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Four-Year Plan 2014 – 2018



**MINISTRY OF
DEFENCE**
Manatū Kaupapa Waonga

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PART

1

About the Ministry of
Defence

*We are the
government's
principal civilian
advisor on New
Zealand's defence
environment and
interests*

THE MINISTRY OF DEFENCE

The Ministry of Defence gives civilian advice on defence matters to enhance New Zealand's security. It is the government's principal civilian advisor on the international strategic defence environment and on New Zealand's defence interests.

The Ministry has the following roles:

- we look out to the strategic environment and ahead to what New Zealand will need from its military
- we define, with the New Zealand Defence Force (NZDF), what defence capability is needed, acquire that capability, and assess its effectiveness
- we help to shape the international environment in the interests of New Zealand's security, through our part in the management of New Zealand's international defence engagements
- our evaluation functions deliver a work programme agreed with the Minister of Defence, to provide advice on the effectiveness of New Zealand's military capability and the performance of the New Zealand Defence Force.

In our defence assessment and advice role we assist government to set long term priorities for New Zealand's defence and security. This includes preparing periodic Defence Assessments. Given the evolving nature of the external environment, providing this advice needs to be an ongoing, dynamic activity.

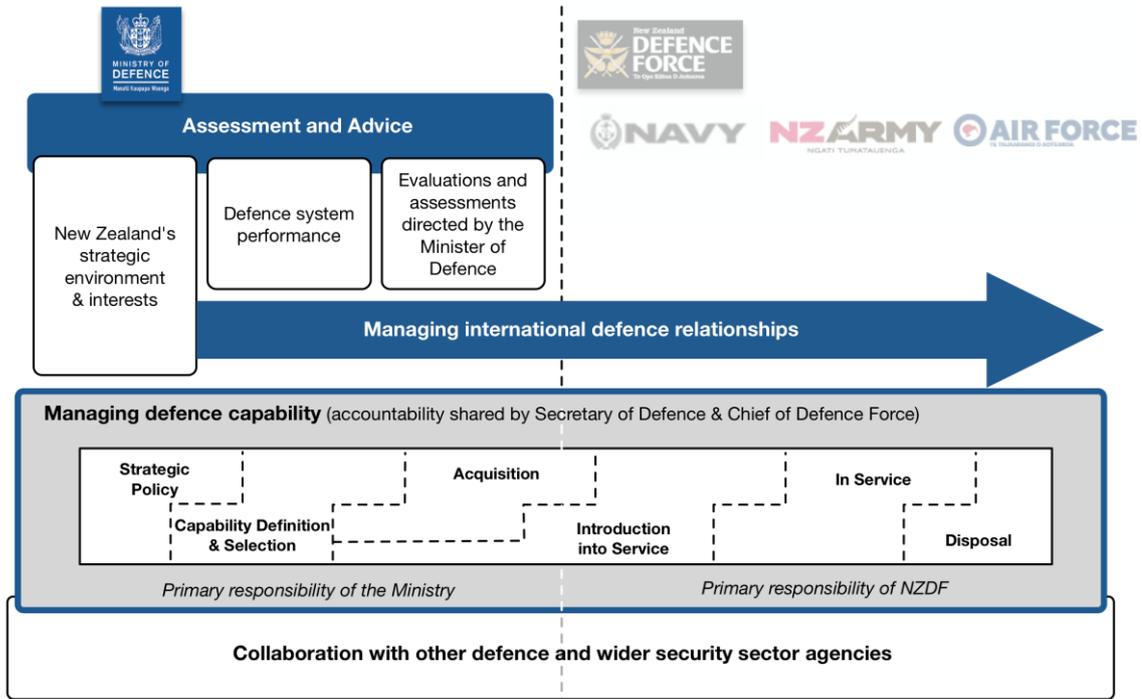
The assessments shape our advice on what military capability New Zealand needs; determine priorities for New Zealand's international defence relationships and engagements, and what it needs to do to maintain them; and our advice on where the New Zealand Defence Force should be deployed.

The Secretary of Defence and Chief of Defence Force are jointly responsible for the capability framework: the total process through which military capability is defined, purchased, introduced, upgraded while in service, and disposed of. In this context, capability is the combination of equipment, support systems and appropriately trained and deployed service men and women. The Secretary of Defence ordinarily has primary responsibility for capability development and for the acquisition of major defence equipment.

Over the four years covered by this plan the Ministry will be responsible for projects ^[7] to enhance the ability of our armed forces to keep New Zealand secure. The NZDF contributes to this in a variety of ways, from helping to protect our borders and Exclusive Economic Zone, to engaging in work to promote the stability of the Asia-Pacific region and the international environment.

[7]

Figure 1. The Ministry of Defence's responsibilities



The Ministry's civilian role is based on Westminster constitutional arrangements, whereby civilian advice is provided to government to assist it in directing the activities of the military, and ensure the Defence Force is able to deliver on all of the Government's relevant priorities. All the Ministry's activities support this function of government, which is exercised through the Minister of Defence.

PART

2

Strategic Direction

OVERVIEW

The Ministry of Defence:

- assesses New Zealand's strategic environment
- defines the capability requirements for the NZDF, and acquires them
- with the wider defence and security sector, leads advice on defence policy issues
- advises the Government on the overseas deployment of the NZDF, New Zealand's external engagement with our ally, Australia, and on our other defence partnerships
- provides evaluations on the New Zealand defence system.

The Ministry of Defence's roles were agreed by the Government following the 2010 Defence White Paper. The White Paper set these out clearly, described concretely in terms of the management of defence capability and defence relationships. The key operational change from the White Paper was to introduce more coherent management of capability projects and portfolio governance, through the *Capability Management Framework* that the Ministry and NZDF operate jointly.

The 2012 PIF Review of the Ministry of Defence has set expectations for significant organisational reform. The Ministry's success at these will be measured by achievement against the PIF's *Four Year Excellence Horizon*.

Based on these directions the Ministry is engaged in a change process to improve the way it delivers on Government's priorities by:

- implementing the capability management arrangements promulgated in the 2010 Defence White paper and, with the NZDF, making improvements to the way these are managed across the defence organisations
- implementing the findings of the 2012 PIF which recommended that it:
 - provide advice on defence policy regularly (i.e. contemporaneously rather than episodically / after the event) and in a way that can inform discussions at ODESC and other forums on wider security issues
 - strengthen its engagement with the NZDF's change programmes
 - develop its ability to test and challenge advice on capability projects, and ensure the real risk and cost of projects is understood early
 - deliver evaluations that improve understanding of the defence system, i.e. are more strategic, provide a good indicator of system performance, and give coverage of the areas of greatest risk
 - make changes to its back office to better support its delivery
 - implement the findings of a number of reports since 2008 which have recommend changes to give its Acquisitions function the necessary

The 2010 Defence White Paper and the 2012 PIF set a clear role for the Minister's role and expectations for substantial organisational reform

staffing and shared systems with NZDF to deliver across the capability process (which runs from strategic policy advice through to disposal).

Progress made to date

During 2013 the Ministry delivered on many of the Government priorities for which it is responsible, and the changes that were expected of it, including a new approach in its Evaluation Division; major changes to its back office services; and new governance arrangements with the NZDF for their shared business interests. [1]

The Ministry of Defence has delivered a number of significant achievements in 2013

The Ministry played an instrumental leadership role in the successful execution of the Defence Midpoint Rebalancing Review (DMRR). The Ministry has successfully promulgated a series of well-received capability business cases, and in its Acquisition function demonstrated skill in the procurement of Medium and Heavy Operational Vehicles. It has continued to deliver itself the largest aircraft manufacturing project ever undertaken in New Zealand, through upgrades to the RNZAF's C-130 Hercules aircraft.

The

The Defence Midpoint Rebalancing Review

The successful implementation of the 2013 Defence Midpoint Rebalancing Review (DMRR) is a critical Government priority for the four years. The Ministry views its organisational reforms as urgent in light of the requirements to implement the DMRR. The Ministry has a lead role to play in ensuring the DMRR is implemented as agreed,[7]

and that the acquired capability delivers on the Government's intentions.

