribution to defence arrangements in Malaysia and Singapore through the FPDA;
- developing good bilateral defence relations with other states, encouraging them to operate constructively in the region;
- supporting a continuing US security presence as a contribution to regional stability;
- exercising and training with regional armed forces;
- maintaining a naval and air presence in support of freedom of commerce and navigation;
- contributing to efforts to prevent the proliferation of WMD and related delivery systems, and to achieve nuclear disarmament in the region;
- supporting regional efforts to deal with terrorism and other transnational security threats; and
- being willing and able to assist in times of natural or humanitarian disasters.

4.24 Some of these activities are region-wide and collective in nature. Others are geared towards bilateral links or particular relationships, such as the FPDA. In all of them, the NZDF has a role to play — either by leading New Zealand's engagement, or in support of the New Zealand Ministry of Foreign Affairs and Trade (MFAT) or other New Zealand government agencies.

Contribute to international peace and security

4.25 New Zealand has a history of contributing to international efforts to resolve conflict. We will continue to contribute in this way.

4.26 Any NZDF contribution will always face the limits of it being a small force. The Government must also take into account factors such as availability, location, tasks, risk, and international expectations. Such a contribution may extend to a combat role. Our preparedness to assume such a role, when appropriate, will always be valued by our partners.

4.27 New Zealand will also contribute to regional and international peace and security by building various defence linkages. These can range from the assignment of defence attachés, through to formal military-to-military talks, and participation in bilateral and multilateral exercises.

4.28 Defence linkages add value by:

- building influence with security partners and friends so that our interests are taken into account, including support for New Zealand *in extremis*;
- helping to keep us informed of security issues through dialogue and intelligence exchanges;
- providing professional development for the NZDF through exercises, exchanges, and other interactions;
- enabling the NZDF to be well-informed about defence technology and military doctrinal developments; and
- adding another strand of engagement to our bilateral relationships, especially where partner countries place a particular value on defence relations.

Resource protection, disaster relief and humanitarian assistance

4.29 The NZDF partners a number of agencies in the promotion of economic, security, environmental, and social objectives. The defining characteristic of these partnerships is the use of military forces to perform essentially non-combat roles.[10]

4.30 At home, these roles include counter-terrorism; support to the Antarctic programme; ensuring that NZDF information and communication networks are protected; contributing, where appropriate, to any whole-of-government response to the threat of cyber attack; providing logistic support to events of national significance; and providing infrastructure for activities such as the Limited Service Volunteer scheme.

4.31 Tasks conducted at home and overseas include search and rescue; disaster relief; resource protection in the EEZ; maritime border security; and evacuating New Zealand and approved foreign nationals from high-risk environments.

Monitor the strategic environment

4.32 The collection and assessment of intelligence, and the provision of diplomatic reporting, are important ways by which New Zealand builds its understanding of the strategic environment. This is not solely, or even primarily, a role for Defence. Other agencies within government have assessment as an important component of their activities.

4.33 That said, being able to discern any serious deterioration in the strategic environment in time will allow the NZDF to adjust its posture and inform operational decision-making. Analysis indicating a potential security event in the region, for example, may lead the Government to bring forces to a higher state of readiness in response, or to forgo commitments beyond the region in order to be in a position to respond to the regional event.

The starting point for choosing NZDF military capabilities

4.34 Meeting our security objectives in our maritime zone and the South Pacific should be the starting point for selecting New Zealand's military capabilities. Not only is this the area where we have least discretion for our interventions, but structuring our capabilities in this way would provide the resources needed to address New Zealand's own likely security requirements. It would also add weight to Australia in an area of continuing common interest.

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[10] One hundred and thirty-four submissions to the public consultation process saw a significant role for the NZDF in non-military tasks.

4.35 The challenges of deploying, operating, and sustaining forces in the South Pacific are considerable. The trends identified in chapter three indicate that they could become even more so over the next 25 years. This uncertainty means the NZDF will need to be equipped for a range of situations, potentially including armed conflict.

4.36 The capabilities required for the range of possible operations in our near region would also allow us to make a credible contribution to stability in Asia, as well as further afield.

Capabilities and conflict

4.37 The cost of the capabilities required to contribute to high-end combat between large and sophisticated military forces is increasingly beyond our means. Even middle powers struggle to maintain the range of such capabilities. We could devote considerable resources trying to maintain advanced warfare capabilities and still fall short.

4.38 Conflict within fragile, failing, or failed states is in any event likely to remain the most common form of conflict in the period covered by this White Paper. Operations in Solomon Islands, Timor-Leste, and Afghanistan are contemporary examples. Our forces should therefore largely be optimised for the conduct of such intra-state operations.

4.39 But the distinction between intra-state and inter-state conflict should not be exaggerated. The risks to personnel serving in intra-state operations can be high, as the war in Afghanistan has shown. Moreover, we cannot exclude the possibility that hostile regular forces could work alongside insurgents and other irregular forces in a 'hybrid' intra-state/inter-state scenario. To contribute to the restoration of peace and security in such environments, New Zealand requires a combat-capable force.

4.40 Nor can the possibility of traditional inter-state conflict be excluded, or that a New Zealand Government may want to contribute militarily to such a conflict. We therefore have, and should retain, some particular high-end capabilities which would enable the NZDF to play a meaningful role in an inter-state conflict.

4.41 Military forces can stabilise a conflict situation. But finding an enduring solution must also involve the establishment of the rule of law, good governance, economic activity, capacity development, and confidence-building. This means that New Zealand must continue to retain and build its non-military peace-making and state-building capabilities.

4.42 This requires a co-ordinated whole-of-government effort involving a broad range of agencies, including New Zealand Police, NZAID, Customs, Justice and Corrections, as well as MFAT and Defence.

Managing unseen risks

4.43 New Zealand's strategic outlook suggests an uncertain future. We do not have the resources to respond to all conceivable contingencies. We therefore need to have a clear sense of what our priorities are, where the likely risks lie, and how we can best position ourselves to manage risks as yet unseen.

4.44 Appropriate Defence strategies for managing unforeseen risks include:

- participating in whole-of-government efforts so that the risks of being surprised by strategic shocks are reduced;
- ensuring that vital components of the Defence infrastructure are protected;
- maintaining combat-capable forces so that the full range of military responses is available at short notice; and
- ensuring that the NZDF can be enlarged at relatively short notice if necessary.

Conclusion

4.45 Its military equipment and the high quality of its people makes the NZDF a disciplined national asset of considerable utility. It provides the Government with a range of policy options up to and including the use of military force.

4.46 Using military force is an option of last resort. But in a sometimes violent world there are occasions when its use is appropriate. The uncertain strategic outlook for the next 25 years means that this is not a time to be reducing the utility of the NZDF, or narrowing the capabilities which can currently be provided.

Live firing of a Maverick missile from a Seasprite helicopter launched from *HMNZS Te Kaha*

Chapter 5

The NZDF's Military Capabilities

5.1 This chapter identifies the capabilities needed to ensure that the NZDF remains a useful, versatile, and cost-effective force now and in the future, able to execute the range of tasks identified in chapter four.

Tasks as a determinant of capability

5.2 New Zealand's defence circumstances are unique. No other country of comparable size and political and economic standing has at a minimum to be able to deploy defence equipment and personnel from the equator to Antarctica. This is a low-threat environment but a vast space.

5.3 In our immediate region, the NZDF needs to be able to deploy forces across distant shores into unstable, potentially hostile but not high-intensity environments,[11] and sustain them there until the task of restoring peace and security has been accomplished. We should also be prepared to lead operations in the region, if necessary.

5.4 Operations beyond our immediate region are likely to involve the NZDF in higher-intensity environments. We must therefore have capabilities which can be integrated with, and operate alongside, our international partners in such operations.

5.5 New Zealand's contributions beyond our region will ordinarily be scaled to the size of the NZDF. Their operational and diplomatic value will be assessed by where they sit on the scale of military credibility. Having effective combat capabilities is therefore critical.

[11] See glossary under 'intensity of conflict' for a definition of high, mid, and low intensity.

5.6 NZDF capabilities will also be used for tasks such as humanitarian assistance, disaster relief, or the evacuation of nationals.

Mutually reinforcing capabilities

5.7 To conduct the tasks set out in chapter four, the NZDF needs to focus on maintaining:

- deployable ground forces — suitably equipped and in sufficient numbers — including supporting elements such as engineers and medics;
- strategic projection and logistic capacity to get the force to where it is needed and to sustain it once there;
- network-enabled intelligence, surveillance and reconnaissance (ISR) capabilities to understand and interpret the operational environment; and
- capabilities able to fulfil a credible combat role in support of our sovereignty, our obligations to Australia, and in other operations as determined by the Government.

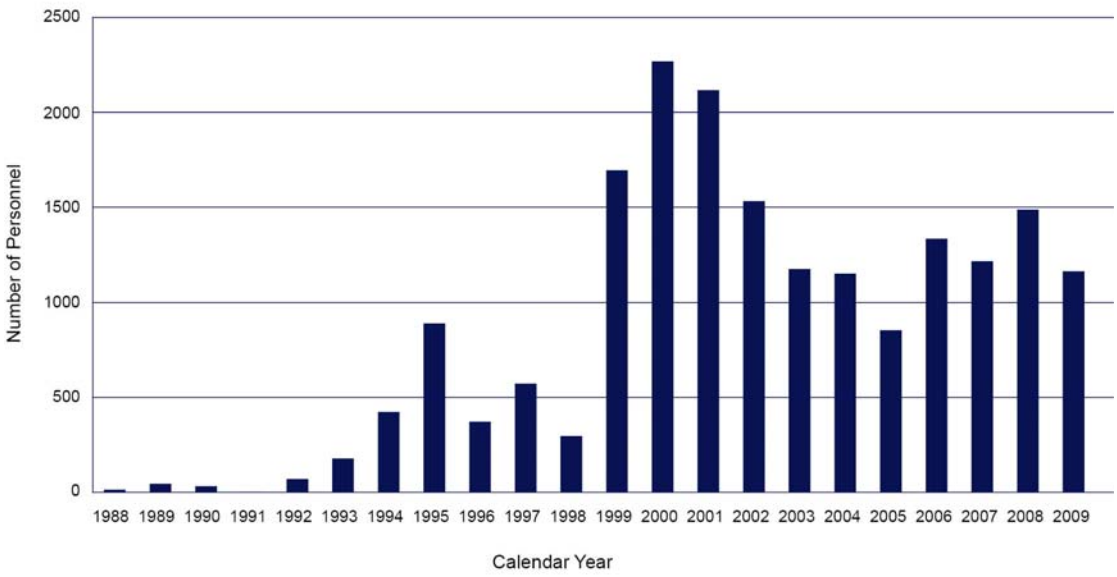
5.8 To maximise the effectiveness of NZDF interventions, these mutually-reinforcing capabilities must be embedded in command and control structures which support:

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

Building on strong foundations

5.9 The existing range of NZDF capabilities has served the Government well. Over the last 20 years the NZDF has successfully discharged a wide variety of missions both near to home and further afield, with significant numbers of personnel deployed on operations.

NZDF Operationally Deployed Personnel 1988-2009



5.10 The NZDF has sustained extensive operational commitments, especially over the past decade or so. Although there has been some increase in personnel numbers in the past few years, compared with 20 years ago the size of the regular NZDF has fallen by over 2,000 (especially Army) personnel, with a related fall in the NZDF's share of Gross Domestic product (GDP) and government expenditure.[12]

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

5.12 The Government is committed to maintaining an NZDF that is able to deliver the range of policy outcomes expected of it.