The Ministry will play a lead role in ensuring the DMRR is implemented as intended. [7]

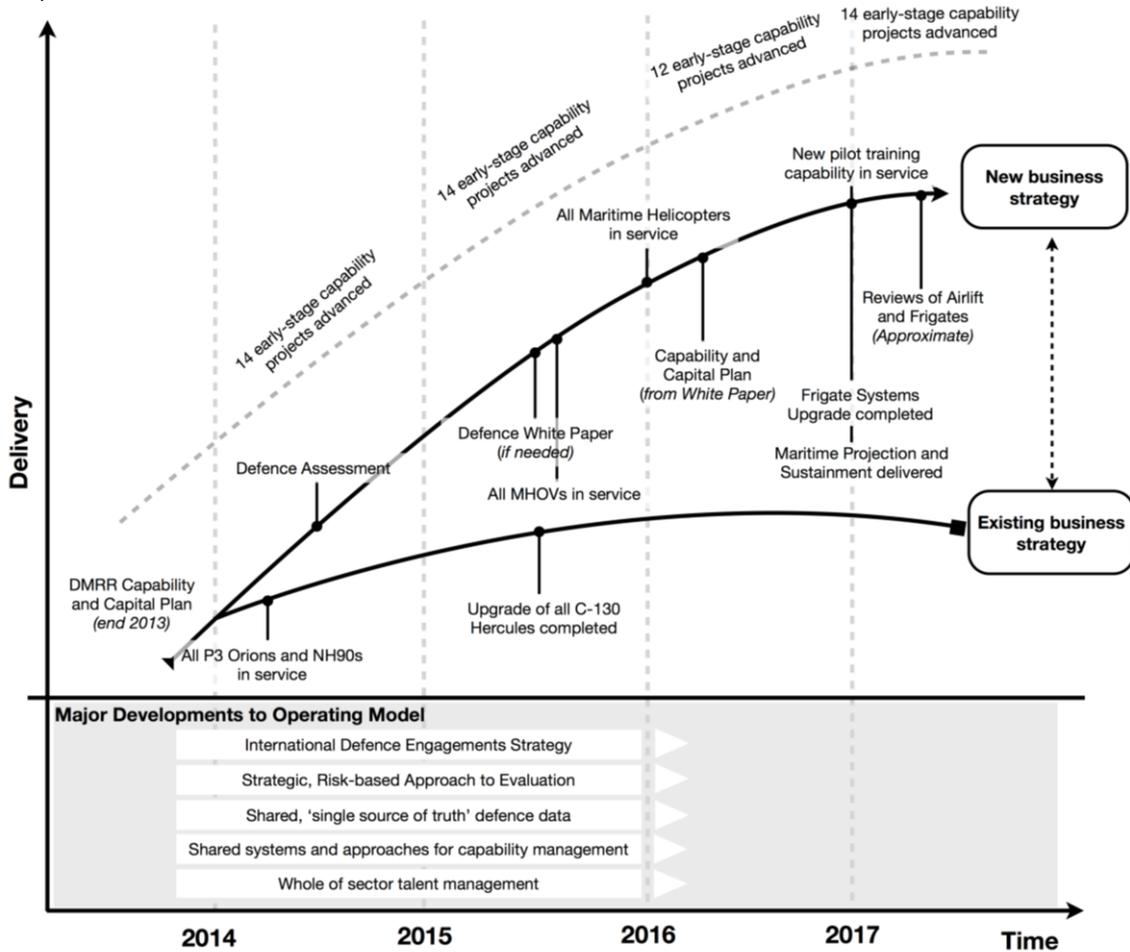
Over the life of this plan the Ministry is expected to manage across:

- its core policy role where it assess the strategic environment, engages with NZDF's performance and its change programmes, and provides strategic policy advice on defence capability
- [7] new capability projects [7]
- managing delivery of 11 in-train acquisition projects [7]
- international defence relationships. [7]
- carrying out evaluations and delivering systemic reporting that provide coverage of performance and potential risks against Government priorities in the defence

system. This includes evaluation of NZDF performance in implementing the DMRR.

The Ministry has 60-70¹ staff and an \$11.2m baseline to undertake this work.[7]

Figure 2. Medium term milestones



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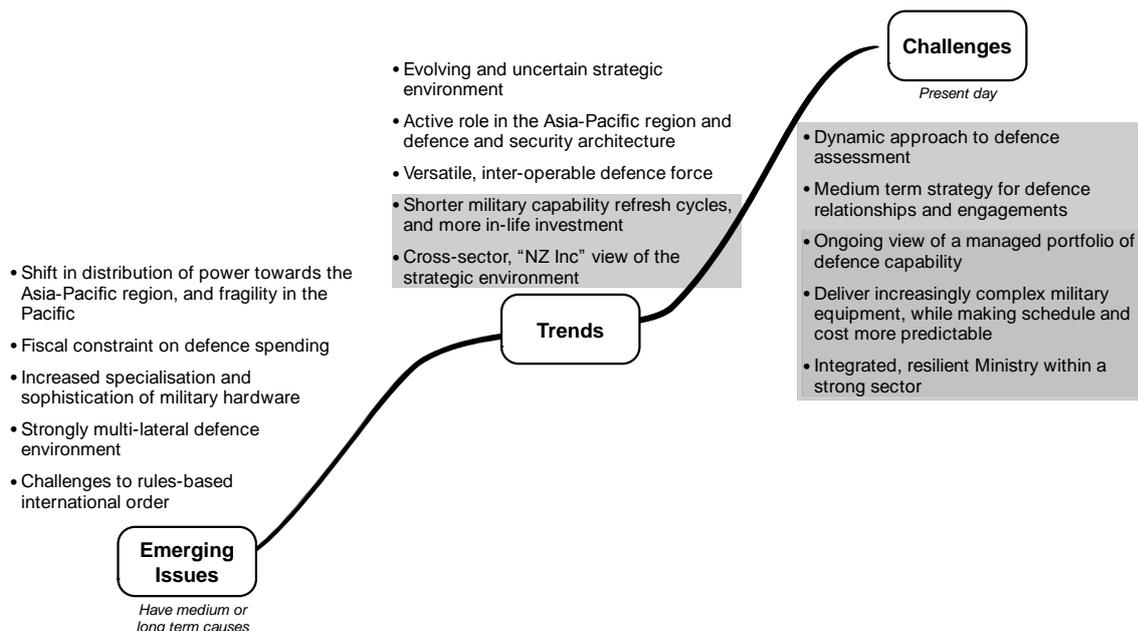
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OPERATING ENVIRONMENT

The Ministry of Defence operates in three connected contexts: it advises on and engages with the strategic defence environment, it advises the Government on capability choices and procures equipment, and it is part of the Government's defence and security sector.

Over the four year horizon the Ministry expects increased demands on its activities in respect of each of these elements of its environment. These reflect the demands of a much more sophisticated approach to planning and governing defence capability purchases (arising in part from the 2010 Defence White Paper); increased expectations to participate in regional defence and security relationships and architecture; and the requirement to ensure the Defence Midpoint Rebalancing Review decisions achieve the intended results.

Figure 3. The Ministry of Defence's operating environment



The strategic defence environment

The strategic defence environment is the international setting of issues, threats and relationships in which New Zealand seeks to be secure. New Zealand's medium term defence interests will be shaped by challenges to the rules-based international order, the shift in the distribution of global economic power towards the Asia-Pacific region and a maturing of the region's defence and security architecture, and fragility in the South Pacific.

The Ministry will be expected to give advice that can assist the Government to develop its view in real time. The 2012 PIF sets an expectation that it will 'mainstream' its defence assessment activities, and deliver advice on system performance and capability projects contemporaneously rather than after the fact.

The Ministry's ability to do this will be a valuable part of implementation of the DMRR decisions.

Because strong international links are central to New Zealand's security, the NZDF will be expected to maintain capability that enables New Zealand to remain a credible contributor to international security. Alongside the NZDF, the Ministry will be expected to maintain the momentum in advancing our relationships with key security partners, and continue to play an active role in the maturing Asia-Pacific region defence and security architecture.

[7]

The defence industry environment

The Ministry purchases major defence equipment from predominantly international suppliers. The trend for this equipment to become more specialised and sophisticated is continuing. A greater proportion of the costs of this capability, for example through software and modular equipment upgrades, will need to be met through its lifetime. As a result of these changes the Ministry will need to broaden the skills in its capability functions.

The Defence Midpoint Rebalancing Review reinforces the urgency for the Ministry to improve the certainty of its assessments of the risk and cost to acquire capability. There will be an expectation that the Ministry of Defence and NZDF will make the best use of off-the-shelf configurations where these are available, establish approaches that enable the Crown to get value from its spending, and that the true cost and risk of capability projects is established early.

This is driving the priority to have Acquisition experts involved in projects early, and to invest more in the early stages (up to and including completion of business cases) of the capability management process.

The Defence and Security Sector

The Ministry is a lead policy agency in the defence and security sector. The sector is changing to meet shifts in the nature of security threats. This reflects the rise of new threats that diminish the importance of New Zealand's geographic isolation and have the potential to impact a variety of national interests.

Because of the connected nature of defence, security and economic interests there is an expectation that the Defence and Security sector will provide consistent, integrated advice, working closely with all NZ-Inc players, and that it will be sustainable and resilient as a whole sector.

The Ministry will be expected to make a meaningful contribution beyond the defence system on how New Zealand's armed forces, the wider security sector, and our international partners can work more effectively together.

The Ministry is expected to make a meaningful contribution beyond the defence system

This is leading the Ministry to move away from providing “second opinion” advice, and instead produce advice in conjunction with partners that can inform the work of ODESC and other inter-agency groups.

STRATEGIC OBJECTIVES

The Ministry has established five strategic objectives that make up its medium term strategy, as set out below.

Defence decisions keep pace with the dynamic security environment; and New Zealand contributes to and benefits from successful defence relationships

The Ministry of Defence will play a central role in the way New Zealand approaches defence relationships, engagements and deployments abroad, and its participation in the Asia-Pacific region defence architecture.

The Ministry will provide the Government with advice on the capability / materiel, infrastructure and people required to support its policy objectives for defence. This will be ongoing, punctuated by regular Defence Assessments which provide a zero-based assessment of assumptions about the strategic and geo-political environments. During early 2014 the Ministry will complete a strategy for managing international defence engagements which will be jointly governed with NZDF.

The 2014 Defence Assessment will build on the work done for the Defence Midpoint Rebalancing Review, to maintain tight alignment between New Zealand’s defence arrangements and the strategic environment. The Ministry will complete a Defence White Paper in 2015, if the Government decides one is required.

Capability advice achieves a balance between defence policy and defence funding, and establishes the true cost and risk of projects early

Working with NZDF, the Ministry of Defence will advise the Government on how best to maintain an ongoing balance between policy, capability and funding. The Ministry’s assessments will realistically reflect the practical realities of delivery.

Based on decisions taken on the DMRR, the Ministry and NZDF will prepare business cases for new capability projects that to the extent possible, establish each project’s true risk and cost early. Work will also be undertaken to lift the quality of business cases by improving the ability to project more accurately the cost of capabilities early in the process.

[7]

By the end of the four-year period, improvements to the way information is managed across the defence agencies will mean the Ministry of Defence can deliver advice on whether capability has delivered the benefits that were originally intended.

The Ministry will deliver a Defence Assessment in 2014 and, if required, a White Paper in 2015

By 2018, the Ministry aims to improve information to support assessment of the benefits delivered by Defence capabilities

Major military equipment is acquired on time and delivers against Government's intentions

Over the four year period the Ministry will have lead responsibility for a number of major acquisitions of military equipment. This includes new pilot training capability, maritime helicopters, and medium / heavy operational vehicles

The acquisition process will be focused on delivering capability that works as the Government intends. Minor trade-offs between funding, schedule and capability specifications will be identified early and pro-actively managed.

As new projects are developed, the Ministry will take an approach of using off-the-shelf solutions that deploy proven technology. This will in turn enable acquisition projects to focus on qualification (assessing fit to needs before purchase) rather than certification (following purchase, because a solution has been customised).

Project management methodologies and systems will be standardised across the Ministry and NZDF. [7]

As part of this change, the Ministry of Defence would broaden the mix of skills in this area to include, for example, defence industry and civil engineering expertise.

The defence agencies successfully manage a period of change and reform

The Defence Midpoint Rebalancing Review has provided more certainty about the portfolio of capabilities required by the NZDF and their affordability. It is also expected that the efficiency reforms originally driven by the NZDF Savings and Redistribution Programme will continue.

A next stage of reform for NZDF will focus on continuous improvement that ensures operational efficiency and continued savings, to ensure the force structure outlined in DMRR can continue to be delivered within the funding trajectory agreed by Cabinet. The Ministry will advise Ministers on how this work programme is being managed, to help ensure the NZDF delivers within its new baseline and the new capital plan.

This advice will largely be through individual business cases for new capability projects, ongoing policy advice, and Evaluation exercises directed by the Minister of Defence.

The Ministry becomes sustainable and resilient

The Ministry will deliver through a period of sustained organisational renewal and major change to its operating model, and establish itself as a dynamic organisation that can self start change when change is necessary to lift performance.

The Ministry will be a more sustainable organisation in the context of a strongly integrated sector. In 2014 it will move to shared back office arrangements that support its civilian focus at the same time as the requirement that it partner with a large military organisation.

The Ministry has made it a key priority to invest in talent management. It has implemented a talent management system in 2013 and it will use a sector approach to talent to help foster alignment of priorities with its sector partners. Current

Standardised and off-the-shelf approaches will be used wherever possible for new capability projects

The four years will be a major period of change for the Ministry of Defence as an organisation

investment in people is half of one per cent or less of operating spend, and this will be increased.

The Ministry will increasingly be able to balance its small size with the importance of being capable, at any time, of meeting the demands imposed by events in the strategic defence environment.

KEY DECISION POINTS AND TRADE-OFFS

The Ministry is a small agency of 60-70 people managing a high tempo of demand for its activities. It carries out eight business activities, which manage fiscal and strategic risks for the Government.

These roles are set out in the Defence Act 1990, the 2010 Defence White Paper, and the 2012 PIF Review. They are:

- providing support and advice on current and prospective NZDF deployments
- leading policy advice, capability definition and capability selection for major military acquisition projects
- leading the delivery of major military acquisition projects
- managing, with NZDF and the Ministry of Foreign Affairs and Trade, New Zealand's international defence relationships
- carrying out evaluations of the defence system
- providing defence policy advice, and advice on NZDF's delivery against the Government's policy intentions
- managing the operation of the capability management framework
- supporting its functions with effective back office services (from 2014/15 most back office services will be provided by other agencies).

Within these areas of responsibility, expectations of delivery have been set through the 2010 Defence White Paper and the Ministry of Defence's 2012 PIF Review including the *Four-Year Excellence Horizon*.

[1,7]

In 2013 the Ministry agreed major changes to its back office and made improvements to financial management and resource allocation. The savings made from these changes will be invested in implementing the DMRR and ensuring a stable level of resourcing for the management of international defence relationships.

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Capability Definition and Selection

The Secretary of Defence has lead responsibility for the capability definition and selection phases of major defence capability projects. The Ministry should have the capacity to exercise leadership and influence early through active participation in project teams. This early work is a key input to the business cases and advice to Ministers and Cabinet, which the Ministry prepares.

The Capital Asset Management (CAM) framework and Gateway processes have increased the requirements to get the technical work on each new capability project through to business case stage.² [7]

Evaluation

In years one and two, the Ministry's Evaluation function will lead work with NZDF to establish a common, consistent dataset of defence system information – and, based on this, systemic systemic reporting of defence system performance. This will make an important contribution to the DMRR, and establish 'single source of truth' information.

In-depth evaluations and assessments would still be needed to provide assurance across many areas of strategic risk. The Ministry's strategy is to target in-depth evaluations and assessments to the areas of greatest Government priority and risk [7]

[7]

Engaging in NZDF change programmes and maturing the defence capability portfolio

The Ministry would prioritise resources and focus to engage with the NZDF's change programmes and implementation of the DMRR. This will include targeted evaluations, its detailed work on individual capability projects, the 2014 Defence Assessment process, and joint governance arrangements with NZDF.

² The Ministry estimates that the technical work to get a new capability project to business case stage (i.e. Project Indicative Business Case or equivalent) is a minimum of one thousand person hours, based on the current level of testing of risk and cost of projects.

Each of these will offer some insight into how NZDF is balancing achievement of capability, policy and operational efficiency. The focus will be on individual issues and capability projects, with more episodic assessments of NZDF's whole of organisation performance.

The evolution of a greater portfolio view of the defence system through the DMRR was a significant achievement, and the Ministry will also prioritise resource to maintain and mature this. That would mean focusing its policy functions on translating developments in the strategic environment into advice on the capability / materiel, infrastructure and people required to achieve the Government's objectives.

[7]

Back office services

The Ministry has chosen to move most back office services to other agencies from 2014/15. This will result in ongoing savings of \$0.5 million. There is the potential for small further savings, for example from a reduction in departmental capital spending over time³.

Through the arrangements to be implemented by March 2014, the Ministry will benefit from NZDF's investments in enterprise IT systems. NZDF and the Ministry of Defence have agreed that NZDF will not charge for services that can be delivered as a marginal cost on NZDF's platform.

This will reduce costs over the four years of bringing IT and data systems and platforms together, and make changes possible that the Ministry of Defence would otherwise have had to find funding to deliver over the four years.

[7]

³ This will be assessed following the transition of back office services in 2014, and as the organisation takes decisions on management of its accommodation footprint.

[7]

The Ministry is moving resources to mature the portfolio view of defence capability developed through the DMRR

The Ministry will make \$0.5m per annum in savings from changes to its back office

Some improvements to core Ministry functions are out of reach within its current baseline

[7]

OPERATING MODEL

During 2013 the Ministry developed and progressed the implementation of a new operating model that will strengthen its organisation management and performance. This has been developed to support delivery of the Ministry's *Four-Year Excellence Horizon*, which is set out in the Ministry of Defence's 2012 PIF Review. The Ministry has validated most of the *Four-Year Excellence Horizon* as part of its 2013 planning process.