The Future NZDF

Military capability workshops

5.13 To ensure that the capabilities recommended for the future NZDF are not simply an extrapolation from the present, a number of specific military tasks were examined systematically through military capability workshops.

12 The NZDF's share of GDP fell from 1.7% in 1990 to 1.0% in 2009; its share of government expenditure fell from 4.6% in 1990 to 3.4% in 2009.

5.14 Military and civilian personnel considered a range of potential security events which the NZDF might be expected to undertake over the next 25 years. Particular (but not exclusive) emphasis was placed on New Zealand's EEZ and the South Pacific. Different force configurations were tested in these events, to help identify the capabilities best suited to New Zealand's strategic and fiscal context.

5.15 The result is a future force structure which will see the NZDF retain and enhance its current mix of capabilities, enabling it to operate in places similar to where it is today, alongside current partners and friends.

Value for Money and Ministerial choices

5.16 This White Paper establishes an NZDF which is consonant with the expected strategic outlook and flexible enough to be reconfigured should that outlook change.

5.17 Such a force structure will, however, require the NZDF to realise the level of internal resource redistribution set out in chapter eight. As the VfM review made clear, there is scope to transfer significant resources from the NZDF's 'middle' and 'back' support functions to its deployable military capabilities. This must occur if the capabilities contained in this White Paper are to be achieved.

5.18 Significant capabilities proposed for the next five years include a replacement pilot training capability; the introduction of short-range maritime patrol aircraft; an ANZAC frigate self-defence upgrade; *HMNZS Endeavour* replacement; Seasprite upgrade or replacement; a rolling renewal of the land transport fleet; a land command and control system; and a replacement littoral warfare support ship.

5.19 Significant capabilities proposed for beyond the next five years include replacements for the C-130 Hercules and P-3 Orion aircraft, and the ANZAC frigates. These are core capabilities. The weighty strategic and fiscal considerations involved will be subject to further examination in the Defence Review to take place in 2015.

5.20 Cabinet will be presented with a detailed business case for each significant capital acquisition before it is finally approved, as required by the Government's Capital Asset Management process. This means that Ministers will have various opportunities formally to test the need and composition of each proposed acquisition against the strategic and fiscal context.

5.21 Given the need for rigorous fiscal management, the capability programme proposed for the next five years and thereafter will need to be carefully prioritised and phased.

Proposed force structure

5.22 Subject to the processes outlined in the paragraphs immediately above, key elements of the proposed force structure are as follows:

Land Combat

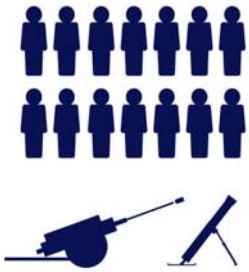
Army strength sufficient for deployment of a Combined Arms Task Group of up to 800 personnel sustained for up to 3 years

One infantry company enhanced to support Special Forces

Upgrade programme for a reduced fleet of LAVs

Special Forces put on a more sustainable footing

Replacement programme for existing Light Guns and Mortars



Land Combat Support

Networked Command and Control system introduced

Replacement programme for land transport

Specialist construction and combat engineer squadrons created

Support Helicopters

NH90 medium utility helicopters introduced

A109 light utility helicopters introduced

Additional A109 helicopters

Strategic Lift

C-130 Hercules upgrade programme continued, and B757s reviewed. Study to determine appropriate mix of replacement platforms

Sealift ship (*HMNZS Canterbury*) to undergo remedial work, replaced with equivalent capability at end of life

Intelligence, Surveillance and Reconnaissance (including Maritime Patrol)

Satellite imagery capability

P-3 Orion upgrade programme continued, replaced with equivalent capability at end of life

Short-range maritime patrol aircraft introduced, with some transport and pilot training capability

Possible sensor and armament upgrade for Offshore and Inshore Patrol Vessels

Enhanced land force intelligence capability

Littoral Warfare Support Ship to replace current diving/mine countermeasures and hydrographic vessels (*HMNZS Manawanui* and *HMNZS Resolution*)

Increased information processing and analytical support for maritime patrol aircraft

Naval Combat

ANZAC frigates given a self-defence upgrade, and replaced at end of life

Seasprite helicopters upgraded or replaced

Command and Control

Deployable headquarters organisation created

Joint Logistics

Replenishment ship (*HMNZS Endeavour*) replaced, possibly with more versatile option

Restructured logistic support to Land Forces

Joint Health

NZDF Forward Surgical Team capability created

Increased medical coverage to ensure support for rotations on deployment

Developing NZDF capability

Land Combat and Combat Support forces

5.23 At present, the deployment of land forces is limited by personnel numbers, and by shortages in self-protection and support capabilities.

5.24 The planned force structure will see the Army reshaped to increase the combat utility, sustainability, and potential scale of deployments. This reconfiguration will provide sufficient depth to sustain a maximum land force deployment of 800 personnel of two rotations per year (each lasting six months) for up to three years in a mid-intensity environment. This increase will help ensure that the NZDF can conduct its tasks in a way which is consistent with recent operational experience.

5.25 One infantry company will be trained with a wider range of higher-end skills, allowing it not only to operate as a regular infantry company but also to undertake some more demanding tasks and, if needed, support Special Forces operations.

5.26 The Special Forces themselves will be enhanced to alleviate the strain caused by current operational demands.

5.27 These various improvements will require an increase in front line Army personnel. This increase will, at least in part, be achieved by redistributing existing resources from the middle and back, as recommended in the VfM review.

5.28 The current Light Armoured Vehicle (LAV) fleet of 105 will be reduced to around 90 vehicles, and some will be reconfigured to provide variants such as battlefield ambulances and command and control vehicles. Vehicles from this reduced fleet will be upgraded as operational requirements require. This will allow them to remain effective in a range of tasks, including in higher-end conflict environments.

5.29 Supporting firepower to deployed land forces will be maintained, with the existing Light Guns and Mortars replaced with like capabilities at end of life.

5.30 There will also be sustained investment in capabilities that support deployed land forces. These include programmes to provide a battlefield Command and Control system (with its supporting communications and ISR sensor network), and to replace the NZDF's general service vehicle fleet (including medium and heavy vehicles, trailers, and mechanical handling equipment).

5.31 Over the next two years, the programme to bring the new helicopter fleet into service will continue. These new helicopters will represent a step-change in the support given to land forces. The NH90 will be the primary tactical troop transport aircraft, with the A109 conducting lighter roles. It is planned that both will be fitted with self-protection to enable them to operate in more hostile environments.

5.32 To maximise the utility of the relatively inexpensive A109s, a further three will be acquired to provide an operationally deployable output plus training.

Strategic Lift

5.33 The NZDF will have a small but adequate airlift capability once the C-130 upgrade is complete. It has only one sealift ship (*HMNZS Canterbury*), which is being progressively modified to improve its operational effectiveness.

5.34 The current upgrade programme for the five C-130H Hercules aircraft will continue, maintaining the NZDF's independent airlift capability. The aircraft will be replaced at end of life (around 2020) with an equivalent — or better — capability. Decisions on the appropriate replacement will be informed by a study to be concluded before the next Defence Review in 2015.

5.35 In considering the most appropriate airlift fleet mix, this study will also take account of the most effective use of the jet airlift currently provided by the two B757s. The roles, capabilities, and cost effectiveness of the current B757 fleet will be assessed, and the optimal configuration of any strategic jet transport capability will be determined.

5.36 The sealift ship (*HMNZS Canterbury*) will receive remedial work to address the existing deficiencies in operational capability. The operational effectiveness of the ship will be maintained, and it will be replaced with a similar capability at end of life.

Intelligence, Surveillance and Reconnaissance (including maritime patrol)

5.37 Non-defence maritime patrol requirements cannot currently be met by the NZDF.[13] Capabilities have been enhanced by the introduction of the Offshore and Inshore Patrol Vessels, but the lack of an effective wide-area surveillance network hinders efficiency, and the asset mix is unbalanced.

5.38 A satellite imagery capability will be introduced to provide sustained and longer-range surveillance, and to ensure that maritime patrol assets are more effectively targeted on areas of interest.

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[13] A review study in 2009 indicated a shortfall in the number of annual P-3 Orion flying hours available for effective aerial surveillance of the EEZ, and noted that earlier studies had identified a potential lack of sea-going days available from the Inshore Patrol Vessels for the inshore domain.

5.39 The current upgrade of the six P-3 Orions will continue. The aircraft may then progressively be fitted with self-protection and anti-submarine sensors, improving their combat capability and enhancing the ability of New Zealand to contribute more robustly to global efforts. The P-3 Orions will be replaced with an equivalent level of capability, manned or unmanned, in about 2025. Studies closer to this date will determine the types of replacement platform.

5.40 A number of low-end regional surveillance tasks (for both defence and other agencies) could be performed more cost-effectively by using maritime patrol aircraft with short takeoff and landing and sufficient range. The introduction of this capability would increase our surveillance capacity in both the EEZ and the South Pacific.

5.41 To maximise its cost-effectiveness, this new aircraft would also be expected to perform a transport and multi-engine flying training and consolidation function, as currently provided by the B200 King Air. An indicative business case is being prepared, with the intention of acquiring this new capability as soon as practicable.

5.42 A study of Pilot Training options is scheduled to be completed by early 2011. It will take into account the capabilities to be provided by the proposed new maritime patrol aircraft and the need for training to match the full range of operational demands made on aircrew. The merits of acquiring a simulator for some aspects of pilot training will also be explored.

5.43 The Offshore Patrol Vessels and Inshore Patrol Vessels will be replaced at the appropriate date. In the meantime the merits of enhancing the sensors and armaments of these vessels are being investigated.

5.44 The two ships currently used for diving, mine counter measures, and military hydrographic operations will be replaced by one ship. The new ship will consolidate a number of linked capabilities, and will have the speed to provide timely support to operations. Hydrographic work, which is currently conducted by both the Navy and the National Institute of Water and Atmospheric Research (NIWA), will be rationalised.

5.45 To make best use of the information flows that the new ISR capabilities will provide, a corresponding increase in the capacity of the NZDF and the National Maritime Coordination Centre to process and analyse collected information will need to be considered.

Combat Capability

5.46 Army land combat units, Special Forces, and ANZAC frigates currently provide effective, credible combat capabilities which the Government can deploy alongside

partner forces if it so chooses. The combat capability of the ANZAC frigates will rapidly degrade without a self-defence upgrade.

5.47 This force structure will see the ANZAC frigates given a self-defence upgrade to address obsolescence and to improve their defensive capability against contemporary air and surface threats. The two frigates will be replaced at end of life (projected at around 2030), taking account of the wider range of naval combat options then expected to be available.

5.48 Naval helicopters will continue to provide extended reach, surveillance, and air-delivered weapon capabilities (air-to-surface missile and anti-submarine torpedo) for the frigates. A review will determine whether it is more cost-effective to upgrade or replace the existing Seasprite helicopters when they are due for an upgrade in the middle of this decade.

5.49 Detailed descriptions of capability developments for other combat-capable elements of the NZDF are covered in earlier sections. They are not repeated here.