The Ministry's 2012 PIF said that the existing arrangement between the Ministry of Defence and NZDF was the "least worst" arrangement between the two agencies. The Ministry of Defence's operating model is to be an effective civilian ministry, strongly partnered with NZDF and part of an integrated defence and security sector. The "held separately but leveraged together" model for MoD-NZDF partnership seeks to make the most of the tension between the agencies, provide well tested choices and advice, and ensure the costs of holding NZDF and Ministry separate are negligible.⁶

The Ministry developed a new operating model in 2013, the key features of which are:

- a clear purpose and focus: the Ministry's purpose is *to give civilian advice on defence matters to enhance New Zealand's security*, and its focus is to *shape the environment and deliver results* (provided in full on page 88)
- a focus on people, teamwork and partnerships, embedded at all levels in the organisation and the way it works
- arrangements for supporting functions, systems and platforms that are right for a civilian but military-partnered agency

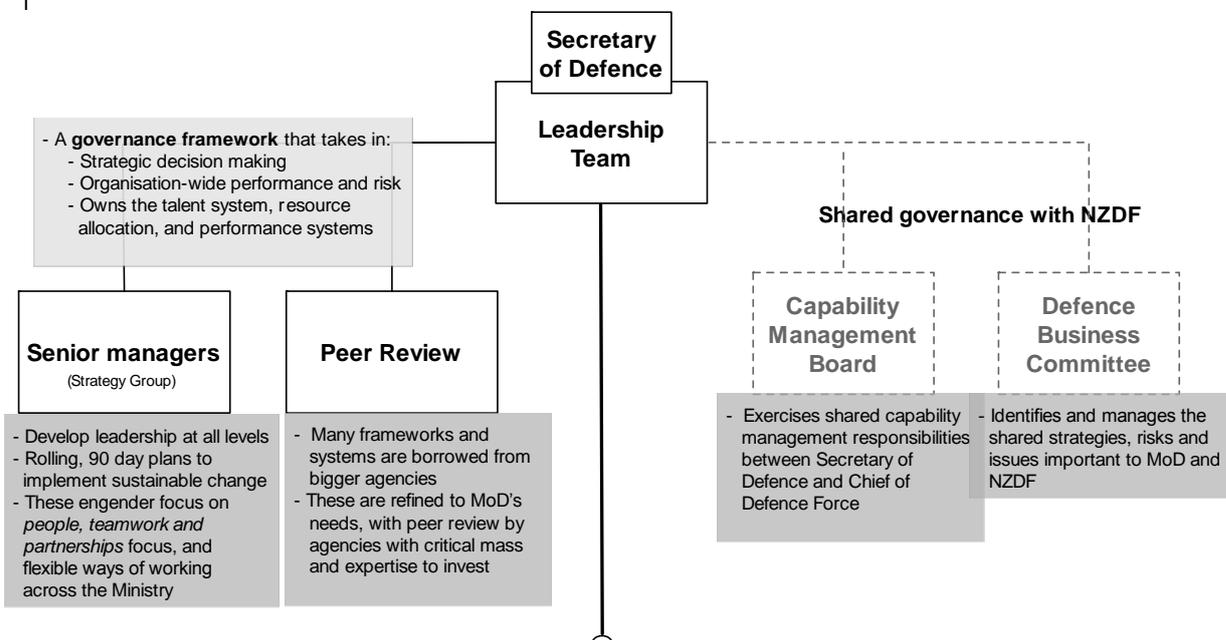
⁶ NZDF provides communications services to MoD, as well as property and facilities management services. These are at no cost. Under new arrangements from March 2014, NZDF will provide IT services to MoD as a marginal cost on the NZDF platform, as well as some additional services in respect of property and security.

The Ministry's new operating model positions it to be a civilian agency, strongly partnered with NZDF

- implementation of change, iteratively by Ministry staff, that will over time make the organisation able to self start change where this is needed to lift performance.

The Ministry's ongoing operating challenge is that it achieves results through partnerships, and often through one-to-many relationships with partners. A core concern for the Ministry's leadership and operating arrangements is having the right people; supporting them to make partnered work effective; ensuring they carry a clear sense of the organisation's purpose, priorities and values; and having aligned priorities with the other sector agencies.

Figure 5. The Ministry of Defence's operating model (leadership layer)



Leadership Layer of Operating Model

During 2013, the Ministry of Defence made major changes to the leadership and governance parts of the organisation to introduce a modern approach. It has introduced a collective approach to governance, and management by the Leadership Team of governance, performance management, talent development, and change. Each of these areas will be developed further in 2014 and ongoing.

Joint governance arrangements have been established with NZDF. The Capability Management Board was established following the Defence White Paper to support joint governance by the Ministry of Defence and NZDF of major military procurement projects.

In 2013 a Defence Business Committee was also established to support a work between the agencies on organisational and policy priorities, and govern work programmes in respect of evaluation and international defence engagements. In 2014 this will also take on responsibility for formal partnership arrangements

The Ministry's role and small size means most work is achieved through working in partnership with others

New shared governance with NZDF is focusing on shared priorities including reform, evaluation, and international relationships

between the two agencies, established through implementation of the Ministry's review of back office services.

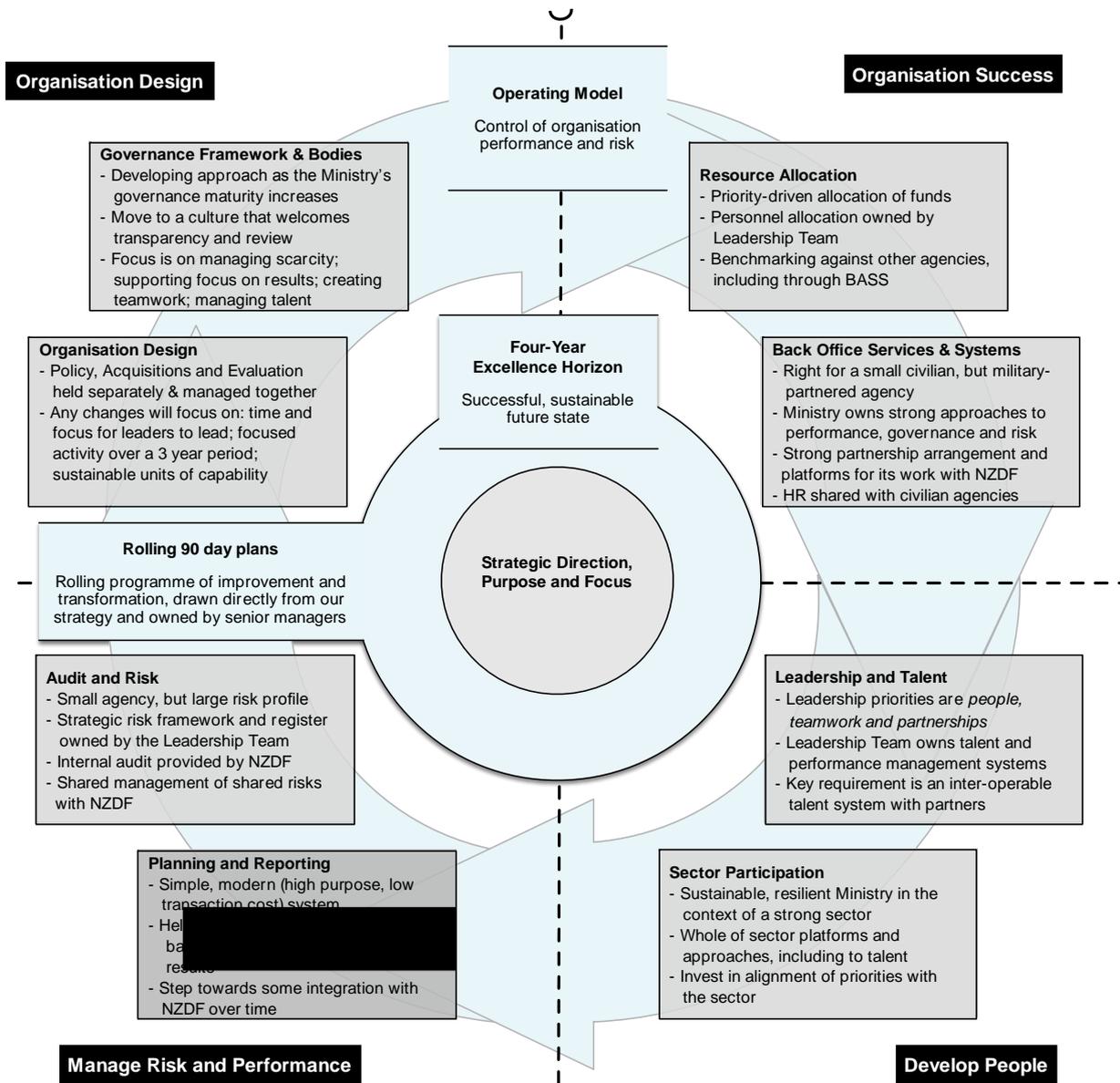
How work gets done in the Ministry of Defence

The Ministry has implemented a way to balance its intensive work programmes with making change an ongoing process, managed within baselines and led by staff. This is comprised of:

- major defence acquisition projects, which are jointly led by the Secretary of Defence and Chief of Defence Force
- work programmes for major deliverables, including those that are demand-driven like deployments, defence visits and capability project business cases
- rolling 90 Day Plans to deliver ongoing change and cross-organisational initiatives, which are led by managers and staff, in part to build organisational capacity to get work done through lightweight, flexible processes
- organisational change projects that are led from the centre.

The Ministry is well advanced in implementing this approach, and further work will be carried out in 2014 to align its 90 Day Plans and performance systems with the Four-Year Plan.

Figure 6. The Ministry of Defence's operating model (organisation layer)



Approach to core back office services

The Ministry of Defence's back office and support services reflect that it is a civilian, but also a military-partnered organisation. During 2014 it will move to shared services arrangements with NZDF that support partnered ways of working. This will bring the organisations onto a single IT platform, and open up opportunities for more flexible use of shared property arrangements.

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[1]

The Ministry of Defence operates its own small Finance Team which is largely focused (eighty per cent of its time) on military acquisitions projects. The total financial management of these projects is complex, and the Ministry's 2013 review of back office services found that, while a more integrated view of project financial information is needed, a clear view of how this should be managed across NZDF and the Ministry was the right first step to deciding on improved arrangements.

NZDF and the Ministry of Defence are completing a process mapping exercise of financial decision-making and information management in the first half of 2014. This will inform further decisions, which the Ministry has signaled for late 2014, on how the Ministry and NZDF will provide integrated financial support and information in respect of capability projects.

Organisation Design

As set out in its Workforce Strategy (refer Part 5) the Ministry has skills clustered in the areas of Policy, Acquisitions and Evaluation. Its structure keeps these functionally separate to focus on building strengths in each. These functions are then managed together to deliver the Ministry's business strategy.

The Ministry of Defence has set clear principles for initiating organisational change. It will consider changes to its structure *to create functions where leaders have the time and focus to lead, focus activity on a 3-year or longer period, or create sustainable units of capability.*

Leadership and Talent

Most Ministry work is produced through partnerships, and this requires its staff to manage highly asymmetrical relationships with a number of larger organisations. The Ministry has made it a priority to invest in this capability, and has established three top-level leadership priorities of *people, teamwork and partnerships*. In 2014 these will be formally embedded into the Ministry's performance management systems.

A new talent management system was introduced in 2013 and is owned directly by the Leadership Team. A key expectation of moving to shared HR services with other sector agencies is that talent will be managed in a whole-of-sector context. The operating of a Sector Board of Chief Executives will be a major step.

Audit and Risk

The Ministry is a small agency with a significant risk profile in its procurement functions; potential requirement to scale up in response to external events and crises; and the frequency and extent of its international engagements.

During 2013, the Ministry of Defence established a more strategic approach to risk, and through the Defence Business Committee it has established a means to manage with NZDF risks that are best mitigated by the two organisations working together. The Ministry has also had a review undertaken by the Government Legal Network of its legal services and management of legal risks.

During 2014 the Ministry and NZDF will decide how to better manage shared financial decisions and information

The Ministry has taken steps during 2013 to improve its management of risks

Four 'milestone' developments of operating model will support delivery of this strategy and the Four-Year Excellence Horizon

By 2014, the Ministry and NZDF will establish a strategy for international defence engagements

Milestone Changes to Operating Model

Over the four years of the plan the Ministry will continue to improve its organisational Operating Model. Some major developments are particularly important to delivering the strategic objectives and Four-Year Excellence Horizon. These are:

- delivering a joint Ministry of Defence / NZDF strategy for management international defence engagements
- finishing the implementation of a strategic, risk-based approach to evaluation
- establishing shared 'single source of truth' databases with NZDF
- increasing the use of shared approaches and enterprise systems with NZDF, to support the capability management process
- moving to whole of sector talent management.

International Defence Engagements Strategy (fiscally neutral)

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The NZDF and Ministry of Defence manage a range of international engagements from training and exercises through to formal policy talks and high level visits.

An engagement strategy will provide direction to international defence activities in both the Ministry of Defence and NZDF. The strategy will set goals for regional and bilateral defence relationships and identify the key steps to achieve these. It will be complete by July 2014.

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Strategic, Risk-based approach to Evaluation (fiscally neutral)

During 2013 the Ministry started the implementation of a new business model for its audits, assessments and evaluations of the Defence system.

The 2010 Defence White Paper and the 2012 PIF both recommended changes to the functioning of the Evaluation Division to focus it on completing evaluations that are systematic, strategic and prioritised to key Defence outcomes and risks.

The Ministry has made some good steps towards this in 2013, and its report on *Opportunities for Military Women* is an example of the new approach. In 2014 the Ministry of Defence will develop its evaluation products further. This includes systemic, standardised data-based reporting on the defence system, which is described below. This reporting would be the Ministry's main evaluation product by year four of the plan.

During early 2014, the Ministry of Defence will finalise its assessment of risks across the defence system. This assessment will be maintained over time, to inform the Minister, Secretary of Defence and Chief of Defence Force. Advice on potential evaluations will be based on the Government's priorities and this risk assessment.

Establishing shared 'single source of truth' data about the defence system (cost to MoD and NZDF to be determined in 2014)

The need for shared information between the Ministry of Defence and NZDF has been articulated in all independent reviews of the Defence System over the past five years, and is reflected in Section 22 of the Defence Amendment Bill, which will compel the mutual exchange of information and documents between MoD and NZDF at the request of either the Secretary of Defence or the Chief of Defence Force.

The goal of this work is for Ministry of Defence and NZDF staff to have access to 'single source of truth' output performance and management information, whole-of-life financial and asset management information, shared documents, and a common digital workspace where the agencies can work together.

The benefits from this include:

- better whole-of-life information about military capability
- improved cost efficiency through better analysis of service delivery
- improved policy and capability advice to Government
- improved quality of internal and external evaluations and performance reporting.

Completing this work will also enable the Evaluation Division to deliver systemic, standardised, data-based reports about the performance of the defence system.

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Shared systems and approaches for capability management (fiscal implications unknown)

The 2012 PIF reinforced existing recommendations that the Ministry of Defence and NZDF should have shared approaches to project management and share at least some enterprise systems.

A move in early 2014 to a single IT platform will make the move to shared enterprise systems significantly more straightforward, and a stocktake will be completed by early 2014 to be reported to joint CEs of what systems might be advanced.

A new joint governance arrangement between the Ministry of Defence and NZDF (the Defence Business Committee) has been identified as an effective forum for considering how the partnership arrangement between the agencies can be maintained and advanced.

Whole of sector talent management (fiscally neutral)

This is part of the Ministry's strategic direction to be sustainable and resilient, which is described on page 19. The Ministry of Defence regards success at this priority as an important achievement over the four years. The Ministry believes that the breadth of work it carries out means it can make a greater contribution to the sector than its

'Single source of truth' information will enable systemic, data-driven reporting on the defence system

Moving on to the same IT systems will open up opportunities to use the same systems, as recommended by the PIF Review

size might suggest, and that its contribution to the sector will in turn increase its own resilience and sustainability.

The Ministry of Defence's planning assumption is that this initiative will take two years to start to produce consistent results, starting with a sector board of Chief Executives and integration of its HR services with the intelligence community in early 2014.

CONTRIBUTION TO SPECIFIC GOVERNMENT PROGRAMMES

The Ministry contributes to the management of the Government's finances through advice on how to balance capability, policy and funding in respect of the armed forces.

The Ministry contributes to a productive and competitive economy through its contribution to defence and security arrangements that contribute to making the Asia-Pacific region a stable, secure environment for New Zealand businesses.

Both of these are core functions of the Ministry.

PART

3

Strategic Delivery

CHALLENGES TO DELIVERING THE STRATEGY

The Ministry's main challenges are:

- making trade-offs between its size, responsibilities and management of risks
- an increased tempo of both delivery and change
- improving the performance of in-train and new capability projects together
- developing organisational culture and an outward-looking organisation.

Managing trade-offs between size, responsibilities and management of risks

The Ministry of Defence continues to advise Government on a number of capability purchases, deployments, and there is a steady stream of international defence engagements. Over the four years the Ministry will have to manage a constantly high tempo of engagements and some will intensify further. The decisions taken through the DMRR will add to demands as well.

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An increased tempo of both delivery and change

The Ministry's people are highly committed to improvements in the organisation and its delivery. The 2012 PIF was a milestone document for the organisation, and the Ministry's people are prepared to do more if their efforts deliver change and improvement.

The Ministry of Defence is seeing good results from change to the organisation to date. As the tempo of delivery increases and work programmes become more pressured, it will get progressively harder to balance delivery with improvement. In most areas there is the ability to improve performance during year one of the plan, but a wave of new projects and priorities will make this hard to sustain, with risks to delivery of change and the Ministry's ability to sustain staff engagement.

Improving the performance of in-train and new capability projects together

Capability projects have a life-cycle of up to twenty-five years, and many of the elements that drive success or failure are to be found early in the life of each project.

Improving the performance of capability projects is two parallel exercises, of enhancing the management of existing projects while improving the way new projects are developed.

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⁷ Current acquisition projects are described from page 46.

There will be a high tempo of work on capability purchases, international defence relationships, and DMRR implementation

Improving delivery of capability projects is two parallel exercises, for pre White Paper and post White Paper projects

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Developing organisational culture and an outward-looking organisation

To be a dynamic and influential organisation the Ministry of Defence is moving to make itself systematically connected with the sector around it, and build an internal culture that is able to harness diversity of views and self-start change. This is described in more detail in Part 5.