Command and Control

5.50 The NZDF currently relies on the creation of ad hoc command and control arrangements for operational deployments. These take time to establish, placing limitations on the readiness, scale, duration, and effectiveness of the headquarters organisation the NZDF can deploy.

5.51 A trained, equipped, and deployable headquarters organisation will be created, to be activated and staffed when required. This will improve the NZDF's ability to lead operations, as well as its capacity to contribute to a combined headquarters.

Joint Logistics

5.52 The current Fleet Replenishment Ship (*HMNZS Endeavour*) will, after 2013, no longer comply with international maritime regulations. A shortfall in logistics personnel currently hampers the NZDF's ability to support deployed land forces.

5.53 *HMNZS Endeavour* will be replaced, possibly with a more versatile vessel incorporating some sealift capability (to supplement that provided by *HMNZS Canterbury*).

5.54 A third Land Combat Service Support Group will be established, to mirror the new structure of land combat forces. The Support Groups will also be rebalanced to increase efficiency of support elements, improve the 'teeth to tail' ratio, and reduce costs.

Joint Health

5.55 The NZDF needs an extended period of notice and substantial augmentation from civilian medical specialists in order to provide a life- and limb-saving surgical capability to deployed forces.

5.56 A Forward Surgical Team (surgeon, anaesthetist, emergency doctor, and nurses) will be resourced from within the NZDF, including the Reserves. This will enable the NZDF to provide a surgical capability quickly, and to conduct evacuation to out-of-theatre medical facilities. Additional equipment will also be procured.

Conclusion

5.57 The future force set out in this White Paper will increase the sustainability of the NZDF and update a range of capabilities so that they will better meet contemporary threats.

5.58 Applying the lessons of recent operational experience, we will improve the combat effectiveness, protection, and sustainability of land forces, including key supporting capabilities. This should allow the NZDF to deploy troops in greater number, and for longer, than it can at present. This applies to both the regular Army and the Special Forces — whose effectiveness will be further enhanced by improving the support they receive from the regular Army. The mobility of the land forces will be enhanced by the introduction and expansion of the support helicopter fleet.

5.59 This force will ensure that we maintain the ability to deploy and sustain forces across our extensive territorial domain, and beyond it. Strategic air and sealift will remain critical supporting capabilities, and will be maintained and improved. More emphasis will be placed on the effectiveness of a joint, deployable logistics capability.

5.60 It will also see a significant investment made to ensure that the ANZAC frigates continue to provide a valued contribution to coalition operations.

5.61 The effectiveness of the NZDF on operations will be enhanced by the creation of a deployable headquarters capability. Combined with investments in creating a networked Command and Control capability, the NZDF will be better placed to link with partners and — crucially — to lead operations independently.

5.62 There will also be a step-change to the intelligence, surveillance and reconnaissance capability of the NZDF. The introduction of satellite imagery will increase the ability of the NZDF to monitor and protect our borders and resources, and will ensure effective direction of maritime patrol assets through the inter-agency National Maritime Coordination Centre. The proposed addition of short-range maritime patrol aircraft will provide a more diverse fleet of ISR assets.

5.63 This force strengthens the capabilities most likely to be deployed by the NZDF on operations, both at home and abroad, over the next 25 years.

5.64 It will ensure that the NZDF remains well-placed to protect New Zealand territory and citizens from possible threats, to conduct and lead missions in the South Pacific region, and to make a meaningful contribution to peace and security in the international environment. It will also be equipped to support whole-of government efforts in humanitarian assistance and disaster relief, at home and overseas.

5.65 It will provide a firm foundation for adapting to any shock in the strategic environment.

New Zealand Defence Force assisting the local community during the Manawatu floods in 2003

Chapter 6

A People-Centred NZDF

6.1 The capabilities set out in the previous chapter will enable the NZDF to perform the tasks expected of it over the next 25 years, assuming no serious deterioration in the strategic context. But if having the right equipment is always important, and can be crucial, the core capability of the NZDF will remain its people and their training, discipline, and professionalism.

6.2 Military service must attract enthusiastic and committed young people. It must then train them, and integrate them within a disciplined and supportive community. Service personnel can then be deployed on tasks and to places that are potentially dangerous, where they are expected to serve the interests of New Zealand with distinction. The challenge is to grow enough of these skilled people and to keep them for long enough to ensure the continuation of a professional, well led, and effective force.

Total Defence Workforce

6.3 As a small but heavily deployed force, the NZDF must be optimally configured if it is to deliver on government policy. This especially means improving the ratio between front line personnel and those in the middle and back. It also means making sure that it has the right balance between full-time and part-time military personnel, and between uniformed personnel and civilians.

6.4 A major outcome of this White Paper will be the adoption of a 'Total Defence Workforce' approach, as a new way to manage personnel flows within the NZDF and improve organisational performance.

6.5 The core principle of Total Defence Workforce is that any person in the NZDF (whether uniformed or civilian, full-time or part-time) will be able to apply for any non-operational position, with the essential determinants for selection being competencies and availability. The aim will be to ensure the best match of position to skills, no matter from where those skills come.

6.6 This approach will enable a greater number of roles in the corporate parts of the NZDF to be filled by civilians, who can often provide specialist organisational skills at a lower cost. It will free up uniformed personnel to fill more front line military positions. It may allow for more stability in the wider NZDF workforce, by providing all staff with a greater range of career opportunities. And it will underpin the modernisation of the Reserve Force, focusing more on the skills required than on numbers (while recognising the value of maintaining a Reserve Force presence in regional New Zealand).

6.7 Total Defence Workforce will also enable and encourage former Regular Force, Reserve Force, and civilian personnel to return to service in the future. It will be made much easier to exit and re-engage.

Career patterns

6.8 People increasingly want variety in their careers, either by tackling different roles within an existing organisation or by looking for new challenges altogether. This is also true in the NZDF, where the trend is one of shorter service engagements and a concern that the careers and plans of partners and families not be excessively disrupted by the frequent postings that have tended to characterise service life.

6.9 This means that the NZDF must provide those it wishes to recruit and retain, whether uniformed or civilian, with an attractive range of opportunities and challenges. It must make it easier for people to leave and re-enter the NZDF, while at the same time ensuring a core of well-trained and experienced staff who have chosen to make a long-term career in the NZDF. And it must be a flexible enough employer to meet the expectations of modern family life while still retaining the characteristics of a deployable force.

6.10 Total Defence Workforce will help to achieve these goals by removing procedural and cultural rigidities which hinder the movement of personnel between full-time and part-time uniformed positions and between uniformed and civilian positions. This will include a process to recognise formally (through remuneration and rank) experience gained outside the NZDF.

Senior roles

6.11 Today's leadership environment is increasingly complex. As well as military expertise, senior military personnel need enhanced skills in areas such as strategic policy, specialist human resource (HR) management, contract management, organisational management, and machinery of government.

6.12 Whereas senior military personnel today typically have spent their working lives within the NZDF, in future they are likely also to have worked in other organisations. Such a career may involve periods of employment in the NZDF interspersed with periods of employment in other government departments, including central agencies, and in the private sector.

6.13 Total Defence Workforce will make it easier for those who aspire to senior military positions, as well as for senior civilians (many of whom already have a more varied career background), to move in and out of the NZDF, and in and out of various roles within the NZDF, as a way to build their skills and experience.

The NZDF and its people

6.14 Heavy demands are placed on many of those in uniform. They can be called upon to act at short notice. They can spend extended periods of time away from loved ones. They can be placed in stressful or dangerous situations, sometimes unexpectedly. They can be asked to perform a wide range of tasks, in various circumstances and alongside various others. And they carry with them the expectations and reputation of New Zealand.

6.15 The NZDF must therefore continue to recruit people dedicated to service. It must train, retain, and develop them. It must provide support for their safety and welfare, especially on operations. And it must look at ways to keep in touch with them once they have left.

6.16 It must do these things in ways which are cost-effective and which anticipate the demands of tomorrow.

Recruitment

6.17 Economic conditions have seen the NZDF in recent years meet most of its recruitment targets. The size of the NZDF when compared with the overall population of New Zealand, and the NZDF's recruitment efforts, including through various youth-related programmes, means that it should be able to meet future requirements.

6.18 But more effort will need to be put into recruiting personnel from non-traditional sources, including from ethnic groups which are under-represented in the NZDF. We want an NZDF which is valued by all New Zealanders not only for what it does but also because it reflects contemporary New Zealand society.

6.19 The way in which potential recruits are managed may also need to be adjusted, to facilitate entry into service by those with potential but who would fail to meet the NZDF's current standards of fitness and literacy.

6.20 To address the specific problem of trade shortages, the NZDF will better market the practical and post-academic training which the NZDF offers. It will provide more training opportunities that offer industry-recognised qualifications. And it will build closer relationships with tertiary education providers as a way to boost the recruitment of technically-skilled graduates. Some of those recruited to fill non-operational gaps in technical roles need not be in uniform.

6.21 There is scope to reduce the costs of recruitment by a greater use of information technology (IT) and on-line strategies, and by exploring the possibility of outsourcing the initial stages of recruitment, as is done in Australia. To reduce competition from the individual Services for the same pool of recruits, recruitment practices have been centralised and new personnel will be channelled to where the overall NZDF need is greatest.

Training

6.22 Recruits must be trained in the basic skills they need to perform in the military.[14] They may then move to more specialised training, such as learning a particular trade or profession. These skills will then be updated and refreshed to ensure continued effectiveness.

6.23 The NZDF spends more than $150 million each year on training. This expenditure needs to be cost-effective. The VfM review concluded that the NZDF training system has excess capacity. A 10% reduction in the cost of training and other related operating expenditure is therefore achievable, with these resources being redistributed to operational roles.

[14] Recruits are often drawn to the NZDF by the prospect of training and personal development — a point highlighted in the survey of young people that was undertaken as part of the public consultation process.

6.24 To improve the effectiveness of training, the NZDF has recently established a centralised Training and Education Directorate. It will streamline costs and increase learning opportunities, including by assessing what training should be delivered within the NZDF and what should be outsourced to competitive training providers. Generic skills will be taught centrally, with the three Services focusing on a narrower range of Service-specific training.

6.25 Time spent training is not spent directly delivering an output. A major focus of the NZDF is therefore to reduce the period spent on achieving the required skills, known as 'time to competence'. One way to reduce time to competence is by the increased use of simulators, and over the next few years the NZDF will seek to increase its capability in this area.

6.26 By blending face-to-face instruction with 'e-learning', the NZDF will shift as much training as possible out of the classroom. This will involve the Learning Management System, which will eventually become available to all NZDF personnel.

Retention

6.27 A failure to retain personnel can lead to gaps in key skills and weaken the leadership base of the NZDF. A high rate of departure by experienced commissioned and non-commissioned officers, in particular, is not easily compensated for, and represents a loss of the NZDF's investment in their training and development.

6.28 Currently the attrition rate across the three Services for Regular Force personnel is low by historic standards.[15] Although still moderate, the Reserve Force attrition rate is a little higher. The main reasons given by Regular Force personnel for leaving the NZDF include employment and personal development opportunities outside the NZDF, or family and work/life balance issues. Attrition is higher for other ranks than for officers, and higher for women than men.

6.29 Notwithstanding this improved overall picture, attrition in the first year of service remains undesirably high, ranging from 10% to 25% across the Services. A study reviewing attrition in the first year has now been completed and will inform the recruitment strategy, criteria, and practices of the NZDF, including the way it manages new recruits.

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15 The top three reasons reported by Regular Force personnel for staying in the NZDF are consistent across the Services: challenging and interesting work, job security, and job satisfaction. Civilians report the same top three reasons, although not in the same order. The NZDF does not currently capture data for the Reserve Forces, but will shortly do so by including them in its continuous *Ongoing Attitude Survey*.

6.30 Too much retention can also be an organisational problem, resulting in a stagnant workforce and potentially leading to larger gaps as cohorts of people reach the point of retirement.

6.31 Total Defence Workforce will help to address this, by making it easier for NZDF personnel to spend time working in other organisations and so potentially build the foundations for a future second career. Existing efforts to help NZDF service personnel make a smooth transition at the end of their service life from military to civilian careers will also continue. Specific retraining opportunities will be supported, and where possible a flexible approach will be taken on matters of timing.

Development

6.32 Concern over career management has in the past been a major reason for leaving the NZDF. To address this, the NZDF is reviewing the systems and tools that support career management, giving individuals a greater role in planning their career path and professional development — provided it is consistent with organisational needs.

6.33 The NZDF will further promote career pathways for specialists (whether uniformed or civilian) in particular trades, for whom extensive training and development is required. It will also seek to increase opportunities for all members of the NZDF to obtain externally recognised qualifications and skills, including by offering a wider range of non-military courses.

Support

6.34 The NZDF places emphasis on providing adequate psycho-social support for deployed personnel and their families. This includes bridging the transition between the operational theatre and life in New Zealand by providing debriefings for deployed personnel at or close to the point of exit from theatre.

6.35 Service organisations, units, and chaplains provide welfare support to the families of personnel serving overseas. This is consistent with the findings and recommendations of the War Pensions Review, which encouraged a holistic approach to supporting service personnel and their families.

6.36 The NZDF will continue to invest in the resources needed to support service personnel and their families following any incident involving loss of life or serious injury.

Veterans

6.37 Through Veterans' Affairs New Zealand, the NZDF aims for a seamless transition of support to eligible personnel after they have left full-time service.

6.38 A holistic health care and management service has been introduced, to provide support to those veterans who have complex psychological or medical issues as a result of their time in uniform. It also covers those who are frail and need support to manage in their own homes.

6.39 The War Pensions Act 1954 has been reviewed by the Law Commission, and the Government is considering the Commission's report. It is envisaged that new legislation recognising contemporary and future needs of veterans will result from the review.

Shifting resources to the front line

6.40 Personnel are the core capability of the NZDF. They are also a major driver of costs. This White Paper has identified a number of initiatives which are intended to reinforce the importance of those working for the NZDF while also looking at ways to shift resources to where they are needed most.

Civilianisation

6.41 By one calculation, those in uniform earn additional benefits worth on average about $18,500[16] per year for all ranks. As such, the principle applied by the NZDF is that any position that does not deploy, or that does not need to be filled by a military specialist, or that is not providing operational respite, should be filled by a civilian, because they are less expensive.

6.42 The NZDF's R5 Project (right people, right job, right time, right capabilities, right cost) will help the NZDF to determine the scope for employing civilian or former Regular Force personnel in non-deployable positions. Increased internal competition for positions will also make it easier to place civilians in non-deployable roles which might formerly have been filled by uniformed personnel.

6.43 This need for a more vigorous commitment to civilianisation has been advocated by the leadership of the NZDF. It will see uniformed personnel shifted to the front of the organisation, where they are needed, and enable the NZDF to free up resources for the purchase or sustainment of military capabilities.

Remuneration

6.44 The NZDF has recently revised its strategy so that total remuneration is better aligned to the market. The aim is to retain skilled and motivated personnel in the NZDF.

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16 This figure comprises allowances which reflect the demands of military service, plus an accommodation allowance (the Universal Accommodation Component), and subsidised health and dental care.

6.45 One issue to be considered in the context of redistributing resources within the NZDF is the extent to which remuneration should be linked to whether a position or job family or rank is deployable or not. A distinction can be made between deployable and military specialist roles, and civilians. Remuneration policies should reflect these distinctions.

6.46 In principle, for both uniformed and civilian personnel, remuneration should relate to the primary position or job family or rank a person holds and their ability and willingness to fulfill the expectations associated with the position. Within this principle, temporary incapacity generally would not affect remuneration.

6.47 The State Services Commission and Treasury will help ensure that NZDF remuneration strategies and actions, including as they relate to allowances, are integrated into the Total Defence Workforce approach and are consistent with best practice in the state sector.

Civilians and contractors

6.48 Roles currently performed by the NZDF's civilian personnel could in a number of cases be performed by contractors. Decisions about whether a requirement should be outsourced will be based primarily on need, certainty of supply, and cost. In some instances it will also be relevant to consider the importance of retaining certain skills and capabilities in New Zealand rather than risk them migrating off-shore. If outsourcing offers an acceptable level of support, and can be provided at lower cost, then it should ordinarily be adopted.

6.49 When outsourcing any function, it will be essential to retain enough in-house expertise to manage contracts and invigilate performance. It will also be prudent to avoid becoming so dependent on any one contractor that the NZDF is strategically exposed to either service interruption or price gouging.

Reserve Forces

6.50 The Defence Act 1990 permits the NZDF to call up former members of the Regular Force as a strategic Reserve.

6.51 There is, however, confusion between this 'Reserve' and the part-time members of the Naval Volunteer Reserve, the Territorial Force of the New Zealand Army, and the Air Force Territorial Force, who are often collectively known as the 'Reserve Forces'. To clear up this confusion, the terminology will be reviewed and, if necessary, updated through an amendment to the Defence Act.

6.52 In recent years the Territorial Force has been called upon to support a wide range of operations. For example, it provided a surge capacity of approximately 400 for Timor-Leste in 2002, where its personnel performed well. Reserve Forces also provide a valuable contingency resource within New Zealand, able to assist in natural disasters and civil defence emergencies such as the 2010 Canterbury earthquake.

6.53 That said, the overall utility of Reserve Forces personnel can be limited — over the past year only one in every 20 of the Territorial Force (or 88 personnel) have deployed on operations. And annual expenditure on the Reserve Forces is currently greater than the total budget of the Regular Force Light Infantry Battalion at Burnham.

6.54 There is no disagreement over the desirability of the NZDF having a reserve capability. But there are a number of issues which require further deliberation. These include: the size of the Reserve Forces, and whether its members should be treated as part-time NZDF personnel; whether it should be general or specialist in nature, and the extent to which it should be deployable; whether it should be of military utility only or have a community-building function; the extent to which it should be integrated into Regular Force units; and the cost of such a force.

6.55 It is clear that modernisation of the existing reserves is required, a key tenet of which would be the greater integration of the Reserve Forces with the Regular Force. The Chief of Defence Force will therefore provide the Government with a report by the end of March 2011, setting out how the reserves should be configured so that they support the operational requirements of the NZDF in the most cost-effective way.

Cadets

6.56 The New Zealand Cadet Forces (NZCF) was established in 1971. Led by local adults who have taken on cadet force commissions, and other unit supporters, cadets undertake a nationally co-ordinated and well regarded annual programme, which aims to:

- foster adventure and teamwork;
- provide challenging and disciplined training activities; and
- promote an awareness of the Armed Forces and the role they play in the community.

6.57 There are currently nearly 4,000 Cadets in more than 100 units across the country. A key focus in recent years has been to develop recognised skills and qualifications by working with organisations such as the Mountain Safety Council, St Johns, the New Zealand Qualifications Authority, Yachting New Zealand, and the Outdoor Pursuits Centre.

6.58 NZDF support for the New Zealand Cadet Forces is set out in the New Zealand Cadet Forces Charter of Support. This states that the overarching philosophy of the NZCF is 'youth development and leadership training with a military flavour'. There is scope to grow NZCF numbers, although additional funding would be required.

Youth service

6.59 Also at the national level, the NZDF currently has arrangements with the Ministry of Social Development (both Work and Income New Zealand and Child, Youth and Family), the Ministry of Education, the Tertiary Education Commission, and the 'Blue Light' scheme to deliver a range of youth training and social intervention programmes. These specialist services are managed by Youth Development Units responsible for delivering the Limited Service Volunteer and the Youth Life Skills schemes, and are well regarded.

6.60 The Limited Service Volunteer scheme is focused on young people aged 18-25 who are registered with Work and Income New Zealand. The aim is to help unemployed young people build their skills and confidence, so that they might enter employment or work-related training. The Youth Life Skills scheme targets at-risk youth aged 13-17, with the aim of encouraging participants to remain in mainstream education.

6.61 The NZDF is a key partner in these two schemes, as well as in the Service Academies (targeting year 12 and 13 students in a number of low-decile secondary schools) and the Fresh Start programme (aimed at persistent youth offenders). Funding pressures and identifying personnel with the right mix of skills are issues that require active management, but such successful programmes reflect well on the NZDF.

Conclusion

6.62 The skills, commitment, and service of those serving within the NZDF have a value which goes beyond the financial balance sheet of the organisation. At the same time, it is important to ensure that the resources of the NZDF are allocated in a way which supports the creation of deployable and useful military capability.

6.63 This means harnessing the skills available across the total defence workforce, including by maximising the value of the reserves to the NZDF, and using outside civilian expertise where it can add value to the NZDF's effectiveness.

6.64 This White Paper is committed to recognising the vocational quality of military service, and to retaining a professional, disciplined, effective, and highly regarded NZDF. It supports the continuing efforts of the NZDF to put the weight of its workforce policies towards the construction of a military force which is both deployable and cost-effective.

Chapter 7

Infrastructure

7.1 Infrastructure needs to be considered alongside military capabilities and personnel as one of the central pillars supporting the outputs of the NZDF. Within the broad heading of 'infrastructure', real estate and ICT deserve particular attention. They are core enablers but expensive and have suffered from under-investment in recent years.

7.2 This White Paper provides for a smaller, modernised and upgraded Defence estate, increased investment in routine maintenance, and an NZDF-wide ICT strategic plan to be managed by an empowered Chief Information Officer (CIO). Opportunities for improving the cost-effectiveness of Defence infrastructure through Public Private Partnerships (PPPs) have been identified and will be pursued.

7.3 These initiatives will reduce duplication and improve the focus of infrastructure investment. Although capital investment will be required in the years immediately ahead, the medium-term result will be the reallocation of resources to support front line activities.

Real estate

7.4 The NZDF administers approximately 76,000 hectares and 5,000 buildings spread across nine main bases and two large training areas. The estate encompasses a large number of smaller outlying properties including, for example, those associated with Reserve and Cadet Forces, as well as rifle ranges, ammunition storage facilities, and communication sites.

7.5 The estimated replacement cost of Defence real estate in 2009 stood at $2.2 billion. The current running costs are substantial, but fall considerably short of what is needed to maintain an estate of such a size and condition.

7.6 This under-investment has resulted in a Defence estate which is generally in average condition, but facing a significant risk of rapid deterioration. Unless remedial action is taken, there is a risk that the Defence estate will become increasingly unfit for purpose.

Consolidation

7.7 A diverse estate gives the NZDF a visible presence across the country. It can also provide local economic benefits, especially in some rural communities where other employment opportunities are scarce. But the VfM review made it clear that this diversity brings with it costs, which the NZDF can no longer afford.