As a small organisation the Ministry's advantages lie in being highly connected and flexible, and being able to bring small teams of skilled people together around problems and opportunities. The Ministry's 2012 PIF Review found that its organisation culture was stable, happy and constructive and the passion and commitment of staff was evident, but that its culture was also deeply conservative.

Over the four years the Ministry of Defence will introduce more modern, flexible ways of working, and it has made good initial progress on this in 2013. This will be increasingly challenging to maintain as the engagement of Ministry staff is impacted by increasing demands and reducing numbers of people.

Financial implications

The Ministry faces cost pressures over the four years against a small baseline, at the same time as real increases in demand for its services.

Being more connected with the sector is part of a change in culture for the Ministry of Defence

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MEDIUM TERM MILESTONES

The Ministry's Medium Term milestones are made up of:

- sustaining a high tempo of business as usual delivery, including significant evaluation reports and defence relationships
- a Defence Assessment in 2014, potentially a Defence White Paper in 2015, and significant reviews of airlift and frigate capabilities

- developing [7] new capability projects [7]
- advancing [7] current major capability projects [7]

Business as usual delivery

The Ministry has a number of milestone deliverables over the term of this plan. In addition to these, many Ministry functions deliver significant ongoing outputs that do not contain milestone deliverables planned well in advance. These include:

- management and advice on international defence engagements
- advice on current and potential NZDF deployments
- the Ministry's programme of Evaluation Division audits, assessments and evaluations which increasingly have a strategic focus
- ongoing advice on changes in the strategic environment and geo-political environment (between formal Defence Assessments)
- advice on the performance and functions of the NZDF, including the balance it is achieving between efficiency, capability and policy objectives.

Milestone defence policy advice and reviews

2014 Defence Assessment

The Ministry will complete a regular Defence Assessment in 2014. This is an important precursor to the Defence White Paper, and will re-evaluate the strategic environment and the geo-political environment from a zero base. It will also provide an opportunity to validate assumptions about the strategic environment that were built into the 2013 Defence Midpoint Rebalancing Review (DMRR), to ensure that the indicative capabilities reflected in the DMRR decisions, provide options to future Governments around responding to, and influencing, the geo-strategic environment in the future.

This work will be used as a basis from which the Ministry will move to a more continuous approach to advice on the strategic environment, to transition to an approach of:

- dynamic advice on the evolving strategic environment and geo-political environment; punctuated by
- regular Defence Assessments that re-examine assumptions about the external environment from a zero base.

Defence White Paper 2015

The Defence Assessment, together with the DMRR, provides a solid base from which to produce the next Defence White Paper, if required. The DMRR held Defence policy settings extant, instead focussing on the capabilities and funding

By Budget Day 2014, a formal Defence Assessment will be underway

If the Government requires, the Ministry will complete a Defence White Paper in 2015

necessary to deliver against that policy. The Defence Assessment provides a basis from which to refresh Defence policy in light of any changes in the strategic environment.

Capability and Capital Plan, based on the 2015 White Paper

The Defence Capability Plan is the Government's framework for acquiring the capabilities needed to deliver the Government's defence policy. If a Defence White Paper is produced, any changes in defence policy may require a new or updated Capability and Capital Plan.

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Delivery of Major Capabilities over the next four years

Over the next four years, a number of major military capabilities will be delivered, and introduced into service across the NZDF. These capabilities are important for enhancing the Government's options for:

- defending New Zealand's sovereignty, its Exclusive Economic Zone and territorial waters
- assisting in delivery of vital civil military tasks
- operating with the Australian Defence Force to discharge our obligations as an ally of Australia
- contributing to and, where necessary, lead peace and security operations in the South Pacific

- making a credible contribution in support of peace and security in the Asia-Pacific region
- contributing to whole of government efforts at home and abroad in resource protection, disaster relief, and humanitarian assistance
- participating in the Five Power Defence Arrangements and other multilateral exercises or operations.

The major projects are set out below.

Complete the upgrade of all C-130 Hercules Aircraft

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This project is extending the life and availability of the five RNZAF C-130H Hercules aircraft for airlift and transport tasks through to at least 2017. This is being achieved by upgrading the avionics, flight deck communications, navigation, mechanical and self-protection systems as well as extensively refurbishing the airframe structure. The project will also procure a part task trainer to assist pilot conversion training. The C-130H provides essential air transport and airlift for the NZDF.

All MHOVs in Service

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This project is replacing the NZDF's aging medium and heavy operational vehicle fleet with new vehicles. The Medium/Heavy Operational Vehicle (MHOV) project provides essential land transport for the NZDF. This enhances the Government's options for utilising the NZDF for the principal tasks set out in the Defence White Paper 2010.

Up to 200 new trucks are being procured from Rheinmetall MAN Military Vehicles (Australia) (RMMVA). They will be delivered from November 2013 through to December 2015. On entry into operational service, they will allow the retirement of many current Mercedes Unimog and MB 2228 series trucks.

All Maritime Helicopters in Service

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This project is providing an upgraded fleet of naval helicopters for the Royal New Zealand Navy. The Naval helicopters are a component of the Naval Combat Force and provide rotary wing surveillance, warfare and airlift that enhance the Government's options for utilising the NZDF for the principal tasks set out in the

Defence White Paper 2010. Eight Seasprite helicopters are being acquired from Kaman Aerospace with associated spares, training aids and a full-motion flight training simulator. Two additional helicopters are part of the package. The project will also include acquisition of Penguin missiles to replace the current stock of Mavericks.

The existing Seasprite fleet was scheduled for a major upgrade of avionics and mission systems by 2015 to address system obsolescence. The offer of a fleet of Seasprites with these systems already upgraded was assessed to provide greater value for money and at lower project risk.

New Pilot Training Capability in Service

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Pilots and flying instructors, trained to high military standards, are required to fly the NZDF's fleet of transport and surveillance aircraft and helicopters. The existing system is based on aging aircraft that do not provide for the full range of training requirements. A renewal of the pilot training capability is being undertaken. New aircraft, simulators, ground-based training systems and a new curriculum will be available for the first new trainee intake in early 2016.

Frigate Platform Systems Upgrade Completed

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The Platform Systems Upgrade (PSU) addresses equipment obsolescence, performance degradation, operational limitations, and compliance issues with the "platform systems" that enable the ANZAC frigates to move, float, generate power, and recover from damage. The PSU will maintain the operational effectiveness and efficiency of the ANZAC frigates *Te Kaha* and *Te Mana* over their remaining lives. The project will increase the stability of the ANZAC Frigates after incurring damage; increase the ANZAC Frigates reserve buoyancy; improve the propulsion systems of the ANZAC Frigates; increase the ability of the ANZAC Frigates to operate at high temperatures; and, provide a control and monitoring system that delivers automated functions across all platform systems.

Frigate Systems Upgrade Completed

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In addition to the upgrade of the frigate platform systems, a substantial upgrade of the surveillance and self-defence systems is also proposed, if Cabinet agrees, to keep the frigates up-to-date with contemporary threats and technology. This project would replace the main search radar with a modern 3D system and would upgrade or replace other surveillance components. The underwater detection and countermeasures systems would also be replaced. A new anti-missile defence system would be installed.

Maritime Projection and Sustainment Capability Delivered

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This project is replacing the maritime replenishment ship HMNZS *Endeavour*. *Endeavour* is due to reach the end of her service life in 2018 because of critical systems obsolescence and non compliance with new international maritime regulations that require “double-hulling” of oil tankers above 5000 tonnes. Maritime replenishment includes the refuelling of other ships, helicopters and land forces, as well as the restocking of other supplies such as food, water and ammunition. The project is also examining options to supplement HMNZS *Canterbury*'s ability to transport, or “project”, vehicles and shipping containers. This would provide greater operational flexibility when responding to contingencies in the South Pacific, such as Humanitarian and Disaster Response operations.

NEW ACTIVITY TO BE FUNDED FROM BASELINES

The Ministry is not planning any new lines of business over the four years.

CHANGES TO GENERATE SAVINGS

During 2013 the Ministry:

- identified savings from changes to its back office, which will result in a \$0.5m reduction in back office costs from 2014/15
- made improvements to its financial management, which has improved the value available to the Ministry from its baseline, through improved budgeting and forecasting.

Over the four years there may be further opportunities for back office savings once new arrangements are working and stable. These will be small. The two main back office costs are the organisation's Finance Division, which is eighty per cent engaged in supporting acquisitions projects, and the cost of accommodation which

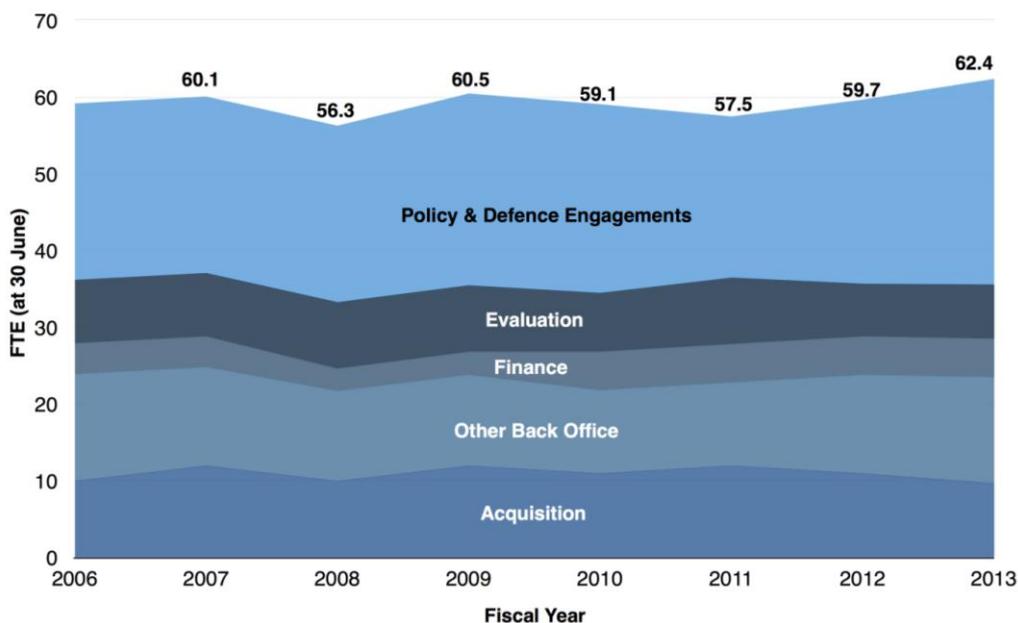
The Ministry has made structural change and changes to management of finances to save \$0.5m and get better value from its baseline

reflects the organisation's security requirements and a significant investment in the current Freyberg House fit-out, made in 2005.¹⁰

REPRIORITISATION

The Ministry has undertaken reprioritisation to make sure it is focused on the Government's priorities. A \$1.6 million injection of funding to implement the 2010 Defence White Paper has enabled a sustained increase of 3 FTE in the policy area and the appointment of external members to the Capability Management Board, but otherwise enabled the organisation to meet cost pressures and pay back the required efficiency dividend, which has taken \$0.34m out of its baseline.

Figure 10. FTEs funded from operating baselines, June 2006 – June 2013



During 2012 and 2013 MoD moved staff from its policy advice and governance functions to provide extra support to capability definition, selection and acquisitions activities. This includes re-prioritising roles to meet the increased demands arising from the Better Business Case Process and the 2010 Defence White Paper, and to facilitate greater integration across the specification and acquisitions phases of capability projects.

MoD agreed with NZDF that from 2012/13 it would no longer pay \$0.35m towards the cost of defence attachés. This has enabled it to meet cost pressures and invest in improved management of business planning, performance, governance and risk.

Over the four years, the Ministry will look for further opportunities to adjust staffing allocation and levels, and ensure new hires have the right skills. During 2013 MoD

¹⁰ The Ministry is a sub-tenant on NZDF's lease of Defence House. A significant fit-out was undertaken when the floor was occupied in 2005 that locks the Ministry into a high per person rental cost, and is being depreciated over an 18 year period.

The Ministry has prioritised staff to add to the support for capability definition, selection and acquisition

has introduced a more flexible approach to resource allocation, where the Leadership Team considers each new vacancy against the Government's priorities and the Ministry of Defence's business strategy.

STRATEGIC DELIVERY BY ACTIVITY

This section sets out how strategic delivery will be managed, by each function or set of related functions.

Capability definition, specification and acquisition

The Secretary of Defence is ordinarily responsible for the management of major military acquisition projects up to (but not including) the point at which equipment is introduced into service.

The Ministry leads:

- strategic policy advice that informs capability choices (principally through Defence Assessments and White Papers)
- the process to define and select capability, including the preparation of business cases and selection of suppliers
- the acquisition process itself
- management of the joint governance arrangement (the Capability Management Framework) that facilitates the exercise of joint, whole-of-life responsibility for major military capability by the Secretary of Defence and Chief of Defence Force.

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The Secretary of Defence is responsible for major acquisitions up to the introduction into service phase

Figure 11. Four-year investment in capability definition, specification and acquisition (costs are \$m)

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How these demands can be met

Since the 2010 Defence White Paper, the Ministry of Defence has re-prioritised to create five roles to meet the increasing demands of capability projects. This has enabled it to meet more stringent requirements for business cases, improve integration across the capability process, and improve governance.

In 2014, the Ministry will move to shared IT and property platforms with NZDF, which will make it easier and more affordable for the Ministry and NZDF to share the systems that support their work on capability projects.

The new shared back office arrangements may also facilitate more flexible use of floorspace and technology to improve the way composite teams of staff work together.

Over the course of the four years the Ministry is able to:

- standardise project methodologies across the Ministry of Defence and NZDF
- move to common enterprise systems where this will make the capability process work better (a stocktake exercise will report back to the Secretary of Defence and the Chief of Defence Force in early 2014)
- make process improvements to the way the truth of risk and cost are established early in the life of projects
- continue to increase the use of off-the-shelf and proven products, which reduces the time and risk to delivery, where this is feasible
- over several years, and as opportunities allow, invest in additional capability in scheduling, commercial management and integrated project management nous, and risk management

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The Ministry has prioritised staff to this area and is making it easier to share systems and processes with NZDF

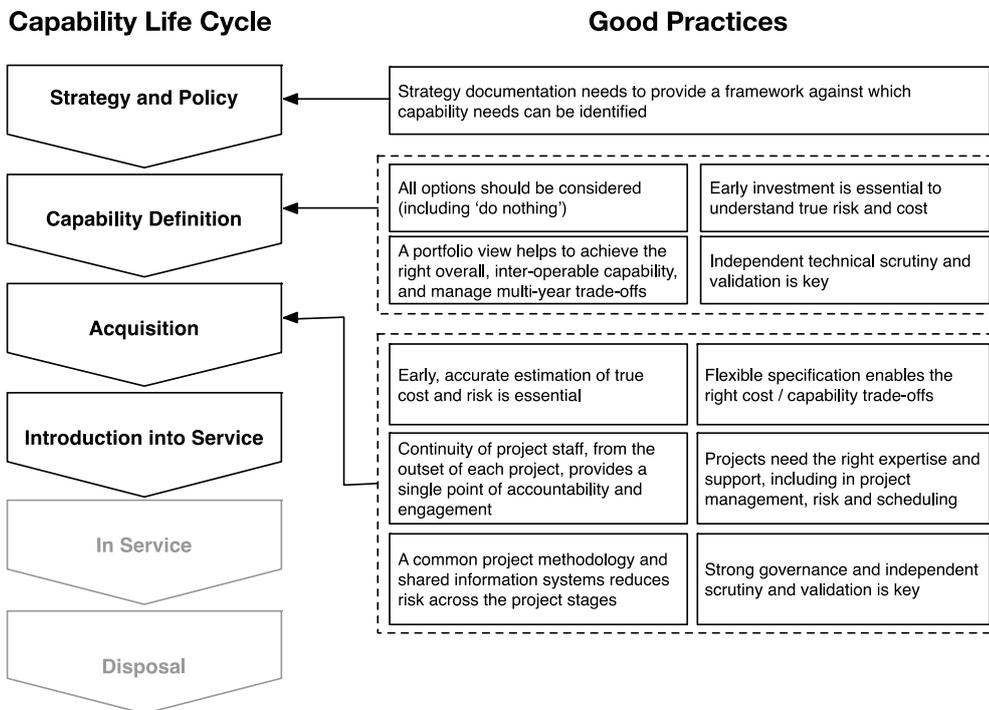
- invest in the development of staff in its Development Branch (which manages capability specification and development) to bring more of the six FTE in this up to an externally recognised accreditation in the preparation of business cases.

An analysis of how to improve the cost and schedule performance of the Ministry's capability projects, and to assess their benefits, was agreed to as part of Cabinet's decisions on the DMRR, and this will report back to joint Ministers in March 2014. This will further direct and inform the Ministry's approach to improvement.

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Figure 12. Summary of good practice findings for procurement



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Deployments and International Defence Relationships

The Ministry has primary responsibility, which it carries out with NZDF and in a close working relationship with MFAT, for policy advice on deployments and international defence relationships.

In this role it:

- advises on current and future Defence Force deployments
- provides policy advice on international defence relationships and engagements
- leads policy-level engagement with bilateral defence partners
- supports high-level visits, in particular the Minister of Defence overseas travel, and visits to and engagements in New Zealand
- leads New Zealand officials-level representation in the Asia-Pacific regional defence architecture
- provides policy advice on international defence and security issues

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- continue to support the Minister and other senior defence figures in undertaking defence diplomacy activities.

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The Ministry can maintain at least current levels of staffing to international engagements over the four years

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Evaluation

The Ministry has primary responsibility for carrying out Evaluations and Assessments of the defence system, as set out under the Defence Act 1990. The Evaluation Division also undertakes audits under s3(6) of the Hazardous Substances and New Organisms Act 1996.