7.8 The NZDF has been disposing of surplus estate since the 1980s. This process has been slow, partly complicated by local economic factors, Treaty of Waitangi settlement issues, and the clean-up work needed on some sites. Nevertheless, since 1999 it has generated over $200 million in disposal receipts. Further disposals currently in train include the sale of NZDF off-base housing, Watts Peninsula, and several Treaty of Waitangi settlement actions. Together these are worth some $230 million, and are being progressed as quickly as possible. But more needs to be done.

7.9 Significant economies of scale could be achieved by concentrating Defence activities on fewer sites. The gains will go beyond direct efficiencies in estate running costs: the time and cost of travelling between sites will also be reduced, and equipment inventories can be consolidated rather than duplicated.

7.10 The NZDF will therefore broaden and accelerate the process of estate rationalisation which is already underway. The greatest potential benefits are likely to come from bringing together Air Force and Army activities at a single Manawatu 'hub' centred on the Air Force base at Ohakea. A business case will be developed to advance this option. This will result in some or all of the activities currently undertaken at Linton being relocated to Ohakea.

7.11 Activities currently undertaken at Burnham, Trentham, Waiouru, Tekapo, and Woodbourne will also be examined to see if they can be delivered more efficiently from rationalised bases. The major land training and exercise areas will be retained, but permanent personnel may be relocated.

7.12 There will be similar consolidation opportunities elsewhere. The NZDF will explore the scope for extending the 'hub' concept to Auckland, Wellington, and Canterbury, with redundant sites similarly rationalised or disposed of. This will require up-front investment, but significant operating savings are anticipated as units move into modern facilities that meet contemporary needs, and as old buildings and infrastructure are demolished or removed.

Housing

7.13 In the past, the NZDF typically provided housing and accommodation for most of its personnel. This was done to facilitate postings around the country, help establish a sense of shared community, and support the families of those posted overseas on operations.

7.14 These drivers are no longer as strong as they once were. Families want to move less. Many want the option of living in their own accommodation, outside the base. And

under-investment means that the NZDF is no longer able to provide service housing to all those who might wish to take it up.

7.15 A new housing policy was therefore introduced in 2008. Its starting principle was that service personnel and their families should live among the communities they serve, and that an accommodation allowance (the Universal Accommodation Component) would be paid to bridge the cost difference between subsidised service housing and market prices. The aim of the policy is to reduce the ownership costs associated with Defence housing, and to reinvest any sale proceeds in front line capabilities.

7.16 Under the new policy, Defence housing will ordinarily be provided only to personnel in specific circumstances (such as being required to live on base for training) or where there is no private housing market for personnel to access (as around many of the NZDF bases located in rural areas). In such cases, however, it may not be necessary or sensible for the NZDF to own or manage the stock itself. It could, for example, lease or rent property from the commercial market, or work within a PPP.

7.17 The sale of Defence housing and land in the Hobsonville area to Housing New Zealand was a positive result of the new policy. But the NZDF still owns nearly 2,500 houses. Some of these will be retained for operational purposes, but some it would make sense to sell, or to place within a PPP arrangement.

7.18 If necessary, this could mean providing an additional financial incentive for NZDF personnel to shift out of Defence properties and into the private market. The merits of any such incentive will be considered along with other options as part of an overall review of the cost-effectiveness of the Universal Accommodation Component.

Estate management

7.19 A Chief Operating Officer of the NZDF will have complete oversight of and responsibility for the management of the Defence estate, answerable to the CDF.[17]

7.20 The NZDF has already moved to consolidate its property management functions. The case for outsourcing some or all of these functions will be considered, and a Defence Estate Strategic Plan will be completed.

7.21 Notwithstanding these organisational improvements, the future management of the Defence estate will require increased investment, at least for the next few years. Under-investment needs to be addressed, and future plans for the Defence estate need to be put on a sustainable footing.

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[17] For more detail on the Chief Operating Officer position, see chapter nine.

7.22 This increased investment will in part be funded by disposals and base rationalisation, as well as by other VfM initiatives (including PPPs). Together, these measures will help achieve the aim of a Defence estate which is less expensive and in better condition.

Public Private Partnerships (PPPs)

7.23 The NZDF has almost always purchased or leased the land and facilities it uses. But the alternative model of a PPP will feature more comprehensively in the future management of the Defence estate.

7.24 Initial analysis suggests that using a PPP approach in the provision and management of the Defence estate as it relates to housing, and also more extensively, could offer significant financial and output benefits.

7.25 The creation of a 'hub' at Ohakea will provide an opportunity to test the PPP approach. The business case to be presented to Cabinet will include a range of options (including a PPP) for providing infrastructure development, facilities maintenance, and the provision of support services at the proposed new hub. There are also other sites, including Whenuapai, where potentially significant efficiencies might be realised by following a PPP approach.

7.26 Given the substantial efficiencies and additional benefits that a PPP is likely to offer, the NZDF will also explore the scope for extending this model beyond the Defence estate. Using private equity partners for the development of other infrastructure, and for the provision of some support elements for front line forces, will be investigated as a priority.

Information and Communications Technology [18]

7.27 ICT is a key enabler for an organisation as diverse as the NZDF, underpinning its effectiveness by linking communications, human resources, logistics, and finance.

7.28 The value of ICT lies as much in making effective use of information as in gathering it. Storage, retrieval, organization, and analysis provide the basis for processing and communicating information to decision-makers — without them, ICT serves little purpose.

7.29 ICT is therefore of central importance to the NZDF. It has not, however, attracted the necessary level of investment. This is in part because of budgetary constraints but

[18] This chapter considers the organisational ICT needs of the NZDF. It does not deal with operational ICT requirements.

also because the NZDF has, in the past, taken a fragmented approach to ICT projects. The result has been deficiencies in management information, weaknesses in the NZDF's ICT infrastructure, and a lack of strategic coherence in ICT project selection and management.

Priorities

7.30 There is an urgent need to replace the NZDF data centre. This could be developed as a resource shared by a range of government departments, built and operated by a professional IT services company. A robust disaster recovery component should be part of the project. The NZDF is currently working to address this need, as part of a wider inter-agency effort.

7.31 Improved offshore communications capabilities also need to be improved, so that personnel deployed overseas can be better supported. Options for renting this extra capacity when required will be explored by the NZDF.

7.32 Existing projects to strengthen IT capability in the core NZDF organisational functions of HR and payroll, logistics, and finance will be sustained and accelerated. Investment will be required in the short term in order to realise the long term efficiencies and resource redistribution.

Governance

7.33 The NZDF's Communications and Information Systems Branch (CIS) governs, manages, or delivers some ICT projects across the organisation, but a significant number of other projects rest within the single Services, especially where they have a front line focus. To succeed, major ICT change needs to be driven by the end user who, with CIS support, should be responsible for identifying and realising the business benefits of any proposed ICT expenditure.

7.34 There is currently a risk of duplication of purpose and resource on ICT matters, and productivity gains that could be realised by the NZDF as a whole are at risk of being missed. Strategic oversight and a greater degree of centralisation will improve the scrutiny, co-ordination, and management of ICT.

7.35 To achieve this, all projects will come under the purview of the CIO, whose responsibilities will include vetting any project with an ICT component.

7.36 There will be increased transparency of ICT spending and greater scrutiny of the proposed costs and benefits of any ICT package. The Executive Leadership Team of the NZDF will consider ICT issues on a regular basis.

7.37 For his part, the CDF will have a continuing involvement in ICT projects, and will be the final NZDF decision-maker on funding and resource allocations, major policy decisions, and the realisation of benefits.

Future investment

7.38 Set against benchmarks of other militaries, or the private sector, the NZDF is under-investing in the maintenance and renewal of its ICT. This has implications not only for the daily operations of the NZDF but also for its ability to realise efficiencies which have been identified by the VfM review. These issues must be tackled.

7.39 Financial resources will be increased for the maintenance of ICT. A capital investment programme, with appropriate risk reduction strategies, will be initiated to ensure ICT infrastructure is refreshed and updated. Given the size and budget of the NZDF, off-the-shelf package solutions should be the first choice for all system implementations.

7.40 All major ICT investments will be based on a strong business case in which the risks are identified, the benefits are quantified, and the timelines are clear. This is important not only for a successful outcome but to ensure that the organisation is focused on its objectives.

Conclusion

7.41 A central plank for modernising and improving the effectiveness and efficiency of the NZDF is to ensure an appropriate level of attention to the supporting infrastructure of Defence estate and ICT.

7.42 Some progress towards remedying existing shortcomings has already been made. But more will need to be done over the next few years.

7.43 In particular, the NZDF will centralise decision-making and increase senior-level scrutiny of infrastructure investment. Efforts to streamline resources, such as base rationalisation and eliminating duplication of ICT programmes, will be driven with renewed vigour. And opportunities for PPPs and other innovative approaches will be explored.

7.44 But organisational oversight and prioritisation alone will not be sufficient. A greater level of investment in these enabling assets of the NZDF is required, especially if efficiencies are to be realised over time and resources moved to front line capabilities.

HMNZS Canterbury in the South Pacific, participating in Exercise Tropic Twilight 2009

Chapter 8

Affordability

8.1 One feature which distinguishes this White Paper from its predecessors is the level of scrutiny which has been given to financial issues.

8.2 The strategic outlook underscores the need for an NZDF which is responsive, versatile, and professional, able to conduct the range of tasks set for it by the Government, particularly in the South Pacific but also alongside friends and partners further afield. The fiscal outlook requires an NZDF which is affordable now and in the future.

8.3 Responsible policy means that these strategic and fiscal requirements must be reconciled.

The fiscal situation

8.4 The Crown is already committed to a number of acquisition and upgrade programmes contracted for over the past decade, including new helicopters and the upgrade of the C-130 Hercules and P-3 Orion fleets. These programmes are putting pressure on the budget of the NZDF. Depreciation alone is expected to rise by about $100 million over the next two years.

8.5 New and more sophisticated equipment coming into service will create additional funding pressures on the operating budget. The need to set aside accumulated depreciation to fund future capability replacements also means that the capability programme proposed for the next ten years and thereafter will need to be carefully prioritised and phased.

8.6 Price rises and disadvantageous exchange rate movements can also lead to increases in costs. These cost increases, too, will need to be managed, including by prioritisation across the capability programme.

8.7 Finally, the future capability pathway set out in this White Paper will require additional operating and capital spending for front line capabilities and infrastructure.

8.8 In short, and given the Government's overall fiscal strategy, the NZDF will need to play its part over the long run to find the funding needed to meet these various demands, by redistributing existing resources and by prioritising the capability programme.

Value for money

8.9 The NZDF has in place a number of internal efficiency programmes, including the Defence Transformation Programme (DTP). This is a comprehensive effort to redistribute resources from within the existing budget of the NZDF.

8.10 The DTP has already redistributed a total of $84 million through a number of "quick win" projects. Organisational changes which have been implemented in areas such as logistics, training, and HR will see this amount rise in future years. It is expected that resources worth around $100 million per year will be freed up by 2014/15 as a result of the DTP.

8.11 But these measures will not in themselves be sufficient to meet the costs of maintaining and enhancing current capabilities. It is for this reason that a comprehensive and independent VfM review of the NZDF, conducted by Dr Roderick Deane and Pacific Road Corporate Finance, was commissioned.

8.12 The VfM team examined all major areas of NZDF organisational activity, with a particular focus on support functions. They consulted widely within the NZDF, and used international practice (from other military forces and from the corporate sector) as benchmarks. In total, over 100 work-streams were established with the aim of identifying opportunities to redistribute existing resources to front line activities while maintaining or enhancing operational outputs.