In its Evaluation role the Ministry:

- operates at arms length from the Secretary of Defence and Chief of Defence Force
- carries out a work programme directed by the Minister of Defence to deliver methodologically sound, arms length evaluations of defence system delivery and performance
- is governed by requirements set out in the Defence Act 1990.

In 2013 the Evaluation Division implemented a new business model that helps it to focus on strategic risks in the defence system, provide reports that are more data-driven and support learning and continuous improvement, and get better value from its combined spend on internal staff and external expertise.

Demands and investment over the four years

Over the four years, the Ministry of Defence is able to:

- introduce systemic reporting of defence system performance, based of 'single source of truth' datasets across the Ministry of Defence and NZDF
- deliver a work programme of in-depth evaluations and assessments, which in year one will consist of approximately four reports of substance and a small number of other smaller products
- bring together a single view of risk across the defence system, which it will use to advise the Minister of Defence, the Secretary of Defence and the Chief of Defence Force.

Over years one and two, we will develop better datasets, and an integrated view of risk, and use these across the system

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Defence Policy

The Secretary of Defence is the Government's lead civilian advisor on defence matters. The Ministry's role is to:

- provide advice on all defence policy matters
- prepare Defence Assessments
- assess major NZDF initiatives, including management of change programmes, for their alignment with defence policy
- advise on the portfolio of defence capability that will deliver on government's policy priorities.

Demands and investment over the four years

Over the four years, the Ministry of Defence is able to:

- undertake a Defence Assessment in 2014 and, if required, complete a Defence White Paper in 2015
- analyse and advise on the policy implications of some NZDF initiatives, including in respect of expenditure and outputs
- maintain and mature the portfolio view of defence capability developed during the DMRR

There are also expectations, that it can partly meet, to:

- lead the Ministry's input into a National Security and Resilience Plan, and allocate resource to the areas it identifies as priorities to be managed
- have greater ongoing and analytical engagement in NZDF change and reform
- support the Ministry's engagement with the new ODESC structure
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PART

6

Financial Summary

MANAGING THE MINISTRY'S BASELINES

This part sets out the financial plan over the medium term to manage the Ministry's business and cost pressures within baselines.

The Ministry recognises the cost pressures that impact the organisation and is undertaking some initiatives to move funding from the back office to the front office. This recognises that the medium term future for the Ministry is that most back office services will be provided elsewhere. These indicatives will also go towards relieving ongoing cost pressures facing the Ministry.

Financial Summary

Operating – Departmental¹⁸

	2013/14	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Current operating expenditure baseline	13.620	11.566	11.655	11.166	11.166
Add any indicative allocation advised of	-	-	-	-	-
Equals Total funding level for planning	13.620	11.566	11.655	11.166	11.166
Financial movements					
Add cost of new activity to be funded from current baselines					
Add additional costs to meet demand pressures		0.294	0.370	0.370	0.370
Add total cost pressures	-	0.206	0.424	0.637	0.845
Subtract significant changes that will generate savings/reallocation	-	0.500	0.794	1.007	1.215
Add or Subtract vote transfers	-	-	-	-	-
Subtract any indicative allocation advised of (as above)	-	-	-	-	-
Equals Total funding level for planning	13.620	11.566	11.655	11.166	11.166

¹⁸ The Ministry's core baseline is \$11.166m. Amounts additional to this are one-off, pre-acquisition costs which are met by NZDF, and costs associated with the Project Protector remediation.

Capital - Departmental

In respect of its own operations - and based on current expectations - the Ministry has assessed that it can manage its capital requirements until 2017/18 without the need for any capital injections.

The capital programme over the four year term is based on detailed capital projects and is primarily focused on ensuring that the Ministry's staff will have the right tools to enable them to undertake their work. However as the details of the introduction of the shared services become more apparent there will be a need for some resulting changes to the capital spend.

Depreciation forecast are based on assumptions on capitalisation dates and expected useful lives of future capital investments.

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Capital – Non Departmental

The non departmental capital funding relates to Cabinet approved acquisition or upgrade of major military equipment that is currently underway.

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PART

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Annexes

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SUPPORTING FINANCIAL INFORMATION

Cost Pressures

The tables below summaries the Ministry's overall departmental cost pressures that will affect the operating baselines for the next four years.

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The Ministry will continue to review the skills sets needed from its workforce and the associated market rates; annually reviewing priorities, and using the opportunities provided by natural staff attrition to redirect resources to higher priority areas.

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Non Departmental cost pressures do exist but have less of a material impact on the approved acquisition projects as most projects are based on fixed price contracts and only the relatively small project management costs could be affected by CPI pressures.

When developing the costs of a new capability the costs have various risks, some of which may manifest as cost pressures. Where known, adjustments are made for predictable trends such as Military Unit Cost Inflation. Predictable trends are explicitly included in the estimate. Residual risks cannot be removed but can be allowed for.

The possible sources of cost pressures include:

- Foreign Exchange Risk – the exchange rate for future years is unknown, but is not expected to remain at its current high. This is somewhat mitigated by the purchase of financial instruments in the form of options or forward contracts to manage foreign exchange risk.
- Project Risks – these risks include the possibility that a project start will be delayed, the budgeted cost is not completely known, or that the project duration might increase.
- Military Unit Cost Inflation – this refers to the real growth in the unit cost of a defined capability.
- Consumer Price Index (“CPI”) – inflationary pressures.

Each capability project is constructed so that there is a modelled 85% probability that over a 4 year period the demand for capital will not exceed budget.

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BUDGET INITIATIVES

The Ministry does not anticipate any budget initiatives in the four years.

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GOVERNMENT ICT STRATEGY AND ACTION PLAN TO 2017

The Ministry of Defence will operate on the NZDF's IT platform from 2014, and will have all its departmental IT services provided by NZDF.

The Ministry procures an increasing amount of military equipment that includes a software component. Improving capability in this area is a recognised need, and the Ministry will be taking on appropriate expertise as staff are brought on for a number of new projects that require this expertise. As the Ministry looks at long term arrangements for a sustainable Acquisitions area, technical knowledge including in respect of software is an acknowledged requirement.

The Ministry also considers it important to have a closer relationship than it does at present with the Defence Technology Agency²⁹ at all levels in the Ministry, to ensure their specialist defence technology advice is available from prior to the formal start of the capability procurement cycle.

D17 Action Plan Element	Contribution
<i>System Change (Investment)</i>	The Ministry is opting in to cross government capabilities that support its objective of partnered working with the NZDF, leverage economies of scale, and establish shared governance that guides development of systems to continue to support the agencies to work together.
<i>System Change (Business Processes)</i>	In 2014 the Ministry of Defence and NZDF will advance shared systems that integrate workflow across the military capability management lifecycle, and which support greater process efficiency.
<i>Information Hubs</i>	Integration of systems, and work led by the Ministry to establish 'single source of truth' datasets about defence capability will enrich data, and provide for more authoritative assessments of the defence system's capability and effectiveness. This will also improve the security of some information.
<i>Advanced Analytics</i>	Shared enterprise systems and data about defence capability will enable better decision making, particularly as the Ministry and NZDF mature a portfolio view of defence capability to improve decision-making and allow multi-year trade-offs to be managed.

²⁹ The Defence Technology Agency is the main provider of research, science and technology support to the New Zealand Defence Force (NZDF) and the Ministry of Defence. It supports the NZDF by providing technical and scientific advice that is based on good scientific practice, is independent, unbiased, transparent and timely. The technical solutions it develops are used across the spectrum of Defence operations. It is a business unit of the NZDF, with facilities located at the Devonport Naval Base in Auckland.

D17 Action Plan Element	Contribution
<i>Information management, privacy and security framework</i>	<p>One of the strengths of the new shared platform arrangement with NZDF is that it will enhance the security of the Ministry's systems, and reduce barriers that were in place because of previous measures to keep Ministry and NZDF platforms secure from each other.</p> <p>The process of establishing shared, standard datasets will also allow any risks to the privacy of defence force personnel to be identified and managed.</p>
<i>Enhance Information Governance</i> <i>Value Information Assets</i>	<p>In establishing shared, standardised defence datasets, accountability and responsibility for data will be clarified and streamlined.</p> <p>Transparent advice and choices will be offered to the Ministry and NZDF about which data is most valuable, and where any further investments may provide a return.</p>
<i>Strategic and Investment Planning</i>	<p>A new partnership arrangement will be established to govern the development of systems that support shared work between the Ministry of Defence and NZDF. This will enable investment choices to be aligned to the development of the defence capability framework, rather than the needs of either agency alone.</p>
<i>Drive Common Capability Uptake</i>	<p>The Ministry will move onto an infrastructure arrangement that can meet its security and partnership needs, and enables the Ministry and NZDF to develop this capability in close alignment (note the Ministry already manages software licencing, hardware purchasing and some other activities through NZDF).</p>
<i>Back office applications</i>	<p>The [1] Ministry and NZDF will evaluate the most effective option for FMIS systems during 2014.</p>

[7]

[7]

GOVERNMENT PRIORITIES

The Ministry does not directly contribute to priorities in respect of Better Public Service Result Areas, the Canterbury Rebuild or the Business Growth Agenda.