VfM key findings

8.13 Overall, VfM concluded that although the NZDF is small by international standards, in the field it is ably led, well trained, in the main well equipped, highly professional, able to work closely with our military partners, and respected by them. The VfM team were also satisfied that for deployments and related operations and support functions, the NZDF is delivering value for money, with a culture of excellence, speedy decision-making, and a focus on being world class.

8.14 But VfM concluded that this excellence in front line delivery is not being replicated elsewhere in the organisation. Close to 55% of the NZDF's operating costs are incurred in the middle and back, with only 45% spent on front line activities. Most defence forces have as a core objective spending more on front line capabilities than in support areas, and the NZDF should be no exception.

8.15 The VfM team was confident that this core objective can be achieved by the NZDF, but emphasised that there would have to be an appropriate level of commitment throughout the organisation to a clear and ambitious target.

The target and affordability

8.16 NZDF resources will therefore be redistributed to sustain and build front line capabilities. This redistribution process is already underway, led by the CDF. The Government expects that by 2014/15 the NZDF will free up $100 million from the DTP and $250 million to $300 million from other VfM initiatives, on an annual recurring basis, for front line capabilities.

8.17 Such a redistribution from within the existing budget will make the capability proposals contained in this White Paper more affordable, but they will not remove the need for the Government still to contribute new money over time.

8.18 The estimated additional money needed over the next ten years, even after the VfM and DTP outcomes have been achieved, is expected to fall broadly within the overall amount of the Government's historical annual funding allowances for Defence. But this should not invite complacency. Not only are the costs incurred by Defence likely to increase over time, but the redistribution targets identified in this White Paper need to be realised.

Hitting the target

8.19 Although the VfM review identified many parts of the middle and back of the NZDF where resources can be freed up, it should not be regarded as a detailed prescription which the CDF must follow. The CDF will instead be given flexibility in the ways to achieve the target, subject to Ministerial expectations.

8.20 That said, a number of actual and potential opportunities to redistribute existing resources have been identified, many from within the NZDF itself:

- Chapter six sets out workforce initiatives designed to shift resources towards the deployable front line.
- A number of support functions (including HR, finance, procurement, corporate, administration, and shared services) can be centralised and made more efficient, underpinned by upgraded ICT systems and HR processes.

- When comparing NZDF practices with international or commercial benchmarks, as much as 10% of current expenditure on training and 6% of expenditure on the procurement of non-military equipment (or non-specialised military equipment) could be redistributed to other priorities.
- The NZDF has already moved to follow international defence force trends by establishing a single logistics command structure, which is expected to free up more than $330 million over ten years.
- Reprioritisation will be pursued in areas such as Defence diplomacy (where more than $22 million per year is spent in direct costs), the Defence Technology Agency (which could be structured on a more commercial basis), bands, libraries, and museums.
- Capital expenditure could be saved through innovative ownership options for a range of capital assets. Leasing arrangements could offer cash management advantages in acquiring capital. The NZDF could also explore contracting out even more of its non-core services on a pan-NZDF basis, and look to promote strategic alliances with key private sector providers.
- Additional VfM recommendations in areas such as the Defence estate and ICT are contained in chapter seven.

8.21 It is expected that the 2010/11 financial year will focus on accelerating existing initiatives for the more efficient delivery of education and training, non-military procurement, recruitment, and logistics. It is also expected that the number of external consultant and contractors employed by the NZDF will be reduced.

8.22 The following years will see these initiatives intensified. Other areas such as the more efficient delivery of HR and finance services, and the implementation of Total Defence Workforce (including civilianisation and the rationalisation of non-operational allowances), will also be pursued. At the same time, there will need to be reinvestment in the key enabling functions of ICT, Defence infrastructure, and buildings so that the redistribution of resources within the wider NZDF can be supported.

8.23 By 2013/14 it is expected that the redistribution strategy will be delivering very significant outcomes, and that internal policies, practices, and efficiencies will be supplemented by various contracting out and PPP initiatives.

8.24 These proposals reflect a strong appetite from within the NZDF for organisational improvement. The Government is confident that those within the NZDF will bring to this task the same kind of enthusiasm and imagination they apply to military operations.

8.25 This redistribution programme will be comprehensive and flexible. Some initiatives will free up more resources than expected, some fewer. But achieving the target in a way which builds the sense of purpose, effectiveness, and morale of the NZDF will require care. A strengthened level of corporate expertise will therefore support the CDF in the task of managing the NZDF. This will include appointing a Chief Operating Officer and strengthening the role of the Chief Information Officer.

8.26 The VfM review concluded that the redistribution target is achievable, with determined leadership. The Government shares this view. The best way of bringing change to the NZDF while maintaining morale is to make it clear that the resources which are released by the DTP and VfM from the middle and back of the organisation will be redistributed to front line capabilities.

Guiding principles

8.27 The fundamental basis of this White Paper is an agreed strategy whereby existing resources will be redistributed towards the capabilities needed to deliver policy. CDF will be empowered to realise that strategy.

8.28 To assist the CDF, and realising that it will be challenging, the following guidelines have been established:

a) By 2014/15 the NZDF will free up $100 million from the DTP and $250 million to $300 million from other VfM initiatives, on an annual recurring basis, for front line capabilities.

b) The NZDF will have flexibility in the way it pursues this target, but:

i clear expectations will be set out in the performance agreement of the CDF; and

ii clear savings milestones will be agreed and reported to Cabinet.

c) Existing resources freed up by the NZDF will be reinvested in the capabilities set out in this White Paper, as an incentive for reform.

d) As part of realising the target, the NZDF has been given the core objective of spending more on front line capabilities than it does in support areas from 2014/15.

e) The business case for any new capital acquisition will:

i be fully costed (including whole-of-life capital and operating expenditure, as well as options for ownership);

ii show the impact of that acquisition on the affordability of the rest of the rolling capability programme over the next ten years, and the impact on capability replacements after 2020; and

iii ensure that all internal sources of funding (including from savings realised and scheduled) have been identified before making any request for new money.

f) Any cost over-runs incurred after Cabinet has approved a new capital acquisition will be absorbed by the NZDF.

g) The capacity of the NZDF to meet the redistribution target while also absorbing inflation, asset revaluation costs, and adverse exchange rate movements will be assessed by the NZDF and Treasury jointly in the course of each annual budget cycle.

h) The NZDF will continue to be funded separately for all marginal costs related to Cabinet-approved operational deployments, as well as for cadet and youth programmes.

Balancing capability and funding

8.29 The NZDF will ordinarily be expected to free up the necessary resources before new capital acquisitions are approved. This will, however, not always be possible. It is expected that some capital expenditure (on infrastructure, as well as on capabilities) will be required before the full extent of the redistribution target can be realised.

8.30 Any resulting gap between realising the longer-term target and meeting the shorter-term capital requirements will therefore need to be managed.

8.31 Such management will include adjusting the sequencing and timing of platform upgrades and capital acquisitions wherever possible to ensure that the necessary funding is available. There will be flexibility to reallocate to capital expenditure any of the operating expenditure resources which are freed up. Different models of ownership (such as leasing equipment, or working with private equity partners) will also be looked at for all capital investments, and especially those which do not have a requirement to deploy on operations.

8.32 The overall NZDF capability mix will also be scrutinised in an updated Defence Review every five years, to ensure that the balance between policy requirements, strategic outlook, and fiscal context is being maintained.

8.33 Many of the major acquisitions foreshadowed in this White Paper are due to take place in fifteen or twenty years. The White Paper therefore needs to be seen as setting the policy framework for a capability programme which is reassessed and refreshed on a regular basis.

Future financial management

8.34 To help the NZDF and other agencies manage the demands and fluctuations in the capital and operating budgets of the NZDF, a modified funding and financial management regime will be introduced.

8.35 This regime will make clearer the linkages between capital and operating expenditure, including how capital acquisitions impact on operating spending outside the forecast period. It will also improve management and visibility of the overall capability programme over the long term.

8.36 Transparency, predictability, and completeness lie at the heart of this regime. The overarching objective is to ensure that Ministers have good visibility of the future capital and operating expenditure implications of all capital funding requests, and that the NZDF's spending intentions remain aligned with the Government's policy and fiscal objectives.

8.37 NZDF contributions to supporting other agencies in non-military activities, and their costs, will also be separately identified, as recommended by the VfM review.

Conclusion

8.38 The Government is confident that the capability pathway mapped out in this White Paper is both an appropriate response to an uncertain strategic context and takes proper account of New Zealand's fiscal circumstances.

8.39 To meet the requirement to balance policy, capability, and money, the Government has set the NZDF an ambitious but realisable target for redistributing resources from within the existing budget of the NZDF.

8.40 The incentive for doing so is simple — such resources will be reinvested in the front line capabilities of the NZDF, so that it can continue to deliver the range of policy outcomes expected of it by the Government.

Senior members of the NZDF at a Defence Transformation Programme meeting

Chapter 9

Organisational Reform

9.1 The NZDF and the Ministry of Defence (the Ministry) need not only to operate efficiently as two separate organisations but also to work together as effectively as possible.

9.2 To achieve this, the management structure of the NZDF will be reconfigured, and the ability of the two organisations to undertake joint activities when it makes sense for them to do so will be strengthened.

Management of the NZDF

9.3 There is a need to reinforce the authority of the CDF as chief executive over the NZDF, not least because the CDF will be accountable for realising the resource redistribution target which has been set by the Government. The CDF therefore needs unambiguously to have the authority to achieve this.

9.4 To assist the CDF in the execution of that authority, the expertise of the NZDF Executive Leadership Team will be broadened. In particular, additional senior and experienced civilian management skills will be introduced. This will be accompanied by an enhancement of specialist management skills at lower levels.

Authority of the CDF

9.5 There are important constitutional reasons why the exercise of the CDF's military authority should have checks and balances placed around it. At the same time, these checks and balances should not constrain the CDF's internal management authority. Any organisational arrangements which impact on that authority should be removed.

9.6 Recognising these constitutional interests, and to ensure continuity in command of the NZDF, the Vice Chief of Defence Force (VCDF) will now become the statutory deputy of the CDF, to be appointed by the Governor-General in Council. The

selection process for the VCDF will be the same as that which currently applies to the appointment of the CDF.

9.7 At the same time, the mode of appointment of the three Service Chiefs will be changed, to clarify the extent and nature of their authority. Appointments to these positions are currently made by the Governor-General in Council. In future the CDF will appoint the Service Chiefs, in consultation with the Minister of Defence. Cabinet will be advised of the CDF's intended appointment, and could exercise a right of veto if it so determined.

9.8 In this way the authority of the CDF as chief executive, and the authority of the VCDF as the military deputy, would be reinforced, while at the same time ensuring that those holding senior command positions within the NZDF enjoy the confidence of the Government.

9.9 These changes will not alter the responsibilities of the Service Chiefs to raise, train, and maintain their respective forces. They will not diminish their command responsibilities, nor will they dilute the unique character of each Service. They will, however, make it clear both within the NZDF and to those outside that the CDF has overall accountability for (and so the ultimate authority over) the management and operation of the entire NZDF.

9.10 The Commander Joint Forces New Zealand (COMJFNZ) will be appointed by the CDF in consultation with the Minister of Defence. This different set of arrangements recognises not only the operational nature of the COMJFNZ role but also that COMJFNZ exercises his operational authority essentially as an agent of the CDF.

Strengthened management

9.11 In terms of broadening the expertise of the Executive Leadership Team, a new civilian post of Chief Operating Officer (COO) will be established. The person appointed to this position will be the CDF's deputy in managing the NZDF as an organisation, and will drive the reforms needed to redistribute existing resources to front line capability. Working to the CDF, the COO will ensure that such reforms are planned, executed, and monitored comprehensively and with vigour.

9.12 The COO position will sit alongside and be equal in status to the VCDF, who will continue to be primarily responsible for military functions. The CDF will appoint the COO, in consultation with the State Services Commissioner and following endorsement by Cabinet.

9.13 As well as strengthening the membership of the Executive Leadership Team in this way, steps will be taken to provide the CDF with improved performance management

data (including on the reform programme) and better quality financial information, including a capital investment plan.

Accountability of the CDF

9.14 The State Services Commissioner manages the process of appointing public service chief executives, including the Secretary of Defence (the Secretary), and takes the lead in assessing and managing their performance.

9.15 These arrangements do not currently apply to the CDF. Although the State Services Commissioner assists the Minister in the process of appointing the CDF, and will continue to do so, the Commissioner in future will also assist the Minister in the evaluation and management of the CDF's performance.

9.16 Performance expectations relating to military leadership and the effective management of the NZDF will be set for the CDF, including achieving the resource redistribution targets in this White Paper. The CDF will be accountable for achieving these expectations.

Working together

9.17 The functions and accountabilities of the CDF and the Secretary are set out in current legislation, most notably the Defence Act 1990, the State Sector Act 1988, and the Public Finance Act 1989.

9.18 The NZDF and the Ministry are each charged with undertaking specific roles and tasks. If the best results are to be achieved, it is essential that the Secretary, as the Government's principal civilian adviser on defence matters, and the CDF, as the Government's principal military adviser, work closely together.

Defence policy

9.19 The Defence Act requires that the Secretary consult with the Chief of Defence Force in the formulation of advice on defence policy. This requirement acknowledges the different areas of expertise that must be brought together if the Government is to receive complete and coherent advice.

9.20 The Ministry's resources for this task will be strengthened to ensure that it is able to offer a comprehensive view of the links between policy on the one hand and capability and funding on the other. This strengthening will focus on depth rather than breadth, with an increase in the number of experienced staff.

9.21 Reciprocal access to information between the Ministry and the NZDF will be mandated, as a way to ensure that Defence policy advice is a coherent and seamless reflection of all the relevant material which is available within the two organisations.

9.22 The role and capability of the Evaluation Division of the Ministry will also be strengthened.

Defence capability life cycle

9.23 The Defence Act tasks the Secretary to procure, replace, or repair ships, vehicles, aircraft, and equipment for use by the NZDF, where they have major significance to military capability.

9.24 Although the Act gives this responsibility solely to the Secretary, in practice the Secretary and CDF work closely together through all phases of a capability's life cycle. Indeed, they must work together. Not only does each life cycle phase (see following diagram) require both policy and military expertise, but the overall success of any major procurement demands that the Secretary and the CDF retain oversight of the process as a whole.

9.25 In a very real sense, then, these phases are not distinct and separate but rather part of a seamless and dynamic process of management which covers the whole operational life of a capability from policy specification, through to acquisition and operational use, and then eventual disposal. And just as the end-user (the NZDF) has an interest in every step in this process, so the Ministry must ensure that decisions taken throughout the process are informed by policy considerations.

Existing arrangements

9.26 The existing procurement process can work well — New Zealand has for the most part bought useable equipment at a good price. But there are also examples of problems. The 2008 reports from the Office of the Auditor-General and from John Coles (on *HMNZS Canterbury*) identified shortcomings in the management of some procurement projects.

9.27 For this reason, the Secretary, as part of his Defence Assessment, commissioned Michael Wintringham and Aurecon Ltd to examine aspects of Defence organisational arrangements and the procurement process respectively, and to recommend ways to improve them. Procurement was also considered by the VfM team.

9.28 The reviews all highlighted what was seen as disjointed and fragmented management across the capability life cycle, with confusion particularly acute at the transition point

between the policy and acquisition phases (led by the Ministry) and the in-service use and disposal phases (led by the NZDF).

Whole-of-life capability management

9.29 In looking to remedy these problems, the Government recognises that the NZDF and the Ministry must work together across all phases of the capability life cycle. The continuous and effective co-operation which is needed must be driven from the top of the two organisations, and must be reflected in the formal accountabilities of the Secretary and CDF. These accountabilities will exist not only for the individual phases of a capability project but also for the management of the capability life cycle as a whole.

9.30 The Ministry will ordinarily lead and be accountable for the policy, capability development, and acquisition phases, and the NZDF will ordinarily lead and be accountable for the introduction into service, in-service, and disposal phases, unless the Minister directs otherwise.

9.31 Each phase will be executed through a clearly identified (and accountable) project director or manager, operating within a co-operative framework. In many instances this will be given effect through the creation of joint staffs, with NZDF and Ministry personnel working together as part of a formally constituted team.

9.32 A 'capability sponsor' will also be formally identified for each major acquisition. This will usually be a Service Chief, but could for example also be the Commander Joint Forces New Zealand or the Chief Information Officer. The 'capability sponsor' will ensure that the requirements of the chief executives in each phase of the capability life cycle are met, including by providing all necessary personnel.

9.33 Notwithstanding these working level arrangements, the accountability for each individual phase of the capability life cycle will rest with the relevant chief executive.

9.34 Recognising that the overall success for managing the life cycle of any major acquisition requires close co-operation between the two organisations, the Minister of Defence (and the Cabinet) will expect any problem which threatens the overall success of that life cycle to be identified by either or both of the two chief executives and addressed by them both, acting collaboratively. Such collaboration will in future also be assisted by advice from outside experts who will be appointed to Defence's internal capability management body.

9.35 This approach is a less radical option than some alternatives, such as reuniting the Ministry and the NZDF within a 'diarchy' (the model which prevails in Australia, Canada, and the United Kingdom). Instead, it retains the benefits of having clear and

separate accountabilities for each of the two chief executives while encouraging collaborative activity where that matters.

Defence Advisory Board

9.36 The Defence Review profited from the skills and insights provided by experts outside of Defence as well as within. This will be made a standing arrangement.

9.37 External contributions to Defence's business will be provided through a new independent Defence Advisory Board to be appointed by the Minister of Defence. The Board will provide the Minister with independent advice.

Conclusion

9.38 The NZDF needs the right equipment, people, and infrastructure if it is to deliver the policy outcomes identified in this White Paper. It also needs a modern, focused, and responsive organisation to support that delivery.

9.39 The current structures have a number of strengths. But they can also be improved. CDF lacks some of the authority and accountability of other public service chief executives. The split between the Ministry and the NZDF can at times be a barrier to effectiveness. And the focus of the NZDF on the effective delivery of military outputs in a demanding environment has seen less attention paid to organisational matters.

9.40 These issues will be addressed. The CDF will be given more authority and more clearly defined accountability as chief executive. The new COO will drive the reform programme. And corporate management skills throughout the organisation will be strengthened.

9.41 The changes in organisational arrangements will be backed up by strengthening internal monitoring mechanisms and by creating an independent Defence Advisory Board.

9.42 These initiatives, taken cumulatively, will be a step-change in how Defence is managed, and will facilitate the reforms needed to ensure that the NZDF is not only modern, professional, and effective in the field but also in its organisation. Indeed, strengthening the organisation in this way will deliver the NZDF the operational capabilities it needs — now and into the future.

Abbreviations

- ASEAN — Association of Southeast Asian Nations
- ADF — Australian Defence Force
- CDF — Chief of Defence Force
- CDR — Closer Defence Relations (Australia and New Zealand)
- CIO — Chief Information Officer
- COO — Chief Operating Officer
- CIS — Communications and Information Systems
- DTP — Defence Transformation Programme
- EEZ — Exclusive Economic Zone
- FPDA — Five Power Defence Arrangements (Australia, Malaysia, New Zealand, Singapore, and the United Kingdom)
- FRANZ — France, Australia, and New Zealand
- GDP — Gross Domestic Product
- HR — Human Resources
- ICT — Information and Communications Technology
- IPV — Inshore Patrol Vessel
- ISR — Intelligence, Surveillance, and Reconnaissance
- IT — Information Technology
- LAV — Light Armoured Vehicle
- MFAT — New Zealand Ministry of Foreign Affairs and Trade
- NATO — North Atlantic Treaty Organisation
- NPT — Nuclear Non-Proliferation Treaty
- NZCF — New Zealand Cadet Force
- NZDF — New Zealand Defence Force
- OPV — Offshore Patrol Vessel
- PPP — Public Private Partnership

- PIF Pacific Islands Forum
- RAMSI Regional Assistance Mission to Solomon Islands
- VfM Value for Money
- VCDF Vice Chief of Defence Force
- UN United Nations
- UK United Kingdom
- US United States
- WMD Weapons of Mass Destruction

Glossary

- *Airlift (Strategic and Tactical)*: the capability to transport and deliver forces and matériel by air in support of strategic and/or tactical objectives.

- *Attrition*: the loss of personnel and/or matériel.

- *Baseline*: the level of operating funding provided to a Department each year so that it can produce its normal outputs. It does not include additional funding that may be provided for specific outputs or activities that will not recur.

- *Capability*: the personnel, equipment, platforms, and/or other matériel that affect the capacity to undertake military operations.

- *Capability Life Cycle*: the 'life cycle' that begins with the identification of the need to address a capability gap. This need is progressively translated into a working capability system that is operated and supported until it reaches the end of its life and is ultimately withdrawn from service.

- *Capital expenditure (capex)*: capital used to acquire or upgrade physical assets such as military equipment, infrastructure, and other capital items.

- *Coalition*: a force composed of military elements of more than one nation that have formed a temporary alliance for some specific purpose.

- *Collective security*: the principle that all members of a collectivity of states are jointly responsible for the physical security of each of them.

- *Combat*: military operations involving the use or threat of force, including lethal force, in order to impose will on an opponent or to accomplish a mission.

- *Combat service support*: the support supplied to combat forces, primarily in the fields of administration and logistics (supply, maintenance, transportation, health services, and other services).

- *Combat support*: the provision of fire support and operational assistance to combat elements, including intelligence and communications.

- *Command and Control*: the exercise of authority and direction by a properly designated commander over assigned and attached forces. Command and control functions are performed through an arrangement of personnel, equipment, communications, and procedures employed by a commander in planning, directing, co-ordinating, and controlling forces in the accomplishment of a mission.

- *Commercial off-the-shelf*: technology and/or equipment that is ready-made and available for sale.

- *Counter-proliferation*: activities to combat proliferation, including diplomacy, arms control, export controls, intelligence collection, and interdiction.

- *Defence*: the Ministry of Defence and the New Zealand Defence Force, taken together.

- *Defence Attaché*: a military officer based in some New Zealand Embassies whose role is to provide liaison between New Zealand defence and security interests and those of the nation in which they reside. A military officer attached to a New Zealand High Commission and performing the same role is known as a Defence Adviser.

- *Defence Estate*: the land and buildings administered by the NZDF.

- *Deployability*: the extent to which someone or something can be used on operations.

- *Depreciation*: the amount by which the value of an asset reduces each year over its life due to usage, the passage of time, wear and tear, and/or other such factors. Depreciation is allocated as an operating expense.

- *Diarchy*: an organisational arrangement by which the Chief of Defence Force and the Secretary of Defence would jointly manage a single Defence organisation, reporting jointly to the Minister of Defence.

- *Doctrine*: the fundamental principles by which military forces or elements guide their actions in support of national objectives.

- *Force element*: units which directly contribute to the delivery of defence force outputs, and which may form part of an operational force.

- *Force protection*: actions taken to prevent or mitigate hostile actions against NZDF personnel, resources, platforms, and critical information. Can be defensive or offensive, and passive or active.

- *Intelligence, surveillance and reconnaissance (ISR)*: the capability to collect, process, exploit, and disseminate accurate and timely information so as to provide force elements with the situational awareness necessary successfully to plan and conduct operations.

- *Intensity of conflict (high, medium, low)*: the overall tempo, and degree of violence employed and/or encountered. The rate of consumption of *matériel* can also be a measure of intensity. The intensity of a conflict is **high** when the violence is continuous or when encounters between combatants are particularly violent; **medium** when violence is frequent; and **low** when violence is occasional. The intensity may vary during the course of a particular conflict and across parts of an operational theatre. It will also vary for individual participants, depending on their particular role or function.

- *Interoperability*: the ability of systems, units, or forces to provide services to, and accept services from, other systems, units, or forces, and to use the services exchanged to enable them to operate effectively together.

- *Inter-state conflict*: conflict or warfare between states, and involving opposing regular armed forces.

- *Intra-state conflict*: conflict or warfare between organised groups within the same state. Intra-state conflict can be high-intensity, and often involves both regular and irregular armed forces.

- *Job family:* a set of jobs that share a degree of similarity but which may differ in terms of knowledge and levels of expertise.

- *Joint activity*: activities, operations, and/or organisations in which elements of more one Service — a joint force — from the same nation participate.

- *Jointness/Joint effect*: an integrated approach which allows combined force elements to be more than the sum of its components.

- *Matériel*: material and equipment used in warfare.

- *Networked enabled capability*: the ability to link sensors, decision-makers, and weapons systems so that information can better deliver a military outcome.

- *Non-combat operations*: military operations where weapons may be present, but their use or threatened use is for self-protection purposes and not essential to the accomplishment of the mission.

- *Operating expenditure (opex)*: defence operating expenditure is categorised under four headings — *personnel*, which includes human resource costs; *depreciation* (see above); *capital charge*, which is a fee charged of Departments by the Crown for holding capital (analogous to interest on borrowed money); and *other operating*.

- *Operational tempo*: the rate or rhythm of military operations. Can be low, medium, or high.

- *Peace support operations*: a generic term describing operations that make use of diplomatic, civil, and military means to restore or maintain peace. Such operations may include conflict prevention, peace making, peace-enforcement, peace keeping, and peace building.

- *Platform*: any vessel, vehicle, aircraft, and/or other delivery system from which weapons, personnel, and/or matériel can be deployed.

- *Proliferation Security Initiative (PSI)*: a global effort that aims to stop trafficking of weapons of mass destruction, their delivery systems, and related materials to and from states and non-state actors of proliferation concern.

- *Public Private Partnerships*: usually involve a contract between a public sector authority and a private party, in which the private party provides a service or project and assumes the financial, technical, and operational risk for it.

- *Sealift*: the capability to transport and deliver forces and *matériel* by sea in support of strategic and/or tactical objectives.

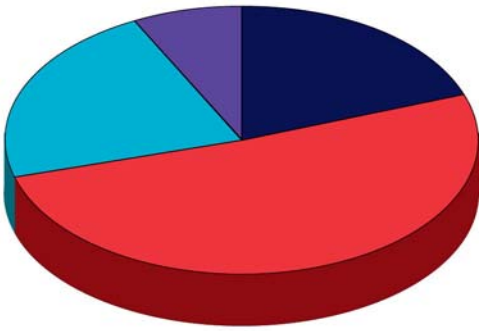
Annex - Facts and Figures

(as at 30 June 2010)

New Zealand Defence Force

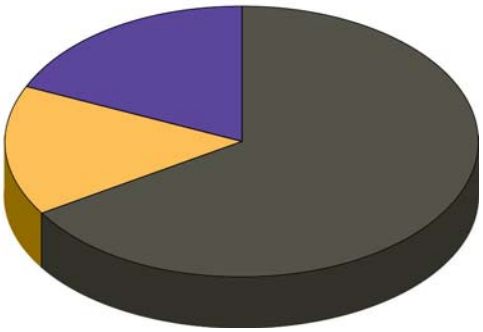
Total NZDF personnel (including Reservists) by Service and HQNZDF civilians **14,577**

Navy	2,870	20%
Army	7,384	51%
Air Force	3,195	22%
HQNZDF (Civilians)	1,128	7%



Total NZDF personnel by employment status **14,577**

Regular Force	9,673	66%
Reserve Force	2,314	16%
Civilian	2,590	18%

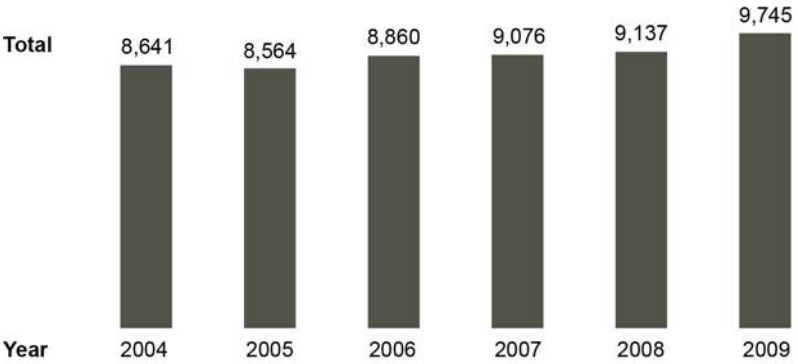


NZDF gender breakdown

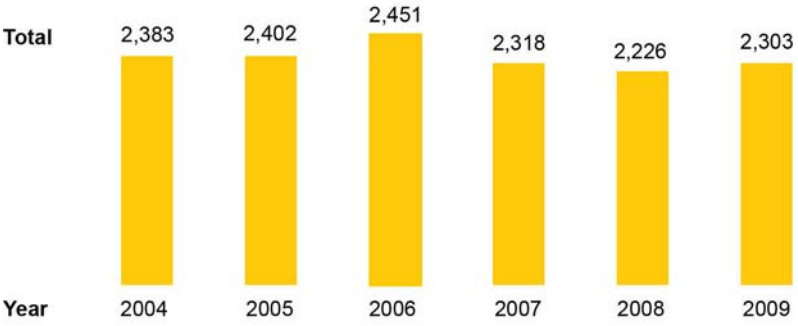
NZDF median age by Service

Navy	26.6 years	Air Force	31.0 years
Army	26.5 years	NZDF Regular Force	27.6 years

NZDF Regular Force strength by year



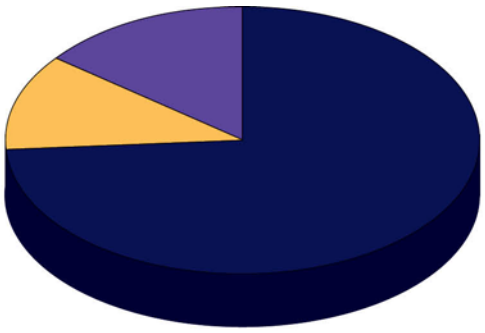
NZDF Reserve Force strength by year



Royal New Zealand Navy

Total Navy personnel by employment status **2,870**

Regular Force	2,161	74%
Reserve Force	339	12%
Civilian	370	14%



Navy gender breakdown

Force Elements

Naval Combat Force

- HMNZS TE KAHA
- HMNZS TE MANA

Naval Support Force

- HMNZS ENDEAVOUR
- HMNZS CANTERBURY

Mine Countermeasures (MCM) and MCM Diving Forces

- HMNZS MANAWANUI
- Operational Diving Team

Naval Patrol Forces

- HMNZS OTAGO
- HMNZS WELLINGTON
- HMNZS ROTOITI
- HMNZS HAWEA
- HMNZS PUKAKI
- HMNZS TAUPO

Military Hydrography

- HMNZS RESOLUTION

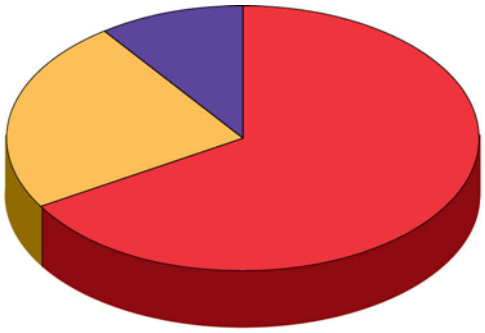
Other

- Four Reserve Units
- One Reserve Sub Unit

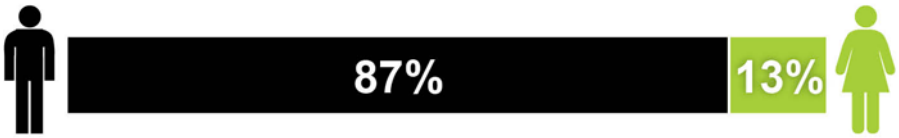
New Zealand Army

Total Army personnel by employment status **7,384**

Regular Force	4,905	67%
Reserve Force	1,789	24%
Civilian	690	9%



Army gender breakdown



Force Elements

Land Combat Forces

- Command, Control and Intelligence,
- Manoeuvre Elements (Infantry – Light, Motorised or Composite)

Land Combat Support Forces

- Artillery
- Engineers
- Communications
- Military Police

Land Combat Service Support Forces

- Transport
- Medical
- Supply
- Repair
- Movements

Special Operations Forces

- Special Forces
- Counter-Terrorist Forces
- Chemical, Biological, Radiological, Explosive, and Improvised Explosive Device Disposal

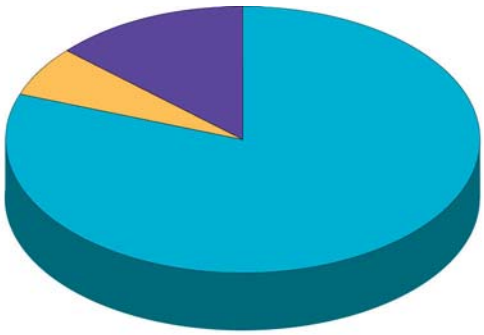
Other

- Six Reserve Units

Royal New Zealand Air Force

Total Air Force personnel by employment status **3,195**

Regular Force	2,607	81%
Reserve Force	186	6%
Civilian	402	13%



Air Force gender breakdown

Force Elements

Naval Helicopter Forces

- Five SH-2G Super Seasprite

Maritime Patrol Forces

- Six P-3K Orion

Fixed Wing Transport Forces

- Five C-130H Hercules
- Two Boeing 757-200

Rotary Wing Transport Forces

- Thirteen UH-1H Iroquois
- Five B47G-3B-2 Sioux
- Eight NH90 Medium Utility Helicopters (under acquisition)
- Five A109 Training/Light Utility Helicopters (under acquisition)

Training Aircraft

- Five Beech King Air B200 (leased)
- Thirteen CT-4E Airtrainers (leased)